



San Miguel

THE GLOBAL CITRUS EXPERTS

2014
Sustainability Report

Table of contents

From the CEO	4
1 Our Company	6
1.1 We are San Miguel	7
1.2 San Miguel in numbers	9
2 CSR for San Miguel	14
2.1 Preparation of the Sustainability Report	16
2.2 Sustainability Structure	18
2.3 Dialog with Our Stakeholders	19
3 Corporate Governance	20
3.1 Anti-corruption Practice	23
3.2 Alliances and Partnerships	25
4 Labor Practices	26
4.1 Our Employees in Numbers	27
4.2 Diversity and Social Inclusion	28
4.3 Staff Selection	30
4.4 Training and Education	33
4.5 Talent Management	35
4.6 Occupational Health and Safety	36
4.7 Compensations and Benefits	41
4.8 Work-Life Balance	43
4.9 Internal Communications	43
5 Value Chain: Suppliers	44
5.1 Our Suppliers	45
5.2 Selection and Assessment	47
5.3 Programs with Suppliers	49
5 Value Chain: Customers	50
5.4 Customers in Numbers	51
5.5 Products, Customers and Quality Assurance	54
5.6 Quality Management System	54
5.7 Customer Orientation and Satisfaction	56
5.8 Relationship with our Customers	58
6 Environmental Management	60
6.1 Commitment to the Environment	61
6.2 Environmental Management System	62
6.3 Responsible Resource Management	63
6.4 Biodiversity	72
7 Social Investment	76
7.1 Rural Nutrition	77
7.2 Cre-Ser Pedagogical Program	79
7.3 Corporate Volunteering	81
7.4 Donations and Sponsorships	83
8 Achievements and Challenges Table	84
9 Table of GRI G4 Indicators - ISO 26000 – United Nations Global Compact	88

From the CEO



A positive footprint

Every year, we are surprised again by the **powerful dynamics** of the global citrus activity as regards the constant changes that occur, **the opportunities that arise**, the challenges that must be faced and also the **external threats** that appear on the horizon. Nevertheless, we are also amazed by the capacity of this brave company to **transform and recover** from difficulties.

In 2014, **San Miguel** had to manage a company with a marked decrease in its usual production, as a result of **recurring climate events** (frosts, droughts) that had a strong impact on our lemon fields in Argentina. Despite that situation, all the organization associates knew how to align towards a **single improvement objective** and apply all our experience, energy and effort to **turn that adversity into an opportunity**. Thus, with a clear and consistent strategy, the market recognized the power and added value of San Miguel's products and services, which enabled us to achieve great results to maintain and continue projecting the **sustainable development** of our operations.

At the same time, we could continue consolidating our **international growth** in South Africa and Uruguay through the acquisition of **new lands and fields**. In addition, we have also entered into long-term agreements for our Processed Food business. These milestones significantly contribute to the **development strategy** proposed for San Miguel's forthcoming years.

All these achievements were possible because we have **an outlook that goes beyond** our business, and because **we play a leading role in the environment surrounding us**, interacting responsibly with each of the key players that form part of it. This report seeks to present exactly that **active role** that distinguishes us as an organization and that is expressed in our commitment to each of the **pillars of sustainability**: the economic, environmental and social fields. As **Mother Teresa of Calcutta** said when referring to the virtue of Charity: "We ourselves feel that what we are doing is just a drop in the ocean. But the ocean would be less because of that missing drop."

We believe in work networks, in cooperation and in the **collaborative management models** in each of our fields of activity. This is what each of us, San Miguel's associates, intends to do every day, **along with our extensive value chain**, in order to improve as an organization and as individuals, while we make an effort to **leave a positive footprint to contribute to general progress and welfare**.

Through this document we present the Global Compact Communication on Progress (COP), representing our company's abiding commitment to the Compact's 10 principles in the areas of human rights, labour, the environment and anti-corruption.

Romain Corneille
CEO

1 | Our Company



1.1 | We are San Miguel

We are a multinational company, a leader in the Southern Hemisphere in the production, distribution and sale of fresh citrus fruit and food products derived from citrus. We are recognized for our expertise, innovation and operating capacity in several countries to ensure supply to our customers worldwide.

In 2014, San Miguel's management worked to redefine and extend its business strategy, and it was decided to leverage its development in the following distinctive qualities:

- **Global Leadership:** We are world leaders in the citrus business, an attribute that identifies and distinguishes us, and fills us all with pride.
- **Expertise:** We have 60 years of tradition, experience and knowledge gained in the production and commercialization of fresh citrus and its processed by-products.
- **Sustainability:** We have a commitment to the community and the environment in each of the regions where we carry out our production activities.
- **Innovation:** We are always looking for new business opportunities together with our customers; hence, we find new developments and innovative processes every day. This situation gives us competitive strength and an unparalleled position to be a major agent for change in the market.
- **Cooperation:** At San Miguel, we intend to use the knowledge gained in all our areas and share it with our strategic partners through "San Miguel's Cooperation Model", designed to generate new business opportunities. Cooperation is the definite approach to make experience and innovation work together.

We build San Miguel

Our business approach is based on knowledge and management capacity, and we define ourselves as follows:

1. We are San Miguel. Our people always make the difference.
2. We are global producers of fresh citrus fruit.
3. We produce citrus by-products such as juice, oils, essences and peel, among others, to supply the food industry.
4. We are global distributors of fresh and processed citrus.
5. We are innovative and challenge our processes to improve the future with our customers.
6. We are the ideal knowledge partner for producers who want to access the global market under international quality standards and processes.
7. We are aware of our role in society. Hence, we focus on sustainability, quality and integrity in everything we do.

Our Vision

To be the leading company of fresh citrus fruit in the Southern Hemisphere and of processed fruit and vegetable products with added value.

Growth Strategy

Within the framework of citrus production and export based on the Southern Hemisphere for fresh fruit and processed food export, we have the challenge of achieving in 2020 a turnover of USD 500 million (2015 = USD 250 MM) and having operations in at least 5 countries (in addition to Argentina, Uruguay and South Africa) that ensure profitability and financial health.

The main critical factors to leverage this development include human resources to lead the growth plans; conducting the proper management of the business-related risks identified; and ensuring a sustainable operation at social, economic and environmental level.



Our Values

Integrity: We act in an ethical, respectful and honest way. We are transparent, trustworthy, we assume responsibility and honor commitments.

Value Creation: We manage the company's assets and resources as our own. We are entrepreneurial and innovative, seeking opportunities to grow our company, with a global and integrating outlook. We learn from our mistakes and challenge the status quo, continuously improving our processes. We deliver results in an efficient and sustainable way.

Team Spirit: We pursue a common goal, subordinating personal interest to team objectives. We listen to others in order to understand, and we ask for help. We promote constructive criticism and feedback, encouraging an open and honest debate. We treat every individual inside and outside our organization with respect, trust and dignity. We encourage and value diversity.

Social and Environmental Responsibility: We take care of the environment. We drive personal growth of those who are part of our organization and favor the development of our community. We consider respect for the laws and human rights as the necessary conditions for sustainable growth.

1.2 | San Miguel in numbers

	2013	2014
Direct Economic Value		
Net Sales	1,203,801,463.0	1,680,327,603.0
Revenue from Financial Investment	1,021,518.5	3,081,875.6
Sale of Assets	-8,648,425.0	-8,648,425.0
Direct Economic Value Distributed		
Payment to Suppliers	1,050,206,539.1	1,345,433,151.4
Salaries, Wages and Employers' Contributions (*)	245,747,285.0	320,868,283.0
Payment to Providers of Capital	38,450,668.5	61,789,388.5
Investment in Property, Plant and Equipment and Other Assets	49,319,773.0	49,319,773.0
Investment in the Community	1,637,259.9	2,389,446.9
Taxes		
Direct Taxes	7,462,174.6	11,625,118.8
Taxes, Levies and Contributions	3,156,736.9	5,918,714.1
Income Tax	75,401,709.0	147,036,948.0
EBITDA		
Net Income for the Year	93,683,653.0	298,878,458.0
Total Capitalization	1,906,231,400.0	2,371,662,155.0
Shareholders' Equity	722,234,883.0	1,056,717,831.0
Non-current Loans	289,491,495.0	421,626,381.0
Current Loans	382,816,326.0	179,007,563.0

Our business areas

At San Miguel, we produce our own plants, from which we obtain the raw material to market it as fresh fruit and also fruit-derived food. This allows us to optimize the production process.

Fresh Fruit

We are the leading citrus producer. In 2014, we exported from Argentina, Uruguay and South Africa 87,857 tons of citrus, of which 54% were lemons, 36% oranges, 9% mandarins and 1% grapefruits.

We have a production capacity of 1,900 tons of fresh citrus per day distributed in four company-owned packing plants (two in Tucumán and two in Uruguay) and in outsourced production in South Africa.

Processed Food

We offer a wide variety of natural food products derived from our citrus:

- **Concentrated juice and NFC juice (1):** Cloudy and clarified (2) | Aseptic and frozen
- **Essential and concentrated oils (3)**
- **Dehydrated peel (4)**
- **Pulp**
- **Scents and essences**
- **Other citrus products:** Terpene (3) | Aqueous phase | Oil phase | Folded oil
- **Special developments adapted to the needs of each customer.**

(1) Mainly used by the beverage industry.

(2) With different concentrations and pulp levels, they are used by the beverage industry and for food acidification.

(3) For the flavoring and fragrance industries.

(4) It is the main raw material for the production of pectin, which is basically used in the food industry, and to a lesser extent, in the pharmaceutical and cosmetic industries, as well as in animal feed products.

Leaders in the Southern Hemisphere

We are the largest exporter of fresh lemon in the Southern Hemisphere and we are among the largest companies engaged in lemon processing for food by-products globally.

Since 2000, we have expanded our offerings by incorporating sweet citrus, developing a growth plan for mandarins, oranges and grapefruits, mainly in Uruguay and South Africa. Our farms in Argentina, Uruguay and South Africa are located in areas that, as a result of their agro-ecological characteristics, are ideal for counter-season citrus production. The final destination of those citrus is mainly the Northern Hemisphere markets.

- **60** years in citrus production
- **7,500** ha of fields
- **30** company-owned farms in Argentina, **12** in Uruguay and **6** in South Africa
- **3** company-owned packing plants
- **1,900** pallets of citrus packed a day
- **3** industrial plants
- **335,000** tons of processing capacity
- **30%** of lemons processed in Argentina
- **15%** of lemons processed worldwide
- World's leading fresh lemon exporter
- Over **200** customers in **50** countries



Argentina

General

- Largest Argentina's producer
- Total production capacity: **300,000** tons
- Total fresh fruit export capacity: **90,000** tons
- Total processing capacity: **210,000** tons

Fields

- **30** productive farms
- **5,600** ha in production
- Alliances with **20** outsourced producers
- **1,800,000** lemon trees (**10** years old on average)
- Farms located all over the citrus area of Tucumán

Infrastructure

- **2** packing plants
- **1** processing industrial plant

Workforce

- Harvesting and packing: **4,500** employees



Uruguay

General

- Total production: **35,000** tons + **10,000** tons outsourced
- Total fresh fruit export: **16,000** tons
- Total processing: **24,000** tons
- Largest nursery in Uruguay (**26** greenhouses)

Fields

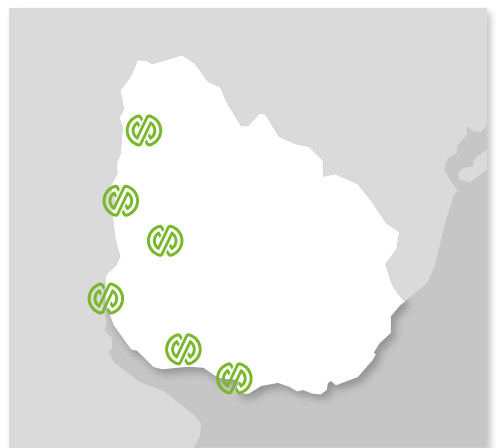
- **12** farms (**1,500** ha in production)
- Alliances with more than **15** outsourced producers
- **700,000** trees (**17** years old on average)
- Field lands located in **3** regions (Salto – Paysandú – San José)

Infrastructure

- **1** packing plant
- **1** industrial processing plant under a joint venture scheme

Workforce

- Harvesting and packing: **1,500** employees





South Africa

- Fruit export: **22,000** tons
- **6** farms (**2,682** ha, with **272** ha planted with citrus).

Infrastructure

- **1** industrial processing plant under a joint venture scheme





2 | CSR for San Miguel



2014 Highlights

Development of Suyay Project

Implementation of the "Shared Christmas" Program

Relaunch of the CSR Committee, with its new vision,
as "Sustainability Committee"

As a socially responsible company, we are committed to being an active citizen in the communities to which we belong, contributing to improving the quality of life. For this purpose, we assign human, technical and financial resources to different initiatives for social capital generation.

We are committed to:

- Promoting responsible business management within the organization.
- Contributing to our network of suppliers in the sustainable development of their business.
- Developing people in their human and economic aspects.
- Interpreting the needs of our customers and meeting them with integrity.
- Using natural and energy resources responsibly and sparingly.
- Going along with the development of the communities in our fields of activity.



Having education and nutrition as the backbone of our Corporate Social Responsibility Policy, we intend to educate healthy, trainable children, youth and adults that are capable of succeeding. Along the same lines, in addition to contributing to different institutions that work in the Province of Tucumán (Argentina), we work on a Nutritional Support and School Meal Services Follow-up Plan, through which we supplement the state help to ensure a healthy diet for more than 1200 children who go to schools adjacent to our farms, while providing the

professional follow-up and advice of a nutrition specialist. Finally, our FormArte Program is aimed at teaching plastic arts and history of art to employees of the company and subcontractors and their families.

CSR Main Dimensions

Corporate Governance: Transparent engagement with shareholders and investors, authorities and stakeholders in general, incorporating at all times the sustainability criteria and the corporate values of the organization.

Labor Practices: Relationship with workers, especially including the good management in favor of the basic labor rights, health care, occupational safety and the permanent support for the development of associates.

Suppliers: Relationships with suppliers and subcontractors, seeking to establish fair commercial conditions oriented towards a relationship that may be sustained over time.

Customers: Relationships with customers and consumers, preserving quality, safety, security and access to information in terms of products and services. As regards distribution, attention to the aspects of packaging and environmental protection for transport.

Environmental Management: Relationships with the environment, with special emphasis on the efficient use of resources, preventing environmental pollution, promoting environmentally sustainable methods and technologies and encouraging environmental education in all areas where the company has a direct or indirect impact.

Social Investment: Building the relationships with the community, defining scope guidelines based on the company's activities, reasonably and sustainably seeking to contribute to the satisfaction of the community needs. The purpose is to go along with the social capital growth in the communities in which we work.

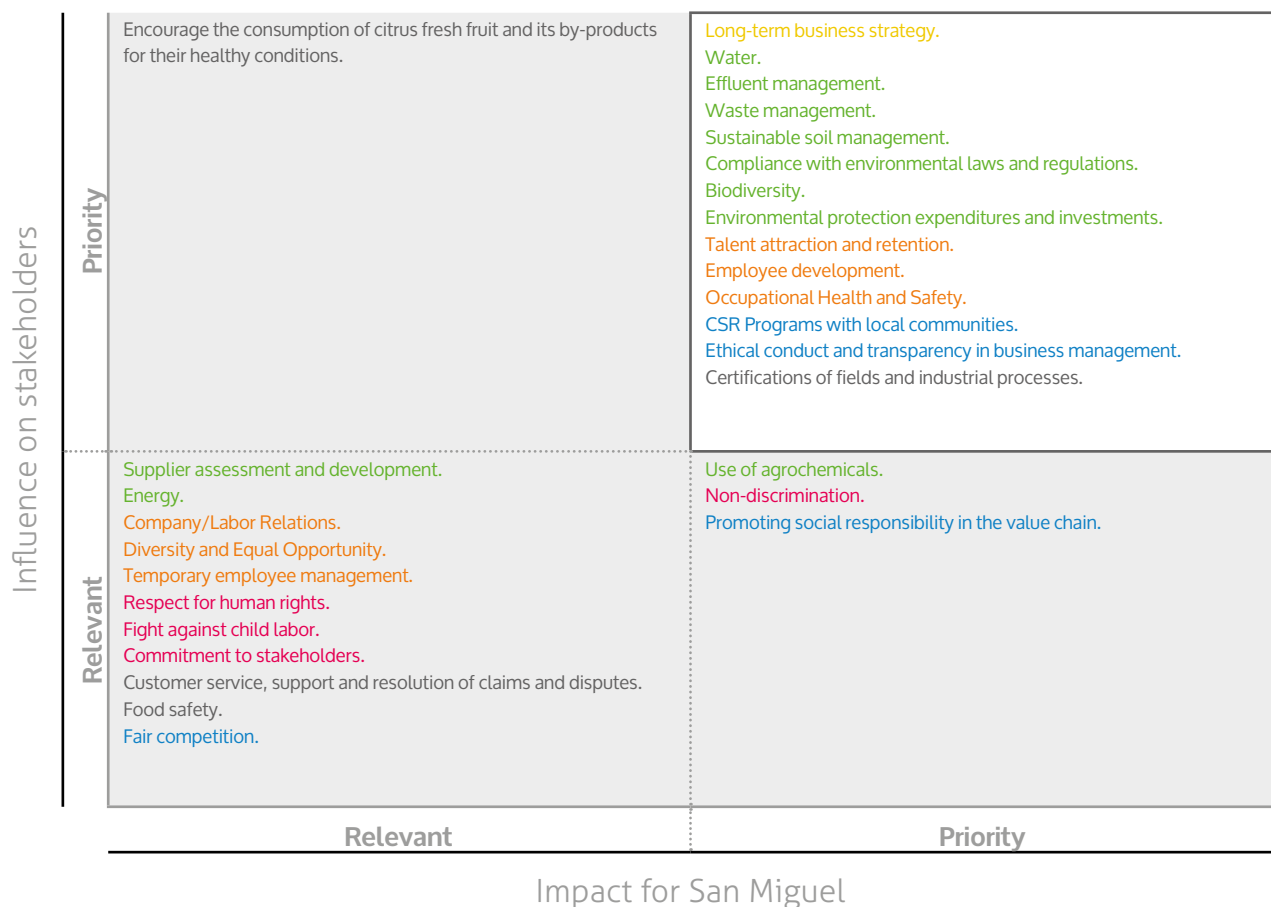
2.1 | Preparation of the Sustainability Report

In the preparation of the Sustainability Report, we completed the following stages in order to work on contents that are in line with the material issues of our business and the expectations of stakeholders. The GRI G4 guidelines, the ISO 26000:2010 standard and the Principles of the United Nations Global Compact were used as a basis.



1. **Identification.** The material issues that were identified for the 2013 Report were updated for this new 2014 Report, considering the key issues of the sector, the company's business strategy and expectations of the stakeholders consulted. As a result, 71 material issues were identified.
2. **Prioritization.** Members of San Miguel's Board and the Sustainability Action Committee, comprised by representatives from all company areas, took part in the prioritization of the material issues.
3. **Review.** We conducted a review process of the Materiality Matrix in order to clarify the relevant issues and facilitate the analysis and the communication of our actions as regards them. As a result, 29 material issues were defined, of which 14 were considered as a priority.
4. **Validation.** The Materiality Matrix and the Sustainability Report were validated by members of San Miguel's Board of Directors.

Materiality Matrix



- Strategy and Economic Performance
- Environmental performance
- Social performance: Labor practices
- Social performance: Human Rights
- Social performance: Impact on the local community
- Social performance: Product responsibility

2.2 | Sustainability Structure

We constantly work to integrate Sustainability into the business strategy and to make the organizational structure more professional in this respect.

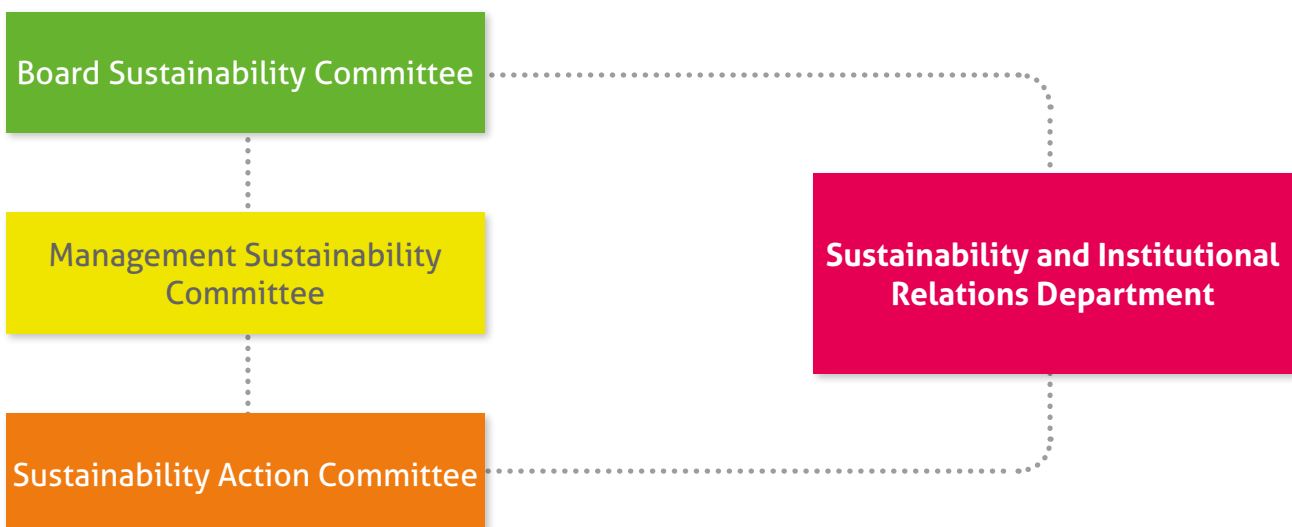
In this sense, the company has a **Board Sustainability Committee**, consisting of 3 Board members and 3 members of San Miguel's top management, including the CEO, the HR Director and the Sustainability and Institutional Relations Director.

In 2014, this Board Sustainability Committee held 3 meetings to determine strategies for each dimension of Sustainability, do the follow-up and provide support to different initiatives promoted by the company and even receive the opinion of external specialist on the trends of Sustainable Development in the world.

We also have a **Management Sustainability Committee**, composed of 10 executive directors, assigned to the different dimensions of Sustainability, who, among other things, have the responsibility of approving the annual Sustainability Report.

On the other hand, the **Sustainability Action Committee** is composed of 25 executives who represent the different operating areas of the company; its function is to facilitate providing information inside the company on the different sustainability initiatives, in addition to facilitating its operating implementation. It held 2 meetings in 2014 in order to discuss initiatives and learn about projects related to the 6 Sustainability fields. This Committee receives training in sustainability, but it is mainly a forum for discussion, analysis and presentation of proposals from the organization's associates and that may eventually be considered for adoption into the company's Sustainability plan.

The Sustainability and Institutional Relations Department is the area that arranges the activities related to sustainable development in the company. It was formed in 2014 and ensures compliance with the initiatives intended to address the social, environmental and economic dimensions.



2.3 | Dialog with Our Stakeholders

Being aware that in order to manage our business in a responsible way it is essential to get and understand the opinions of those who are impacted by our operations, we have a fluid dialog with each of our stakeholders, in order to identify their needs and expectations as regards the company and thus be able to make decisions to complete well-founded initiatives.

Based on the 6 dimensions of Sustainability identified, we established different communication channels.

Stakeholder	Communication Channel
Corporate Governance	<ul style="list-style-type: none"> • Regular meetings for discussing the budget and crop year, with the participation of the Board and middle-level positions. • Relationship with national and provincial authorities.
Workers	<ul style="list-style-type: none"> • Suggestion box of SoMos (in-house magazine): direccionrrhh@sanmiguelglobal.com • Web page contact form www.sanmiguelglobal.com • SoMos Magazine. • Presentations on news and business follow-up. • Dialog with members of the Sustainability Action Committee.
Customers	<ul style="list-style-type: none"> • Visits to the Plant. • Customer Service Department. • International Trade Shows. • Sustainability Audits and other certifications.
Suppliers	<ul style="list-style-type: none"> • E-mail. • Telephone. • Notices sent by the Purchase Department to suppliers. • Individual meetings. • Cooperation in import management
Community	<ul style="list-style-type: none"> • Before developing programs, we make a diagnosis of the needs of the communities in which we are involved. • Diagnosis prior to house donation. • Engagement with the authorities of nearby municipalities. • Meetings with principals and teachers of rural schools and area supervisors of the Education Ministry. • Joint work with producers.
Environmental Management	<ul style="list-style-type: none"> • Awareness actions for the efficient use of resources. • Environmental Management Reports requested by control bodies and financial institutions.

3 | Corporate Governance



San Miguel Corporate Governance is composed by the Board, the Executive Committee and the Executive Directors. Its purpose is to foster initiatives consistent with the strategic plan aimed at being a socially responsible company, promoting transparent and fair engagement with all stakeholders.

The Executive Committee is composed of 4 directors and the general manager, who meet every 15 days to follow up the main initiatives and strategic projects of the company, as well as to do the analysis and subsequent validation of all the issues identified as relevant for the company's sustainability. They are committed to ensuring transparency and clarity within the business, and a fair treatment for all shareholders.

In 2014, in addition to strategic issues of the business, the Executive Committee discussed issues related to the environment, such as the decision to advance on the adjustment of the effluent treatment system at Famaillá plant; labor issues, such as the labor union negotiations for the season and the adjustments to the new Union Joint Responsibility system; social issues, such as the emergency situations resulting from floods in Tucumán or the revolts that happened in South Africa, in the Sunday River Valley; and even disputes with destination markets that impose para-customs barriers that hamper international trade.

On its part, the Board is composed by the non-executive directors together with the CEO and the CFO. They are 9 members that meet from time to time and share the control of the company with the shareholders, represented at the General Meetings, and the CEO according to the corporate laws applicable in Argentina to companies trading at the Buenos Aires Stock Market.

Through the Board Sustainability Committee, the Board is responsible for the economic, social and environmental management of the company. In 2014, the Board discussed very carefully the project to adjust the effluent treatment system of the Famaillá plant in Tucumán. The project was submitted and approved by the members of the Board that participate in the Executive Committee, implying a USD 2 million investment for the extension of the first stage and to complete the third stage of the system. The plan was also submitted to and approved by the Argentine Secretariat of Environment and Sustainable Development and the Secretariat of Environment of the Province of Tucumán under the new Industrial Rationalization Program, entered into on December 16, 2014.

As from 2015, the company's management team will undertake the commitment to incorporate a new specific performance objective on Sustainability that will impact on its variable remuneration and will be oriented towards the management of the 6 main dimensions of CSR. Thus, directors will consistently include the specific objectives in their relevant reports so as to embed Sustainability throughout the company's management.

Risk Management

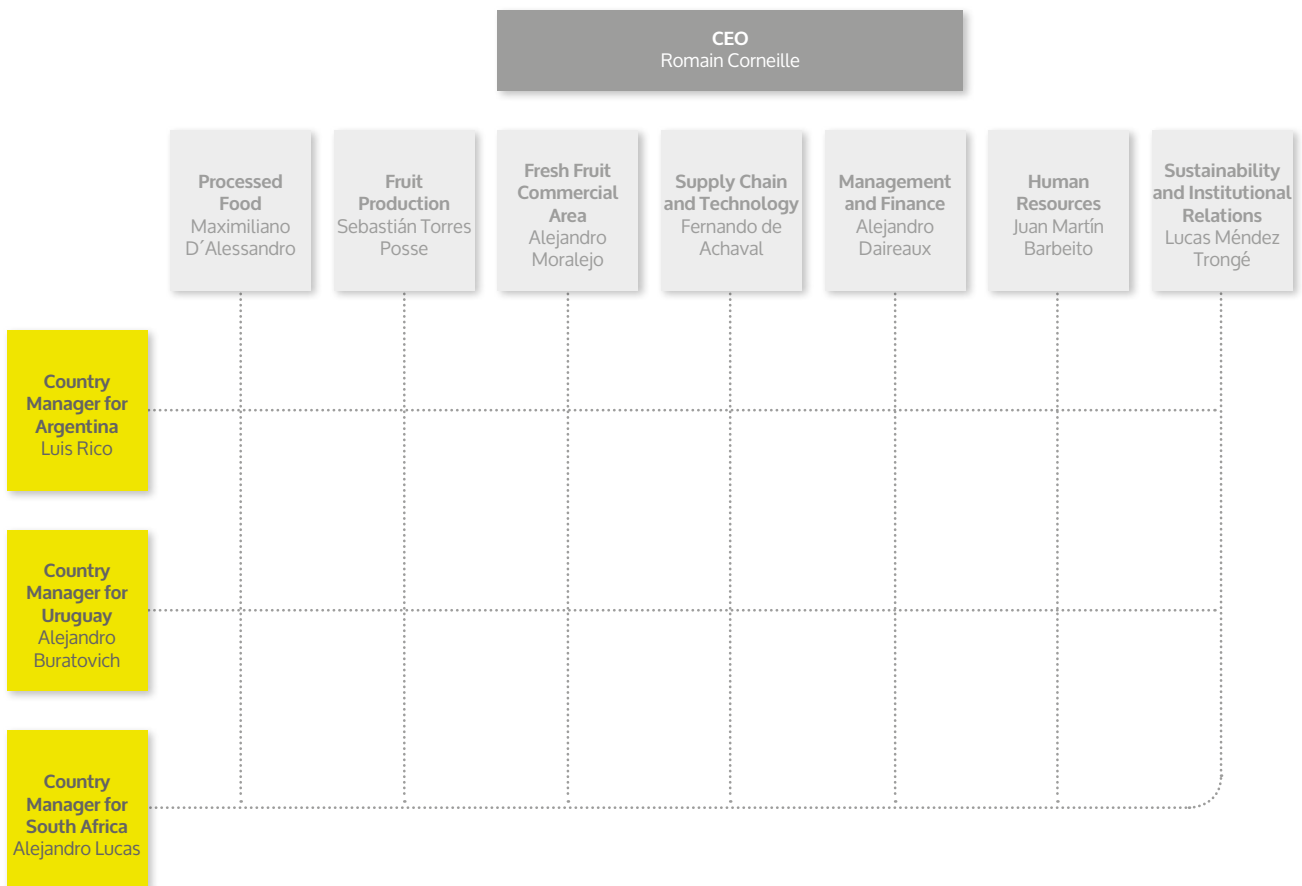
In September 2014, San Miguel's management team started preparing the first Risk Map of the business for all its international operations with a strategic, operating, political and financial segmentation. The work was carried out with the help of an external specialist who guided the process and the participation of around 25 key players of the organization to ensure a global and detailed outlook of the business.

Members of the (Non-Executive) Board

Gonzalo Tanoira
Luis Roque Otero Monsegur
Tristán Miguens

Miguel Crotto
Agustín Otero Monsegur
Martín Otero Monsegur

Rubén Dario Patrouilleau
Pablo J. Taussig
Cristián López Saubidet



Consulting processes with stakeholders

Communication between the Board and employees is led by the CEO who, together with his executive director team, is responsible for the internal communication of the company's action plans. In 2014, we initiated the "San Miguel Global Meeting", which consists in a cycle where all company associates have at least 3 instances per year where the CEO and the main directors present the progress of the operation and the result of the company, in addition to the state of the different business projects or strategic initiatives deployed.

As regards customers, we have the satisfaction survey as a consultation process that the company completes from time to time. In 2014, the survey was completed with Processed Food customers, and in 2015 it will be conducted within the Fresh Fruit business.

As regards governmental entities, in Argentina, we started a regular communication process with the environmental authorities of the province of Tucumán, which includes visits to the Famailá plant, so as to carry out the adjustment plan on environmental issues transparently, consensually and progressively.

Finally, we held successive work meetings with those responsible for CSR and Sustainability at companies in Tucumán, in order to find projects that may be carried out jointly, to have a greater impact than that achieved by each individual organization separately. In the same context, we invited different NGOs with which we currently work.

3.1 | Anti-corruption Practice

Our Code of Ethics

We seek to be a transparent, trustworthy company, honoring our commitments and establishing honest relationships with all the public to whom we relate. Integrity is one of our principal values, which guides our actions in the most ethical, respectful and honest way as possible.

Our Code of Ethics establishes general guidelines for action so that San Miguel's values are reflected in our daily actions, decisions and attitudes. The mission of the Ethics Committee, composed by 5 Directors of the company and the CEO, is to ensure compliance with this Code and meet every time it is required to discuss issues related to its compliance.

The dissemination of the code is part of the induction process of new associates. If you have any question or want to report any irregularity or breach of the Code, you may anonymously call our hotline (0800-888-7264 from Argentina or +54911-4721-8390 from abroad) or send an e-mail with your report (codigodeetica@sanmiguelglobal.com).

All concerns raised and reports made through any of the available channels are submitted to the Ethics Committee, which undertakes an investigation led by the Human Resources Department and any other

department relevant for the case. Matters are investigated confidentially with the cooperation and response from the associates involved.

Once the investigation has been conducted, the Ethics Committee is responsible for making the final decision, except in cases of failure to comply with the law or breaches of the Code that are considered serious, where the decision is made jointly with the Board of the Company, under a progressive disciplinary measure system.

Ethical Trading Initiative Audits

The Ethical Trading Initiative is based on the principle of adopting internationally agreed standards as part of the codes of labor practices of the company.

This is a mutual cooperation tool among companies, non-governmental organizations and trade unions, committed to working jointly to identify and promote good practices in the execution of labor conduct codes, including monitoring and verification. Through this initiative, 9 aspects are assessed:

- Free choice of employment.
- Respect for freedom of association and the right to collective bargaining.
- Safe and healthy working conditions.
- No child labor.
- Living wage pay.
- Non-excessive working hours.
- Non-discrimination.
- Regulated work.
- Abolition of violent or inhuman treatment.

In 2014, we had this type of audits completed in the Packing, Factory and Field sectors.

3.2 | Alliances and Partnerships

We work in alliance with different institutions and chambers of different countries in order to promote sustainable development. We support and form part of:

- Asociación fitosanitaria del NOA (Phytosanitary Association of Argentine Northwest)
- All Lemon
- Asociación Argentina de Logística (Argentine Logistics Association)
- Asociación Tucumana de Citrus (Tucumán Citrus Association)
- Cámara de Exportaciones de la República Argentina (Argentine Chamber of Exporters)
- Cámara de la Industria Cítrica de la República Argentina (Argentine Chamber of the Citrus Industry)
- Centro de investigación y asistencia técnica a la Industria or CIPPEC (Center of Research and Technical Assistance for the Industry)
- Coordinadora de las Industrias de Productos Alimenticios or COPAL (Food Product Industry Coordinator)
- Federación Argentina de Citrus (Argentine Citrus Federation)
- Federación Económica de Tucumán (Tucumán Economic Federation)
- Fundación del Tucumán (Tucumán Foundation)
- Global Compact
- Asociación Conciencia
- Fundación Red de Acción Política (Political Action Network Foundation)
- Unión Industrial Argentina (Argentine Industrial Union)
- Universidad Nacional de Tucumán
- Universidad de San Andrés
- Universidad de la República de Uruguay
- CECU - Cámara de Exportadores de Citrus del Uruguay (Chamber of Citrus Exporters of Uruguay)
- UPEFRUY - Unión de Productores y Exportadores Frutihortícolas del Uruguay (Fruit and Vegetable Producer and Exporter Union of Uruguay)
- UEU - Unión de Exportadores del Uruguay (Exporter Union of Uruguay)
- CNCS - Cámara Nacional de Comercio y Servicios del Uruguay (Chamber of Commerce and Services of Uruguay)
- Cámara de Comercio Uruguayo Británica (British-Uruguayan Chamber of Commerce)
- Perishable Products Export Control Board (PPECB) (South Africa)
- Fresh produce exporter forum (FPEF) (South Africa)
- Citrus Grower Association (CGA) (South Africa)

4 | Labor Practices



2014 Highlights

Approval of the Change of Methodology for the Assessment and Valuation of Positions in corporate San Miguel

Implementation of new Corporate Structures

Launch of New Benefits

In the work with our associates, our main objectives are:

- Raise awareness among top managers, middle managers and supervisors on the strategic relevance of being a socially responsible company.
- Always prioritize the safety and health of our people.
- Promote the integral development of the company's associates.
- Ensure compliance with all labor laws.
- Attract and retain talented workers by positioning San Miguel as the best company to work in its strategic markets.

4.1 | Our Employees in Numbers

2014 Human Resources by Region

Region	As of July 2014			As of December 2014		
	Permanent	Temporary	Total	Permanent	Temporary	Total
Argentina	636	4941	5577	619	891	1510
Uruguay	169	1417	1586	154	446	600
South Africa	86	312	398	86	4	90
Total	891	6670	7561	859	1341	2200

We are committed to Human Rights

At San Miguel, business management takes into account international agreements based on universal principles of respect for human rights: United Nations Global Compact, International Labour Organization, GRI and ISO 26000.

Within this framework, our policy seeks to provide equal opportunities, basing labor relationships on the principle of equal opportunities and fair treatment. Specifically, we make the following commitments:

- **No Child Labor:** we do not employ children under the age of 18 in any manner that may constitute a form of economic exploitation, or which may be dangerous, may interfere with education, or may be harmful for their health or for their physical, mental, spiritual, moral or social development. For San Miguel, the operations considered to carry a potential risk of child exploitation incidents are those referred to harvest.

In this connection, we carry out random attendance checks during the crop season, in order to detect those problems. No breaches were reported in 2014.

- **We believe in freedom and in the right to choose decent work:** we do not use forced labor, consisting in any kind of work or service which is not done voluntarily or which is demanded from an individual under the threat of violence or punishment. To support the right to decent work and prevent any form of forced labor, we carry out year-round random attendance checks at the farms.
- **We promote diversity and respect for individual differences:** all employees and applicants are considered for the available vacancies, regardless of their religion, gender, age, race, color, national origin and physical ability, except when they must meet specific requirements based on conditions that translate into specific physical demands.
- **Employees' right to freedom of association:** we let employees use our facilities to hold elections of legal representatives and authorize them to participate in meetings with union representatives (on a weekly basis during the high season and on a monthly basis off-season) during working hours. All communications with union representatives are open and respectful. The top authorities of San Miguel hold meetings with union leaders on a monthly basis and as required by extraordinary circumstances.

4.2 | Diversity and Social Inclusion

We are committed to eliminating all types of discrimination practices, and raising awareness to transfer this behavior to the personal and social lives of all members of staff. Along the same lines, we have the following guidelines:

- Minimize with an aim to eliminate any kind of distinction, exclusion or preference that may give rise to rejection or unequal opportunities, in employability, treatment or occupation, based on any characteristic such as race, color, gender, sexual orientation, religion, political beliefs, national origin, social background, mental or physical disability, medical condition or age.
- Ensure that access to employment, education and career development or promotion policy is based on the capabilities of the people to do the job and not on conditions relative to the above.
- Promote equality and equity in the conditions related to employment contract, compensation, working hours, breaks, leaves of absence, vacations, social security, occupational health and safety; being them different only pursuant to Employment Contract Law No. 20.744 or the collective bargaining agreements applicable to San Miguel business.

- Not to draft or endorse provisions, clauses or decisions that may appear to be neutral but that may cause disadvantages for a person as compared to other people, being that such provisions, clauses or decisions do not respond to a legitimate purpose, or when the means used for their attainment are not appropriate.
- Promote and take advantage of individual and cultural differences in order to create a competitive advantage through new points of view and sensitivity to the local market of the community in which we are involved.
- Treat all associates with dignity, respect and recognition, generating a cooperative and tolerant work environment.

Gender Equality

In 2014, we participated in the Mercer-Edge Survey. This is an international salary survey that reflects the salaries and compensations in the market, including career progress and any type of segmentations by position, gender, industry, etc. This has enabled us to reach a number of conclusions in order to improve the labor conditions of women.

At the same time, we promote selection without gender discrimination and women's leadership, through hiring and promotion policies without specifying sex requirements and remunerations by bands, performance and personal attitudes, with no differences based on gender.

It is worth noting that, at managerial level, a significant progress was made in 2014. Until this year, we only had one woman manager in the company. In 2014, we included 4 additional women as managers: 2 were hired and 2 got the position through promotion, which proves the aforementioned selection policies, in open hiring and promotion: where women may have a career within the company.

We also have women-specific benefits and actions at all levels:

- Women's Day celebration
- Secretary's Day celebration
- Mother's Day celebration
- Women's sport days: in 2014 we held the first women's sport championship.
- Part-time leave – Maternity (6-hour working day)
- Maternity leave - Adoption (up to 60 calendar days from the day of adoption).

We value diversity

We promote an inclusive work environment, where all differences are considered as a value. Thus, we provide our support to people with disabilities for their full development in a work environment and thus achieve integration by participating in a work team.

Along the same lines, under the Training Program for People with Disabilities (Programa de Capacitación para Personas con Discapacidad, PROCLADIS) of the National Employment and Professional Training Institute (Instituto Nacional de Empleo y Formación Profesional, INEFOP), we developed the "Packing Operator" training project intended for people with different abilities in the city of Young, Uruguay. The purpose of the project is to provide the necessary tools that enable them to strengthen their work offer, and that it may have an impact on their own and their family's quality of life, thus fostering their social inclusion.

Particularly, in 2014, 15 people had the opportunity to complete this training course both for work and to improve their self-determination in their daily life and, at the same time, they completed a formal working practice in a specific environment.

4.3 | Staff Selection

San Miguel seeks to recruit and select the best talent and technical experience according to the labor laws in force and the best professional practices, generating transparent and effective processes that allow hiring qualified staff for each position.

Although our policy consists in looking for candidates within the organization to cover the vacant positions by promoting the company's employees, we also conduct external searches through universities, recruitment platforms and referrals. We search for profiles consistent with our corporate identity and work culture, taking into account internal equity. At the same time, our selection processes promote no discrimination based on race, color, age, sex, civil status, ideology, political beliefs, national origin, religion or any other personal, physical or social condition. Any vacant position is covered by the candidate that best fits the profile of the position taking into account his/her qualifications and skills.

Our Human Resources (HR) department is at all times the only department responsible for carrying out this practice, always ensuring:



- The **absolute confidentiality** of the information surrounding each process;
- Presenting the candidates with a **competitive value offer** that promotes the selection and hiring of the best professionals;
- Full **respect** for all the candidates that eventually take part in each process;
- The participation of the new-hire in the Company's **Induction Program**, in order to facilitate his/her quick and adequate integration into the Organization.

Additionally, San Miguel favors the **access of young people** to their **first job** through programs and other agreements coordinating the company-educational institution relationship. In 2014, we received 112 job applications in Argentina —101 for external searches and 11 for internal searches— as a result of which 35 people joined the company.

Incorporations in Argentina

By type of search

Internal Search (people transferred within the company)	9
External Search (new incorporations)	26

By location

Buenos Aires	21
Famaillá	7
Lavalle	7

By level

Trainees	2
Analysts	23
Person in charge/ Responsible/ Coordinator	2
Head	5
Manager	2
Director	1

By type of contract

Indefinite Time	27
Fix-Term	6
Trainee	2

Associate Turnover 2014

	Argentina		Uruguay		South Africa	
	Number of associates	% turnover (1)	Number of associates	% turnover (1)	Number of associates	% turnover (1)

By gender

Women	15 (new hires) 18 (terminations)	-0.3%	538	44.5%	3	10%
Men	242 (new hires), 144 (terminations)	8.6%	1048	48.3%	2	3%

By age

18-19 years old		0	126	93.3%	-	-
20-29 years old	35 (new hires), 10 (terminations)	2.2%	607	97.4%	-	-
30-44 years old	162 (new hires), 50 (terminations)	3.2%	556	94%	-	-
Staff older than 45	60 (new hires), 102 (terminations)	-3.7%	282	86.7%	-	-

By region

Total	1143	8.3%	1586	46.9%		
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(1) Calculated as the division between the number of employees who left the company and total employees at each year-end.

New hires 2014

	Argentina	Uruguay	South Africa	Total
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By gender

Men	242	2571	5	2818
Women	15	1143	7	1165

By age

18-19 years old	0	349		349
20-29 years old	35	1647	5	1687
30-44 years old	162	1209	7	1378
Staff older than 45	60	509		569

By region

Total	257	3714	12	3983
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4.4 | Training and Education

In order to enhance the development of our employees, we have a Training Plan through which we intend that employees refresh and develop their skills, according to the general objectives of the organization. Under this program, in 2014, we had trainings in the following subject matters:

Percentage of Subject Matter of 2014 Training Courses

Subject matter	Percentage (*)
Occupational Health and Safety	25%
Environment	5%
Quality	16%
Technical Training	24%
Management/Conduct	30%

(*) Implies the percentage on total training courses delivered at SA San Miguel

At the same time, we developed parallel programs that cover specific subjects. Some of the programs carried out in 2014 include:

- Foreign Language Training Program: this program is considered a key aspect in staff development and applies to all members whose positions require foreign language skills.
- Technical refresher workshops for Fruit Production leaders.
- Technical Training for the Supply area
- Technical learning for the maintenance area
- Costs for decision making
- Training in different programs of the Microsoft Office platform; we continued supporting the teams with tools.
- Sustainability Workshop for the suppliers of the sustainability area, with the participation of an External Consultant. It was very successful with the 30 participants.

Induction to San Miguel

We have an induction program for all our employees, including the following modules:

- Non-collective agreement employees: Institutional, Visits to production areas, Sustainability, Quality, Health and Safety.
- Collective agreement employees: Internal Rules, Sustainability, Quality, Health and Safety.

Program for Finishing High School

With a flexible modality and the support of tutors, this space for growth is aimed at those associates who want to complete their primary and/or high school education and work at the same time. We had 7 participants in 2014.

Continuous Development and Learning Program (South Africa)

Endorsed by the National Training Institute (NTI), these programs are developed after discussing the training required for the different seniority levels within the organization: drivers and operators, middle management, team leaders and permanent staff.

Soccer Clinic in South Africa



In 2014 we had the fourth soccer clinic in South Africa with the purpose of encouraging engagement, team work, goal achievement and the personal development of our associates. Well-known Argentine head coaches Hernán Jorge Ghiso and Cristian Gastón Castillo were present in this edition of the clinic.

Throughout a week, we carried out activities in two shifts where we combined sport games and matches with talks intended to translate the experiences and examples of soccer into the real and work life of participants. Thus, taking advantage of the great passion for soccer, we

worked on subjects such as teamwork, comradeship, the importance of respect for the others, work, punctuality, engagement and the consequences of its lack, among other issues.

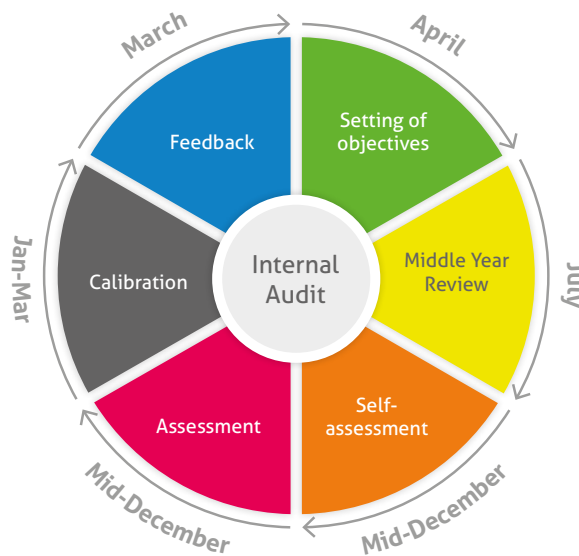
Once more, we invited staff from other companies of the sector to participate in the clinic, and during its last day, we held a team tournament.

The clinics completed so far were very successful, and as a result, we observe a reduction in the absenteeism level.

For 2015, we plan to reorganize the clinics under the concept "Living a winning life" in order to help participants to develop skills in 4 categories: finance, health and nutrition, personal and family safety and interpersonal relationships.

4.5 | Talent Management

We have a Performance Management tool that is implemented throughout the year as an ongoing process and enables each associate to clearly know what is expected from them, San Miguel's opinion on their performance and the improvement opportunities available for them. In 2014, 100% of the population covered completed all the stages of the process: Setting of objectives, Self-assessment, Assessment, Calibration and Feedback. Additionally, we continue the intensive program of training in the tool so that employees may make the best use of it.



Program for the Identification of Executive Development Opportunities (PIOD)

Since 2012, every year, we carry out a diagnosis of the human capital of the company through the Program for the Identification of Development Opportunities (Programa de Identificación de Oportunidades de Desarrollo, PIOD). This program was designed in order to allow both the associate and the company to jointly identify and work on those individual areas of career development, as well as to know the strengths of each of them. This enables us to assist in the career development and professional growth of each associate and, at the same time, contribute to supporting the organizational efficiency with management quality.

The general purpose of the program is to ensure the implementation of a people management tool that enables us, on the one hand, to strengthen ourselves to rise to the daily challenges of the company and its strategic horizons and, on the other hand, to focus our Training and Development investments specifically and according to the needs of each of our associates, based on the needs of the business and people.

4.6 | Occupational Health and Safety

Over the years, our industry has had an accident rate above the average of the remaining agricultural activities. This is why San Miguel makes an effort to create and maintain a healthy and safe environment for all our employees in each workplace and for the communities in which we operate.

We want to ensure a healthy and safe work environment, thus we develop work practices, policies and methods intended to prevent injuries, occupational diseases and achieve excellence in our performance on health, safety and occupational health.

Along the same lines, our Occupational Health and Safety Policy establishes that prevention is an irrevocable social obligation of all the staff of the company and contemplates, among other things, a formal risk management system, safe work as an employment condition and the implementation of modalities and regular internal audits for each sector.

Occupational Safety Training

We believe that in order to build a safe and healthy work environment, it is necessary that each of our employees may identify risks and prevent accidents and occupational diseases in each of its work areas. Thus, we have an Annual Training Plan for prevention, risks and safety culture that establishes the courses required for all workers. At the same time, prior assessment of the work area, we define the courses to learn and minimize the specific risks by similar areas or tasks.

In 2014, we achieved an average of 19.75 man-hours of training in the following 4 subject matters: General, Field Operations, Industry and Packing.

The main subjects addressed were:

- First aid
- Fire drills, use of fire extinguishers and means to control fire
- Evacuation practices
- Accident prevention
- General Occupational Health and Safety Standards
- Safe use of Hand Tools Use and care of PPE
- Electrical Hazard
- Electric welding and oxy arc cutting, Eye and Hand Protection, Presentation of Instructions
- Safety in maintenance tasks, Equipment Lockout-tagout Procedure
- Safe operation of forklift trucks, mandatory use of PPE
- Ergonomics and Load-lifting
- Chemical Cleaning (caustic soda) Use of PPE
- Procedure for handling chemical products, Final disposal, Use of PPE

Annual Training Plan

Subject matter	Average Training Man Hours
Field Operations	14.25
Industry	3
Packing	2.5
Total	19.75

Risk Warning Campaign

This internal campaign is intended to completely eliminate unsafe actions and conditions at the workplace through the detection of unsafe actions and conditions in the operations. This enables us to keep a record of the situations in which the integrity of any worker, due to his/her own attitude or environmental agents, is at risk.

Areas	Risk warnings generated		Solutions		% warnings generated by middle-level positions
	Action	Condition	Permanent	Temporary	
Field Op.	598	206	548	256	45%
Industry	29	58	56	31	17%
Packing	30	25	43	12	9%
Total	657	289	547	299	25%

In 2014, 25% of the warnings were generated by middle-level positions.

Health and Safety Program

Every day, our foremen, persons in charge and supervisors give general and specific talks at the beginning or at the end of the work day intended to prevent occupational accidents. The aim is that each sector has at least one talk per week.

2014 Crop Year - Safety Talks given

Areas	Scheduled	By tasks	Total	Total/Repetitions
Field Op.	54	76	130	1485
Industry	50	11	61	157
Packing	29	28	57	231
Total	133	115	248	1873

Health and Safety Indicators - Argentina

	2013		2014	
	Men	Women	Men	Women
Absenteeism rate (AR). (1)	6	0	6	0
Rate of injuries per accident (RIA) (2)	4.04	3.00	3.14	2.90
Number of fatalities	0	0	0	0
Rate of occupational diseases	0	0	0	0
Rate of absenteeism due to occupational diseases	0	0	0	0
Rate of days lost due to occupational diseases	0	0	0	0
Rate of days lost (men and women, including days lost due to occupational disease and accident)	0.16		0.21	

(1) Number of absences/ number of days worked*100

(2) Number of accidents/ average number of workers*100

Idea and suggestion box



In 2014, we received a small number of claims through the idea and suggestion box; thus, we held interviews with the operators in order to jointly find a way to make this communication tool more accessible. We received the suggestion to put the boxes in a different place and relaunch their use. Therefore, in 2015, they will be placed within the reach of workers and we will have a personal communication with all workers to inform on their importance and explain how to use them.

Safe Working Conditions in the Field

We constantly analyze the tasks, operators and facilities in the field in order to control the physical, chemical, biological and ergonomic risks. Thus, we detect the improvement needs and prepare action plans accordingly.

In 2014, we conducted measurements in the agrochemical formulation positions to ensure that the maximum concentrations allowed are respected. We had favorable results and, therefore, we developed a plan to improve the personal protective equipment.

Additionally, we continue with the analysis of replacing the gimbal bars of machines with other systems, thus eliminating the entrapment hazard.

Noise Management in the Operations

We have the following measures in place to prevent any risk related to the exposure to noise levels that may be harmful for the health of our operators:

- **Preventive actions:** each operator must wear a hearing protector in the sectors with high noise levels.
- **Corrective actions:** we have a predictive maintenance plan that includes regularly checking each machine by measuring vibrations through instruments to detect this type of failure or excessive wear and tear. The machines that generate high noise levels are isolated through the use of capsules or absorption panels, and, if this is not possible, we have a control room to isolate the operator.

In 2014, we focused on the production areas of Packing, where we detected some specific places with noise levels hardly above those established by the legislation in force. In these points, we completed equivalent continuous sound level (Leq) measurements and we defined the sectors where the use of personal protective equipment is mandatory. The next stage will consist in addressing the noise source and see the best way to mitigate it.

Occupational Health

San Miguel seeks to promote the health of its workers and their families by preventing and controlling the risk factors for non-communicable chronic diseases such as smoking habit, unhealthy diet and insufficient physical activity.

Based on an internal vaccination program, 215 people from both plants (Lavalle and Famaillá) received the following vaccines: Vaccines against measles and rubella; Hepatitis B and Flu.

On the other hand, under the Occupational Disease Monitoring Program, the Medical Service conducted 600 regular examinations, in addition to the regular examinations conducted on 286 workers by the Work Risk Insurance Company (ART) according to the risk map. We completed tests of enzymes indicating toxicity

by agrochemicals and blood copper tests on 345 workers; and physical examination to people who formulate agrochemicals and other workers who are in contact with substances.

Three corporate health Programs were developed:

- **Program for the early detection of respiratory diseases.**
- **Program for the dissemination and awareness of the voluntary and regular donation of blood.**
- **Active breaks at the workplace Program in plant I and II for administrative workers.**

To support the activities carried out, we kept on providing prevention information through articles published in the in-house magazine SOMOS.

Quality of Life Program

Surveys and a medical examination were conducted on employees in order to make a diagnosis of the situation as to Quality of Life, mainly of cardiovascular disease risk factors.

Though 2 self-administered surveys, we got the opinions of the employees. Later, a medical examination was performed using a questionnaire on the same risk factors.

We have detected risk factors that may be modified (overweight, sedentary lifestyle, smoking habit). Thus, all prevention actions will take into account these requirements.

Certifications

We have been certified as a Healthy Company by the Ministry of Health of Argentina and of the Province of Tucumán, with a two-year validity.

Additionally, we have been certified as a Smoke-Free Entity (Famaillá Plant) by the Province of Tucumán and the Federal Government.

HIV Campaign in South Africa

We continue progressing with the dissemination of the HIV Prevention Campaign among our associates in South Africa. The coordinators of this program are fully committed to this cause that is vital for health, not only by alerting people on the importance of prevention, but also mainly teaching them different abilities that they may apply in practice and that are useful for them.

4.7 | Compensations and Benefits

Compensations

Through our Compensation Policy, we seek to adequately and equally compensate workers, ensuring internal consistency of compensations and external competitiveness with the salary market.

As regards the basic salary ratio between men and women, the proportion is as follows:

Average Salary Ratio M/W - Tucumán

Position Level	BSM/BSW (1)
Manager	1.19
Head	0.98
Employees	1.11

Average Salary Ratio M/W – Buenos Aires

Position Level	BSM/BSW (1)
Manager	1.65
Head	0.82
Employees	0.99

Salary Ratio M/W - Uruguay

Position Level	BSM/BSW
Manager	0.86
Head	-
Employees	0.93

Salary Ratio M/W – South Africa

Position Level	BSM/BSW
Manager	2.27
Head	-
Employees	1.33

(1) The information provided is for non-collective agreement staff.

The compensation differences by location arise from the different costs of living between the provinces of Buenos Aires and Tucumán. In order to balance these amounts, we consider different remuneration structures in the assessments of the positions in Buenos Aires in relation to the positions in Tucumán.

The wage structure is the framework for salary management in San Miguel. This structure is the reference of wage values chosen by the company and systematically organized, which must be taken as the valid parameters to manage the remunerations of associates. It is a confidential document and it takes the form of a matrix ordered by grades and with wage ranges associated with each of them in order to be able to manage the associates according to the value of the position plus the added value they give to that position as a result of their own performance.

On the other hand, San Miguel completes surveys as a participant reporting its wage base and receives market information from consulting firms. San Miguel, together with other companies that provide their wage data to form the target wage structure, forms part of the so-called General Market, also having the possibility of

forming part of a specific market, which in this case is composed of companies having a similar business activity and operation size, comparable income/turnover, operations in the same geographical area, etc.

San Miguel Benefits

		Argentina			Uruguay	South Africa
		Lavalle	Famaillá	Buenos Aires		
Safety	Health coverage					
	Help for disease					
	Nutritional advice					
	Medical check-up					
	Medical examination - Senior staff					
	Active break - Offices					
Education	Scholarships for employees					
	Scholarships for employees' children					
	Gift at the beginning of the school year					
Financial	Options of the bank with agreement					
	Salary advance					
Transport	Car according to position					
	Reimbursements for use of own car					
	Fuel allowance					
	Charter					
Special Leaves	Part-time maternity/adoption					
	Paternity/adoption					
	Unpaid leave					
	Compensation for business trip					
	Summer Fridays					
	Moving house					
Recreation	Gym membership fee allowance					
	Birthday					
Gifts	Birth gifts					
	Year-end gifts					
Food	Refreshments/fruit					
Other	Discount Program					
	Merchandising					
	Cell phone					

4.8 | Work-Life Balance

In 2014, we developed the following initiatives to achieve a balance between work and personal life:

- **Program for the Recognition of Service at the company.** Sixty five people were recognized.
 - **Shared Christmas.** Through our volunteering program we help our seasonal employees who during the time between sugarcane harvest seasons may have needs as they are a community at risk. More than 80 volunteers participated to help 50 families.
 - **Special mentions through communications.** We have weekly communications for the whole company for different reasons. In 2014, we incorporated birthday greetings.
 - **Celebrations for children's day, mother's day, women's day and secretary's day.** In 2014, 560 children, 95 mothers, 120 women, 6 secretaries and 690 fathers participated in the celebrations of their days.
 - **Men's Soccer Championship:** 28 teams participated.
 - **Women's Bowling Championship:** 6 teams participated.
-

4.9 | Internal Communications

Internal communications are an essential and strategic management tool within organizations that allow all staff to know the general guidelines of the company.

Our Internal Communications Policy seeks to improve the set of interactions of the company with its internal public, allowing information to circulate and be exchanged at all levels. It is intended to encourage work and make it more dynamic, contributing to the creation of a friendly environment that translates into a better quality of work and into the improvement of San Miguel's productivity and competitiveness. On the other hand, this policy establishes the scope of the program, the tools for communication and the frequency with which each of them is issued, the duties of the area and of the other areas involved in the processes.

In September 2104, we had the first global Internal Communications Diagnosis. As a result, we had an 88.07% participation of all San Miguel's locations (Argentina, Uruguay and South Africa). The survey was conducted in two formats: digital and paper, and was anonymous and voluntary. We also had focus groups by levels.

Furthermore, we continue updating and improving our communication channels so that they are an effective space to be in contact with our associates:

- **SoMos in-house magazine:** we increased the publication by 4 pages to include more information through a common thread.
- **SoMos newsletter:** we redesigned its layout to make it more attractive for the public.
- **Notice board system:** we put 6 new boards.
- **Periodical News:** we incorporated new categories to discriminate the information better.
- **Breakfasts with the CEO:** our CEO organized breakfast with all the non-collective agreement staff and with administrative staff covered by the agreement in Argentina and South Africa.

5 | Value Chain: Suppliers



2014 Highlights

We launched the "First Supplier Survey on Environmental Management" to assess the environmental actions implemented.

We created and distributed the Code of Ethics for San Miguel's suppliers within the framework of the 10 principles of the United Nations Global Compact.

We held a Purchaser Training Workshop on Green and Inclusive Purchases.

From our supply area, our objectives are:

- Encourage professional practice development of critical suppliers.
- Promote the understanding of the benefits of being a socially responsible company.
- Always respect the identity and interests of suppliers. Commitment to the Environment .

5.1 | Our Suppliers



One of our pillars is contributing with our contractors to the sustainable and responsible development of their business. They form a key network for San Miguel, ranging from big multinational companies to small firms and SMBs. We believe we have the unique opportunity to exert a positive influence on this network, promoting sustainability in their businesses.

Thus, based on ISO 26000 standard (Social Responsibility), through our leadership and support throughout the value chain, we promote the adoption and support of social responsibility principles and practices, being aware that decisions on acquisitions and purchases enable us to influence other organizations.

We implement a supplier auditing system.

Through these audits we transmit the meaning of

quality for San Miguel, assess their way of working in terms of health/safety, health and safety conditions, social responsibility and labor law compliance.

In 2014, we developed an important consulting work on the operating warehouses in Argentina (industrial plants, farms, external warehouses, etc.), through which we conducted an in-person survey of the whole network to assess its management and the improvement opportunities related to quantity, concentration and the possibility of creating a distribution center. This resulted in an action plan to be developed in 2015, as a result of an integrated and interdisciplinary work of the staff from Health and Safety, Purchases and Warehouses and an external specialist.

At the same time, we generated different opportunities for dialog with our suppliers, such as visits, individual meetings, e-mail and letters sent from the Purchases department.

2014 Suppliers by region - Argentina

Province	Number of suppliers	Percentage
Tucumán	254	51.21%
Federal Capital City	96	19.35%
Buenos Aires	85	17.14%
Santa Fe	19	3.83%
Córdoba	11	2.22%
Salta	8	1.61%
Mendoza	6	1.21%
Rio Negro	3	0.60%
Santiago del Estero	3	0.60%
Entre Ríos	3	0.60%
Catamarca	3	0.60%
San Juan	2	0.40%
San Luis	2	0.40%
Chaco	1	0.20%
Total suppliers	496	100.00%

2014 Suppliers by type of supply - Argentina

	Number of suppliers	Amount in USD
Production materials	121	15,913,566
Indirect materials	365	22,208,878
Assets and Services	90	9,937,897
Total	576 *	48,060,342

* Includes local and foreign suppliers

In order to promote the development of communities where we operate, we prioritize hiring local suppliers*. In Argentina, the number of local suppliers amounts to 86% of the total.

Based on this policy, only a small percentage of the company's purchases are made from suppliers from abroad (technology equipment and some strategic production supplies). In 2014, 86% of the company's purchases for Argentina were made from local suppliers and only 14% were made from suppliers from abroad.

* "Local" means suppliers within San Miguel's operation area in each country where we operate.

5.2 | Selection and Assessment

We have a Supplier Assessment Policy whereby all suppliers are annually assessed by staff from San Miguel's Purchases and Quality Assurance. The assessment is based on the calculation of a supplier service level index (INPP), which takes into account parameters such as: service, compliance with deadlines, compliance with specifications and quality assessment through audits.

The audits are carried out according to a schedule that is designed every year, and may be in person or, sometimes, self-checklist. The frequency of the audits may be from one to three years and is defined based on the rating of suppliers.

Getting to know our suppliers

In 2014, in order to foster, along with our value chain, new initiatives oriented to favoring the preservation of the environment, we conducted the first diagnosis through an online survey we sent to 190 of our mid-size and big suppliers.

As a result, we observed that most of our suppliers know and handle the concepts of environmental management and sustainability, and have action plans for issues related to policies of environmental management, waste management, energy consumption, and risk assessment of their operations. On the other hand, the issues that yet require a joint work for development are those referred to water consumption and action plans for its reduction, and to biodiversity protection.

Code of Ethics

In order to strengthen the bond of trust and transparency with our strategic partners, in 2014 we drafted our first Code of Ethics for suppliers, which lays the foundations on which we define how to conduct our businesses, always within the framework of the San Miguel's corporate values.

Once reviewed and approved by the Board, we carried out a diffusion campaign and requested all suppliers who voluntarily chose to adhere to the code to sign it. We sent this letter with the Code by massive e-mail to 50% of our active suppliers. At the same time, we made telephone calls to 100% of critical material suppliers (approximately 25 suppliers) to provide information on the launch of the code.

Within the company, we provided training to the Purchases and Supply team explaining the importance of the code and requesting that when any new supplier is incorporated, the signature of the code be a desirable requirement, prior to the incorporation of the new service or material supplier.

San Miguel's Code of Ethics for Suppliers is supplemented with "San Miguel's Employee Code of Conduct" as well as with the company's policies and procedures that are referred to in the code.

The Principles

San Miguel expects that its suppliers manage their business responsibly, with integrity, honesty and transparency, treating all their employees with dignity and respect, protecting them and ensuring their human rights by adhering to and complying with the following principles:

A. Commercial Conduct Guidelines

1. Know and comply with all the laws and/or regulations of the countries where they operate.
2. Compete in a fair way to obtain business.
3. Not to offer gifts, travels or special courtesies.

B. Employment Guidelines

4. Foster a work environment for employees that is free of harassment and discrimination.
5. Treat employees fairly and honestly.
6. Fair treatment and Human Rights.
7. Prohibit child labor.
8. Respect the right of the employees to freedom of association and collective bargaining pursuant to the local laws.
9. Health, Safety, Environmental and Quality Guidelines.
10. Conduct its operations preserving and protecting the environment and comply with all the applicable environmental laws and regulations.
11. Distribute products and services that comply with the quality and safety standards.

C. Waste and Emissions

Suppliers must have systems in situ to ensure a proper management of waste, air emissions and waste water discharges from any part of their process.

D. General Guidelines

12. Responsibly support the compliance with this code by establishing appropriate administration and management processes.
 13. Report breaches to the Code by calling a free hotline or writing to the e-mail address of the code of ethics.
-

5.3 | Programs with Suppliers

Responsible management of supplies and raw materials

Being aware that a responsible management of our products may reduce the environmental impact of our value chain and increase its logistic efficiency, we work to promote responsible supply practices with our suppliers.

In 2014, we consolidated the intensive supply reuse and recycling policy, mainly for cardboard packages and plastics, in a continuous use policy. This policy includes the following initiatives:

- A reverse logistics process after using the wood pallets or platforms with which we receive our cardboard packages so that they will be reused for the same purpose. This product is permanently removed from the interchange circuit after several uses.
- Purchasing whitewash in packages called big-bags (big disposable polypropylene bags), instead of 25 kg bags. Once their content is used, these bags are re-sold to one of our suppliers, who restores them for subsequent reinsertion into the whitewash supply logistics. The use of this bag makes transport, storage and distribution logistics more efficient.
- Purchasing phosphoric acid in 100 L IBC plastic containers. Once their content is used, these containers are reused in our warehouses to contain and receive caustic soda.
- Using liquid caustic soda instead of caustic soda pearls. This enabled us to: reduce supplier's electric power consumption (since solid caustic soda is made from liquid soda that must be solidified); reduce water consumption at our plant; reduce container generation (polypropylene bags containing soda pearls); and reduce occupational accidents.

Production Undertaking Program

Through the Cooperation Agreement among Tucumán Citrus Association (Asociación Tucumana del Citrus), the Food Industry Trade Union (Sindicato de Trabajadores de la Industria de la Alimentación, STIA) and the government of Tucumán, a textile production undertaking was carried out again in 2014 to supply the citrus industry with clothes, thus creating jobs all year round for the immediate families of San Miguel's temporary workers.

The project enabled 26 women from Famaillá, who are the wives of temporary workers of our company, to enter the local market through a textile production consortium, which manufactures work clothes that San Miguel has committed to purchase for our employees. In 2014, the consortium worked to comply with the initial purchase of 4000 items of clothing.

This allows mitigating the chronic problem of temporary work in Tucumán, allowing the wives of our employees to enter the labor market and also contribute to household finances when the employment contracts of their husbands expire. Thus, the possibilities of child domestic work in those families are minimized and the heads of the family do not have to migrate in search of temporary work in other provinces.

5 | Value Chain: Customers



2014 Highlights

We improved the management of the Supply Chain in South Africa, in the detection and solution of problems.

We achieved the Novacore joint venture between Azucitrus and San Miguel, optimizing the production and commercialization synergies.

We started using the NPS (Net Promoter Score) metrics to assess our customers' loyalty.

5.4 | Customers in Numbers

Fresh Fruit

80

countries

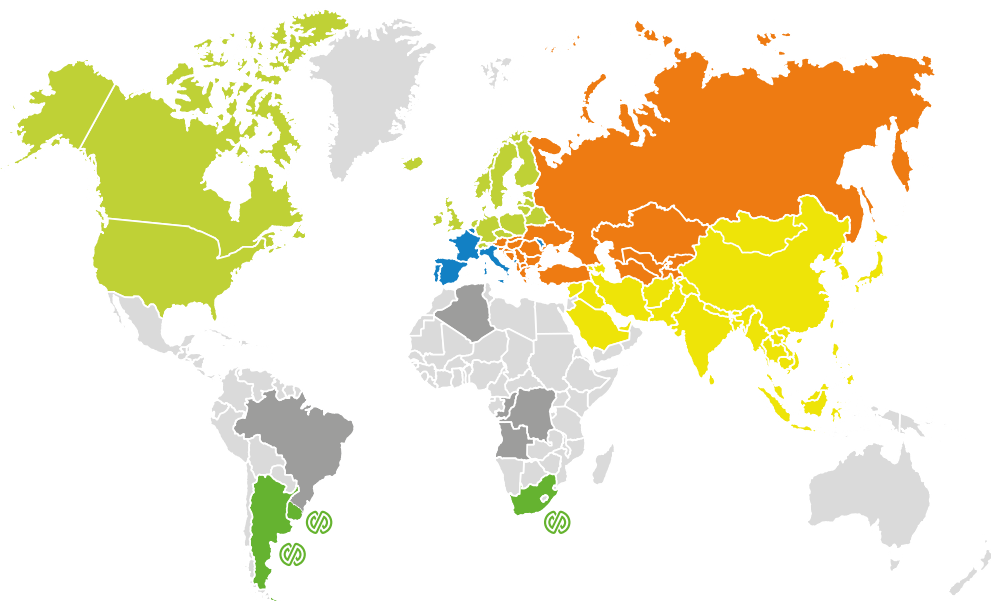
150

customers

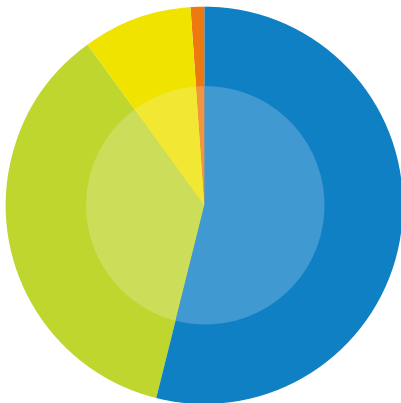
Distribution by market



- 49% Mediterranean
- 18% North Europe, USA & Canada
- 16% Far & Middle East
- 15% Russia & Balcans
- 2% Others



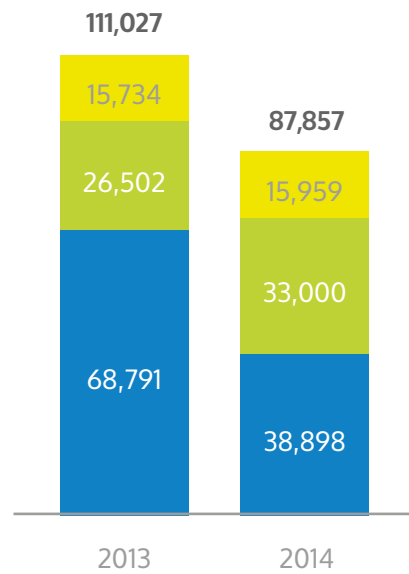
Exports by product 2014



- **54%** Lemons
- **36%** Oranges
- **9%** Soft Citrus
- **1%** Grapefruits

Exports by country 2014

(In tons)



- **Argentina**
- **South Africa**
- **Uruguay**

Sales by Channel



- **35%** Category Managers
- **25%** Supermarkets
- **25%** Wholesalers
- **13%** Distributors
- **2%** Brokers



Processed Fruit and Vegetable Products

200 customers

60 countries

4 continents

In	We mill	With a capacity of
Argentina	Lemon	1900-2000 tons/day
Uruguay	Lemon, Mandarin and Orange (two types: Navel and Valencia)	380-400 tons/day
South Africa	Lemon, Mandarin and Orange (two types: Navel and Valencia)	600-650 tons/day

Sales of lemon juice by market



- 30% Europe
- 25% Oceania and Asia
- 25% North America
- 20% Latin America



5.5 | Products, Customers and Quality Assurance

We work with our customers completing projects based on opportunities identified in trade shows, visits or the relationships established from the commercial area, in order to develop new and innovative products that meet their particular needs in different geographical areas.

Along this line, we develop and patent promissory varieties for the market. In 2008, our subsidiary in Uruguay entered into an exclusive agreement with CMBI-A.R.O./ / ZAKAI of Israel to introduce, produce and export 13 varieties of mandarins and 2 varieties of seedless lemon.

In 2014, we began to develop two new products for two Processed Food customers and one of them is already in the commercialization phase. We have also evaluated two important development projects with the National Institute of Agricultural Technology (Instituto Nacional de Tecnología Agropecuaria, INTA) and 2 improvement projects to be completed in 2015.

Additionally, we have our own Research and Development (R&D) projects on some key aspects of juice with important research centers from abroad (Europe). In 2014, we conducted research works on orange and lemon dehydrated juice, semi-clear juice, deionized juice, citrus sugar, citrus alcohol and high ratio juice.

As regards the quality management of our products, we improved the internal auditing system by increasing their frequency (from every two months to every two weeks) and incorporating two exclusively dedicated internal auditors. Additionally, we have also applied to packing the checking method with a number rating. Through this process, each audit gives a numerical result that is put into monthly statistical graphics, which are followed up throughout the year.

At the same time, we have made a very important progress in terms of structure, as we have unified different quality areas under a single corporate area that includes Quality and Quality Assurance, both of Processed Food and Fresh Fruit, in all the countries where we operate.

5.6 | Quality Management System

San Miguel considers that the quality of our products, in addition to being our hallmark globally, is an essential condition both to maintain long-term relationships with our customers and to meet the healthy eating needs of people.

This is why the company has a team of internal auditors who check for compliance with the regulations and standards according to which we work. All our fields, processes and products have been certified by the most rigorous international standards, ensuring the safety of the products and environmental care.

The certifications granted to our Fresh Fruit business are:

- **TescoNurture:** the purpose is to cover all aspects of agricultural practices to promote the best practices in the industry.
- **Global GAP:** its purpose is to establish standards and procedures for developing Good Agricultural Practices (GAP), reducing risks and ensuring quality and safety of primary production food.
- **HACCP:** this acronym means “hazard analysis and critical control points”, that is, it guarantees safety in food production and preparation operations. Its purpose is to ensure that a product is safe and prevent food poisoning.
- **Tesco Packaging – TPPS Produce Packhouse Standards:** it establishes the requirements that Tesco suppliers must meet in terms of packaging.
- **SMETA:** it is an auditing process intended to good practices in ethical auditing techniques.

As a company engaged in food production, we prioritize the consumer’s health care. Therefore, the quality and safety of our products is an essential condition for maintaining and strengthening our relationship with customers.

Our Quality Management System, based on ISO 9001:2008 standards, covers aspects of document management, responsibility assignment, management engagement, policies, objectives, resource management, supplier management, traceability, internal auditing programs, customer service and continuous improvement. Additionally, we have a team of internal auditors who check for compliance with the regulations and standards according to which the company works.

Our fields and all our industrial processes around the world have been certified by the most rigorous international standards that guarantee the safety of the products and environmental care, as well as certifying all production processes.

- **Hazard Analysis and Critical Control Points (HACCP):** it is a preventive process to ensure the safety of food.
- **British Retail Consortium (BRC):** this is one of the standards recognized to meet the requirements of the Global Food Safety Initiative (GFSI) represented by the major European supermarket chains. In 2014, we certified under the 7th version of the standard and obtained the maximum grade: Grade A.
- **Sure Global Fair (SGF):** issued by an international entity formed by the fruit juice industry for the certification of global suppliers, mainly for monitoring and authenticity of fruit juice.

Additionally, our certification package also includes religious certifications such as **Kosher** and **Halal**.

Traceability System

In order to ensure the food safety, quality and harmlessness of our products, we have a traceability system that allows knowing the exact origin of the fruit and all the processes it has undergone. We also conduct quality checks from fresh fruit control samples in order to test the behavior of fruit packed from each batch until it reaches destination.

5.7 | Customer Orientation and Satisfaction

The Customer Service area constantly works both to standardize the processes of the value chain and to improve the management of claims of Fresh Fruit and Industry.

For this, we have the following indicators to measure how satisfied customers are:

- **Contract Performance:** the purpose is to determine to which extent contracts are performed in due time and manner, and detect if there are any products, time periods or customers with difficulties and requiring more attention.
- **Claim Response Time:** this time is computed from the time the claim is received to the moment the customer considers it closed.
- **Distribution Chain Costs:** the purpose is to determine the logistics chain costs to identify opportunities for improvement.
- **Perfect Order:** the purpose is to determine to which extent purchase orders are fulfilled in terms of time, quantity, quality and documentation.

In 2014, we added the **tracking** service indicator of all our shipments for all our points of origin in real time. This is shared within the company and allows us to make decisions to prevent, detect and solve potential problems. Additionally, it allows us to make a comparative assessment at year end and learn, for example, which customer was the one that took longer to get the goods out of the port. This system enabled us to make a significant improvement in South Africa in the management of product delivery.

For the Processed Food business, we have an indicator that weekly monitors the service level with our customers by measuring satisfaction of deliveries in time, quantity and quality. Any deviation is analyzed and corrected. In 2014, we achieved a compliance level of 91%, and we expect to exceed that percentage in 2015.

In 2014, we incorporated regular meetings with our key customers to get their feedback and identify new needs.

Customer Loyalty Annual Survey

We carried out a survey to assess the loyalty of our Industry customers, through the NPS (Net Promoter Score) metrics, learn San Miguel's performance in specific aspects of the relationship with customers, assess our image, identify positive and improvement aspects, and provide operative information for decision-making.

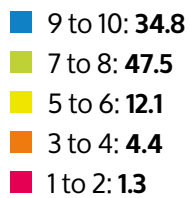
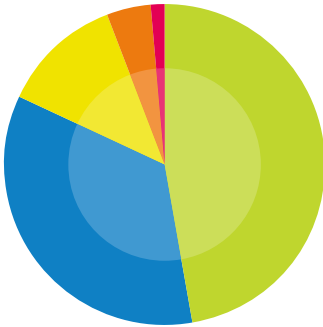
Based on a total sample of 52 cases, we got an average of 7.7 points of satisfaction and an average of 8.5 points in stability of product quality.

We also had an excellent referral level as strategic partner/long-term partner, with an NPS of 36.6 points among Industry customers. This is in line with the market average in the USA (31 points) and well above the manufacturing market (19 points).

General Satisfaction with San Miguel

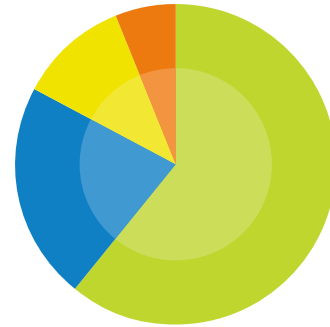
Where 1 = not satisfied at all and 10 = highly satisfied

Total 2014



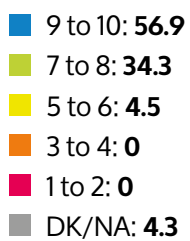
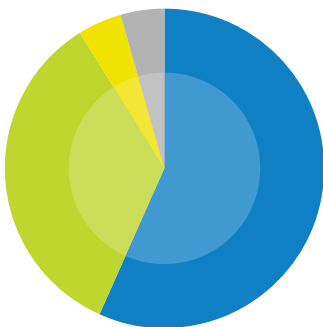
Average 7.7. Basis: 52 cases.

Total 2012



Average 7.6. Basis: 36 cases.

Product Quality Stability



Average 8.5.



5.8 | Relationship with our Customers

In order to continue strengthening the relationship with our customers, in 2014 we participated in the most important international food trade shows, where the latest global trends are shown. These shows include the IFT (Institute of Food Technologists) expo defined as "Where Science Feeds Innovation", which takes place in Chicago, USA; and SIAL that is held in Paris, under the slogan "Inspire Food Business".

We have also been invited to the main international conferences:

- **Juice Summit:** it is the most important annual conference for executives of the fruit juice industry worldwide. It gathers industry players and suppliers from all around the world.
- **ICBC (International Citrus and Beverage Conference):** this conference gathers citrus food and beverage industry leaders with researchers, technical staff and other members of the industry.
- **IFEAT:** a conference that embraces the most varied interests of the global flavor and fragrance industries worldwide. The subjects covered include those related to essential oils production, aroma chemical manufacture, flavors and fragrance compounding, trading and consumer product manufacturing.

Along the same lines, we invited our customers to visit the different processing plants, so that they can see and examine the activities of production, control or dispatch of materials and the quality management system that supports our production activities.

At the same time, we have several communication channels, such as e-mail, telephone, annual visits and a newsletter, through which we receive inquiries on quality, news of the status of the market, among other things. Our website includes all the information of the company so that our external and internal customers may easily access and find both balance sheets and the latest news of the company.

Furthermore, we hold satisfaction indicator follow-up meetings with our strategic customers as well as weekly or bimonthly conference calls with them, in conjunction with the commercial area.



6 | Environmental Management

2014 Highlights

Creation of the Plant Committee, where we started to discuss matters related to plant improvement.

“Care for our Planet” contest

Collection of jars for Fundación FANN. At the end of the year, we purchased jam made by the foundation reusing the jars gathered.

Environmental Management Objectives

- Achieve full compliance with the rules and requirements of the environmental control authority.
 - Achieve full compliance with the environmental rules and requirements of customers.
 - Have a value chain that respects and complies with the legal environmental rules and requirements in force.
 - Take an active role in the initiatives organized among companies for environmental prevention and protection in the regions where San Miguel operates.
 - Promote initiatives that strengthen the prevention culture in environmental protection.
-

6.1 | Commitment to the Environment

Our Environmental Management Policy establishes the guidelines to follow and the course of action within which the company conducts all its business. Through this policy, we make the commitment to:

- Operate the facilities identifying and assessing their environmental risks, minimizing the impact they may cause and considering Environmental Management as a priority at the company.
- Comply with the applicable legislation and other commitments made by San Miguel.
- Use supplies, water and energy rationally.
- Prevent pollution by monitoring and auditing environmental performance and working for continuous improvement, minimizing harmful emissions and discharges to the air, water and soil.
- Minimize waste generation, applying the recycling concepts and ensuring a responsible hazardous waste management.
- Use technologies to achieve a cleaner production.
- Provide information and training to employees and people working for San Miguel, in order to honor the commitments made in this policy, so that they understand their environmental responsibilities and fulfill them.
- Maintain open communication on environmental issues with the communities, regulatory bodies and other stakeholders.

Commitment to the environmental impact of our products

The general guidelines for Good Agricultural Practices (GAP), according to the Global Gap protocol, define the basic elements and essential practices for fruit production. Through these measures taken by San Miguel, incorporated into other tools of the quality system, we respond to the growing interest of consumers in the environmental impact of our products and food health and safety, reflecting our will to constantly improve the production standards in cooperation with producers.

The GAP implementation is based on the following principles:

- Maintain consumer trust in food quality and safety.
- Minimize environmental impact and degradation, which implies the conservation of the flora and fauna.
- Reduce the use of agrochemicals through the adoption of integrated production systems.
- Improve the efficient and rational use of natural resources.
- Ensure a responsible attitude towards workers' health and safety, and towards their well-being and education.

6.2 | Environmental Management System

In San Miguel, environmental concerns are an integral part of the decision making process. The Environmental Management System enables us to ensure consistent and effective compliance with the current legislation and its implementation enables us to develop environmental management practices and procedures intended to protect the environment, by preventing and minimizing the impacts on air, water, soil, flora and fauna, considering that biodiversity preservation ensures sustainability.

The Environment area implements a number of environmental samplings the results of which are constantly analyzed:

- Greenhouse gas sampling.
- Soil sampling.
- Survey of noise level in the factory perimeter.
- Monitoring of basin surface water quality.
- Effluent quality control sampling.

Environmental Awareness



We believe that in order to achieve a good environmental management it is necessary to understand environmental issues and become aware of our personal responsibility. Thus, in 2014, we completed different training activities in matters such as efficient use of water, Carbon Footprint and waste management system, amounting to a total of 136 participants, and we organized campaigns through drawing contests with San Miguel's associates, encouraging the reuse of jars for jam and paper and plastic cap recycling to be sent to Fundación Garrahan.

Moreover, as a result of the internal audits carried out in the company, every year at the year-end dinner we recognize through special mentions those sectors that have had an outstanding environmental performance, presenting them with diplomas.

6.3 | Responsible Resource Management

Water

Agriculture is responsible for 70% of the use of all the water collected from aquifers, rivers and lakes worldwide; therefore water scarcity is a priority problem for the sector. Additionally, at present, the irrigation systems are based on fresh water sources that are threatened by the excessive human use. For this reason, in San Miguel, the responsible use of water is a priority in order to maintain a sustainable business. Our objectives and efforts are geared at minimizing water consumption and reusing it in all the production stages in which the final quality of the product is not altered.

Irrigation and Monitoring

In order to preserve water resources, it is essential to have an efficient irrigation system and reuse water. Thus, we use methods to predict the water needs of crops, which take into account the estimates for evapotranspiration and precipitation, with the use of soil, water and plant system monitoring. We also measure the actual need for water, with pressure gages to help decide when to start irrigating, and we follow up daily rains on open-air crops.

We consider that irrigation by flooding systems is not appropriate as these systems use too much water; thus, we use the drip micro-sprinkler irrigation system that is highly efficient (with efficiency levels around 92%) and under-tree sprinkler irrigation in cases where irrigation needs are more eventual. We additionally use an efficient and economically feasible water transport system to ensure a rational use of water resources.

On the other hand, we test the water sources to be used for irrigation for chemical, pesticide, microbiological and heavy metal parameters, and the results are compared to international standards. We use authorized underground and registered superficial water sources, pursuant to the Irrigation Provincial Law.

We also use the surge irrigation system, for a depth of irrigation characterized by high frequency and low intensity. This enables us to minimize water loss and improve the root system health by directing growth to more superficial layers of soil. This way, we improve the plant standard and its productivity.

Water Management Plan

Under our Water Management Plan, we carry out actions such as:

- underground tube transportation;
- good maintenance to avoid water loss;
- irrigation using short and more frequent shifts, and
- irrigation at the time the plant uses water more efficiently.

Continuous Improvement System

In 2014, we worked on the action plans based on the diagnostic audit of ISO 9001 standard, conducted in 2013, for future certification of that standard expected for 2015 and which will cover all facilities of the company. With this certification, we will be able to ensure that water samplings are standardized, using the same method at every location and reducing one of the factors that contribute to eventual errors in analytical results, due to issues in sample taking. This standard will also help ensure that any field equipment used has the correct calibration, that the sampling equipment used has certain characteristics and comprises a series of items established under the relevant regulations (1-liter bottles, gloves, cool box, field record sheet, etc.).

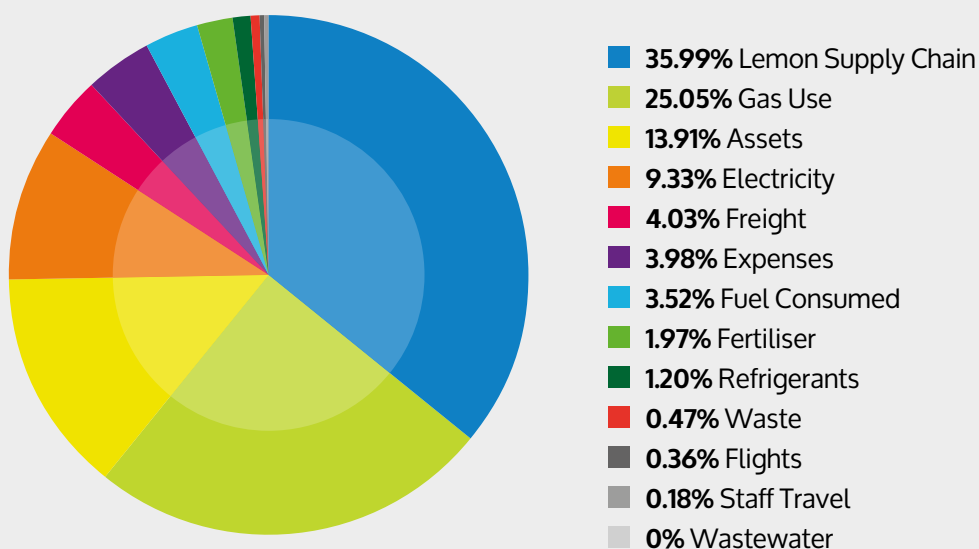
Carbon and Water Footprint Calculation

With the aim to calculate and certify the Carbon and Water Footprints of our company in general and of all our products in particular, we completed an inventory of carbon emissions. This enables us to identify the main emission sources and detect opportunities for reducing the carbon footprint, as well as the total fresh water used for producing goods and services.

Based on the diagnosis made, we have seen that San Miguel issued in 2013 around 207.107,46 tons of carbon dioxide equivalent (ton.CO₂e). The category which mostly contributed to these emissions was the Fresh Fruit Supply Chain (36% - 74,531.55 tCO₂e), followed by Gas Use (25% - 51,885.35 tCO₂e) and finally Assets (14% - 28,811.22 tCO₂e).

This first assessment is an important step to know how the different sectors of the Company influence greenhouse gas emissions and thus be able to establish a strategy to reduce them.

Number of Emissions by category



Reuse

We continue working on water reduction and reuse in all industrial processes. In 2014, we started to work on an initiative to change the way in which lemon essential oil is extracted to adopt the e-Boe system, which allows recirculating the water to reduce its use by 40%, thus decreasing flows at the effluent treatment plant.

In South Africa, we implemented an action plan for the reuse and responsible use of effluent watersheds. This plan consists in making a description of the streams, examine which have products and recover them to reduce

both the organic matter in the effluent and the flow rate. Additionally, the water streams from evaporators are reused and mixed with condensed water.

Plan for the responsible use and reuse of effluent watersheds in South Africa

Item	Task	Detail	Installation	%
Separation of effluent watersheds /Use of water	Condensed water	Water reuse.	Neutralization and condensation.	100%
	Pump seals			60%
Characterization of effluent watersheds	Characterization of watersheds	Start analysis		0%
	Performance of the Effluent Treatment Plant	Start analysis	Analysis started, COD tested, % oil, TSS, Bx, % acid.	100%
		Presentation of partial results		
		Final Report		
Analysis to keep records	Analyze a sample per month		20%	
Legal Review	Feedback from the law firm		Contact made - awaiting citation	30%
	Evaluate consulting group	Present a technological alternative	Done - evaluating alternatives	60%
Short-term actions	Whitewash dosing system	Verify performance	Working with automatic dosing with a pH meter	100%
	Irrigation lines	Maintain operative ones	Renewed lines, improved irrigation procedure.	100%
	Purchase sludge			0%
	Flow meters	Flow measurement	Installed, calibration required.	100%
	Operating analysis	OD, pH, Temp, sludge activity		0%
	Removal of large solids		Static screen installed x3, working properly, system required to remove pulp.	100%
Long-term actions	Final adjustment plan	Current plan to the Board	In progress	30%

Energy

Electricity and natural gas are the main energy resources of our plant. Therefore, every day we make an effort to use them as efficiently as possible, seeking to have a sustainable production.

In 2014, in line with our "Steam generation system monitoring" project, we installed a natural gas and steam consumption measurement system in each of the 4 boilers. This way, we optimized natural gas consumption on dryers, used in the maximum energy consumption stage of the production process. Additionally, we changed pipes, thus allowing a better temperature exchange and an improvement of a 36% reduction in gas use.

In order to reduce energy consumption, we also implemented peel cleaning using chemical additives. We do L1 peel drying on a discontinuous basis, and in 2014 the customer approved this quality of peel, whose work methodology reduces the water used.

On the other hand, we were able to increase the quantity of sugar recovered from peel in the Special Juice line by a 23%.

The combination of these two processes also results in an improvement in the quality of the effluent.

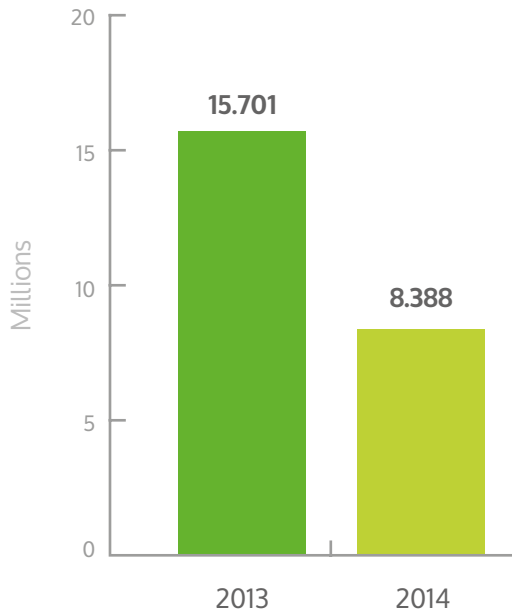
We have a business travel policy to avoid excessive trips and promote a higher use of video calls, particularly between the offices in Buenos Aires and the different business units. Also, our employees are taken by bus from Lavalle Plant, where the packing is installed, to the factory located in Famaillá, and outsourced harvesters are taken on a shared bus which has a fixed route. The same modality is applied in the South African farms. Thus, we reduce energy consumption and our emissions due to the staff transportation.

Energy consumption in Argentina

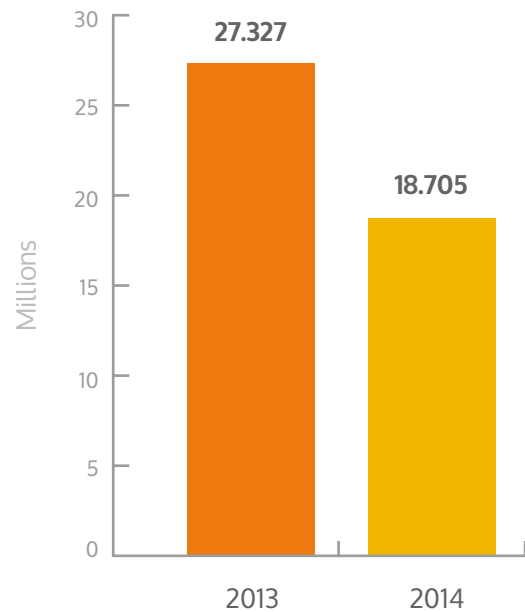
Energy	2014				2013	Year-on-year difference
	PI	PII	Farms	Total 2014	Total 2013	
Gas Oil (DC)	85,634 L	44,186 L	1,042,174 L	1,171,994 L	1,399,363 L	-16%
Gasoline (DC)	23,502 L *	3,345 L	42,980 L	69,827 L	68,331 L	2%
LPG (DC)		23,028 Kg		23,028 Kg	50,622 Kg	-55%
Natural Gas (DC)	155,000 m3	8,233,000 m3		8,388,000 m3	15,701,245 m3	-47%
Electricity (IC)	2,469,520 kWh	14,576,400 kWh	1,659,300 kWh	18,705,220 kWh	27,326,573 kWh	-32%

* Gasoline consumption of Plant I belongs to private vehicles used by employees to travel to Famaillá plant.
DC: Direct consumption; IC: Indirect consumption

Natural Gas (m3)



Electricity (KWh)



The reduction in Fossil Fuel is strongly influenced by the favorable weather conditions of the big urban centers. This is due to the fact that gas consumption by the industry is usually conditioned by the weather and regulated by the State. This means that during very cold winters, the government restricts the use of gas by the industry for exclusive household use. In such cases, the company has the obligation to use gas oil instead of gas.

Likewise, in 2014, the lower use of gas was due to the reduced use of water for peel cleaning, which translated into lower energy consumption for drying.

Waste Management

Our waste management policy is intended to take the measures required to prevent and avoid environmental pollution. For this, our waste management system is based on the 3R's basic principles: reduce waste volume, reuse materials whenever possible, and recycle waste such as paper, cardboard, etc.

For the successful development of this system, we must focus on a solid classification at source. For this, we have both in the factory and in the packing and farms of Argentina, Uruguay and South Africa, intermediate stations near the work stations, at key sites, concentrating waste generated in the surroundings.

Once classified, we store waste in warehouses according to their nature until transferred and delivered for final disposal:

- **General waste:** paper, cardboard and plastic mostly sent for recycling. We send paper to Garrahan hospital and we sell cardboard to a recycler in the province of Salta.

- **Industrial waste:** solid waste from production, such as pulp, sludge, liquid sludge and discarded branches and fruit. We entered into an agreement with Campo de Herrera cooperative, who receives this waste they may use for different purposes, with different disposal techniques (compost, bio-remediation, feed for cattle and/or pigs, and/or recovery of impoverished soils), according to the type of solid waste.
- **Hazardous waste:** they come from production processes in which chemical, toxic products have been used or from the maintenance of field and factory equipment and machinery. This waste is collected and taken to a storage bowl until it is sent to the authorized operators for final disposal.

Waste Management - Argentina

Type	Waste	Volume (Kg)		Treatment
		2013	2014	
Municipal waste	Garbage	370,650	281,760	Sanitary landfill
Industrial waste	Plastics	58,660	48,010	Recycling
	Cardboard	19,204	14,600	Recycling
Hazardous waste	Hazardous waste	11,798	3,280	Incineration
Production waste	Discarded fruit	1,230,208	314,050	Bio-remediation/Compost
	Pulp - Factory	4,036,674	2,091,160	Livestock feed/Bio-remediation/Compost
	Pulp - Effluents	7,370,520	3,044,070	Livestock feed/Bio-remediation/Compost
	Dry sludge	2,919,370	133,870	Bio-remediation/Compost
	Liquid sludge	7,044,750	3,680	Fertigation
	UF Sediment	321,311	0	No UF sediment has been generated in 2014.
Total		23,383,145	5,930,800	

Effluent Treatment

We have an oxygen chemical demand monitoring program in different parts of our effluent treatment plant, so as to assess its removal throughout the process. Furthermore, in order to make the treatment system more efficient and improve the quality of the effluent that reaches the reactor, we use a secondary effluent line in order to separate the streams with high organic loads from the factory, which are used for irrigation in our own fields, thus establishing a sustainable circuit.

On the other hand, through the nomination for the Clean Development Mechanism of the United Nations for the use of biogas generated in the effluent plant and its stock trading as Carbon Bonds, we chose to implement a more advanced treatment such as the closed anaerobic reactor, which translates into technology transfer, improvements for the environment and the community.

	m3/year	Milling (ton)
2013 Industrial Effluent	1,196,690	236,777
2014 Industrial Effluent	533,021 *	99,419

*The marked reduction in milling in 2014 has resulted in the large year-on-year difference.

Sustainable Soil Management

Being aware that soil is one of the most important resources for San Miguel, we constantly work on a long-term sustainable system preventing soil degradation, adopting a number of initiatives to approach the problems of organic matter loss, reduction of nutrients, erosion and changes in soil water dynamics.

Within this context, every farm and nursery has a permanent record system for constant tracking of the crops and agricultural activities conducted at each site. Additionally, every time we start working on a piece of land without a known background, we carry out a soil analysis, which may vary according to the risk and the topographic characteristics of the region.

In 2014, we continued conducting a characterization of soils project, which was completed in all our own farms and in Finca Lules, with a total of 4,538 hectares characterized. The results of these analyses are used to define limitations and possibilities in terms of suitability to grow citrus and justify the site chosen for planting and the variety/rootstock used in each case.

Additionally, we prepare maps of the farms that are later used to make provisions for cover crops and define programs for planting and growth. We also take into account the management of topographic features and the basin that provides water to the piece of land at issue, for which we use satellite images and planialtimetric maps.

On the other hand, we adopted a system of conservationist practices to respond to problems of soil loss and reduction of fertility. In nurseries, we do not fumigate soils with chemicals, but rather choose other alternative methods such as cover crops or the use of varieties and rootstocks that are disease-resistant and compatible with citrus replanting soils. Taking into account the topographic features of the land, contour planting is used.

Along with the above actions, we seek to achieve a sustainable management of soil through the following initiatives:

- **Chipping in the renewal of crops:** in order to add organic matter to the soil and avoid burning plant residues, this technological package consists in chipping the plants pulled out for subsequent incorporation and degradation into the soil. In 2014, we conducted an economic feasibility study for the import of a more appropriate machine to carry out this process.
- **Fallowed fields:** when citrus groves are cleared, we leave the fields to fallow for two years and we plant an annual summer crop (fodder sorghum) and an annual winter crop (black barley). This way, we can incorporate organic matter, which allows improving soil structure, its physical and chemical conditions, and reduce the use of phytosanitary products, enhancing plant health and thus its productive potential.

- **Mulching of plant residues to maintain soil moisture and increase organic matter content:** by means of this technology we intend to maximize water efficiency, generating plant coverage on the soil in the area with the highest concentration of the active root system.
- **Elimination of pruning residues:** this is done with choppers the purpose of which is to reduce the size of residues to facilitate adding them to the soil.
- **Pest and application threshold monitoring:** through a system for monitoring and establishing pest damage thresholds and beneficial insect population levels, clear parameters are established for the application of chemical products. This way, treatments and impact on soil are reduced. In 2014, we created two labs with materials and staff trained for monitoring.

Agriculture by environment

We have a geographical information system that integrates all the information of the farms, including the maps of type of soil, inventories of fields, production historical data, pest and damage threshold monitoring, foliar analyses, balanced fertilization, etc.

In 2014, we completed the geographical information of Caspinchango farm.

Use of agrochemicals

San Miguel always tries to be as responsible as possible with the resources we manage. This is why we regulate and rationalize the use of fertilizers and phytosanitary products in order to minimize the impact that their excessive application may produce on the soil, on the different surface or underground water sources and on plant and animal species.

We test fertilizers of different composition and efficiency and choose the most suitable ones to ensure a better use of nutrients based on fewer losses. Furthermore, we use only chemical products internationally registered on our crops and follow the manufacturer's instructions, in order to ensure a correct application, prevent risks for operators, consumers and the environment. We are also committed not to use pesticides that are prohibited in Argentina, the European Union, the United States, Canada and Southeast Asia, among others.

We manage agrochemical empty containers, which are properly disposed of and handled according to the instructions, which establish that containers must be rendered unusable through the triple washing technique and their subsequent perforation. Once they are rendered unusable, they are sent for final disposal to an operator authorized for treating plastic with agrochemical residue.

6.4 | Biodiversity

Our Environmental Conservation Policy seeks to protect the habitats surrounding our fields and is compatible with an economically sustainable agriculture intended for minimum environmental impact.

Under this policy, we continue carrying out the following practices:

- Planting native tree species on small surfaces, in order to preserve biodiversity.
- Identification of native fauna present on the site, in order to detect possible variations in its population, working jointly with Fundación ProYungas.

Protected Productive Landscape (PPL) Program



Together with Fundación ProYungas* and the Capricornio Initiative, we participate in the Protected Productive Landscape program, the vision of which is that the production activities may not only generate resources that allow improving the quality of life and achieve social stability of the populations where they are carried out, but also may allow investing resources in the effective preservation of nature, contributing to the direct preservation of important spaces, and also in the creation of conditions that enable the society to depend less on wild resources.

Thus, with the purpose of creating a land management model on a landscape scale that enables to integrate production with biodiversity conservation and with the related ecosystem services into a social promotion context, in 2014 we began a work program that included:

- Preparing a Site Use Plan.
- Preparing and implementing an Environmental Geographical Information System (Sistema de información Geográfica Ambiental, SIGA);
- Developing an environmental monitoring program in productive areas and native woodlands and
- Identifying special value areas for conservation.

At the same time, we continue working on the identification and value enhancement of ecosystem assets and services and a comprehensive Conservation Plan.

* Fundación ProYungas para el Desarrollo y la Conservación de las Selvas Subtropicales de Montaña is a non-for-profit organization that carries out management activities for the conservation and sustainable development in the ecoregion of the Yungas or Mountain Subtropical Forests and other areas of the Argentine Subtropical Region.

Environmental Context and Zoning Report

In 2014 Fundación Proyungas completed an environmental context and zoning report, in order to develop a zoning proposal and conservation plan that allows improving the knowledge, the valuation and conservation of wildlands present in our properties in Tucumán.

The main results of the report were:

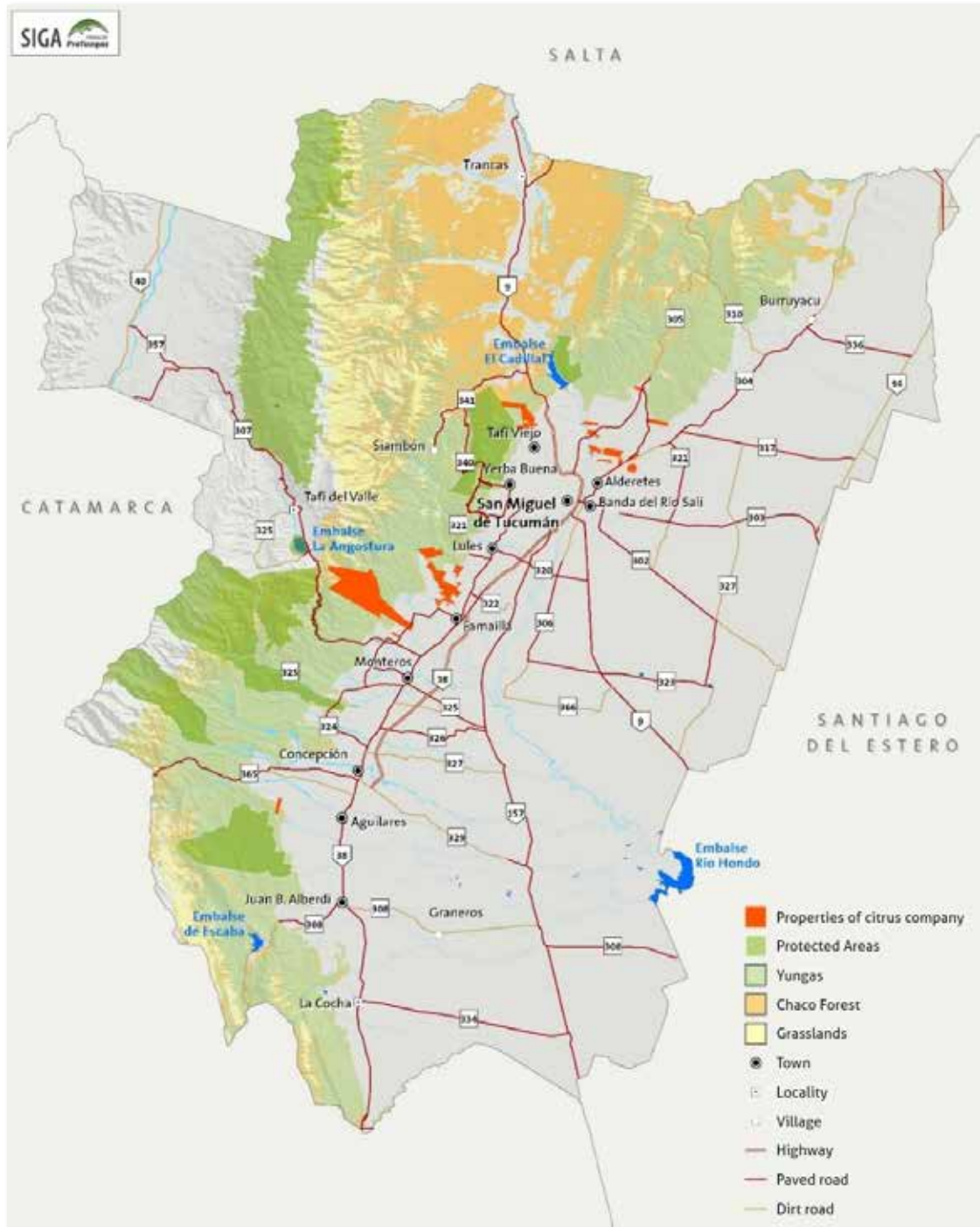
- **Characterization of the environmental context where the properties of the citrus company are located:** the largest properties located adjacent to woodlands areas are those of highest ecological value since they allow combining intensive production with biodiversity protection; thus, both objectives, production and conservation, are part of the same “productive landscape”.
- **Detailed zoning proposal that determines the areas of interest for conservation and new areas with productive potential:** the productive areas, the areas that can be incorporated into production and those that must be maintained as a priority to preserve biodiversity in a “protected productive landscape” context were determined.
- **Design of a biodiversity conservation and monitoring plan consistent with the zoning plan proposed, which serves as support and technical validation of that biodiversity in the middle term:** an ecosystem asset and service monitoring plan was designed to allow the assessment and follow-up of the actions suggested so as to ensure a harmonic relationship between production and biodiversity conservation. The “ecosystem assets” identified to be monitored are the diversity of mammals and birds through samples obtained using camera traps and direct observation, respectively. As regards “ecosystem services”, pollination was selected due to its importance for production, the easy method used to monitor it and its “sensitivity” to the changes of environmental contexts, such as the surface relationship between fields and native woodlands.

Additionally, it was determined that most of the surface subject to the possibility of being incorporated into production is classified under the context of Native Woodlands Territory Planning (Ordenamiento Territorial de Bosques Nativos, OTBN) of the province of Tucumán in a category that at the provincial territory planning level does NOT allow clearance. In that context, the design and implementation of the Monitoring Plan prepared is essential to ensure the harmonic relationship in the protected productive landscape context, showing the reasonable dependence between production and biodiversity conservation associated with native woodlands.

Below, we describe some of the characteristics of our properties in Tucumán analyzed in this study:

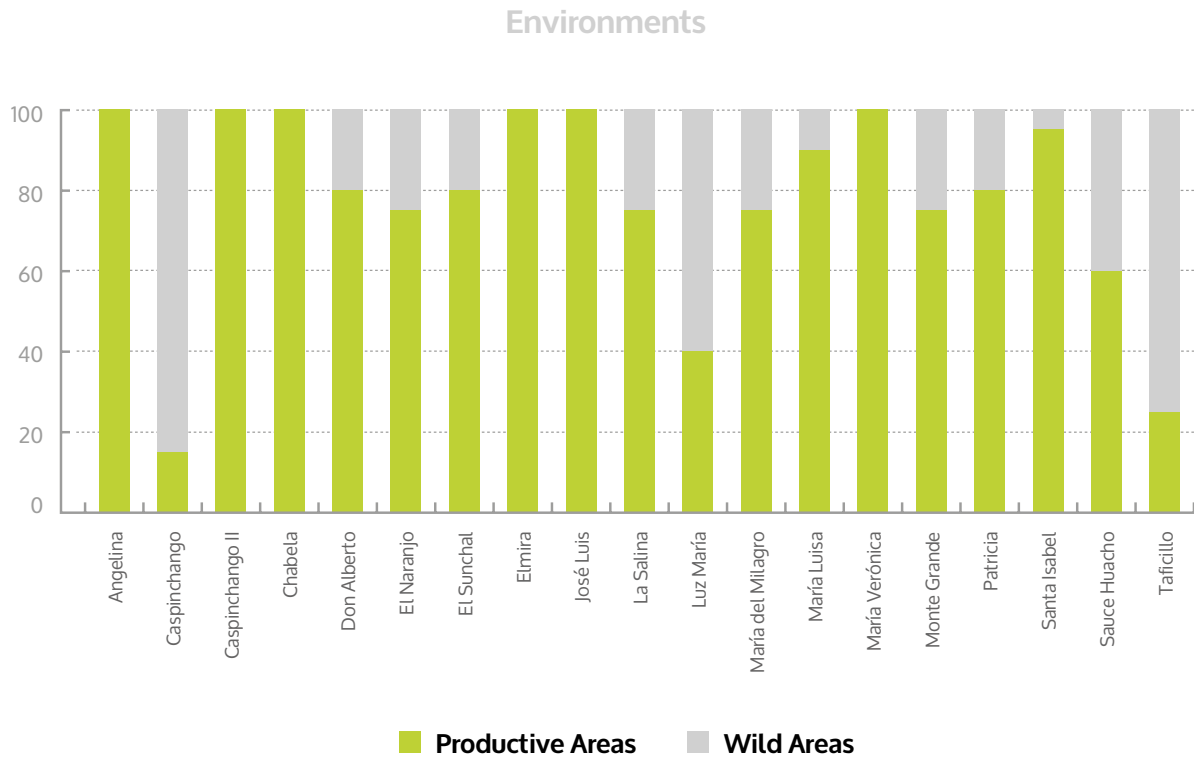
San Miguel properties in Tucumán are located in an area of strong environmental contrasts, including Yungas rainforests on the mountainsides to the West and productive environments in areas of low slopes to the East. The largest properties are strategically located from the environmental and conservation point of view since they are related to the protected area network.

Location of San Miguel properties in relation to the protected Areas and the natural environments of the Province of Tucumán.



The wildlands present in the selected properties of San Miguel correspond to Yungas environments in different states of conservation. This ecoregion covers almost 8,000 ha inside the four properties analyzed, which represents 74% of them. Within this environment, two of the altitudinal floors that are typical of the Yungas are represented: the montane forest and the montane jungle, although they cannot be separated in the maps.

Percentage of productive and wild areas in each property of SA San Miguel.



Surface of the conservation categories defined for the four properties analyzed belonging to San Miguel in the Province of Tucumán.

Conservation	Caspinchango	Luz María	Monte Grande	Taficillo	Total
High	5,999	364	94	961	7,418
Medium			207		207
Low	286	51	37	21	395
Overall total	7,278	702	1,410	1,283	10,672

The Caspinchango land has almost 6,000 ha. of high conservation value woodlands, which mainly correspond to areas on mountainsides that are immersed in a continuous block of Yungas and near the Provincial Reserves Los Ñuñorcós and Los Sosa. These areas are classified under the protection and maintenance categories of the forested lands in the provincial territory planning of native woodlands. The areas of low conservation value are located between the citrus fields of the lower part of the property, and were classified as protecting forests.

7 | Social Investment



2014 Highlights

We prepared the first Comprehensive Sustainability workshop with our strategic partners (NGOs, consultants, etc.)

We consolidated the Cre-Ser program with Asociación Conciencia, and thus integrated 3rd grade students through specific reading and writing workshops.

We relaunched the volunteering program of Christmas Eve under the name "Shared Christmas".

Our social investment objectives are as follows:

- Promote local development with a focus on nutrition and education.
- Priority attention to our employees and associates.
- Invest in improvements related to operative issues that have a positive impact on the local communities.

We are committed to being an active citizen in the communities to which we belong, contributing to improving their quality of life. Thus, we work to encourage local development focused on nutrition, health and education and allocate human, technical and financial resources to reach our goals. For this, first we analyze the context and the needs of the communities in which we are involved.

Once or twice a week, we monitor the actions with the community in the workshops or activities that are carried out. This is how we consider potential changes or improvements to be implemented together with our strategic partners.

In 2014, we invested ARS 3,369,880 in the communities where we operate.

Looking to the future, our goal is to develop a more coordinated and less individualistic work plan in 2015, where joint actions are agreed upon among all our strategic partners and achieve a more sustainable program whereby the community will benefit from learning and adopting practices and tools that enable their own growth and that of their families, and thus no longer depend on the charity of the companies.

We identified the main needs of our communities

In 2014, together with Asociación Conciencia, we went all over the neighborhoods near our farms to meet the families that lived there and understand their needs. We observed a recurrent lack of sanitary conditions; in some cases, two or three families shared the same latrine.

Additionally, we participated in a housing project of Asociación Tucumana del Citrus (Tucumán Citrus Association) and completed the first phase of the housing survey of our field employees.

7.1 | Rural Nutrition

We want to contribute to a proper diet in order to prevent or correct general health deficiencies in children and enhance their academic performance. Therefore, together with Fundación Banco de Alimentos, we deliver non-perishable products for the school meal services of seven rural schools located in Famallá and Burruyacú, in Tucumán. We assisted a total of 1,600 students in 2014.

Donations of Banco de Alimentos

Year	Kg	Total	ARS/kg
2014	16,779 *	ARS 354,520	ARS 21.13
2013	20,671	ARS 255,000	ARS 12.34

* In 2014, food donations were made only to sponsored schools as a result of the redefinition of the scope of the CSR program, restricting the actions to the range of direct influence of the company and its operations.

Percentage donated to each school

School	% donated
Tranquitas	9 %
Santa Isabel	14 %
Estación Padilla	16 %
Adolfo Alsina	18 %
Monte Grande	11 %
Francisco Molina	14 %
El Naranjo	18 %

Additionally, we supported the nutritional assistance with professional advice and developed different initiatives always focused on nutrition:

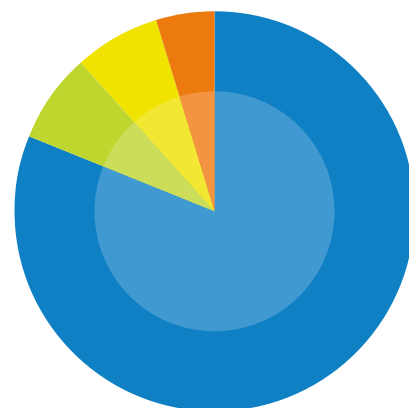
- **San Miguel Nutritionist:** We conducted nutritional assessments on approximately 820 students at the beginning and the end of the year in order to determine their status and detect critical cases of malnutrition or obesity.

Nutritional Status Assessment

Based on the nutritional statuses assessed, we see that there is still much to do in the student community as regards nutritional habits. Although the number of underweight children is not high and the child malnutrition rate (DESN) is minimum, the number of overweight or obese children (OB1) amounts to 15% of the school children population, raising a clear alert on which we can work. This percentage is partly due to the genetic component of each individual, and to the fact that in many cases children's diet is essentially based on a high consumption of flour, which leads to weight gain.

- Upon the request of Lic. Liliana Rodríguez, Supervisor of the Ministry of Education, we trained 70 people, including head teachers, deputy head teachers and secretaries of the schools in the following subjects: child nutrition, healthy school meals, fats in human diet and anthropometry. The activity was carried out at School No. 284, República de México in Cruz Alta, "Las piedritas", in Tucumán.

Nutritional Status (%)



- 86% Normal
- 7.8% OB1
- 7.2% Overweight
- 4.9% Underweight
- 0% DESN1
- 0% DESN2

- We provided 90 talks on nutrition in the seven schools, with a total participation of 1,200 students from initial level to 9th grade. Through different actions, we sought that children could recognize the food groups, and promoted health and awareness on different types of diseases, among other objectives.
 - We provided advice to teachers and students of 3rd grade from Dr. Adolfo Alsina School for their "Delicious, Healthy and Nutritious" project, which consisted in a stand and a cooking workshop. Thus, students reached the annual provincial stage of the Science Fair organized by the Ministry of Education in the whole country.
 - We implemented the "Reasonable use of food in the school meal service" campaign so that school meal services make the most of the food we donate. Thus, in the school kitchens, we distributed signs with a suggestion table on food products and had talks for the cooks.
 - We organized workshops using games, theater, stories and questionnaires, where we discussed nutrition and health issues with the students.
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7.2 | Cre-Ser Pedagogical Program

In 2012, after studying the needs of the seven rural schools, we identified the need to support them in other aspects different from nutrition. Thus, together with Asociación Conciencia, we created the Cre-Ser program, which seeks to improve education, health and recreation conditions. The annual work plan consists of activities that respond to three lines of action:

- Incorporation of healthy life habits.
- Schooling promotion.
- Organization of artistic and sports activities to develop social and emotional skills and foster values.

The activities at each school are conducted on extracurricular hours. Thus, teachers can work together, in coordination, generating ideas and solutions for the short term.

In 2014, in order to improve literacy development, we focused on the concept of "learning risk", according to Resolution No. 188 of the Federal Education Council. This means that we served students with high percentage of absenteeism, those repeating the year, those overage, in a context of high vulnerability, with more than two failed curriculum subjects or those who could not read or write in a conventional way. Thus, from a total of 139 students, 76% finished the year having learned how to read and write, and 24% were still in the process to learn these skills.

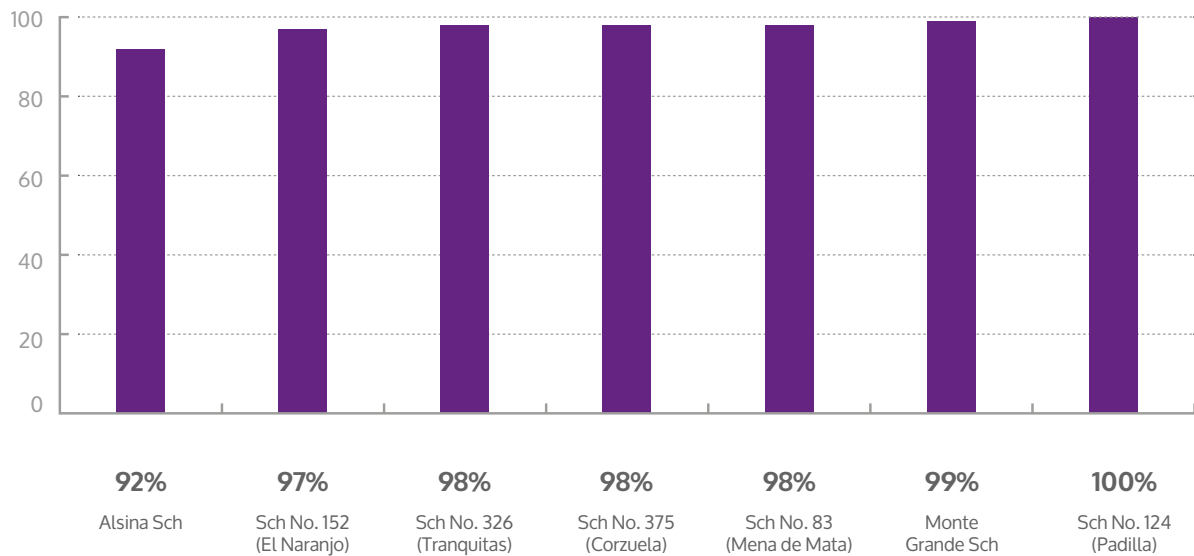
We also started a new phase of the program to make use of the library of each school and thus reinforce reading skills. We could work with 137 children from 3rd grade.

Additionally, we conducted workshops with the families of five schools to favor a community meeting space,

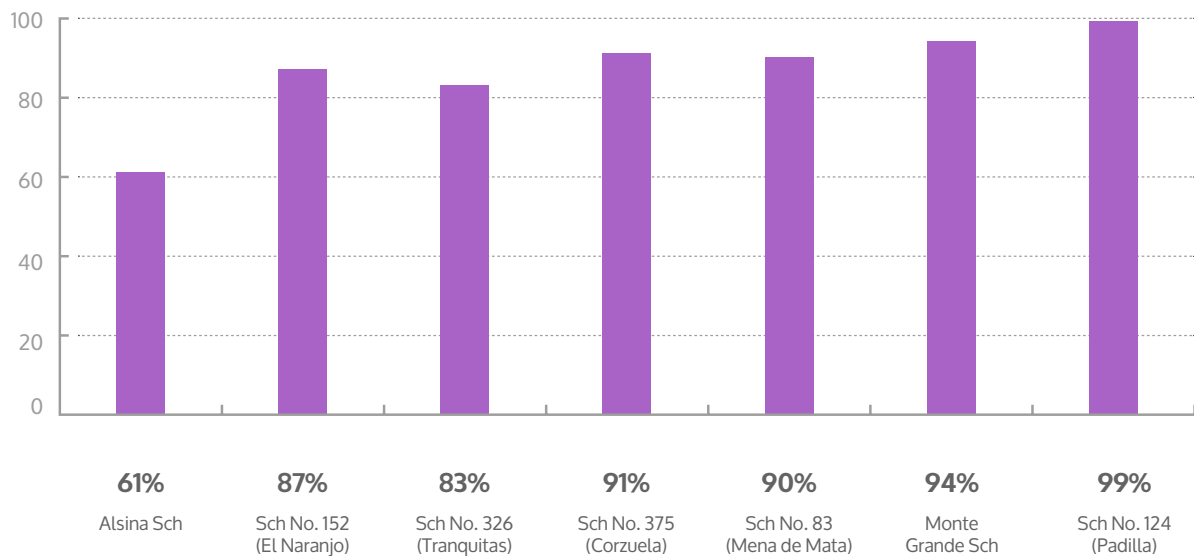
where the participation of family members in the school life of students was appreciated.

Finally, through the Artistic Education area (plastic arts and theater) we organized healthy seminars holding interdisciplinary workshops with staff from Conciencia and the school teachers, stressing the importance of maintaining a good health not only through a good diet but also looking after health by doing exercise and preventing diseases, without neglecting the playful aspect, which is the food of the soul.

School Attendance



Program Attendance



FormARTE

We offer drawing and plastic art workshops for the associates and their families. In 2014, under the theme "San Miguel's 60 years", we held 3 workshops dividing the influence area into three zones: North, Center and South, for approximately 60 people. Additionally, participants presented almost 45 works in the "Pasión Artística San Miguel" Contest, which we organize every year.

7.3 | Corporate Volunteering

We carry out volunteering alternatives so that our employees may learn about the social investment initiatives that we create and participate in them.

Shared Christmas

In 2014, the Sustainability and Human Resources areas, with the collaboration of Fruit Production and Health & Safety, decided to help the company's temporary employees that were in recess so that they could have a Christmas table prepared by their own fellow-workers in activity.

This initiative was very successful. Thus, 48 families of Packing, North Area Farms, South Area Farms and the Industrial Plant Community received with much enthusiasm, emotion and gratitude the boxes prepared by the 130 employees who joined the caring proposal.



Social Investment in South Africa



Nolukhanyo (Preschool/Crèche)

We help the kindergarten in Nolukhanyo so that it can provide food to the children who attend there, as well as providing a place for playing, learning and resting. In 2014, we worked in order to improve the building conditions of the kindergarten, making it a safer place. We installed new restrooms, a water tank, and we made plumbing repairs. We also built a new roof on the back and front of the building, and we raised the walls and floors. Furthermore, we added a blackboard for teaching purposes, as well as other learning materials.



Community Vegetable Garden

In order to improve the community's quality of life in the Nomathamsanqa area, we equipped a community vegetable garden project with irrigation channels, vegetable seeds, a 5000-liter water tank, and gardening tools, watering cans, hoses, etc. The high rainfall pattern of Addo contributed to the vegetable garden. As a result, its workers could sell the vegetables they harvested, and thus they began making good profitability.

Fun Day

We had the annual fun day for the field pickers in South Africa. After sharing breakfast, we played several outdoor games. The big event of the day was a soccer match between pickers and permanent staff, which ended in a 1-1 tie. The day ended with a lunch and the award ceremony for participants. Additionally, we offered an HIV/AIDS clinic throughout the day; as a result, 95% of staff had the test done.

7.4 | Donations and Sponsorships

In 2014, we continued working with the following entities: Foundation for Breastfeeding and Maternity (Fundación Lactancia y Maternidad, FUNDALAM), Foundation for the Maternal Care of children affected by poverty and HIV (Fundación Asistencial Materno Infantil de Ayuda a Niños afectados por la Pobreza y el VIH, FUNDAMIND), Foundation for Helping Children in Need (Fundación de Ayuda al Niño Necesitado, FANN), Down Syndrome Association of Argentina (Asociación Síndrome de Down de la República Argentina, ASDRA), Cáritas, Political Action Network (Red de Acción Política, RAP), Fundación Nutrir-Conin, Fundación Garrahan, and the Foundation for the Study and Fight against Hemato-oncological Diseases (Fundación para el Estudio y lucha de Enfermedades Hemato-oncológicas, FEDEH).

Besides the contributions made by the company, we add the voluntary donations of employees. At year end, San Miguel donates the same amount donated by the employees over the year, thus duplicating its value.

How we collaborate with Fundación de Ayuda al Niño Necesitado (FANN)

We bought 1500 jam jars manufactured by the Foundation and incorporated them in the Christmas basket we send to our employees at the end of the year. We also carry out a campaign for recycling glass jars. We invited our employees to recycle the jam or coffee jars they consumed at home so as to collaborate with the micro-undertaking of jam production of FANN. In order to collect the jars, we installed boxes in the Human Resources offices in Lavalle and Famaillá. Thus, we contributed with the Foundation and also helped to achieve a more sustainable quality of life, giving the recyclable materials a new use.

Suyay Production Undertaking

In 2014, we led the start-up of this production undertaking, which consists in the manufacturing of work clothes for companies of the citrus industry through Asociación Tucumana del Citrus (Tucumán Citrus Association). Thus, we committed ourselves to buying clothes for harvesters, and packing and industry operators.

Twelve women of the community work in the sewing workshop, located in the city of Famaillá, in the vicinity of the factory. They are the wives, daughters and/or mothers of our temporary workers. Through this project, we seek to promote the community's social and economic development, prevent child labor and contribute to the reduction of family migration during the time between sugarcane harvest seasons. Also, the project entails a carbon footprint reduction as the proximity between the supplier and the factory requires a shorter distance to be covered to transport the clothes.

This initiative earned us the Sustainable Leadership Award (public-private project), granted by the Argentine-British Chamber.

8 | Achievements and Challenges Table



Goal for 2014	Achieved in 2014	Challenges for 2015
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Corporate Social Responsibility

Start new social projects at different locations where the company operates.	We worked in the optimization of the existing projects at different locations and implemented the "Shared Christmas" project. In 2014, the focus was on collaborating with our internal community, our employees, so we benefited 54 families of temporary direct employees.	Develop and implement projects shared with the local communities in the range of influence of the company.
Make progress in the process to identify opportunities for improvement by preparing a Sustainability Report.	The internal network of information suppliers was improved, and an information search system was implemented through the CSR Action Committee.	Incorporate more information from Uruguay and South Africa.
Create a deeper dialog with our stakeholders.	The first interdisciplinary workshop was held between the different NGOs and professionals who work together with San Miguel in the development of the different aspects of CSR.	Lead the first inter-industry roundtable discussion in Tucumán, with the participation of numerous companies from different industrial and production sectors.
New challenges for 2015: <ul style="list-style-type: none"> • Develop and implement a corporate volunteering program in the company. • Develop Sustainability indicators. 		

Corporate Governance

Preparation of a Code of Ethics in the three countries.	We presented the Code of Ethics, its objectives and scope in Uruguay and Argentina, and gave a hard copy to each employee.	Incorporate the Code of Ethics as part of the induction we perform with every new associate.
Prepare a Code of Ethics for strategic suppliers.	We prepared the Code of Ethics for suppliers and sent it by email to strategic suppliers, who were asked to return a signed copy showing their adherence and commitment to comply with ethical trading practices.	Distribute the Code of Ethics to new suppliers incorporated throughout the year.
Obtain the Global Gap certification for CSR and renew the Sedex certification.	We renewed the Sedex certification in December 2014, with very good results.	Maintain the annual renewal of Sedex and the Global Gap certification.

Labor Practices

Fully implement the performance management system for non-collective agreement employees focused on setting SMART objectives (Measurement Criterion: Specific, Measurable, Achievable, Realistic and Time-Bound), as well as for the employees covered by the agreement, to the bottom level of the organizational chart.	We implemented the tool for both collective and non-collective agreement staff.	Change of Methodology for the Assessment and Valuation of Positions in corporate San Miguel.
Have company leaders develop better communication skills to achieve more fluency in internal communications and foster the strengthening of work teams and the positioning of each leader as trainer of their own associates.	We prepared an action plan for such purpose that was reinforced through the actions of A Single San Miguel.	
Foster knowledge transfer and associate development, by implementing management tools that allow reaching this objective.	We implemented management tools through the A Single San Miguel Project.	
Make changes in the Annual Training Plan based on the skills matrix for each position.	We designed the Process to Identify Training Needs and the Corporate Training Program.	
Develop the E-learning tool to be implemented by 2016 at the very latest.	We did not meet this objective because other priorities were established in the company.	Develop the E-learning tool.
Design and implementation of the 1st Climate Survey at San Miguel.	We took preliminary actions for a climate survey called "Organizational Communications Diagnosis" in the 3 countries.	Analyze the results of the climate survey and develop the corresponding action plans.
Implement the Health and Safety Manual and take the actions required to obtain the OSHA- 18001 certification and the Heart Safe Company certification. Strengthen the national vaccination programs.	We advanced on the preparation of the material for the Health and Safety manual. We have held campaigns to encourage heart care in associates, and much progress was made as regards vaccination.	
Consolidate the addition of the Health section in Somos magazine, by incorporating and updating the general guidelines for health care.	We could include Health as a permanent section in SoMos magazine, which reaches all associates, and reinforced these types of messages through different media.	Continue providing information on Health through different media of the company in its three points of origin.

New challenges for 2015:

- Consolidation of Policies, Procedures and Benefits in countries where San Miguel operates.
- Align and adapt Human Capital practices to all the company locations.
- Get to install in the market the "San Miguel" employment brand through new positioning and recruitment channels combined with the Social Media strategy and engagement with Universities.
- Ensure a Corporate Development Program that allows identifying and attracting talents and train and retain the key staff of the organization.
- Carry out education talks on San Miguel's Compensations, Bonus and Benefit Program.
- Implement the SuccessFactor and Corporate Scorecard.

Value Chain - Suppliers

Launch the "First Supplier Survey on Environmental Management" to assess the environmental actions implemented.	We launched the survey and its findings were studied by the CSR area.	
Create and distribute San Miguel's Code of Ethics for suppliers under the 10 principles of the United Nations Global Compact.	We distributed the code and there are records of the signature of the most important suppliers.	
Hold a Purchaser Training Workshop on Green and Inclusive Purchases.	We had joint training between Purchases and Sustainability on "Green Purchases".	Increase the volume of inclusive purchases made from worker cooperatives composed by the wives of San Miguel's temporary workers.
Send to our suppliers an environmental diagnosis survey to know their sustainability level.	In 2014, we analyzed the results of the survey sent to our suppliers, where we observed that, except for the large suppliers, there are big growth opportunities in that field.	Establish work plans with small to medium-sized suppliers to develop the concept of sustainability.

New challenges for 2015:

- Hold an interdisciplinary meeting between Purchases and Agriculture to investigate the lines of products and potential use in San Miguel of more eco-friendly phytosanitary products for the treatment in fields.
- Generate a method to reuse pallets used in the internal processes to move drums of San Miguel's industrial plant in Famaillá.

Value Chain - Customers

Improve the cost efficiency of logistics (improving transport, reducing cold treatment costs, etc.) of the 3 points of origin.	We entered into an agreement with Belgrano railroad to start using its services to the extent possible, with an aim to increase the use frequency in the future.	Keep using the railroad and lay the foundations for a more efficient organization that anticipates the shipment volumes and dates in advance, so as to be able to streamline the related logistics.
Test new containers that allow loading more kilograms of fruit in each pallet.	We completed the above test but found no significant advances or improvements.	
Achieve better results in the application of products, thus improving fruit quality and reaching one of the top positions of All Lemon.	Despite the difficulties related to a hard season due to weather conditions, we got very good results, having an outstanding position in All Lemon.	Stay on the top positions of All Lemon.
Continue fostering technical improvement by permanently seeking expert advice and working to continually improve our processes.	We laid the foundations for completing a significant project: the incorporation in the Famaillá Plant of modern e-BOE oil extractors that are more efficient and use fewer natural resources.	Have the e-BOE oil extractors in full operation at the Famaillá plant.

New challenges for 2015:

- SUPPLY CHAIN: Standardize processes providing the same excellence service
- Open new markets (new entry)

Environmental Management

Global integration of the environmental management system in the 3 countries.	In 2014, we worked hard on the comprehensive effluent management system of the 3 countries	Get to extend the scope of environmental management at corporate level
Certify under ISO 9001 standard the water monitoring processes carried out in all the facilities of San Miguel where samples are taken, in order to standardize sampling techniques.	Instead of this certification, we are considering to certify under ISO 14401:2015 standard, taking into account its more general and comprehensive nature.	

New challenges for 2015:

- Zero Waste: recycle all or almost all waste generated by San Miguel.
- Updating the investment inventory, calculation of the CF from the citrus activity (at corporate level and by product) and the water footprint using the LCA method (ISO 14064, 14067).

Social Investment

Consolidate the nutrition program, emphasizing the integration between parents and teachers to focus on the diet of the children covered by this scheme, by conducting specific workshops.	We prepared education workshops on healthy habits and held an annual seminar called "Healthy Seminar" organized by Banco de Alimentos, Conciencia and our nutritionist.	Continue emphasizing the integration between parents and teachers to focus on the diet of the children covered by this scheme, by conducting specific workshops.
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Enhance teachers' nutrition and education skills and knowledge, by delivering training schemes and providing assistance to participate in training activities.	We held a number of training seminars for teachers throughout the year.	Reinforce trainings for teachers in nutrition and education.
Consolidate the Cre-Ser Program with Asociación Conciencia, by opening it to new participants and integrating beneficiary children's parents by means of targeted workshops.	We consolidated the Cre-Ser Program.	Conduct a pilot test to incorporate the 5th grade of a school into the Cre-Ser program.
Implement volunteer initiatives in South Africa and Uruguay.	No volunteering activities were carried out in South Africa and Uruguay in 2014.	Implement volunteer initiatives in South Africa and Uruguay.
Start the Leaders in Action (Líderes en Acción) program sponsored by Asociación Educar2050, created to provide training for teachers and authorities of the rural schools we assist.	No activities were carried out along this line in 2014.	
Organize the afternoon shift of Santa Clara kindergarten based on the support provided by San Miguel, companies invited to participate in the project and employees' personal donations.	Thanks to the support of San Miguel and its associates, Santa Clara Kindergarten could open its afternoon shift.	Have a Volunteering Day in Santa Clara Kindergarten, with donations from San Miguel's Associates. Develop the "Shared Christmas" action for the kindergarten's families.

New challenges for 2015:

- Join TECHO as contributors and build an emergency house.
- Set up the "Sustainability Action Committee" composed by Sustainability Leaders from the different areas of the company.

9 | Table of GRI G4 Indicators - ISO 26000 – United Nations Global Compact



GRI / Compact / ISO Table

San Miguel's 2014 Sustainability Report was prepared pursuant to the "In accordance" with the GRI G4 Guidelines core option. The table below shows the responses to the requirements of the GRI G4 Guidelines under the in accordance "core" option, and some contents required for the "comprehensive" option are additionally included. At the same time, it shows the relationship with the COP criteria of the United Nations Global Compact and the ISO 26000 certification.

No external assurance has been conducted for San Miguel's 2014 Sustainability Report.

General Basic Contents

General Basic Contents	Section/Response	ISO 26000 Clause	United Nations Global Compact
Strategy and Analysis		4.7, 6.2, 7.4.2	
G4-1: Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	1		
G4-2: Description of key impacts, risks, and opportunities.	3, 3.1		
Organizational Profile		6.3.10, 6.4.1- 6.4.2, 6.4.3, 6.4.4, 6.4.5, 6.8.5, 7.8	
G4-3: Name of the organization.	2		
G4-4: Primary brands, products, and services.	2.3, 6.4		
G4-5: Location of the organization's headquarters.	Note 1		
G4-6: Countries where the organization operates.	2		
G4-7: Nature of ownership and legal form.	Note 2		
G4-8: Markets served.	2.3, 6.4		
G4-9: Scale of the organization.	2, 2.2, 5.1, 6.4,		
G4-10: Breakdown of employees of the organization.	5.1	Note 3	Principle 6
G4-11: Percentage of total employees covered by collective bargaining agreements.	Note 4		Principle 3
G4-12: Description of the organization's supply chain.	6		
G4-13: Significant changes during the reporting period regarding the organization's size, structure, ownership and its supply chain.	Note 5		
G4-14: Reporting whether and how the precautionary principle is addressed by the organization.	3, 4.1, 7.1		
G4-15: Externally developed economic, social and environmental principles or other initiatives to which the organization subscribes or which it endorses.	3.3, 4.1, 7.1, 7.4, 8, Back cover repetition.		
G4-16: Memberships of associations and national or international advocacy organizations.	4.2		
Material Aspects and Boundaries		5.2, 7.3.2, 7.3.3, 7.3.4	
G4-17: List of entities included in the organization's financial statements and other equivalent documents.	Note 6		

G4-18: Process for defining the report content and the Aspect Boundaries.	3.1, Back cover repetition.		
G4-19: List of material Aspects.	3.1		
G4-20: For each material Aspect, the Aspect Boundary within the organization.	Note 7		
G4-21: For each material Aspect, the Aspect Boundary outside the organization.	Note 7		
G4-22: Report of the effects of any restatements of information provided in previous reports, and the reasons for such restatements.	Note 8		
G4-23: Significant changes from previous reporting periods in the scope and aspect boundaries.	3.1		
Stakeholder Engagement		5.3	
G4-24: List of stakeholders engaged by the organization	3.3		
G4-25: Basis for selection of stakeholders with whom to engage.	3.3, Note 9		
G4-26: Reporting of organization's approach to stakeholder engagement.	3.1, 3.3, 4, 5.9, 6.3, 6.7, 6.8, 8		
G4-27: 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.	3.1, 6.7, 8		
Report Profile		7.5.3, 7.6.2	
G4-28: Reporting period	Back cover repetition		
G4-29: Date of most recent previous report	Note 10		
G4-30: Reporting cycle.	Note 11		
G4-31: Provide the contact point for questions regarding the report or its contents.	Back cover repetition		
G4-32: In accordance with the Guidelines option the organization has chosen, GRI Index for the chosen option and reference to the External Assurance Report.	10, Back cover repetition		
G4-33: Organization's policy and current practices with regard to external assurance for the report.	Note 12		
Corporate Governance		6.2, 7.4.3, 7.7.5	
G4-34: Governance structure of the organization, including committees.	4		
G4-35: Process for delegating authority for sustainability from the highest governance body to senior executives and selected employees.	Note 13		
G4-36: Executive-level positions or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	Note 13		
G4-38: Composition of the highest governance body and its committees.	4		
G4-39: Report whether the chair of the highest governance body is also an executive officer.	Note 14		
G4-41: Processes for the highest governance body to ensure conflicts of interest are avoided and managed.	Note 15		
G4-43: Measures taken to develop and enhance the highest governance body's knowledge of economic, environmental and social topics.	4		
G4-44: Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics.	Note 16		
G4-46: Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	4		
G4-50: Nature and total number of critical concerns that were communicated to the highest governance body.	4		

G4-51: Remuneration policies for the highest governance body and senior executives.	4, Note 16		
G4-52: Process for determining remuneration.	Note 17		
Ethics and Integrity		4.4, 6.6.3	
G4-56: Statements of mission, values and codes of conduct.	2.1, 4.1		Principle 10
G4-57: Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines.	4.1		Principle 10
G4-58: Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as whistleblowing mechanisms or hotlines.	4.1		Principle 10

Specific Basic Contents

Material Aspects	Information on the management approach and indicators	Page/ Response	Reasons for Omission	ISO 26000 Clause	United Nations Global Compact
Economy					
Economic Performance	Management approach	2, 3.1			
	G4-EC1: Direct economic value generated and distributed.	2.2, 6.1, 8		6.8.1-6.8.2, 6.8.3, 6.8.7, 6.8.9	
	G4-EC4: Financial assistance granted by government entities.	Note 18			
Environment				6.5.1-6.5.2	
Energy	Management approach	3.1, 7.1, 7.2, 7.3			
	G4-EN3: Energy consumption within the organization.	7.3 Note 19	Note 20	6.5.4	Principle 7, 8
Water	Management approach	3.1, 7.1, 7.2, 7.3			
	G4-EN8: Total water withdrawal by source.	7.3 Note 21	Note 22	6.5.4	Principle 7, 8, 9
Biodiversity	Management approach	3.1, 7.1, 7.2, 7.4			
	G4-EN11: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	7.4		6.5.6	Principle 8
	G4-EN12: Description of the most significant impacts of activities, products, and services on biodiversity in protected areas or areas of high biodiversity value outside protected areas.	7.4		6.5.6	Principle 8
Effluents and Waste	Management approach	3.1, 7.1, 7.2, 7.3			
	G4-EN22: Total water discharge by quality and destination.	7.3 Note 19	Note 20	6.5.3, 6.5.4	Principle 8
	G4-EN23: Total weight of waste by type and treatment method.	7.3 Note 19	Note 20	6.5.3	Principle 8
	G4-EN24: Total number and volume of significant spills.	Note 23		6.5.3	Principle 8
Compliance	Management approach	3.1, 4.1, 7.1, 7.2			
	G4-EN29: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Note 24		4.6	Principle 8
General	Management approach	3.1, 7.1, 7.2			
	G4-EN31: Breakdown of environmental protection expenditures and investments.	Note 25		6.5.1-6.5.2	Principle 7, 8, 9
Supplier Environmental Assessment	Management approach	3.1, 6			
	G4-EN32: Percentage of new suppliers that were screened using environmental criteria.	6.2 Note 26	Note 27	6.3.5, 6.6.6, 7.3.1	Principle 8
Social Performance: Labor Practices and Decent Work				6.4.1-6.4.2	
Employment	Management approach	3.1, 5.1, 5.3, 5.7			
	G4-LA1: Total number and rates of new hires and mean employee turnover by age group, gender and region.	5.3 Note 3		6.4.3	Principle 6
	G4-LA2: Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	5.7			

Company/Labor Relations	Management approach	3.1, 5.1, 5.2			
	G4-LA4: Minimum notice periods regarding operational changes.	Note 28		6.4.3, 6.4.5	Principle 3
	G4-FP3: Percentage of work time lost due to labor conflicts, strikes and/or lockouts, by country.	Note 29			
Health and Safety at Work	Management approach	3.1, 5.1, 5.6			
	G4-LA5: Percentage of workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Note 30		6.4.6	
	G4-LA6: Type and rates of injuries, occupational diseases, lost days, absenteeism and number of work-related fatalities, by region and by gender.	5.6, Note 19	Note 20	6.4.6, 6.8.8	
Training and Education	Management approach	3.1, 5.3-5.6			
	G4-LA10: Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	5.4, 5.5			
	G4-LA11: Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	5.5			Principle 6
Diversity and Equal Opportunity	Management approach	3.1, 4, 5.1, 5.2			
	G4-LA12: Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	5.1			Principle 6
Equal Remuneration for Women and Men	Management approach	3.1, 5.2, 5.7			
	G4-LA13: Ratio of basic salary and remuneration of women to men by employee category and by significant locations of operation.	5.7		6.3.7, 6.3.10, 6.4.3, 6.4.4	Principle 6
Supplier Assessment for Labor Practices	Management approach	3.1, 6			
	G4-LA14: Percentage of new suppliers that were screened using labor practices criteria.	Note 31	Note 27	6.3.5, 6.4.3, 6.6.6, 7.3.1	
Social Performance: Human Rights				4.8, 6.3.1-6.3.2	
Non-discrimination	Management approach	3.1, 4.1, 5.1, 5.2			
	G4-HR3: Number of cases of discrimination and corrective actions taken.	Note 32		6.3.6, 6.3.7, 6.3.10, 6.4.3	Principle 6
Child Labor	Management approach	3.1, 4.1, 6.2			
	G4-HR5: Operations and suppliers identified as having potential risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	6.2, Note 33		6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.3.10, 6.6.6, 6.8.4	Principle 5
Assessment	Management approach	3.1, 4.1, 5.1, 6.2			
	G4-HR9: Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	4.1, 6.2, Note 34		6.3.3, 6.3.4, 6.3.5	Principle 1
Supplier Human Rights Assessment	Management approach	3.1, 4.1, 6			
	G4-HR10: Percentage of new suppliers that were screened using human rights criteria.	6.2 Note 35	Note 27	6.3.3, 6.3.4, 6.3.5, 6.6.6	Principle 2
Human Rights Grievance Mechanisms	Management approach	3.1, 4.1, 6.2			
	G4-HR12: Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	Note 36		6.3.6	Principle 1

Social Performance: Society					
Local Communities	Management approach	3.1, 8			
	G4-SO1: Percentage of operations with implemented local community engagement, impact assessments, and development programs.	8, Note 37		6.3.9, 6.5.1-6.5.2, 6.5.3, 6.8	Principle 1
Fight against Corruption	Management approach	3.1, 4.1			
	G4-SO5: Confirmed incidents of corruption and actions taken.	Note 38		6.6.1-6.6.2, 6.6.3	Principle 10
Anti-competitive Behavior	Management approach	3.1, 4.1			
	G4-SO7: Total number of legal actions for anti-competitive behavior, anti-trust or monopoly practices and their outcomes.	Note 39			
Supplier Assessment for Impacts on Society	Management approach	3.1, 6			
	G4-SO9: Percentage of new suppliers that were screened using criteria for impacts on society.	Note 40	Note 27		
Healthy and Affordable Food	Management approach	3, 3.1, 6.5, 6.6, 8.1, 8.2			
Social Performance: Product Responsibility					
Customer Health and Safety	Management approach	3.1, 6.5, 6.6, 7.1			
	G4-PR2: Total number of incidents of non-compliance with regulations concerning the impacts of products and services on the health and safety of customers.	Note 41		4.6, 6.7.1-6.7.2, 6.7.4, 6.7.5, 6.8.8	
Product and Service Labeling	Management approach	3.1, 6.4-6.8, 7.1			
	G4-PR4: Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Note 42		4.6, 6.7.1-6.7.2, 6.7.3, 6.7.4, 6.7.5, 6.7.9	
	G4-PR5: Results of surveys measuring customer satisfaction.	6.7			

Note 1: San Miguel's headquarters are located in Buenos Aires, Argentina.

Note 2: SA San Miguel Agrícola, Ganadera, Industrial, Comercial, Inmobiliaria y Financiera.

Note 3: We will present detailed information on the next report.

Note 4: 80% of employees are covered by collective bargaining agreements.

Note 5: No significant changes occurred in 2014 in the organization's supply chain.

Note 6: All the entities listed in the financial statements are included in this Report.

Note 7:

Material issue	Priority (P)/Relevant (R) issue	Influenced stakeholders*	Internal impact	External impact
Long-term business strategy	P	A, C, Cl, T, G, P, MA	x	x
Water	P	MA	x	x
Effluent Management	P	MA	x	x
Waste Management	P	MA	x	x
Sustainable Soil Management	P	MA	x	x
Compliance with environmental laws and regulations	P	MA, G	x	x
Biodiversity	P	MA	x	x
Environmental protection expenditures and investments	P	MA, G	x	x
Talent attraction and retention	P	T	x	
Employee development	P	T	x	
Occupational Health and Safety	P	T	x	
CSR Programs with local communities	P	C		x
Ethical conduct and transparency in business management	P	G, A	x	x
Certifications of fields and industrial processes	P	Cl		x
Use of agrochemicals	R	MA		x
Non-discrimination	R	T, C, G	x	
Promoting social responsibility in the value chain	R	P, G		x
Encourage the consumption of citrus fresh fruit and its by-products for their healthy conditions	R	C, Cl	x	x
Supplier assessment and development	R	T		x
Energy	R	MA, T, P	x	x
Company/Labor Relations	R	A, G, T	x	
Diversity and Equal Opportunity	R	T, C	x	
Temporary employee management	R	T, C	x	x
Respect for human rights	R	C, T, A, G, P	x	x
Fight against child labor	R	T, C, G	x	x
Commitment to stakeholders	R	A, C, Cl, T, G, P, MA	x	x
Customer service, support and resolution of claims and disputes.	R	Cl		x
Food safety	R	C, Cl		x
Fair competition	R	C, G	x	x
Seed genetic modification	R	Cl		x

*References: A: Shareholders. C: Community. Cl: Customers. G: Governance. MA: Environment. P: Suppliers T: Workers

Note 8: No significant restatements of information provided in previous reports have been made.

Note 9: In order to identify and select stakeholders, we rely on the 6 CSR dimensions of San Miguel.

Note 10: The previous Sustainability Report was published in 2013.

Note 11: Our Sustainability Report is made on an annual basis.

Note 12: No external assurance has been conducted for San Miguel's 2013 Sustainability Report.

Note 13: The Sustainability, Quality and Institutional Relations Department is the area that arranges the activities related to the sustainable development. However, the strategic initiatives of all executive areas include making their objectives consistent with the company's Sustainability. San Miguel Board delegates in the CSR Committee the preparation and execution of the company's Comprehensive Sustainability plan. Every end of year, said committee presents the programs executed.

Note 14: The Chair of the Board is not an executive officer at San Miguel.

Note 15: The conflict of interest issues are presented and discussed if necessary in bimonthly meetings in the Executive Committee, which is composed by members of the board and executive directors.

Note 16: Remuneration of Board members is fixed based on the responsibilities taken, the time devoted, professional competence and reputation and the value of the services in the market. It has a fixed performance component and is aligned with the remunerations of the market. The external consulting firms with which we work only provide the wage structures and comparative data from other companies and the general market. They are not involved in determining wages and are independent from the management.

As from 2015, the company's management team undertook the commitment to incorporate a new specific performance objective on Sustainability that will impact on its variable remuneration and will be oriented towards the management of the 6 dimensions on which this report is based: Corporate Governance, Labor Practices, Environment, Social Investment, Customers, and Value Chain. Directors will later include in their relevant reports the guidelines to determine the specific objectives so as to embed Sustainability throughout the company's management.

Note 17: The Compensations and Benefits Area prepares the different Compensation scenarios, including information from surveys, studies, consulting firm analyses, official indexes, etc. and the HR Director, together with the General Manager, present such scenarios to Shareholders and support each of the scenarios proposed. Shareholders study the scenarios and make the decision to choose one or other strategy taking into account the constant movement of the market and the production, sales, cost indicators, etc.

Note 18: No significant financial assistance was received from governments.

Note 19: This indicator is partially reported as there are no quantitative data available for operations in Uruguay and South Africa.

Note 20: San Miguel is undergoing a process to standardize its management model and its indicators in order to cover all countries through a new Management model.

Note 21: This indicator is partially reported as there are no quantitative data for water withdrawal by source.

Note 22: Due to the lack of measuring instruments (flow meters) in the field, we could not obtain this information in 2014. In 2016, we will start with the required measurements.

Note 23: No significant spills have taken place in any of our operations.

Note 24: No incidents were reported. In December, 2014, San Miguel arranged with the control Authority a progressive improvement plan, which involved setting up an effluent committee in September of that year and the execution of the new Industrial Rationalization Program (PRI).

Note 25: In 2014, total environmental protection expenditures and investments amounted to ARS 300,000.

Note 26: In 2014, we conducted a first diagnosis to 100% of San Miguel's suppliers to learn about the environmental and sustainability management of our suppliers.

Note 27: In 2015/2016, we will develop a tool to assess suppliers on the following matters: environment, labor practices and impact on society.

Note 28: The minimum notice period to employees upon significant changes affecting them is one month if length of service is less than or equal to 5 years and 2 months if length of service is greater than 5 years.

Note 29: There were no strikes in 2014.

Note 30: The company has the following Occupational H&S committees: Central Committee; North Area Comprehensive Committee, South Area Comprehensive Committee, Industry Comprehensive Committee, and Packing Comprehensive Committee. Persons in charge, foremen, supervisors and managers of the company are members of these committees that cover all the areas to be able to agree on the required improvements and define responsibilities. 100% of workers are represented by these committees.

Note 31: For the time being, we do not conduct in-person audits on our suppliers to assess their labor practices.

Note 32: No incidents of this type were reported in 2014.

Note 33: No operations with potential risk for incidents of child labor have been reported. San Miguel adheres to the Global Compact principles; thus, it must ensure that its contractors comply with the no child labor premise. To such end, we conduct audits to our suppliers, and in 2014 we implemented the adherence of those suppliers to a Code of Ethics for suppliers, which follows the same guidelines of San Miguel's internal Code of Ethics.

Note 34: Through the audits of the Ethical Trading Initiative in the three countries where we operate, 100% of operations are subject to assessments related to human rights. The Human Resources Policy and the Code of Ethics are applicable to the entire company in Argentina and Uruguay. In South Africa, the Code of Ethics will be disclosed soon.

Note 35: For the time being, we do not conduct in-person audits on our suppliers to assess their human rights practices.

Note 36: No significant grievances about human rights impacts have been filed in 2014.

Note 37: We have implemented local community engagement, impact assessments, and development programs in all the communities where our operations are established.

Note 38: No corruption incidents have been reported in 2014.

Note 39: No legal actions for anti-competitive behavior, anti-trust or monopoly practices have been filed.

Note 40: For the time being, we do not conduct in-person audits on our suppliers to assess their impact on society.

Note 41: No incidents related to non-compliance with regulations concerning the impacts of products and services on the health and safety of customers have been reported.

Note 42: No incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling have been reported.

Scope and guidelines of this Sustainability Report

This is our Third Sustainability Report, for the January-December 2014 period and includes the operations of the company in Argentina, Uruguay and South Africa.

For a second year in a row, we are using the GRI (Global Reporting Initiative) G4 Guidelines pursuant to the “*In accordance*” criterion and applying the “Core” option.

San Miguel has used the **ISO 26000 international standard** as a guideline to integrate social responsibility in its values and practices.

In this Report we present the Communication on Progress (COP) to show our continuous support to the United Nations Global Compact, considering the document “Making the Connection”, which relates the 10 Principles of the Global Compact with the indicators of the Global Reporting Initiative (GRI) and the documents between the ISO 26000 Standard with the Global Compact and GRI G4.

International guidelines used:

- **ISO 26000:** www.iso.org/iso/social_responsibility
- **GRI G4:** www.globalreporting.org
- **United Nations Global Compact:** www.pactoglobal.org.ar



This **2014 Sustainability Report** is freely distributed and available to all stakeholders upon request. A digital version is available at www.sanmiguelglobal.com

Prepared by San Miguel’s Sustainability, Quality and Institutional Relations area.
External Facilitator: ReporteSocial, www.reportesocial.com

Acknowledgments

This year, we specially acknowledge again the invaluable participation and contribution of all the associates of the company who have devoted their time and effort to the hard task of collecting information to account for the work we do in sustainability management. We also wish to thank those stakeholders who make it possible to conduct the analysis to know our material aspects and the opportunities for improvement of our work.

Buenos Aires, August 2015.

Contact us: We welcome your opinions, suggestions, concerns or any other comment related to our management presented in our third Sustainability Report. You can contact us via: sustentabilidad@sanmiguelglobal.com

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