



**2016 SUSTAINABILITY REPORT**  
 COMMITTED TO THE GLOBAL AGENDA FOR  
 SUSTAINABLE DEVELOPMENT

 **San Miguel**





## **2016 SUSTAINABILITY REPORT**

COMMITTED TO THE GLOBAL AGENDA FOR SUSTAINABLE DEVELOPMENT

**BASED ON GUIDELINES:**

GRI G4 • ISO 26000 • UNITED NATIONS GLOBAL COMPACT • SDGs










Since 2015, the world has committed itself to achieving the 17 Sustainable Development Goals (SDGs) proposed by the United Nations. The Agenda 2030 for Sustainable Development defines 169 goals that cover central issues such as the elimination of poverty in all its forms, as well as general welfare, health, quality education, work, gender, among other issues that are crucial for humanity.

In San Miguel we are close to this world's reality and committed to contributing to these objectives through our work. In this new Report we present our contribution to those Sustainable Development Goals (SDGs) on which we can have a significant impact. To this aim, we have defined in each SGD, how we address them from our material issues and in what section of this Report the information concerning what we do in this regard can be found.

Those SDGs most significant for our management have been highlighted in grey.

SDGs	Our Contribution	Our business
	Education • Nutrition • Housing	Section: 7.1, 7.2, 7.3, 7.4.
	Long-term business strategy • Fair Competition 2.1. • Food Safety • Soil Sustainable Management • Biodiversity Protection • Climate change and ecosystem preservation • Sustainable agriculture: all the above • Nutrition	Section: Our company, 1,3, 1.4, 1.5, 2.1, 5.3, 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11, 6.12, 7.1, 7.2, 7.3, 7.4.
	Work-private life balance • Occupational health and safety • Promotion of healthy living habits • Food Safety • Sustainable Agriculture	Section: 4.6, 4.7, 4.10, 5.3, 5.5, 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.9
	Talent attraction, development and loyalty • Education	Section: 4.2, 4.3, 4.4, 4.5, 7.1, 7.2, 7.3, 7.4.
	Respect for human rights • Diversity and equal opportunities	Section: 3.1, 3.2, 3.3, 3.4, 4.1, 4.2, 4.3, 4.4, 4.5, 4.6



Efficient use of water • Effluent treatment

Section: 6.1, 6.2, 6.3, 6.4, 6.5.a, 6.8.



Energy efficiency

Section: 6.1, 6.2, 6.4, 6.5.b



Long-term business strategy • Respect for human rights • Assessment and development of suppliers • Fight against child labor • Talent attraction, development and loyalty • Work- private life balance • Occupational health and safety • Diversity and equal opportunities • Management of temporary staff • Efficient use of water • Effluent treatment • Waste management • Sustainable soil management • Biodiversity protection • Energy efficiency • Climate change and ecosystem preservation • Sustainable agriculture

Section: Our company, 1,3, 1.4, 1.5, 2.5, 2.6, 3.1., 3.2, 3.3, 3.4, 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4.10, 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 6.1, 6.2, 6.3, 6.4, 6.5.a, 6.5.b, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11, 6.12.



Respect for human rights • Diversity and equal opportunities

Section: 3.1, 3.2, 3.3, 3.4, 4.1, 4.2, 4.3, 4.4, 4.5, 4.6.



Housing

Section: 7.1, 7.2, 7.3, 7.4.



Ethics and transparency in business management • Long-term business strategy • Assessment and development of suppliers • Promotion of social responsibility in the supply chain • Promotion of healthy living habits • Customer service • Food safety • Efficient use of water • Effluent treatment • Waste management • Sustainable soil management • Biodiversity protection • Energy efficiency • Climate change and ecosystem preservation • Sustainable agriculture

Section: 2.1, 2.2, Our company, 1,3, 1.4, 1.5, 2.5, 2.6, 2.5, 2.7, 5.4, 5.3, 5.5, 6.1, 6.2, 6.3, 6.4, 6.5.a, 6.5.b, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11, 6.12.



Climate change and ecosystem preservation

Section: 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.9.



Long-term business strategy • Sustainable soil management • Biodiversity protection • Climate change and ecosystem preservation • Sustainable agriculture

Section: Our company, 1,3, 1.4, 1.5, 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11, 6.12,



Ethics and transparency in business management • Fight against child labor • Food Safety

Section: 2.1, 2.2, 3.4, 5.3.



Ethics and transparency in business management • Fair competition • Respect for human rights • Promotion of social responsibility in the supply chain • Customer service • Biodiversity protection • Education • Nutrition • Housing

Section: 2.1, 2.2, 2.5, 2.7, 3.1, 3.2, 3.3, 3.4, 5.4, 6.12, 7.1, 7.2, 7.3, 7.4.





# LETTER FROM THE CEO





After 60 years of sustained leadership in the lemon export industry, we have been able to make the most of that platform to consolidate ourselves as an Argentine multinational group, leader in the South hemisphere in the citrus fruit international market, thanks to our operations in Argentina, Uruguay and South Africa.

The goals achieved during 2016 account for the significant progress made regarding the path defined for San Miguel. Today we take pride in proving that, as a result of our joint and sustained work along these years, San Miguel has consolidated as a multi-origin and multi-fruit company, which deploys all its potential based on its understanding of current and future market needs.

Thus, San Miguel is present in the homes of millions of families worldwide, producing key supplies for hundreds of mass consumer products, from scents and juice to sodas and pharmaceutical products.

Sustainability is the framework of this cultural transformation and of the way in which we want to do business at San Miguel. Sustainability has guided our operations for several years, it has been incorporated into our business strategy to create economic, social and environmental value, and generate new business opportunities.

As an international company committed to the global agenda, in 2015 we undertook to contribute to the United Nations Sustainable Development Goals (SDGs). This year we strengthened this commitment, aligning specific actions and analyzing our contribution through the material topics that define our business. Additionally, we submitted our Report, complying again with the 10 principles of the United Nations Global Compact, and also incorporating Communication on Progress (COP). Besides, we reviewed the material topics together with our stakeholders to continue improving our operation. Therefore, we incorporated sustainable agriculture, climate change, ecosystem preservation, nutrition, education and housing as relevant topics to work on and measure our performance.

During 2016, we enhanced our actions under each and every priority work axis. As part of our Internal Communications Policy, we carried out the first global climate and commitment survey in order to promote opinion sharing of our labor practices. Regarding our products, we managed to balance our portfolio between lemon and sweet citrus, as well as generating new developments. We empowered our business platform by opening new markets and incorporating new countries and customers.

Committed to the environment, together with the ProYungas Foundation, we implemented the "Protected Productive Landscape" program, in order to preserve the Yungas native forests and ecosystem balance, a natural habitat where we develop our main operations in Tucumán.

Also, we continued working to promote nutrition, health and education in the rural communities where we are present through initiatives such as "Living a Winning Life" in South Africa, Cre-Ser and Rural Nutrition in Argentina, among others.

Feel free to tour our 5th Sustainability Report, which reflects our main milestones and initiatives undertaken during the past year. As a constantly growing company, we will keep working to promote the sustainable development of our communities and business, a challenge that may only be met through commitment, dedication and passion from our people, the actual pillar of the Company and distinctive asset at San Miguel. To them we would like to thank for their contribution to make this Report possible.

**Gonzalo Tanoira**  
CEO

A vibrant collage of citrus fruits. The composition includes several slices of lemons, some showing their characteristic green-yellow rind and pale segments. There are also numerous slices of oranges, ranging from bright orange to deep red (blood orange) varieties. Some whole or partially peeled oranges are visible, showing their textured, orange-brown skin. The fruits are arranged in an overlapping, artistic pattern against a dark background, creating a rich, textured visual. A semi-transparent grey rectangular box is positioned at the top center, containing the text 'TABLE OF CONTENTS' in white, bold, uppercase letters.

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# OUR COMPANY





## ► WE ARE SAN MIGUEL

We are a leading multinational company in the Southern hemisphere in the production, distribution and commercialization of fresh citrus fruit and citrus fruit by-products. We stand out for our expertise, innovation and operating capacity to ensure supply to our customers worldwide.

### OUR VISION

TO BE THE LEADING COMPANY OF FRESH CITRUS FRUIT IN THE SOUTHERN HEMISPHERE AND OF VALUE-ADDED PROCESSED FRUIT AND VEGETABLE PRODUCTS.

### OUR VALUES



#### INTEGRITY

Our actions are based on ethics, respect and rectitude. We are transparent, trustworthy, responsible and honor the commitments we have undertaken.



#### VALUE CREATION

We manage the company's assets and resources as our own. We are entrepreneurial and innovative, and we look for opportunities to make our Company grow, with a global and comprehensive approach. We learn from our mistakes and challenge the *status quo*, continuously improving our processes. We deliver results in an efficient and sustainable way.



#### CUSTOMER-ORIENTED COMPANY

We always strive to serve and help our customers, whether internal or external. We try to understand and meet their needs, even those they do not express, providing tailored solutions therefor. Customers and the market are our priority: it is therefrom that we plan our initiatives.



#### TEAM SPIRIT

We pursue a common goal, subordinating our personal interests to the team's 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 each person, inside and outside our organization, with respect, trust and dignity. We foster and value diversity.



#### SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

We take care of the environment, promote the personal growth of those who are part of our organization and foster the development of our community. We consider respect for legislation and human rights as necessary conditions for sustained growth.



## DISTINCTIVE FEATURES



### GLOBAL LEADERSHIP

We are leaders worldwide in the citrus business, a distinctive characteristic that identifies and distinguishes us, and is a source of pride for us all.



### EXPERTISE

We have 60 years of tradition, experience and knowledge in the production and commercialization of fresh citrus fruits and the processed food by-products therefrom.



### SUSTAINABILITY

We are committed towards the community and the environment in each of the regions where we develop our production activities.



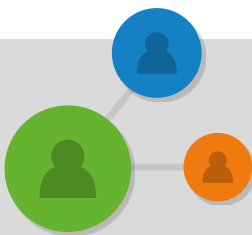
### INNOVATION

We are always looking for business opportunities working closely with our customers, whereby we find new developments and innovative processes every day. This situation gives us the competitive strength needed and an unmatched position to be a major agent for change in the market.



### COLLABORATION

We intend to use the knowledge gained in all our areas of expertise and share it with our strategic partners through "San Miguel's Collaboration Agreement Model", aimed at generating new business opportunities.



WE HAVE A **COMMITMENT** TOWARDS THE COMMUNITY AND THE ENVIRONMENT IN EACH OF THE REGIONS WHERE WE DEVELOP OUR PRODUCTION ACTIVITIES.

WE ARE ATTENTIVE TO THE **NEEDS OF THE MARKET** AND TO THE **BUSINESS OPPORTUNITIES** DERIVED THEREFROM. WE DISCOVER NEW DEVELOPMENTS AND INNOVATIVE PROCESSES ALONG WITH OUR CUSTOMERS. THIS SITUATION GIVES US THE COMPETITIVE STRENGTH NEEDED AND A STRATEGIC POSITION TO BE A MAJOR AGENT FOR CHANGE IN THE MARKET.

WE RESORT TO THE KNOWLEDGE WE HAVE IN ALL OUR AREAS OF EXPERTISE AND SHARE IT WITH OUR STRATEGIC PARTNERS. WE GROW AND LEARN TOGETHER TO BOOST THE SUSTAINABLE DEVELOPMENT OF ALL OUR PRODUCTS. COLLABORATION IS THE DEFINITIVE APPROACH TO MAKE EXPERIENCE AND INNOVATION WORK TOGETHER.

62	YEARS IN CITRUS FRUITS PRODUCTION
8,000	HECTARES OF FIELDS
30	COMPANY-OWNED FARMS IN ARGENTINA
12	COMPANY-OWNED IN URUGUAY
12	COMPANY-OWNED IN SOUTH AFRICA
4	COMPANY-OWNED PACKING PLANTS
130,000	TONS OF FRESH FRUIT EXPORTED PER YEAR
3	INDUSTRIAL PLANTS
430,000	TONS OF PROCESSING CAPACITY
30%	OF LEMON PROCESSING IN ARGENTINA
15%	OF LEMON PROCESSING WORLDWIDE

### Our history

<http://www.sanmiguelglobal.com/nosotros/historia>

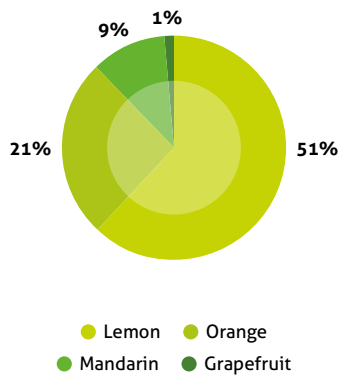




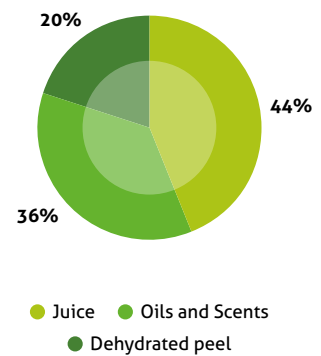
## ► BUSINESS AREAS

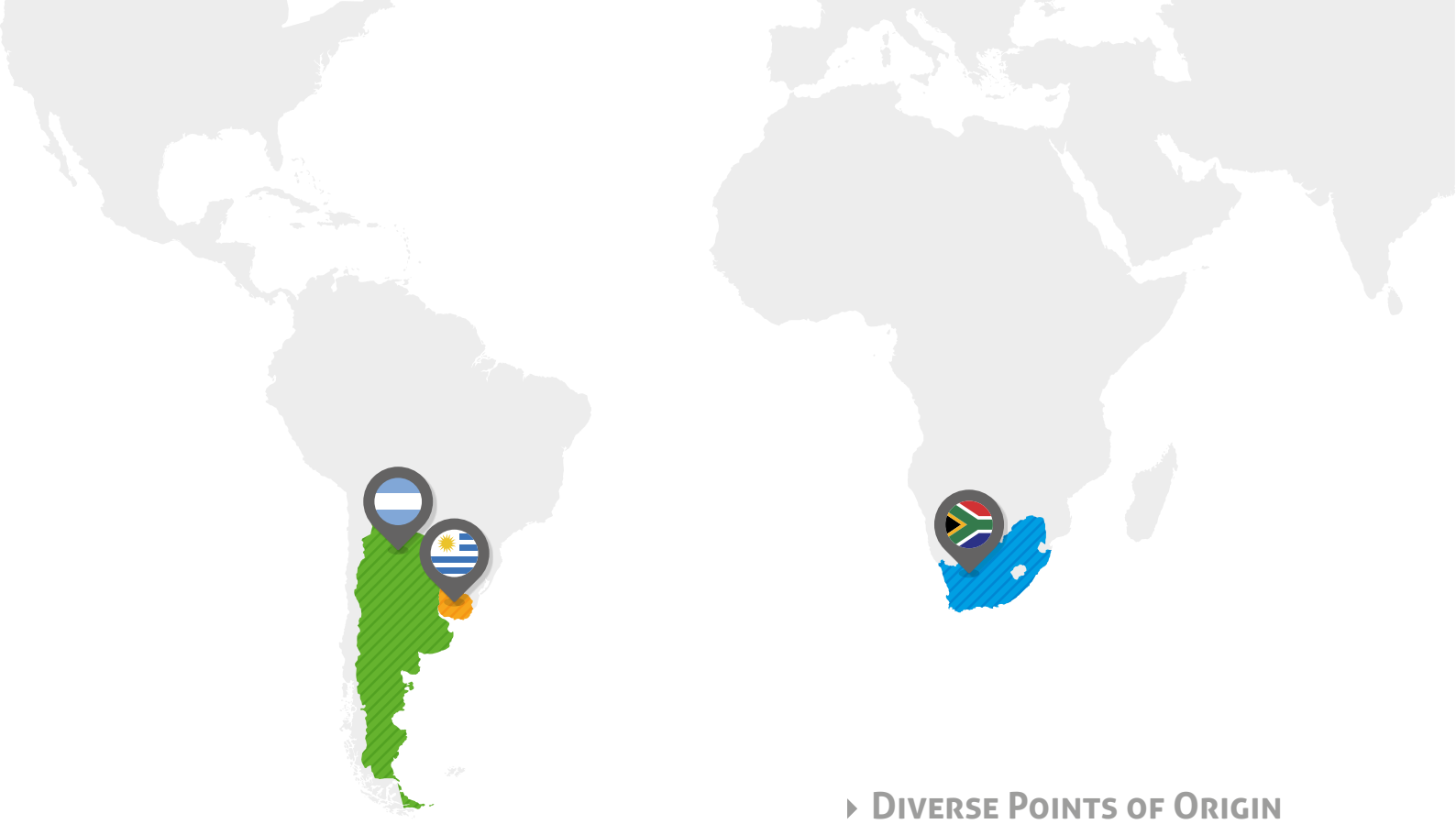


FRESH FRUIT (SALES)



PROCESSED FOOD (SALES)





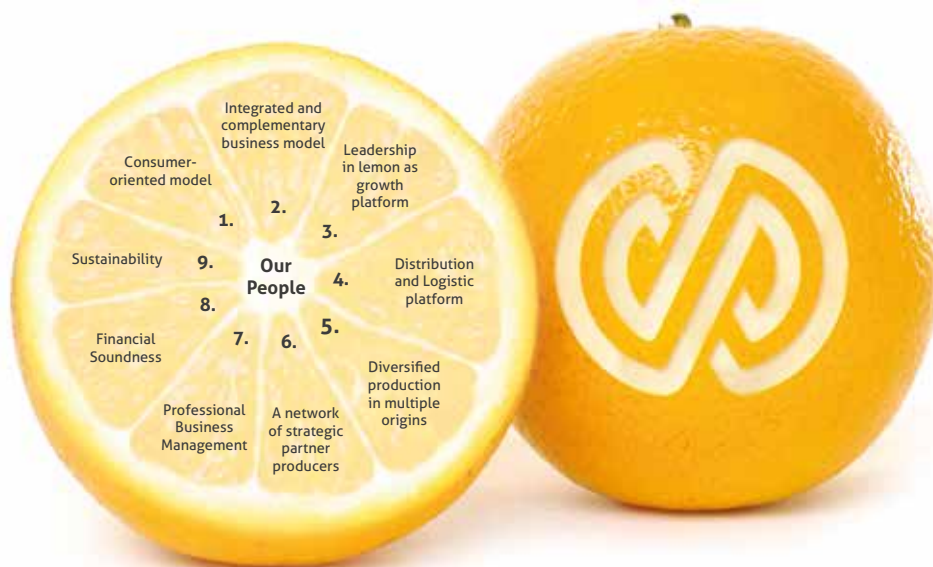
## ► DIVERSE POINTS OF ORIGIN

	ARGENTINA	URUGUAY	SOUTH AFRICA
<b>GENERAL INFORMATION</b>	<p>Top Argentine lemon exporter</p> <p><b>Production:</b> between 175,000 and 200,000 tons</p> <p><b>Fresh Fruit Exports:</b> 66,024 tons</p> <p><b>Grinding capacity:</b> 300,000 tons</p>	<p><b>Total Production:</b> 30,000 tons</p> <p><b>Fresh Fruit exports:</b> 14,000 tons</p> <p><b>Total processing:</b> 24,000 tons</p> <p><b>Novacore grinding capacity:</b> 50,000 tons</p>	<p><b>Total Production:</b> 77,000 (60% strategic prod.)</p> <p><b>Fresh Fruit Exports:</b> 55,044 tons</p> <p><b>Venco grinding capacity:</b> 70,000 tons</p>
<b>FIELDS</b>	<p>Company-owned nursery</p> <p>30 managed fields (company-owned and leased)</p> <p>5,400 hectares in production</p> <p>Partnerships with citrus producers throughout the country</p> <p>1,800,000 trees planted (average age: 16 years)</p> <p>Fields located in the best citrus area of Tucumán</p>	<p>Largest nursery in Uruguay (26 greenhouses)</p> <p>12 managed fields (company-owned and leased)</p> <p>1,200 hectares in production</p> <p>Partnership with 8 local strategic producers</p> <p>750,000 trees planted (average age: 12 years)</p> <p>Located in 3 regions (Salto, Paysandú and San José)</p>	<p>12 company-owned fields</p> <p>1,100 hectares in production</p> <p>Partnership with 15 strategic producers</p> <p>500,000 trees planted (average age: 8 years)</p>
<b>INFRASTRUCTURE</b>	<p>2 packing plants</p> <p>1 industrial processing plant</p>	<p>1 packing plant</p> <p>1 industrial processing plant under a joint venture scheme</p>	<p>1 packing plant</p> <p>1 industrial processing plant under a joint venture scheme</p>
<b>WORKFORCE</b>	<p><b>Permanent:</b> 570 employees</p> <p><b>Harvesting and packing:</b> 4,500 employees</p>	<p><b>Permanent:</b> 120 employees</p> <p><b>Harvesting and packing:</b> 700 employees</p>	<p><b>Permanent:</b> 220 employees</p> <p><b>Harvesting and packing:</b> 600 employees</p>



## ► GROWTH STRATEGY 2016

2016 was synonymous with growth for San Miguel. In line with our vision, we manage the operation around 9 strategic axes:



**1. We organize production in accordance with the market needs.** To this aim, we try to understand it and be aware of the latest trends. We seek to provide solutions to our customers, focusing on the commercial chain of fruit and on the by-products derived therefrom. Based on innovation and on the expertise that distinguish us, we generate new developments and products, and open new markets.

**IN 2016, WE ADDED 17 NEW CUSTOMERS AND 7 NEW COUNTRIES TO OUR PROCESSED FOODS PORTFOLIO.**

**2. We work with a comprehensive business model** that goes from the genetics to the gondolas shelving and that covers the production in nurseries and in company-owned and third-party farms, the packing and processing plants, and the logistics chain. Thus, we arrive with fresh fruit at the main supermarkets of the Northern hemisphere and reach with grinding citrus fruits consumption companies worldwide that use these by-products as key supplies in their production chain.

**3. We expanded our offer of products leveraged on the leadership of lemon,** which allowed us to

acquire the know-how and develop commercial channels with global customers. We opened doors wider to continue growing and added more products and value to our commercial channels. To such a point that in fresh fruits we grew in sweet citrus fruits and reached more than 50% of our volume of fresh fruit exported. Regarding processed foods, we broadened our product varieties driven by the demand and based on our customers' needs.

**4. The distribution and logistics platform we developed is part of our value proposal.** We plan the orders from the harvest to the customer's door according to the demand of each client, and we ensure the traceability of the logistics chain throughout the logistics process. In this way, from Argentina, Uruguay and South Africa we can deliver products with the highest quality to all markets worldwide.

**5. Having a production diversified in three countries allows us to incorporate a variety of products, strengthen our logistics chain and mitigate climatic, phytosanitary, regulatory and political risks.** In this way, we managed to reduce the variability in the supply of fruit and ensure a

IN 2016 WE ACQUIRED TWO FARMS IN CITRUSDAL CITRUS FRUIT AREA, IN THE WESTERN CAPE REGION, SOUTH AFRICA. IT COMPRISES SOME 242 HECTARES WITH PLANTATIONS; ABOUT HALF OF THEM CORRESPOND TO NAVELS VARIETIES AND THE REMAINING HECTARES ARE DIVIDED MAINLY BETWEEN DIFFERENT VALENCIA AND MANDARIN ORANGE VARIETIES, AND 5 HECTARES OF LEMON. IN ADDITION, BOTH FARMS HAVE WATER RIGHTS FOR A TOTAL OF 268 HECTARES. THE OPERATION ALLOWS US TO ACCESS THE UNITED STATES MARKET FROM OTHER OF OUR COUNTRIES OF ORIGIN.



constant supply, which represents a differential and strategic value for our large international customers.

IN 2016 WE MADE INVESTMENTS IN ALL OF OUR LOCATIONS. IN URUGUAY, FOR EXAMPLE, WE CONTINUED THE DEVELOPMENT OF FINCA 31, WITH THE GROWTH OF ITS NURSERIES AND NEW PLANTATIONS, AND IN SOUTH AFRICA WE ACQUIRED NEW FIELDS IN WESTERN CAPE, ONE OF THE MOST STRATEGIC AREAS OF THE REGION.

6. **We have a network of associated strategic producers within our commercial platform.** Part of the fruit we commercialize and process comes from third parties with whom we maintain long-term relationships that include funding, provision of genetic material and technical advice. Thus, local producers can export their products through San Miguel platform. The network helps us increase our volumes, supply us from other countries where we do not operate, access more markets and improve returns on investment.
7. **We carry out a professional business management to achieve our goals.** We have defined processes, policies and control

systems. We developed a comprehensive risk model to reduce the impact of volatility on the business and organized our operation under the SAP management model. In 2016 we also implemented a new management and planning model to make our efforts more efficient and maximize the strategic thinking, the expertise in each field of action and the business knowledge.

8. **Our fresh fruit and processed foods businesses complement each other and represent around 50% of the annual turnover, respectively.** This allows us to have a good risk balance to mitigate volatility, ensure flows predictability and maximize the use of fruit almost without loss.
9. **Sustainability is the framework that guides our operation.** We aim at creating economic, social and environmental value. It is a strategic axis inherent to our business, which also has high potential for new business opportunities. Our customers want their value chain to be sustainable, and in this sense San Miguel is configured as a strategic partner in the sustainability path.

## ▶ SAN MIGUEL IN NUMBERS

	2014	2015	2016
Net Sales	1,680,327,603.0	2,316,411,776.0	4,023,904,941
Revenues from Financial Investment	3,081,875.6	2,690,791.2	4,768,856.78
Sale of Assets	-8,648,425.0	228,823.0	19,318,485
Payment to Suppliers	1,345,433,151.4	978,480,575.4	2,962,285,492
Salaries, Wages and Employers' Contributions	320,868,283.0	433,080,526.0	710,879,130
Payment to Capital Providers (*)	115,513,555	170,612,048	218,672,559
Investment in Property, Plant and Equipment and Other Assets	49,319,773.0	266,865,331.0	468,790,813
Investment in the Community	2,389,446.9	2,291,677.5	3,661,402.50
<b>TAXES</b>			
Income Tax	147,036,948.0	177,305,663.0	166,235,384
Direct Taxes	11,625,118.8	18,890,112.4	30,513,209
Taxes, Levies and Contributions	5,918,714.1	4,119,917.5	1,867,678
<b>EBITDA</b>			
Net Income for the Financial Year	298,878,458.0	348,846,252.0	363,897,115
Total Capitalization(**)	1,951,961,776	4,192,118,514	8,706,516,167
Shareholders' Equity	1,056,717,831.0	1,467,213,311.0	1,369,171,323
Non-current Loans	421,626,381.0	723,652,675.0	1,216,343,732
Current Loans	179,007,563.0	816,032,568.0	424,621,119

Note: 6,727,500 shares were issued as of 3/10/17. (\*) Payment to Capital Providers: it considers the payments made for interest to our funding organizations (Banks and other Financial Institutions) and the dividends paid (they have been derived from the Cash Flow Statement and the Statement of Changes in the Financial Position (EOAF, for its Spanish acronym). (\*\*) Total Capitalization: Share value (Market price) x number of shares as of 12/31 of each year + loans (CP and LP) - Cash - Other financial assets.

	Argentina	Uruguay	South Africa
Assets	3,215,025,097	813,604,697	853,392,845
Sales	2,902,695,584.00	348,669,617.00	812,605,065.00
Costs	1,675,933,344.86	297,425,035.00	619,660,518.00

### AWARDS AND RECOGNITIONS 2016



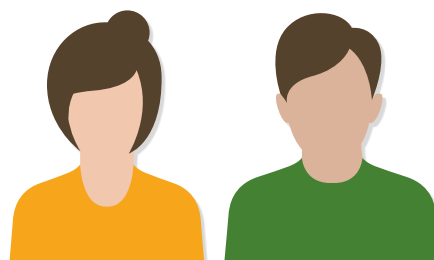
**Awards to Argentine Exports, Prensa Económica:** Major exporter of the Argentine fruit sector



**Phelps Medal for Economic Innovation**



**CIO of the year:** 3rd place for Eduardo Martínez, San Miguel IT Manager



WE INVESTED **US\$245,000** IN ACTIVITIES AIMED AT EMPOWERING COMMUNITIES CLOSE TO OUR OPERATIONS, FOCUSING ON EDUCATION, NUTRITION AND HOUSING.



# 1. CORPORATE GOVERNANCE





#### OUR COMMITMENT:

Promoting a responsible business management in the organization

#### MATERIAL ISSUES RELATED TO THIS COMMITMENT AND PRESENTED IN THIS CHAPTER:

- Ethics and transparency in the corporate management
- Long-term business strategy
- Fair competition
- Respect for Human Rights

## 1.1. ► SAN MIGUEL GOVERNANCE STRUCTURE

San Miguel is led by the Board of Directors, the Executive Committee, a team of Executive Directors and the Country Managers from Argentina, Uruguay and South Africa. Together they foster initiatives to achieve the strategic plan of the company always under the framework of the commitment to the sustainable development of the business and its impact on the community.

► **The Board of Directors** The Board is made up of 11 members who meet at regular intervals to take decisions related to the strategic management of the company. Shareholders are represented at the General Meetings and, through the **Board's Sustainability Committee**, take part in the definitions for compliance with the commitments undertaken as regards sustainability. It is responsible for setting and validating the strategy from which the company's economic, social and environmental management emerges.

► **The Executive Committee** is made up of 4 directors and the CEO. They meet every fifteen days to follow-up the main initiatives and strategic projects. They are those who actively direct the management of the company and validate material and relevant issues for the business sustainability.

► **The Executive Directors** are 7 and they lead the different corporate areas, carrying out the strategy defined by the Executive Committee and the Board of Directors. They meet with the CEO and the Country Managers on a monthly basis to follow the management of the company in the short, medium and long term, and to make the relevant decisions for the smooth running of the operation.

► **The Country Managers** are the 3 general managers of the company in each of the operation countries (Argentina, Uruguay and South Africa) and they report directly to the global CEO. They work jointly with the 7 executive directors who carry out the management of each area. They lead their own local teams to achieve the objectives of each country and work together with the corporate teams of the areas to achieve a consistent global management. This management model facilitates collaboration among countries and allows sharing the best practices, strengthening the value of "A Single San Miguel".

IN 2016, THE BOARD OF DIRECTORS WAS FOCUSED ON THE COMPANY'S STRATEGIC ISSUES, SUCH AS THE ANALYSIS OF NEW OPERATING POINTS OF ORIGIN; THE ISSUANCE OF SHARES; THE DONATION OF REAL ESTATE FOR EMPLOYEES, FORMER EMPLOYEES AND NEIGHBORS OF FARMS IN TUCUMÁN; THE FOLLOW-UP OF THE SEASON PROGRESS; THE SITUATION OF THE EFFLUENT TREATMENT SYSTEM IN FAMAILLÁ PLANT; THE IMPLEMENTATION OF OPPORTUNITIES FRAMED WITHIN THE POLICY OF BLACK ECONOMIC EMPOWERMENT IN SOUTH AFRICA; AND THE FOLLOW-UP OF THE NEW MANAGEMENT MODEL OF THE COMPANY PROCESSES AND OF THE RISK MANAGEMENT PROCESS.

MEMBERS OF THE (NON-EXECUTIVE) BOARD

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**GONZALO TANOIRA**  
PRESIDENT • 2003 - TO DATE



**MARTÍN OTERO MONSEGUR**  
VICE-PRESIDENT • 2006 - TO DATE



**LUIS ROQUE OTERO MONSEGUR**  
2002 - TO DATE



**ALEJANDRO ANCHORENA (JR.)**  
2013 - TO DATE



**CRISTIÁN LÓPEZ SAUBIDET**  
2008 - TO DATE



**PABLO JAVIER TAUSSIG**  
2008 - TO DATE



**ROMAIN CORNEILLE**



**AGUSTÍN OTERO MONSEGUR**  
2009 - TO DATE



**MIGUEL CROTTO**  
2009 - TO DATE

**TRISTÁN MIGUENS**  
DEPUTY DIRECTOR

**MARÍA LUISA OTERO MONSEGUR**  
DEPUTY DIRECTOR • 2006 - TO DATE



## 1.2. ► RISK MANAGEMENT

Since 2014, we have implemented a management and monitoring model for those risks to which the organization is globally exposed. These risks are both financial or operational as well as political and strategic, among others. They are displayed on a **Risk Map** according to their probability of occurrence and the impact thereof. A specifically designed digital platform follows-up and monitors the Risk Map, while policies, procedures, crisis action plans and business continuity plans are implemented.



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## 1.3. ► SUSTAINABILITY GOVERNANCE

Several work groups participate in the formulation and implementation of San Miguel sustainability strategy.

► The **Board's Sustainability Committee** defines the general guidelines, verifies compliance with the company's sustainability plan and approves the Sustainability Report every year. It consists of three board members and three members of the Senior Management, including the CEO, the Human Resources Director and the Institutional Relations and Sustainability Director.

Through this Committee, in 2016 the Board had a special participation in the definition of the most relevant initiatives in the three production points of origin, such as the projects Protected Productive Landscape for the preservation of biodiversity, Living a Winning Life, the plan for the effluent treatment system adaptation in the industrial plants, the microcredit pilot initiative for collaborators to make improvements in their homes and the education and nutrition programs in local communities.

► The **Institutional Relations and Sustainability Direction** is responsible for articulating and coordinating all activities oriented towards the social, environmental and economic dimensions of the company

► The **Sustainability Action Committee** is made up of 20 employees representing the operating areas. Its responsibility is to facilitate the internal dissemination of sustainability programs, to propose projects aligned with the corporate strategy and to ensure the operating implementation thereof.

In 2016, this committee met three times. During the meetings, the collaborators raised volunteering projects and donations for the communities in which we have presence, assessed the work done and submitted new initiatives for 2017.

**IN 2016, WE SUBMITTED THE SUSTAINABILITY STRATEGY TO ALL EMPLOYEES UNDER THE FRAMEWORK OF THE GLOBAL MEETING, A CROSS-CUTTING COMMUNICATION INSTANCE, TO THE COUNTRIES WHERE WE OPERATE.**

## 1.4. ► SUSTAINABILITY POLICY

We believe that sustainability and sustainable development are an important driver of value creation that must be integrated into the business strategy. Therefore, all San Miguel members are committed to the following objectives and actions, which reflect the three work priority areas of our Sustainability Strategy:

**WE ACTIVELY PROMOTE THE COMMITMENT TO SUSTAINABILITY IN OUR COLLABORATORS AND MAKE AN ANNUAL ASSESSMENT THEREOF AS A COMPETENCE IN THE PERFORMANCE MANAGEMENT SYSTEM.**



### ECONOMIC DEVELOPMENT

- Establish efficient processes that respond to the requirements of our customers and our commercial strategy to achieve a profitable operation.
- Promote the culture of zero defects.
- Develop continuous improvement programs, applying best practices and world class methodologies that ensure the adaptability of our operation to changes in markets and customers, as well as the permanent and sustained improvement of our efficiency and competitiveness over time.
- Foster the development of our suppliers, adding value to the entire operation.



### SOCIAL DEVELOPMENT

- Identify, monitor, assess, correct and prevent any risk arising from our operations in terms of safety and health that may affect our employees, suppliers, contractors or the community in general.
- Ensure fair conditions, respectful for human dignity for our employees and suppliers.
- Carry out actions that contribute to social and cultural development, and to the general welfare of the communities of influence.



### ENVIRONMENTAL PROTECTION

- Identify, monitor, assess and correct the environmental risks derived from our operation in order to maintain the biodiversity of our environment, prevent pollution and minimize the impact that our emissions and discharges to air, water or soil could cause.
- Comply with all applicable regulations and laws in force.
- Make a rational and efficient use of our supplies, water and energy.
- Minimize the generation and impact of our waste by actively applying the culture of zero waste and the concepts of reduction, reuse, recycling, industrial symbiosis (100% product), cleaner production and responsible handling of hazardous waste.
- Maintain a transparent and open communication on environmental issues with the community, the regulatory bodies, customers and with all stakeholders.

## 1.5. ▶ SAN MIGUEL SUSTAINABILITY COMMITMENTS AND THEIR RELATIONSHIP WITH OUR MATERIAL ISSUES

In this Sustainability Report process, we reviewed the material issues reported in 2015, identified some opportunities for improvement and carried out a new materiality survey with our stakeholders.

New topics relevant for our management were included within each of the categories established as commitments, for example, sustainable agriculture, climate change and ecosystem preservation, nutrition, education and housing, among other issues.

In the new materiality survey, managers, leaders, heads and employees as well as suppliers took part. The results yielded a new "Materiality Matrix", which is presented in the technical chapter of this Report.

The following list presents San Miguel material topics sorted by categories:

### 1. PROMOTING A RESPONSIBLE BUSINESS MANAGEMENT WITHIN THE ORGANIZATION

- Ethics and transparency in business management
- Long-term business strategy
- Fair competition
- Respect for Human Rights

### 2. CONTRIBUTING TO OUR SUPPLIERS NETWORK IN THE SUSTAINABLE DEVELOPMENT OF THEIR BUSINESS

- Suppliers assessment and development
- Fight against child labor
- Promoting social responsibility in the supply chain

### 3. DEVELOPING PEOPLE IN THEIR HUMAN AND ECONOMIC DIMENSIONS

- Talent attraction, development and loyalty
- Work-private life balance
- Occupational health and safety
- Diversity and equal opportunities
- Management of temporary staff

### 4. INTERPRETING THE NEEDS OF OUR CUSTOMERS AND MEETING THEM WITH INTEGRITY

- Promoting healthy life habits (fresh citrus fruit)
- Customer service
- Food Safety



### 5. USING NATURAL RESOURCES RESPONSIBLY AND SPARINGLY

- Efficient use of water
- Effluent management
- Waste management
- Sustainable soil management
- Biodiversity protection
- Energy efficiency
- Climate change and ecosystem preservation
- Sustainable agriculture

### 6. GOING ALONG WITH THE DEVELOPMENT OF COMMUNITIES IN OUR FIELD OF ACTION

- Education
- Nutrition
- Housing



## 1.6. ► RELATIONSHIP AND DIALOGUE WITH OUR STAKEHOLDERS

Stakeholder	Communication Channel
WITH SHAREHOLDERS – CORPORATE GOVERNANCE	<ul style="list-style-type: none"> <li>Regular meetings for budget and crop season analysis with the participation of the Board and middle-level positions.</li> <li>Relationship with national and provincial authorities.</li> </ul>
WITH THE STATE – GOVERNMENT AUTHORITIES	<ul style="list-style-type: none"> <li>Relationship with national and provincial authorities.</li> <li>Optimization of the communication system with the authorities through the implementation of visit records.</li> <li>Compliance with work deadlines properly and in due time, according to schedule.</li> <li>Implementation of a contingency plan for effluents treatment.</li> </ul>
WITH WORKERS AND UNIONS	<ul style="list-style-type: none"> <li>Digital newsletters for workers containing global and local information of each operation.</li> <li>Regular communication through e-mail, billboards, individual meetings.</li> <li>Contact Form at <a href="http://www.sanmiguelglobal.com">www.sanmiguelglobal.com</a>.</li> <li>Quarterly Global Meeting with presentations by senior officers about new developments and business follow-up.</li> <li>Dialogue with workers through different committees: Sustainability in Action and Climate.</li> </ul>
WITH CUSTOMERS AND CONSUMERS	<ul style="list-style-type: none"> <li>Visits to the Plant.</li> <li>Regular communication with customers through representatives of the commercial area and Customer Service</li> <li>International Exhibitions.</li> <li>Sustainability audits and other certifications.</li> <li>Institutional communication channels (website, newsletter, social networks).</li> </ul>
WITH SUPPLIERS	<ul style="list-style-type: none"> <li>Regular communication via email/telephone.</li> <li>Notes to suppliers sent by the Purchasing Department.</li> <li>Individual meetings.</li> <li>Cooperation in imports management.</li> </ul>
WITH THE COMMUNITY	<ul style="list-style-type: none"> <li>Diagnosis of the needs of the communities in which we are involved, prior to the development of the programs.</li> <li>Diagnosis prior to house donation.</li> <li>Engagement with authorities of surrounding municipalities.</li> <li>Meetings with community leaders: NGOs, principals and teachers of rural schools, area supervisors of the Ministry of Education.</li> <li>Joint work with producers.</li> </ul>
WITH ENVIRONMENTAL MANAGEMENT	<ul style="list-style-type: none"> <li>Awareness actions in the efficient use of resources.</li> <li>Environmental Management Reports requested by control bodies and by financial institutions.</li> </ul>
WITH INSTITUTIONS AND ASSOCIATIONS	<ul style="list-style-type: none"> <li>Attendance to congress and conference panels.</li> <li>Integration of boards of directors and governing boards in sectoral organizations.</li> <li>Participation in meetings of sectoral associations worldwide.</li> <li>Leadership of regional chambers.</li> <li>Support to different NGOs.</li> <li>Development of programs and actions with community associations.</li> </ul>
WITH THE PRESS AND THE GENERAL PUBLIC	<ul style="list-style-type: none"> <li>In-person relationship meetings.</li> <li>Sending formal information through reports or newsletters.</li> <li>Permanent attention to external requirements.</li> <li>Institutional communication channels (website, newsletter, social networks).</li> </ul>

## 1.7. ▶ ALLIANCES AND PARTNERSHIPS

We belong, work together or support the following national and international entities:

- Asociación Fitosanitaria del NOA (Phytosanitary Association of the Argentine Northwest Region)
- All Lemon
- 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 Fruits Industry of the Argentine Republic)
- Centro de Investigación y Asistencia Técnica a la Industria (CIATI) (Center of Technical Research and Assistance for Industry)
- Coordinadora de las Industrias de Productos Alimenticios (Copal)
- Mujeres en Red
- Federación Argentina de Citrus (Argentine Citrus Fruits 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 del San Andrés
- Cámara de Exportadores de Citrus del Uruguay (Chamber of Citrus Exporters of Uruguay)
- Unión de Productores y Exportadores Frutihortícolas del Uruguay (Fruit and Vegetable Producers and Exporters Union of Uruguay)
- Unión de Exportadores del Uruguay (Exporters Union of Uruguay)
- Cámara Nacional de Comercio y Servicios del Uruguay (National Chamber of Commerce and Services of Uruguay)
- Cámara de Comercio Uruguayo-Británica (British-Uruguayan Chamber of Commerce)
- Agbiz (Agricultural Business Chamber)
- APAC (Agricultural Produce Agency Council)
- CGA (Citrus Fruits Growers Association)
- FPEF (Fresh Produce Exporters Forum)
- Institute of Directors (South Africa)

## 2. FAIR PRACTICES IN OUR OPERATIONS

Del hemisferio sur para el mundo







#### OUR COMMITMENT:

Contributing to our network of supplier in the sustainable development of their business

#### MATERIAL ISSUES RELATED TO THIS COMMITMENT AND PRESENTED IN THIS CHAPTER:

- Ethics and transparency in business management
- Fair competition
- Suppliers assessment and development
- Promoting social responsibility in the supply chain
- Fight against child labor

## 2.1. ► CODE OF ETHICS



*The behavior of an organization should be based on the values of honesty, equity and integrity. These values imply concern for people, animals and the environment, and the commitment to address the impact of its activities and decisions on stakeholders.*

Excerpt from ISO 26000: 2010 International Standard.

Integrity is one of San Miguel essential values that guides our actions based on ethics, respect and honesty. We aim at being transparent, trustworthy, honoring the commitments undertaken and establishing honest relationships with all the parties with whom we interact.

The Code of Ethics establishes the guidelines that we must follow to act with honesty and integrity. It sets general guidelines for action so that our values are reflected in our daily actions, decisions and attitudes. The Code of Ethics must be accepted and signed by our leaders, employees and business partners.

Five directors of the company and the CEO make up the Ethics Committee, whose mission is to ensure compliance with this Code. This Committee shall meet whenever it is relevant to analyze issues related to compliance. The Committee receives all concerns raised and complaints submitted through the authorized channels, and undertakes an investigation led by the Human Resources Department and by any other management relevant to the case.

Matters are confidentially investigated, with the cooperation and response from the collaborators involved. Afterwards, the Ethics Committee makes a final decision, except in cases of legal breach or serious violations, in which case, the decision is made jointly with the Board of the Company and within the framework of a progressive discipline system.

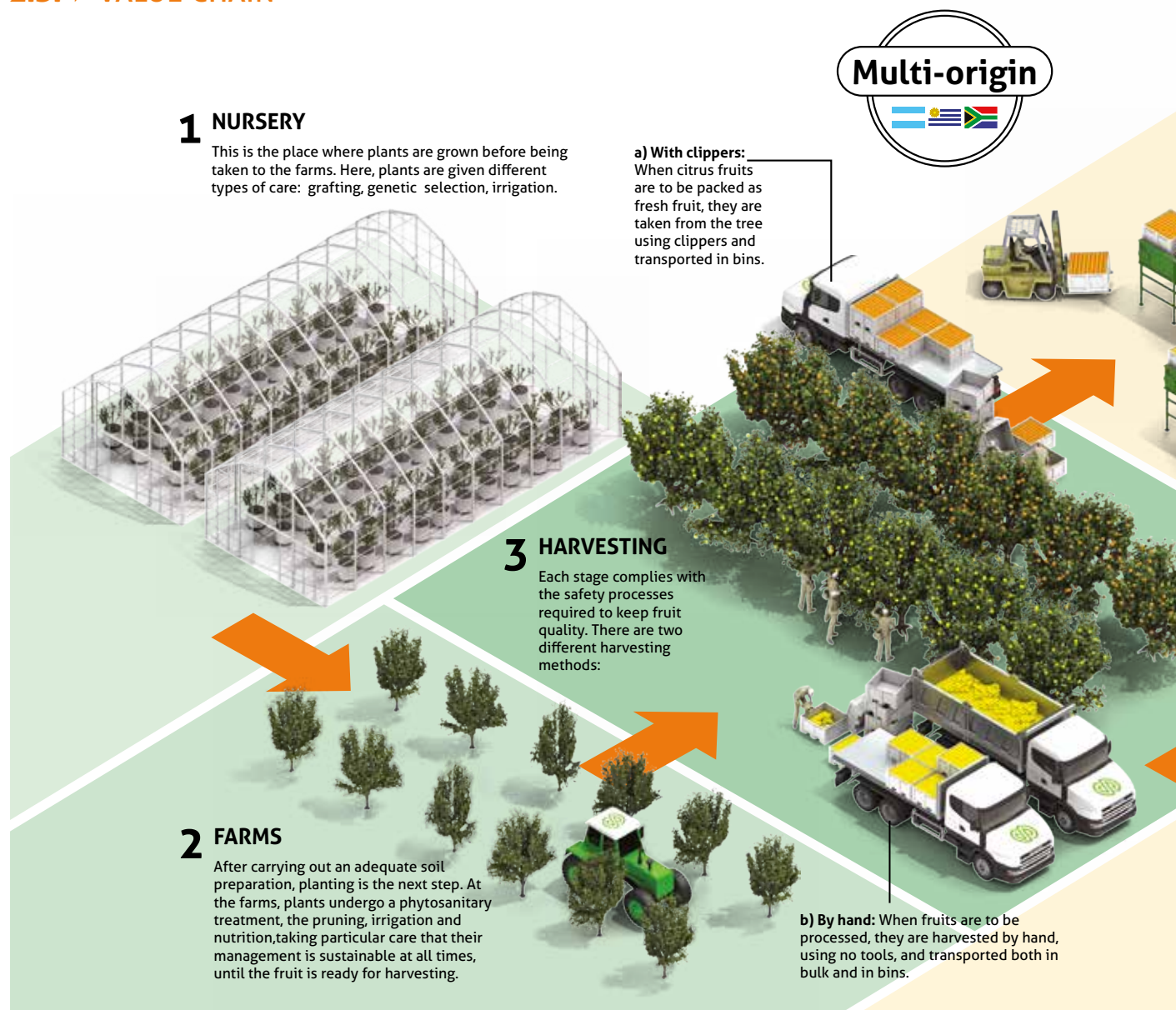
IN CASE YOU HAVE ANY QUERY OR COMPLAINT ABOUT AN IRREGULARITY OR BREACH OF THE CODE, YOU CAN ANONYMOUSLY CALL OUR TOLL-FREE TELEPHONE NUMBER (0800-888-7264 FROM ARGENTINA OR +54 911 4721 8390 FROM ABROAD) OR SEND AN E-MAIL WITH YOUR COMPLAINT (RRHHCORPORATIVO@SANMIGUELGLOBAL.COM).

## 2.2. ▶ TRANSPARENCY

In San Miguel we have several certifications that show our commitment to ethics and transparency when doing business and developing our operations. Among them, the following stand out:

▶ **SMETA (Sedex Members Ethical Trade Audit):** It certifies good practices related to ethical business, corporate ethics, health and safety, labor and environmental standards.

## 2.3. ▶ VALUE CHAIN



➤ **GRASP (Global G.A.P. Risk Assessment on Social Practice):** Additional voluntary assessment of the Global GAP standard, which analyzes the risks of social practices in agricultural operations based on

respect for human rights, internal procedures for claims, application of labor regulations, fair compensation, implementation of good social practices and communication thereof, among others.

### 4a FRESH FRUIT PACKING

At this point, the fruit undergoes the treatments necessary to ensure it is kept in good storage conditions until it reaches its final destination. The fruit is washed, cleaned with brushes and then classified by color, size and quality.

Then it is packed in boxes for different presentations.

Pallets are prepared according to the particular requirements of each customer.

### 5 LOGISTICS

San Miguel's products are sent to 200 customers in 50 different countries.

### 4b PROCESSED FRUIT

Operators discard the fruit in poor conditions and remove stones or other objects that may alter the final product.

Then the fruit is processed with grating machines to extract its oil.

Citrus fruits are washed with water at high pressure and then separated according to their size.

Using the extractors and conducting the necessary processes, we get the citrus juice, the pulp and peel, so as to meet the needs of each customer.



## 2.4. ► SUPPLIERS SELECTION

We use the following selection criteria depending on the type of supplier, the supply, and the criticality in terms of food safety and maintenance. In this way:

- We consider its experience in providing materials, supplies or services of a similar nature.
- We analyze samples.
- We take into account quality certifications and the relevant certification bodies.
- We conduct audits and assessment pursuant to the quality area assessment standard.
- We verify the background in other companies in the industry.
- In the case of production materials, we request very specific quality certifications.
- We consider any other criteria as may be appropriately defined.

In 2016, we implemented actions to continue strengthening the relationship with our suppliers and to reinforce their commitment to our policies and standards regarding sustainability, safety and hygiene. In this sense:

- Purchasing policies and codes of ethics for suppliers and purchasers were updated and communicated.
- Technical support in relation to policies and procedures was provided to suppliers on demand.
- We provided massive training for purchasers of centralized and decentralized purchasing organizations on the new purchasing policy and the codes of ethics.

In each purchase operation, the purchasing team studies the level of commitment of suppliers in terms of sustainability and incorporates this information into the standard comparative analysis of prices, quality, performance and other relevant factors. During the process, we reflect with them about the importance of having a sustainability policy and comply therewith.

**WE SUPPORT THE DEVELOPMENT OF SMALL AND LOCAL PRODUCERS BY PROVIDING THEM SPECIALIZED TECHNICAL ADVICE AND WE FACILITATE THEM BUSINESS OPPORTUNITIES THROUGHOUT THE NATIONAL CITRUS FRUIT MARKET.**



## 2.5. ▶ SUPPLIERS DEVELOPMENT

We generated an **Associated Strategic Producers Network** that allows us to integrate them into the export value chain to increase export volumes and enhance the sustainability of the business, thus jointly improving efficiencies and practices. We have different forms of association that, depending on the case, include technical advice (on agricultural, packing, commercial issues), provision of genetic material and, in some modalities, economic support (money advances for the expansion of fields or to start the production campaign).

During 2016, we held a conference in Argentina and in South Africa with strategic producers selected from our value chain. It was a relationship instance to share good practices, address agricultural and phytosanitary management issues, and share relevant information about the business and the

global citrus fruit market, which allows better decisions to be made.

Likewise, we started a technical support program so that strategic producers who supply us with raw material can achieve the Global Gap certification. Three producers managed to satisfactorily certify and they currently supply the most demanding international markets.

**WE SUPPORT AND TRAIN RAW MATERIAL SUPPLIERS - STRATEGIC FRESH FRUIT PRODUCERS - IN SEVERAL KEY INTEGRAL MANAGEMENT ISSUES, FOR EXAMPLE, QUALITY, SUSTAINABILITY, AUTHORIZED CHEMICAL PRODUCTS, CERTIFICATIONS AND APPLICATIONS.**

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## 2.6. ▶ SUPPLIERS ASSESSMENT

Every year, the Purchasing and Quality Assurance teams assess all suppliers by means of audits, verifying issues such as service, on-time delivery performance, compliance with specifications and quality assessment. They can be in-person or self-assessment audits, and be effective for one to three years. We also have an auditing schedule for suppliers of raw materials and critical supplies; in these cases, assessments are conducted by staff from the Quality Assurance area.

When a supplier does not pass the assessments, we give formal notice thereof to the supplier involved. Then, we plan an annual improvement program with the supplier. The Purchasing team analyzes the development of the plan and, if the result is satisfactory, we authorize the reincorporation of said supplier into the system so as to render services or provide products again.



## 2.7. ▶ PROGRAMS DEVELOPED WITH OUR SUPPLIERS

We promote the responsible management of supplies and raw materials and drive suppliers development in sustainability-related issues.



### INCLUSIVE PURCHASES

During 2016 we maintained our commitment and made inclusive purchases under a competitiveness, quality and legality framework. In this sense, we continue to contribute to the Suyay production entrepreneurship: we purchased 2,730 work-clothes and 100 vests, which we used for the child labor eradication campaign. The Purchasing team is aware of new opportunities for inclusive purchases and understands the importance of accompanying the development of small and local suppliers. At the same time, we worked to raise awareness about the importance of including purchases to cooperatives in the value chain.



### RECOVERY AND REUSE OF MATERIALS

We continued the initiatives that allow us to recover and reuse various types of plastic cans or boxes, cartons, packaging of different materials and scrap. We also repaired pallets and bins made of wood and plastic; In this way, we extended their useful life. In 2016 we recycled 2,300 kg of plastic drums and repaired 3,000 pallets of different materials, such as wood, for them to be reused:



### PROCESS IMPROVEMENT

In 2017 we will carry out a project that will allow us to make a more efficient use of the caustic soda present in various processes, in order to optimize safety and hygiene, and sustainability-related issues.

**WHEN IMPLEMENTING AN IMPROVEMENT ACTION IN THE COMMUNITY, WE TAKE INTO ACCOUNT OUR SUPPLIERS OF MATERIALS OR SERVICES, WHO PARTICIPATE IN AN OPEN AND TRANSPARENT PRICE BIDDING.**

## 2.8. ▶ SUPPLIERS IN NUMBERS

### TOTAL PURCHASE AMOUNT PER COUNTRY STATED IN US\$



ARGENTINA  
50.450.077



URUGUAY  
6.427.107



SOUTH AFRICA  
9.788.566

### NUMBER OF SUPPLIERS BY COUNTRY

Country	2015	2016
Argentina	553	580
Uruguay	408	342
South Africa	188	288
<b>Total</b>	<b>1,149</b>	<b>1,210</b>

### TOTAL PURCHASE AMOUNT BY BUSINESS UNIT

Business	Total amount in us\$
Processed Food	19,761,722
Fresh Fruit	12,623,032
Indirect Materials	14,859,553
Agricultural Operations	19,421,443
<b>Total</b>	<b>66,665,750</b>



## SUPPLIERS BY SUPPLY TYPE

ARGENTINA

2015		
	Number of suppliers	Purchase amount stated in US\$
Production materials	150	21,583,967.67
Indirect materials	265	7,493,700.26
Assets and services	307	13,823,583.50
<b>Total</b>	<b>722 *</b>	<b>42,901,251.43</b>

\* Includes local and foreign suppliers.

2016		
	Number of suppliers	Purchase amount stated in US\$
Production materials	165	21,488,152
Indirect materials	302	8,169,789
Assets and services	291	20,792,136
<b>Total</b>	<b>758</b>	<b>50,450,077</b>

URUGUAY

2015		
	Number of suppliers	Purchase amount stated in US\$
Production materials	52	2,927,377.34
Indirect materials	152	885,426.47
Assets and services	204	3,525,520.93
<b>Total</b>	<b>408</b>	<b>7,338,324.74</b>

2016		
	Number of suppliers	Purchase amount stated in US\$
Production materials	47	3,309,091
Indirect materials	274	1,670,855
Assets and services	140	1,447,161
<b>Total</b>	<b>461</b>	<b>6,427,107</b>

SOUTH AFRICA

2015		
	Number of suppliers	Purchase amount stated in US\$
Production materials	21	1,877,515.90
Indirect materials	41	423,789.80
Assets and services	126	1,895,790.62
<b>Total</b>	<b>188</b>	<b>4,197,096.32</b>

2016		
	Number of suppliers	Purchase amount stated in US\$
Production materials	29	3,375,644
Indirect materials	188	2,264,282
Assets and services	225	4,148,640
<b>Total</b>	<b>442</b>	<b>9,788,566</b>

#### LOCAL SUPPLIERS IN EACH COUNTRY

Percentage of local suppliers	2015	2016
Argentina	93.7%	93.79%
Uruguay	95.4%	96.20%
South Africa	100%	99.65%

#### AMOUNTS OF GENERAL PURCHASES

Country	Purchase Amount stated in US\$ - 2015	%
Argentina	42,901,251,43	78.8%
Uruguay	7,338,324,74	13.5%
South Africa	4,197,096,32	7.7%
<b>Total</b>	<b>54,436,672,49</b>	<b>100.0%</b>

Country	Purchase Amount stated in US\$ - 2016	%
Argentina	50,450,077	75.68%
Uruguay	6,427,107	9.64%
South Africa	9,788,566	14.68%
<b>Total</b>	<b>66,665,750</b>	<b>100%</b>

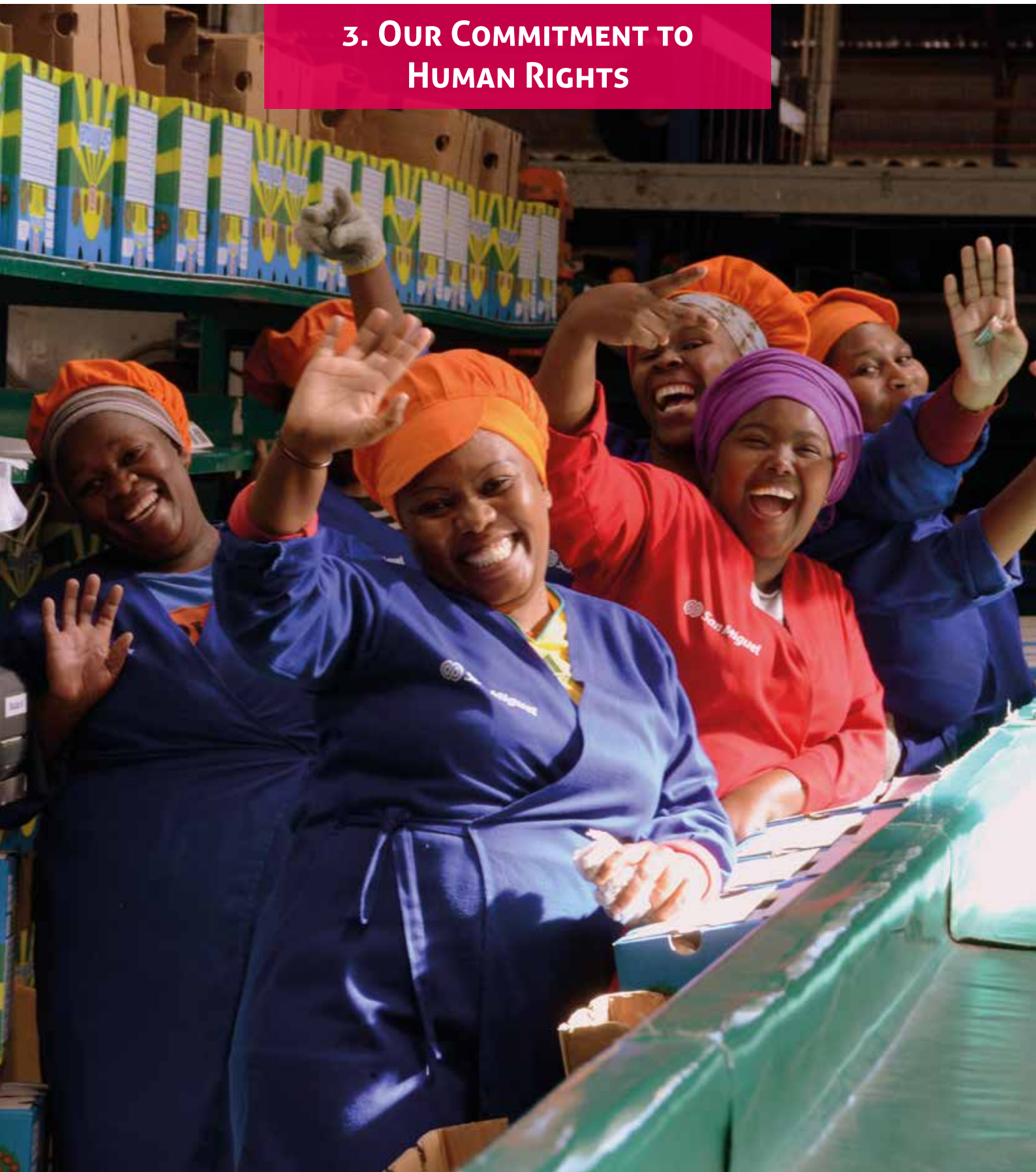
Country	Purchases made abroad stated in US\$ - 2015 (Imports)	% Imported
Argentina	8,877,718.49	20.7%
Uruguay	721,541.95	9.8%
South Africa	0.00	0.0%
<b>Total</b>	<b>9,599,260.44</b>	<b>17.6%</b>

Country	Purchases made abroad stated in US\$ - 2016 (Imports)	% Imported
Argentina	7,960,078	15.65%
Uruguay	453,141	7.05%
South Africa	294,463	3.01%
<b>Total</b>	<b>8.707.682</b>	<b>13.06%</b>





### 3. OUR COMMITMENT TO HUMAN RIGHTS





#### OUR COMMITMENT:

Promoting a responsible business management. Developing people in their human and economic dimension. Using natural resources responsibly and sparingly. Going along with the development of communities.

#### MATERIAL ISSUES RELATED TO THIS COMMITMENT AND PRESENTED IN THIS CHAPTER:

- Respect for Human Rights
- Fight against child labor
- Diversity and equal opportunities
- Food Safety
- Efficient use of water
- Biodiversity Protection
- Sustainable Agriculture
- Education
- Nutrition
- Housing

Likewise, as an organization, we undertake the responsibility to respect human rights in their entire field of influence. San Miguel respects and promotes the essential rights of any human being, recognizing both their significance and universal nature, which makes them indivisibly applicable in all situations.

“ Human rights are the fundamental rights to which a person is inherently entitled simply because she or he is a human being. There are two broad categories of human rights. The first category, civil and political rights, includes rights such as the right to life and to freedom, equality before the law and freedom of speech. The second category involves economic, social and cultural rights and includes the right to work, the right to food, the right to the highest attainable standard of health, the right to education and the right to social security.

Excerpt from the ISO 26000: 2010 International Standard.

Our commitment towards respect for human rights is based on the integration of the following international principles:

- Universal Declaration of Human Rights
- United Nations Global Compact
- International Labor Organization’s Declaration on Fundamental Principles and Rights at Work;
- Global Reporting Initiative (GRI)
- United Nations Guiding Principles on Business and Human Rights
- ISO 26000 International Standard
- Sustainable Development Goals and 2030 Goals

Supported by these fundamental principles, San Miguel implements concrete actions aimed at respect and promotion of human rights, both inside and outside the company, and throughout our value chain and our field of influence.

We consider that talking about human rights in our business, in the citrus industry, involves considering respect for rights such as life, health, food, water and care for the ecosystem, among others, in addition to the right to work, diversity and fight against child labor. Therefore, these issues are addressed in our Sustainability Report and integrate the material issues of our business.

### 3.1. ► HUMAN RIGHTS AND OUR EMPLOYEES

THE INTERNATIONAL LABOR ORGANIZATION (ILO) HAS IDENTIFIED FUNDAMENTAL RIGHTS AT WORK. THESE RIGHTS INCLUDE:

“Freedom of association and effective recognition of the right to collective bargaining; elimination of all forms of forced or compulsory labor; effective abolition of child labor; and the elimination of discrimination in relation to employment and occupation.

Excerpt from ISO26000: 2010 International Standard.

San Miguel provides the same opportunities to all employees taking into account their commitment, performance and results. We clearly know that equal employment is only possible if decent and respectful treatment is shown at all hierarchical levels of the company. We value diversity and treat all employees and contractors fairly and with dignity. In this regard, we prohibit any discrimination act based on age, color, disability, marital status, race, religion, gender, pregnancy, sexual orientation and on political grounds.

We offer a work environment where all people can effectively perform their tasks and reach their potential. All employees are responsible for creating an environment of respect and trust, and to promote a productive environment. In addition, we oppose to and punish sexual, physical or verbal harassment. We do not allow an employee to be bothered by others because of his/her social or, cultural status of for any other reason.

In 2016, San Miguel representatives participated in the panel in which citrus companies, representatives of the cranberry industry, the National Institute to Combat Discrimination, Xenophobia and Racism (INADI, for its Spanish acronym) and the Ministry of Labor were present, proposing solutions and measures to end this problem.

In addition, and on our own initiative, we implemented an exclusive campaign in our fields. There, the foremen put on their chests the **eradication of child labor** logo. All the activities had a common goal: to eradicate forever child labor in the production chains.

**TO RAISE CONCERNS OR MAKE A COMPLAINT ABOUT BREACHES OF THE CODE OF ETHICS, EMPLOYEES CAN CONTACT THEIR DIRECTORS OR THE HUMAN RESOURCES DEPARTMENT. THESE COMMUNICATIONS ARE ALWAYS CONFIDENTIAL. ANONYMOUS REPORTS CAN BE MADE VIA TELEPHONE OR E-MAIL.**

We undertake the following commitments towards our employees:



#### NO CHILD LABOR

We do not employ children under 18 years of age. We understand that harvest-related operators entail a risk of child exploitation incidents. For this reason, we regularly conduct checks during the crop season in order to detect any deviation.



#### WE BELIEVE IN FREEDOM AND IN THE RIGHT TO CHOOSE A DECENT WORK

We believe in freedom and in the right to choose a decent work: We are convinced that work is a right, therefore, we do not employ forced labor or demand any work or service from an individual under threat of force or punishment. To support the right to decent work, we carry out random assistance checks on farms throughout the year.



#### WE ENSURE FREEDOM OF ASSOCIATION TO OUR EMPLOYEES

We provide the physical space for elections and allow meetings with trade union representatives during working hours, with whom we also maintain an open dialogue within a framework of respect.



#### WE PROMOTE DIVERSITY AND RESPECT FOR INDIVIDUAL DIFFERENCES

We avoid any distinction, exclusion or preference that may give rise to rejection or unequal opportunities in the treatment or occupation of our employees.





- We commit ourselves to access to employment, training and career development and to the promotion policy. This policy is based only on people's capabilities.
- We promote equality and fairness in the conditions related to employment contract, compensation, working hours, breaks, leave, vacations and social security, occupational health and safety. Any difference is based on the provisions of the Labor Contract Law or collective bargaining agreements applicable to our business.
- We do not draft or endorse provisions, clauses or decisions that may cause disadvantages among our employees.
- We make use of individual and cultural differences in order to create competitive advantages through new viewpoints and sensitivity in the market.
- We treat all employees with dignity, respect and recognition, generating a cooperative and tolerant work environment.

IN CASE OF ANY BREACH OF HUMAN RIGHTS, OUR EMPLOYEES HAVE A REPORTING CHANNEL. QUERIES OR COMPLAINTS ABOUT IRREGULARITIES ARE SUBMITTED TO THE ETHICS COMMITTEE.

*For more information about the complaint procedure, see the "Code of Ethics" section in the chapter Company Governance.*



## 3.2. ▶ HUMAN RIGHTS IN OUR VALUE CHAIN

We continue sharing with our new suppliers our Code of Ethics for Suppliers, in order to extend our values throughout our value chain, and to prevent and identify risks on human rights.

Created in 2014, the Code of Ethics for Suppliers explains how we conduct our business and is complemented by the Code of Ethics for Employees.

To be registered as a supplier, a representative of the interested company must sign the Code. Then, the Purchasing and Suppliers areas ensure that the commitment undertaken is fulfilled.

In 2016, a 94.5% of the suppliers incorporated signed the Code of Ethics.

### PRINCIPLES OF THE RELATIONSHIP WITH SUPPLIERS

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 laws or regulations of the countries where they operate.
2. Compete in a fair way to secure business.
3. Not to offer gifts, travels or special courtesies.

#### B. EMPLOYMENT GUIDELINES

4. Foster a work environment free of harassment and discrimination for employees.
5. Treat employees with fairness and honesty
6. Prohibit child labor.

7. Respect the right of employees to freedom of association and collective bargaining, pursuant to local laws.
8. Safety, health, environmental and quality guidelines
9. Conduct its operations preserving and protecting the environment and comply with all applicable environmental laws and regulations.
10. Distribute products and services that comply with quality and safety standards.

#### C. WASTE AND EMISSIONS

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

#### D. GENERAL GUIDELINES

11. Responsibly support, compliance with this code through the establishment of appropriate administration and management processes.
12. Report breaches to the code through a toll-free telephone number or by sending an email.

*For more information on actions taken, see chapter "Fair practices in our operations".*



### 3.3. ▶ HUMAN RIGHTS AND OUR CUSTOMERS

Consumers' health is highly important for our company.

**OUR TRACEABILITY SYSTEM ALLOWS US TO GUARANTEE THE FOOD SAFETY, QUALITY AND SAFETY OF ALL OUR PRODUCTS, AS WE KNOW THE EXACT POINT OF ORIGIN OF THE FRUIT AND THE PROCESSES TO WHICH IT IS SUBJECTED.**

Different quality certifications endorse our products, giving our customers the peace of mind they need to offer their products to consumers.

For more information on the quality process, see sections "Quality Management System", "Certifications" and "Traceability System", in the chapter Consumers Affairs.



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### 3.4. ▶ HUMAN RIGHTS AND OUR COMMUNITIES

Our social investment programs aim to promote the development of our communities with a focus on nutrition, health and education. These pillars, on which we base our initiatives, are part of the UN Declaration of Human Rights.

We also continue engaging with different social organizations that work exclusively on childhood issues, to contribute to the eradication of child labor and to ensure that Children's Rights are respected.

To contribute to the **eradication of child labor**, we signed a record with the Asociación Tucumana del Citrus (ATC) and the Companies Network against child labor, and we conducted an awareness campaign together with the companies that provide us with services on the farms. In this way, in rural areas, 100 foremen from San Miguel and supplier companies used vests for 3 months with a legend alluding to the subject to raise awareness about the problem. In addition, in the central areas of Tucumán, we made a mobilization to commemorate the Day Against Child Labor (June 12), and we delivered brochures and dissemination material.

“ Child labor is a form of exploitation that involves the violation of a human right. It harms the child's physical, social, mental, psychological and spiritual development. Child labor deprives boys and girls of their childhood and dignity. They are deprived of education and could become separated from their families. Children who do not finish their basic education are more likely to remain illiterate and never acquire the skills necessary to get a job that allows them to contribute to the development of a modern economy. Consequently, child labor generates low-skilled workers, and puts at risk future improvements in the skills of the workforce, as well as future economic and social development. Child labor can also deprive of labor opportunities young people and adults looking for jobs and reduce their salaries.

**Excerpt from ISO 26000: 2010 International Standard.**

## GENDER EQUALITY IN RURAL AREAS

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Achieving gender equality in rural areas requires commitment and joint work from many sectors. In rural areas of Argentina Northern region there is a labor pattern and a generalized and naturalized role with respect to women, projected exclusively to the upbringing of children and to domestic tasks. Accordingly, education and family expectations for rural women are often limited to a narrow range of jobs.

Culturally established patterns condition the ability of women to project in other jobs and reduce their chances of seeking other job opportunities. In addition, families often rely on girls to help with household tasks. Therefore, they also see limited their chances of finishing their studies or accessing better job opportunities.

San Miguel believes that a formal or attractive job offer for women in the region is not enough to reverse the cultural patterns that characterize this community. The **Inter-institutional Project for Gender Equality** was born to address this problem, and is organized in two instances: Stage 1. Empowerment of rural women, and Stage 2. Training and support to undertake endeavors.

In 2016 we moved forward with the first stage of the **Inter-Institutional Project for Gender Equality**,

which is focused on the empowerment of rural women. The objective of this phase is to contribute with the identification of personal skills and capabilities for women's work in the field, as well as motivating their inclusion in formal work. Under this framework, we conducted 16 workshops for employees' wives and for women in the community. Overall, they received 60 training hours. We carried out this project along with the School of Medicine of the Universidad Nacional de Tucumán (UNT) (National University of Tucumán). In total, 120 women from 4 rural areas participated in the project.

## WATER AS A HUMAN RIGHT

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“An organization should maintain, reduce the use of and reuse water in its own operations and encourage water preservation within its field of influence.”

**Excerpt from ISO 26000: 2010 International Standard.**

We know that water is a human right and a scarce resource and thus we developed a plan to maintain business in a sustainable way.

Section 6.3. hereof, includes information on how we are working to achieve said goal. For further information, see chapter "Active involvement and development of our communities".







## 4. LABOR PRACTICES





#### OUR COMMITMENT:

Developing people in their human and economic dimensions

#### MATERIAL ISSUES RELATED TO THIS COMMITMENT AND PRESENTED IN THIS CHAPTER:

- Talent attraction, development and loyalty
- Work-private life balance
- Occupational health and safety
- Diversity and equal opportunities
- Management of temporary staff

#### ▾ When managing our human resources:

- We raise awareness among top managers, middle managers and supervisors on the strategic relevance of being a socially responsible company.
- We prioritize the safety and health of our people.
- We promote the integral development of employees.
- We comply with all labor laws and regulations.
- We attract and retain talent, which positions us as a favorite company to work for in strategic markets.

#### ▾ In 2016 and in all the company headquarters:

- We implemented the Personal Development Plan (PDP) for all career levels and conversations.
- We organized the Self-Development Week "Sembrá tu talento".
- We perform the Talent Review for N-1 and N-2 levels.
- We launched a new communication strategy.
- We made the 1st Global Climate and Commitment Survey VOCES/VOICES.
- We expanded the Annual Variable Compensation Program.
- We designed and implemented the program SoMos 1.0 (Company induction process) and SoMos 2.0 (Program for the development of San Miguel organizational skills, values and culture).

“ The creation of jobs, as well as salaries and other compensations paid for the work done, are among the most important social and economic contributions of an organization. Enriching and productive work is an essential element in human development; living standards improve thanks to full and secure employment. Absence thereof is a primary cause of social problems. Labor practices have a greater impact on respect for the principle of legality and on the sense of justice present in society: socially responsible labor practices are essential for social justice, stability and peace.

Excerpt from ISO 26000: 2010 International Standard.

### 4.1. ▶ OUR EMPLOYEES IN NUMBERS

EMPLOYEES BY REGION AND TYPE OF CONTRACT - AS OF JULY, 2016			
Region	Permanent	Temporary	Total
Argentina	530	683	1213
Uruguay	146	1299	1445
South Africa	215	1033	1248
Corporate	93	1	94

EMPLOYEES BY REGION AND TYPE OF CONTRACT - AS OF DECEMBER, 2016			
Region	Permanent	Temporary	Total
Argentina	507	618	1125
Uruguay	131	412	543
South Africa	225	247	472
Corporate	87	4	91





## EMPLOYEES BY REGION AND GENDER - AS OF DECEMBER, 2016

ARGENTINA

	Males	Females	Total
Total number of employees	987	138	1125
Total number of external staff	157	1	158
BY CATEGORY			
Director	1	0	1
Manager	10	1	11
Chief	27	9	36
Employee	161	53	214
Operative Worker	787	76	863
BY AGE			
18 - 19 years old	0	0	0
20 - 29 years old	85	15	100
30 - 44 years old	447	62	509
Over 45 years old	454	62	516
BY TYPE OF JOB			
Full- time	985	139	1124
Part- time	1	0	1
BY TYPE OF CONTRACT			
Indefinite or permanent contract	444	63	507
Definite or temporary contract	541	75	616
Internship	1	1	2
BY TYPE OF EMPLOYEE			
In-house	987	138	1125
Outsourced	157	1	158

URUGUAY

	Males	Females	Total
Total number of employees	415	128	543
Total number of external staff	0	0	0
BY CATEGORY			
Director	0	0	0
Manager	6	0	6
Chief	8	2	10
Employee	37	23	60
Operator	364	103	467
BY AGE			
18 - 19 years old	26	7	33
20 - 29 years old	143	33	176
30 - 44 years old	155	61	216
Over 45 years old	91	27	118
BY TYPE OF JOB			
Full- time	415	128	543
Part- time	0	0	0
BY TYPE OF CONTRACT			
Indefinite or permanent contract	88	42	130
Definite or temporary contract	327	86	413
Internship	0	0	0
BY TYPE OF EMPLOYEE			
In-house	415	128	543
Outsourced	0	0	0

	Males	Females	Total
Total number of employees	140	85	225
Total number of external staff	204	43	247
BY CATEGORY			
Director	0	0	0
Manager	21	3	24
Chief	19	11	30
Employee	236	110	346
Operator	72	0	72
BY AGE			
18 - 19 years old	1	0	1
20 - 29 years old	115	24	139
30 - 44 years old	156	70	226
Over 45 years old	72	34	106
BY TYPE OF JOB			
Full- time	334	128	472
Part- time	0	0	0
BY TYPE OF CONTRACT			
Indefinite or permanent contract	140	85	225
Definite or temporary contract	204	43	247
Internship	0	0	0
BY TYPE OF EMPLOYEE			
In-house	140	85	225
Outsourced	204	43	247

	Males	Females	Total
Total number of employees	60	31	91
Total number of external staff	0	0	0
BY CATEGORY			
Director	8	0	8
Manager	14	5	19
Chief	8	7	15
Employee	30	19	49
Operator	0	0	0
BY AGE			
18 - 19 years old	0	0	0
20 - 29 years old	8	5	13
30 - 44 years old	42	18	60
Over 45 years old	10	8	18
BY TYPE OF JOB			
Full- time	60	31	91
Part- time	0	0	0
BY TYPE OF CONTRACT			
Indefinite or permanent contract	58	29	87
Definite or temporary contract	2	2	4
Internship	0	0	0
BY TYPE OF EMPLOYEE			
In-house	60	31	91
Outsourced	0	0	0

## EMPLOYEES BY CATEGORY AND AGE GROUP - 2016

	18 - 19 years old	20 - 29 years old	30 - 44 years old	Over 45 years old
<b>ARGENTINA</b>				
Director	0	0	0	1
Manager	0	0	5	6
Chief	0	2	22	12
Employee	0	29	108	77
Technician	0	69	374	420
<b>Total</b>	<b>0</b>	<b>100</b>	<b>509</b>	<b>516</b>

	18 - 19 years old	20 - 29 years old	30 - 44 years old	Over 45 years old
<b>URUGUAY</b>				
Director	0	0	0	0
Manager	0	0	2	4
Chief	0	0	6	4
Employee	33	176	208	110
Technician	0	0	0	0
<b>Total</b>	<b>33</b>	<b>176</b>	<b>216</b>	<b>118</b>

	18 - 19 years old	20 - 29 years old	30 - 44 years old	Over 45 years old
<b>SOUTH AFRICA</b>				
Director	0	0	0	0
Manager	0	6	11	7
Chief	0	1	17	11
Employee	1	23	58	31
Technician	0	3	28	28
<b>Total</b>	<b>1</b>	<b>33</b>	<b>114</b>	<b>77</b>

	18 - 19 years old	20 - 29 years old	30 - 44 years old	Over 45 years old
<b>CORPORATE</b>				
Director	0	0	4	4
Manager	0	0	16	3
Chief	0	0	9	6
Employee	0	13	31	5
Technician	0	0	0	0
<b>Total</b>	<b>0</b>	<b>13</b>	<b>60</b>	<b>18</b>

## TURNOVER

ARGENTINA

2015		
	Number of employees	Turnover rate (1)
Total turnover	1027	15.77%
BY GENDER		
Females	38 (recruitments) 17 (terminations)	2.04%
Males	201 (recruitments) 145 (terminations)	5.45%
BY AGE		
18 - 19 years old	2 (recruitments) 2 (terminations)	0%
20 - 29 years old	101 (recruitments) 55 (terminations)	4.48%
30 - 44 years old	114 (recruitments) 73 (terminations)	4.00%
Staff over 45 years of age (%)	22 (recruitments) 32 (terminations)	-0.97%
2016		
	Number of employees	Turnover rate (1)
Total turnover	1125	11.64%
BY GENDER		
Females	21 (recruitments) 14 (terminations)	10.15%
Males	108 (recruitments) 122 (terminations)	11.85%
BY AGE		
18 - 19 years old	0 (recruitments) 0 (terminations)	0%
20 - 29 years old	66 (recruitments) 17 (terminations)	17%
30 - 44 years old	61 (recruitments) 65 (terminations)	12.7%
Staff over 45 years of age (%)	2 (recruitments) 49 (terminations)	9.5%

URUGUAY

2015		
	Number of employees	Turnover rate (1)
Total turnover	1.574	19.5%
BY GENDER		
Females	523	17.04%
Males	1.051	20.64%
BY AGE		
18 - 19 years old	199	100%
20 - 29 years old	613	50.52%
30 - 44 years old	505	13.6%
Staff over 45 years of age (%)	257	7%
2016		
	Number of employees	Turnover rate (1)
Total turnover	1587	24.07%
BY GENDER		
Females	455	16.86%
Males	1132	27.57%
BY AGE		
18 - 19 years old	39	100%
20 - 29 years old	524	60%
30 - 44 years old	399	21.29%
Staff over 45 years of age (%)	170	8.22%



<b>2015</b>		
	Number of employees	Turnover rate (1)
Total turnover	1,120	74%
<b>BY GENDER</b>		
Females	267	75%
Males	853	70%
<b>BY AGE</b>		
18 - 19 years old	8	88%
20 - 29 years old	464	85%
30 - 44 years old	513	70%
Staff over 45 years of age (%)	135	53%

<b>2016</b>		
	Number of employees	Turnover rate (1)
Total turnover	1243	82%
<b>BY GENDER</b>		
Females	328	26%
Males	915	74%
<b>BY AGE</b>		
18 - 19 years old	3	0.2%
20 - 29 years old	636	51%
30 - 44 years old	482	39%
Staff over 45 years of age (%)	122	98%

<b>2015</b>		
	Number of employees	Turnover rate (1)
Total turnover		
<b>BY GENDER</b>		
Females	38 (recruitments) 17 (terminations)	2.04%
Males	201 (recruitments) 145 (terminations)	5.45%
<b>BY AGE</b>		
18 - 19 years old	2 (recruitments) 2 (terminations)	
20 - 29 years old	101 (recruitments) 55 (terminations)	
30 - 44 years old	114 (recruitments) 73 (terminations)	
Staff over 45 years of age (%)	22 (recruitments) 32 (terminations)	

<b>2016</b>		
	Number of employees	Turnover rate (1)
Total turnover	91	9.89%
<b>BY GENDER</b>		
Females	6 (recruitments) 4 (terminations)	12.9%
Males	12 (recruitments) 5 (terminations)	8.2%
<b>BY AGE</b>		
18 - 19 years old	0 (recruitments) 0 (terminations)	0%
20 - 29 years old	5 (recruitments) 3 (terminations)	23.07%
30 - 44 years old	11 (recruitments) 2 (terminations)	3.33%
Staff over 45 years of age (%)	2 (recruitments) 4 (terminations)	22.2%

(1) Calculated as the division between the number of employees who left the company and the total number of employees at every year-end.

**DURING THE HARVEST SEASON, THE CITRUS ACTIVITY DEMANDS INTENSIVE LABOR. AT THOSE TIMES, WE HIRE ABOUT 7,500 WORKERS PER YEAR IN ARGENTINA, URUGUAY AND SOUTH AFRICA IN ALL.**



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## 4.2. ► WORKING AND SOCIAL SECURITY CONDITIONS

In Argentina, 80.89% of our employees are subject to a collective bargaining agreement. This percentage, which is increased every year, evidences our respect and appreciation for union freedom and working rights. In South Africa, the percentage is 7% and in Uruguay, 97%.

In this sense, we facilitate a space and open the working hours to hold legal representatives elections and meetings with union representatives (on a weekly basis during the high season and monthly in the low season). With all of them, we maintain open and respectful discussions.

Furthermore, the Early Retirement Benefit (BRP, for its Spanish acronym) is a tool that provides employees who are closer to retiring with the possibility of terminating their contracts in a consensual and assisted manner. The main benefits relate to the possibility of improving the conditions of the last phase of their professional careers, and reducing work-related professional risks.

## 4.3. ► PERSONNEL RECRUITMENT

We recruit and choose talented people with technical experience, following the best professional practices and within the framework of the labor law. Our processes are transparent and effective. Whenever a position needs to be filled, we first resort to our own employees; thus, we foster the development of our own human capital.

In the case of head, manager and director positions, we do it through the Opportunities Committee. A group of employees having a level higher than the vacant position may nominate internal candidates, bearing in mind the multiple processes and requirements for the position. After this instance, it is defined whether the position is filled with an in-house candidate or if it is necessary to resort to an external search.

For the assistant, analyst, coordinator and supervisor levels, the search starts with in-house personnel. The selection area validates the profile of the position and recruits through internal means, receives the candidates and carries out a selection process consisting of interviews and exams. If no candidates are selected from the internal search, the Referred Candidate Program is launched. Any employee may refer a candidate as long as the search conditions are fulfilled. If, at the end of the process, a referred candidate is hired, the referrer receives an institutional gift. Following this step, if no referred candidate is selected, we make an external search based on the recruitment strategy.

### RECRUITMENTS

2015				
	Argentina	Uruguay	South Africa	Total
Total Recruitments	239	2,991	886	4,116
BY GENDER				
Males	201	2,156	684	3,041
Females	38	835	202	1,075
BY AGE				
18 - 19 years old	2	261	7	270
20 - 29 years old	101	1,318	402	1,821
30 - 44 years old	114	974	390	1,478
Over 45 years old	22	438	87	547
2016				
	Argentina	Uruguay	South Africa	Total
Total Recruitments	129	3165	1185	4479
BY GENDER				
Males	108	2,411	869	3388
Females	21	754	316	1091
BY AGE				
18 - 19 years old	0	150	2	152
20 - 29 years old	66	1473	629	2168
30 - 44 years old	61	1,090	453	1604
Over 45 years old	2	452	101	555

## 4.4. ► OUR EMPLOYEES' PROFILES

Even though every area and position requires a customized profile, every person who works at San Miguel identifies itself with the company values and develops different competencies:

### GENERAL COMPETENCIES



#### WE MANAGE CHANGE FLEXIBLY

We promote changes in the company and adapt to and work efficiently in different situations or with different groups.



#### WE ARE PROACTIVE AND INNOVATING

We apply initiative and anticipation, proposing creative, disruptive and/or continuous improvement solutions to solve problems.



#### WE COMMIT TO SUSTAINABILITY

We are responsible for work safety, environmental care and for seeking a balance between work and private life.



#### WE LEARN PERMANENTLY

We learn and develop new skills in order to improve the tasks we carry out on a permanent basis.



#### WE FOCUS ON THE CUSTOMER

We develop an optimal value chain to provide products and services that meet our internal and external customers' current and potential needs, generating long term bonds with them.



#### WE ACHIEVE BETTER RESULTS

We expect to reach high quality and productivity standards, setting challenging goals to deliver results in an efficient and sustainable manner.



#### WE WORK IN TEAMS

We collaborate and cooperate with others within their own areas and between different areas, showing interest in being part of a single team to reach, with dedication and perseverance, our common goals.



#### WE ACCOUNT FOR

We undertake the responsibility for the decisions taken, the consequences of our actions and for compliance with the company standards, valuing and taking care of -in the best way possible- the resources, assets and costs.

### MANAGERIAL COMPETENCIES



#### WE LEAD AND DEVELOP OUR PEOPLE

We counsel and motivate people to achieve the goals set, we do their follow-up and provide continuous feedback on their performance, considering the employees' development as a duty that leaders can not delegate.



#### WE THINK STRATEGICALLY

We set and implement the company strategies in a forward-looking and systematic way, being aware of and understanding how the environment and its economic variables impact on the business results.



## IN 2016, WE CARRIED OUT THE 2ND SAN MIGUEL EMPLOYER BRAND CALENDAR

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- We took part in the Exacta Para Todos Fair, held by the Engineering School, Universidad Nacional de Tucumán, with talks and mock work interviews. During these activities, we provided improvement feedback and advice to draft CVs.
- We were also present with a stand in the 1st NOA Labor Market Exhibition "Encuentro sobre Tendencias y Competencias" (Meeting on Trends and Competitions), held in Tucumán. We were part of the planning committee and delivered talks during the event.
- We designed and carried out "Mi Primer Empleo" (My First Job) Municipal Program, which enabled us to position our company as a sustainable employment committed company in our community, and facilitated future labor insertion for our operation positions at San Miguel.



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### 4.5. ► COMPENSATION

Our Compensations Policy seeks to remunerate our employees in an appropriate and equal way, ensuring internal consistency and external competitiveness. Based on the basic salary ratio between males and females, the ratio is as follows:

Location compensation differences are related to the cost of living in the provinces of Buenos Aires and Tucumán. To balance such amounts, we consider different compensation structures for the valuation of the positions in both places.

## M/F AVERAGE SALARY RATIO

ARGENTINA	Hierarchy Level		MBS/FBS	
	Manager			1.18
	Head			1.06
	Employees			1.03
	Bs. As.		TUCUMÁN	
	Hierarchy Level		MBS/FBS	
	Manager	1.30	Manager	1.18
	Head	1.09	Head	1.06
	Employees	1.08	Employees	1.03
URUGUAY	Hierarchy Level		MBS/FBS	
	Manager			*
	Head			1.12
	Employees			1.57
	<i>* In December, 2016, there were no female Managers in Uruguay.</i>			
SOUTH AFRICA	Hierarchy Level		MBS/FBS	
	Manager			1.02
	Head			1.05
	Employees			1.22

TOTAL ANNUAL COMPENSATION BETWEEN BEST PAID EMPLOYEE AND TOTAL ANNUAL MEAN COMPENSATION FOR ALL THE EMPLOYEES	
Argentina (including CEO and directors)	10.6
Uruguay	6.0

The information corresponds to personnel not subjected to collective bargaining agreement.

RATIO BETWEEN THE PERCENTAGE INCREASE OF THE TOTAL COMPENSATION FOR THE BEST PAID EMPLOYEE AND THE AVERAGE PERCENTAGE INCREASE OF THE TOTAL ANNUAL COMPENSATION FOR ALL THE EMPLOYEES	
All the countries where the company operates	1.0

## 4.6. ► BENEFITS FOR OUR EMPLOYEES

Type of benefit	Benefit	Argentina				
		Lavalle	Famaillá	Bs. As.	Uruguay	South Africa
SAFETY	Medical insurance	•	•	•	•	•
	Sickness assistance	•	•	•		
	Nutritional guidance			•		
	Medical checks	•	•	•		
	Executives' medical checks	•	•	•		
	Active break at offices	•	•			
EDUCATION	Employee scholarships	•	•	•		
	Employee's children scholarships	•	•	•		
	School tart gift	•	•	•	•	•
FINANCIAL	Exclusive benefits from banks with which we operate (Payment of payrolls)	•	•	•	•	•
	Salary advanced payment	•	•	•	•	•
TRANSPORT	Reimbursements for use of own car	•	•	•	•	
	Transfer assistance		•			
	Fuel allowance	•	•	•	•	
	Charter			•		
SPECIAL LICENSES	Paternity/adoption	•	•	•	•	•
	Part-time maternity/adoption	•	•	•	•	•
	Unpaid leave	•	•	•	•	•
	Compensation for business travel	•	•	•	•	•
	Summer Fridays	•	•	•	•	•
	House moving	•	•	•	•	•
ENTERTAINMENT	Birthday half day off	•	•	•	•	•
	Gym membership fee allowance			•		
GIFTS	Children's birth	•	•	•	•	•
	Marriage/graduation	•	•	•		
	Joining the company	•	•	•	•	•
	Year-end gifts	•	•	•	•	•
FOOD	Refreshments/fruits	•	•	•	•	•
OTHER	Discount Program	•	•			

ARGENTINA

### RETURN-TO-WORK AND RETENTION RATES AFTER MATERNITY OR PATERNITY LEAVES

	Females 2015	Males 2015	Females 2016	Males 2016
Number of entitled to maternity/paternity leave	7	22	11	35
Number of employees who took maternity/paternity leave	7	22	11	35
Number of employees who returned to work after the end of maternity/paternity leave	7	22	11	35
Return-to-work and retention rates of the employees who made use of their maternity or paternity leaves	100%	100%	100%	100%

The information corresponds to employees who are not subject to bargaining agreement.

## 4.7. ▶ ACTIONS WITH EMPLOYEES AND THEIR FAMILIES

- Program entitling to recognition to track record in the company.
- Soccer championship.
- Kids visit us.
- Mother's Day, Father's Day, Secretary's Day celebrations.
- Birthday celebrations at the office every month
- End-of-year party.
- Trivia games.
- Winning a Life Program, in South Africa.
- Soccer clinics in South Africa.

### ▶ July 9th celebration

At Buenos Aires offices we celebrate the Independence Bicentennial with breakfast -*churros and pastelitos*- served by *damas antiguas*\* and gentlemen, and with some nice patriotic lunch. In Tucumán, the location and cradle of this historic milestone, we have a patriotic tea with all the employees from Lavalle office.

*\* Churros and pastelitos are typical Argentine pastries; served by the so-called damas antiguas, women dressed in typical 19th Century Argentine outfits. Together, these two customs are very representative of Argentine tradition.*

## 4.8. ▶ TRAINING AND DEVELOPMENT

Our Training Program has been designed for employees to be able to refresh and develop their competencies according to the company's overall objectives. In 2016, we modified our training strategy and organized it based on three axes:



### LEADERSHIP

We focus on providing our employees with the qualities that make us a leading company. We provide them with tools to be able to lead their professional development and that of their teams.



### CULTURE

Our DNA is deployed in the activities that each of our employees carries out on a daily basis. Thus, we transmit our history, our identity and our values to all the members of our organization.



### TECHNICAL/MANAGEMENT

We offer our employees customized training and programs, oriented to acquiring new technical and managerial knowledge to perform in their work areas.

**IN 2016, WE INVESTED US\$\$ 202,407 TO TRAIN OUR EMPLOYEES IN ALL OUR LOCATIONS.**

**\$202.407,36**

2016 TRAINING INVESTMENT\*

**0,11%**

PERCENTAGE INVESTED

*\* Includes all the operations*



EDUCATION HOURS PER EMPLOYEE - 2016					
	Corporate	Argentina	Uruguay	South Africa	Global Average
Total No. of training hours per employee	17.96	8.20	7.02	2.76	8.99
BY GENDER					
Males	6.70	5.42	10.03	0.38	5.63
Females	5.82	4.24	23.42	2.31	8.95
BY CATEGORY					
Country Manager	-	36.00	-	2.00	19.00
Director	27.75	74.00	-	-	47.38
Manager	20.09	103.91	44.06	15.78	46.10
Head	19.40	70.41	47.02	-	45.67
Supervisor/Coordinator/Responsible person	5.52	22.12	28.16	4.16	14.99
Foreman	-	13.92	4.21	-	9.06
Team leader	-	8.28	35.8	-	22.04
Analyst/Clerk/Assistant/Attendant.	27.46	29.39	14.08	36.55	26.87
Operator	-	5.06	3.51	45.33	18.57

\* Blank cells do not correspond to the location due to its structure.

## 4.9. ► PERFORMANCE ASSESSMENT

Non- collective bargaining agreement employees in every branch are subject to regular performance assessments. In Argentina, 5% of the employees subject to collective bargaining agreements were

assessed. This includes the Goal Setting, Mid-year Review, Self-Assessment, Assessment, Calibration and Feedback phases.

## 4.10. ► HEALTH AND SAFETY

We work with Labor Health and Safety committees, where heads, foremen, supervisors and managers take part. In this way, we cover all the areas to agree on the improvements required and define responsibilities. All the workers at San Miguel are represented by these committees.



#### IN ARGENTINA

We hold monthly Safety Committees meetings where we address topics proposed by the Safety and Health team and by employees and union representatives. A followed-up of every topic was made.

Besides, during the inter-harvest, different progress was made in every sector, for example:

- Access restriction to the forklift circulation area.
- An increase in the number of sign-posts in the fruit loading and unloading yard.
- Speed reduction in all forklifts.
- Installation of life lines for truck covering.
- Fire network water leak repairs.
- Construction of transfer cart for different operations.
- Installation of mobile part protections.
- Installation of spark and workshop particle spattering protective screen.
- Demarcations and signaling extension in some sectors.
- Installation of protection screens to prevent sunrays on formulators.
- Lighting installation in certain sectors.
- Water dispenser installation.
- Construction of fixed trays.
- Pre-formulator implementation.
- Construction of huts, terraces on sloped plots.
- Rubber material installation in (acetylene, oxygen) compartments.
- Acid warehouse reconditioning.

#### IN URUGUAY

- We bought the IBV software.
- We made an ergonomic study of the Packing workstations. We identified the ergonomic hazards and risks of every activity.

#### IN SOUTH AFRICA

- We carried out the Safe Way No Way campaign in order to reinforce the work safety culture.

**WE REFRESHED THE EVACUATION PLANS AND CHANGED THEIR LOCATION FOR THEM TO BE MORE VISIBLE.**  
**WE SCHEDULED QUARTERLY MEETINGS FOR THE EMERGENCY BRIGADE AT BUENOS AIRES OFFICES.**

## WORK SAFETY TRAINING

The Safety team carries out an annual training plan that includes general and field-specific topics, packing and processed food topics.

#### IN ARGENTINA

We implemented a general training plan that included every areas of the company. This was done as scheduled and included activities where different topics were addressed:

- First aid
- Fire control
- Emergency Brigade
- Forklift and forklift tractor safe driving
- Agrochemical handling
- Safe driving
- Road safety
- General risks
- Work accident and professional disease prevention during the citrus harvest
- Agricultural machinery handling
- Best agricultural practices
- Ideas and suggestions box

#### IN URUGUAY

- **Task training program:** The Safety area or the supervisor of every work center delivered talks for the new employees on work safety, tasks and risks.
- **Annual training program specific to the different job positions:** The supervisors from every area showed the new workers their work stations. The HR area, together with the Safety area, set work safety training programs.
- **5-minute weekly talk program:** The supervisors trained their teams in safety and health in order to prevent and avoid work accidents.
- **New field training technology:** We installed LED TVs to provide video training and in this way we trained 100% of the harvest staff.

## SAN MIGUEL STAFF GENERAL TRAINING

ARGENTINA

Hs./Staff - Scheduled Talks	3033	Total employees trained	1122
Hs./Staff - Tasks Training	3877	Training Total Hours	10732
Hs./Staff General Training	10732	Total No. of training sessions delivered	200
Staff Shceduled Training	551	Average training hours	10
Hs./Staff. per Task	418	% of Employees trained	83
Hs./Staff./General Training	1101	Maximum No. of staff	1357

URUGUAY

Type	Number of employees trained	Number of training sessions held	Main topics addressed
GENERAL AND SPECIFIC TRAINING	2772	225	Machinery safety Harvest safety Safe handling of agrochemicals Pruning safety Forklift safe driving - first aid Work health Packing safety Ergonomics
5-MINUTE TALKS	2423	213	New worker training Electrical hazards Entanglement hazard Accident prevention Protective clothes Eye, ear, foot, hand and head protection Manual, electric and cutting tools First aid Material sacking
<b>Total</b>	<b>5195</b>	<b>438</b>	

SOUTH AFRICA

Training (certificate)	Riverbend	Ponders End	Imithi	Mfuleni	PE Office
First aid	3	2	2	0	2
Fire fighting	2	0	2	2	2
H&S reps	7	4	7	7	4
Forklift operating	5	0	0	2	0
Motorbike	6	0	2	2	0
Tractor operating	20	0	5	5	0
Chainsaw/weed eater	3	2	0	0	0
<b>IN-HOUSE (ATTENDANCE)</b>					
Safe work procedures	7	2	3	3	0
Ergonomics/lifting					All
Emergency plan					All
Evacuation drills					All
Fire drills					All
Chemical handling	40	3	14	20	0
Inductions					New
H&S policies					All
Incident/accident reporting					All

## NOISE MANAGEMENT IN OPERATIONS

We performed noise level measurements at the different facilities of the company with trained staff. Besides, to improve the well-being of job positions, we trained the staff in noise issues and rotated personnel.

In the sectors where the noise was over the level required by law, we studied the sources of the noise to eliminate or isolate them. As a last (compulsory) measure, we provided ear protection to all the workers exposed. We also provided in-ear protection to those who workers so requesting.

## RISK WARNING CAMPAIGN

We detected unsafe actions and conditions in the operations and eliminated them from the work environment. This initiative also enabled us to maintain a record of the situations where a worker put his integrity at risk due to his own attitude or due to environmental agents.

## RISK WARNINGS BY SECTOR

ARGENTINA	FIELD OPERATION			INDUSTRY			LAVALLE		
	A/I	C/I	Total	A/I	C/I	Total	A/I	C/I	Total
	612	140	752	202	154	356	170	150	320

URUGUAY	Sector	Unsafe Actions	Unsafe Conditions
		Agricultural	37 / 10%
	Harvesting	29 / 51%	28 / 49%
	Packing	49 / 79%	13 / 21%
	Total	115 / 47%	379 / 53%
	<b>General Total</b>		<b>494 / 100%</b>

## WORKER AND FAMILY'S HEALTH

During 2016, we implemented the following programs:



LIFE QUALITY: THE HEART MONTH "30-DAY PLAN TOWARDS A HEALTHIER LIFE"

We implemented a program to improve our employees' and their families' life quality, focused on non-communicable chronic diseases (NCDs) prevention. The campaign lasted 30 days and included awareness raising activities (delivering magnets and educational leaflets) and cardiovascular, endocrinology and supplementary (ECG and lab) tests performed on 195 employees. Additionally, we prepared a specific plan for

employees over 55 years of age, with 80% coverage (n= 123).

Furthermore, we worked in the following lines of action:

### ▾ Smoking cessation

We implemented a voluntary smoking cessation program that consisted in raising awareness, private consultations with specialists and group therapy. Three employees were able to quit the habit and 19 started the cessation process.

### ▾ Epidemiological surveillance

A program focused on prevention and early diagnosis of professional diseases. We assessed all the employees exposed to some kind of occupational risk. The initiative included:



- 518 preseason clinical examinations.
- 218 risk-oriented examinations (clinical, osteoarticular, dermatological).
- 145 Laboratory tests.

➤ **Immunizations**

We administered 272 total doses of Hepatitis B and tetanus vaccines.

➤ **Addiction prevention**

We signed a cooperation agreement with the Secretariat for Addiction Prevention and Assistance (Secretaría de Prevención y Asistencia de las Adicciones) of the Ministry of Social Development, Tucumán Province, in order to carry out an Addiction Prevention program. Within the framework of this agreement, we held 29 awareness raising workshops for 127 employees, and trained strategic employees from every sector in the company. For the agricultural sectors, we organized 6 “training trainers” workshops for 43 employees.

➤ **Gender equity**

We celebrated the Violence-Free Day with different in-house awareness raising actions.

➤ **Maternity Protection Program**

It included all the pregnant women that worked at San Miguel.

➤ **A voluntary blood donation-friendly company**

In cooperation with the Health System of Tucumán Province, we implemented an awareness raising campaign to promote blood and organ donation, and worked on the prevention of addictions.

INFORMATION RELATED TO OUR HEALTH PROGRAMS FOR EMPLOYEES AND THEIR FAMILIES WAS PUBLISHED IN OUR INTERNAL MAGAZINE SOMOS. WE ALSO CELEBRATED SPECIAL DATES OF THE HEALTH CALENDAR, SUCH AS, THE CERVICAL CANCER PREVENTION WORLD DAY OR THE HEART WORLD DAY.



## HEALTH AND SAFETY INDICATORS

### ARGENTINA

2015		
Health and Safety Indicators	Males	Females
Absenteeism Rate (AR) (1)	0	0
Accident injuries rate (AIR) (2)	1.26	0.28
Number of fatalities	0	0
Rate of occupational diseases	0.43	0
Rate of absenteeism due to occupational diseases	0	0
Rate of days lost due to occupational diseases	0	0
Rate of days lost (males and females, including days lost due to occupational diseases and accident)		0.82

2016		
Health and Safety Indicators	Males	Females
Absenteeism Rate (AR) (1)	2.1	0.3
Accident injuries rate (AIR) (2)	4.1	0.2
Number of fatalities	0	0
Rate of occupational diseases	0	0
Rate of absenteeism due to occupational diseases	0	0
Rate of days lost due to occupational diseases	0	0
Rate of days lost (males and females, including days lost due to occupational diseases and accident)	0.9	0.1

FOR INDEPENDENT CONTRACTORS - 2015		
	Males	Females
Accident injuries rate (AIR) (2)	1.26	0.28

FOR INDEPENDENT CONTRACTORS - 2016		
	Males	Females
Accident injuries rate (AIR) (2)	1.45	0.30

### URUGUAY

2016		
Health and Safety Indicators	Males	Females
Absenteeism rate (AR) (1)	0	0
Accident injuries rate (AIR) (2)	0.44	0.17
Number of fatalities	0	0
Rate of occupational diseases	0	0
Rate of absenteeism due to occupational diseases	0	0
Rate of days lost due to occupational diseases	0	0
Rate of days lost (males and females, including days lost due to occupational diseases and accident)	0.49	0.88

### SOUTH AFRICA

2016		
Health and Safety Indicators	Males	Females
Absenteeism rate (AR) (1)	0.24	0.52
Accident injuries rate (AIR) (2)	1.8	0
Number of fatalities	0	0
Rate of occupational diseases	0	0
Rate of absenteeism due to occupational diseases	0	0
Rate of days lost due to occupational diseases	0	0
Rate of days lost (males and females, including days lost due to occupational diseases and accident)	0.16	0

1) Number of absences/number of days worked\*100. 2) Number of accidents/average number of workers\*100

## 4.11. ▶ IN-HOUSE COMMUNICATION

The objective of our In-house Communication Policy is to improve the interaction with our employees, enabling the interchange of communication among all levels. In 2016, we started to work on the GLO-CAL concept (dual belonging between local and global messages). For San Miguel, it is very important for messages to take local dimensions bringing them close to the public of each country and, at the same time, respect the company's general guidelines. GLO-CAL communication characteristics are:

### ▶ **Simplicity and closeness**

Closeness is one of San Miguel's fundamental cultural values, and internal actions must reflect this characteristic. Pieces must have a clear, straightforward and simple tone.

### ▶ **Balance**

Disseminating messages in a balanced way so as not to misinform or make employees lose interest.

### ▶ **Coherence and consistency**

In-house communication must be aligned with external messages in order to show coherence and consistency.

#### HOW WE COMMUNICATE WITH OUR EMPLOYEES:

- We organize San Miguel Global Meetings on a quarterly basis in each of the branches, led by the CEO and company leaders.
- We hold breakfasts for the new employees with the CEO and the Human Resources Director.
- We opened the Café de Líderes (Leaders Café), a space where corporate managers share business and areas relevant information.
- We launched *Así vivimos* (This is How We Live) monthly newsletter, where we tell the news of the month for every office.
- We communicate the news through an in-house newsletter for those employees who have no e-mail access.

In 2016, we launched VOCES (Voices), the first Global Climate Survey at San Miguel, with Mercer consulting firm support. Its implementation lasted two weeks and we obtained an 82% global participation.

#### DEGREE OF INVOLVEMENT

82% DEGREE OF INVOLVEMENT

1.793 TOTAL STAFF

81% MARKET SHARE

1.475 SM GLOBAL INTERVIEWEES

318 DID NOT PARTICIPATE

#### SAN MIGUEL'S MAIN RESULTS

66% CLIMATE

76% COMMITMENT

74% SATISFACTION

## 5. CONSUMERS AFFARS







**OUR COMMITMENT:**

To interpret our customers' needs and meet them with integrity

**MATERIAL ISSUES RELATED TO THIS COMMITMENT AND PRESENTED IN THIS CHAPTER:**

- Customer Service
- Food safety
- Fostering healthy life habits (fresh citrus fruit)

## 5.1. ► RESEARCH AND DEVELOPMENT

In 2016, we continued with **our research in the Phytopathology and Biotechnology area**, and extended it to the following work lines:



**PACKING**

We assess post-harvest products and technologies, and we focus on alternatives to reduce the level of fruit waste in order to align with the growing safety demands of the main fresh fruit and processed food markets. We adapt the recommendations to every need, maintaining the quality standards, and transfer to the other countries the Argentine experience concerning everything related to monitoring of the commercial packing line.



**FIELD**

We redesign product trials and agricultural practices in order to reduce the impact of diseases; we collaborate with the analysis of the results and manage the changes required by the commercial operation.



**MARKET INSTITUTIONS**

We ensure the continuity of exchange programs with other institutions in order to maintain a fluid and necessary core of scientific-technical discussion. In this way, we contribute to the resolution of problems related to the citrus agricultural industry and to the training of advanced students and young professionals. We work with the Microbiological Industrial Process Pilot Plant (Planta Piloto de Procesos Industriales Microbiológicos, PROIMI); the Biological Research Higher Institute (Instituto Superior de Investigaciones Biológicas, INSIBIO); the School of Biochemistry, Chemistry and Pharmacy of the National University of Tucumán

(Universidad Nacional de Tucumán); the National Council for Scientific and Technical Research (Consejo Nacional de Investigaciones Científicas y Técnicas, CONICET); and the Industry Research and Technical Assistance Center (Centro de Investigación y Asistencia Técnica a la Industria, CIAI).



**INTERNATIONAL ORGANIZATIONS**

We strengthen the exchange with foreign institutions so as to have more alternatives available to face phytosanitary problems emerging in other parts of the world, for example, Huanglongbing (HLB). We have signed a specific research and development agreement with CONICET, which aims to evaluate killer yeast strains for lemon post-harvest fungal disease control.

**WE ARE STRATEGIC PARTNERS. WE WORK TO UNDERSTAND OUR CUSTOMERS' PARTICULAR NEEDS AND, THEREFORE, OFFER THEM VALUE ADDED CUSTOMIZED SOLUTIONS. WE COMMERCIALIZE ADDED VALUE FRESH CITRUS FRUIT AND PROCESSED FRUIT AND VEGETABLE FOOD. WE OBTAIN THE RAW MATERIAL FROM OUR OWN PLANTS, WHICH ENABLES US TO OPTIMIZE THE PRODUCTION PROCESS.**

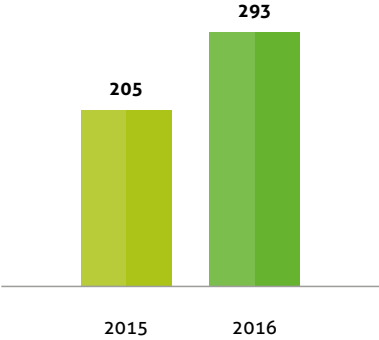
5.2. ▶ CUSTOMERS IN NUMBERS



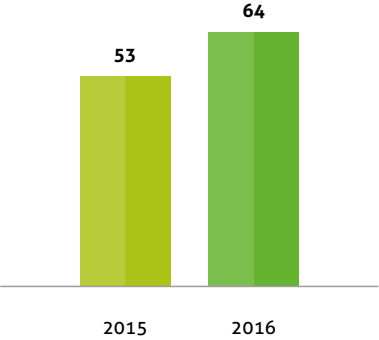
NUMBER OF CUSTOMERS AND COUNTRIES



NUMBER OF CUSTOMERS

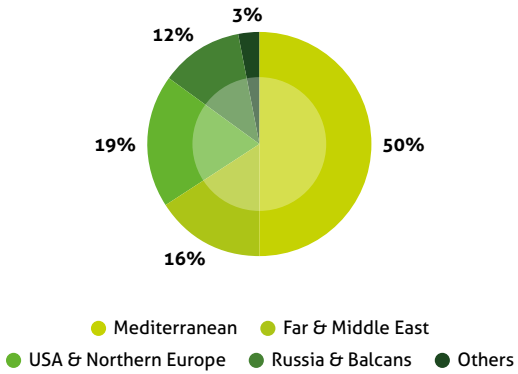


NUMBER OF COUNTRIES

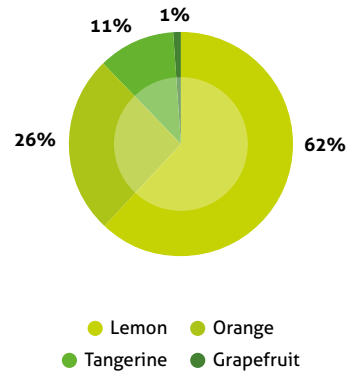


## FRESH FRUIT

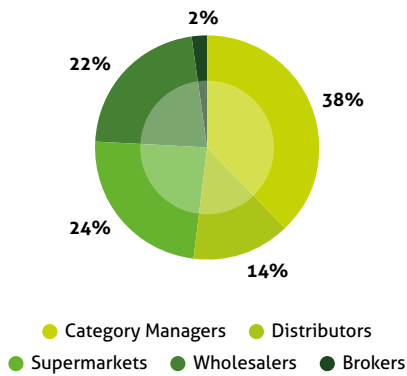
DISTRIBUTION BY MARKET (ACCORDING TO VOLUME)



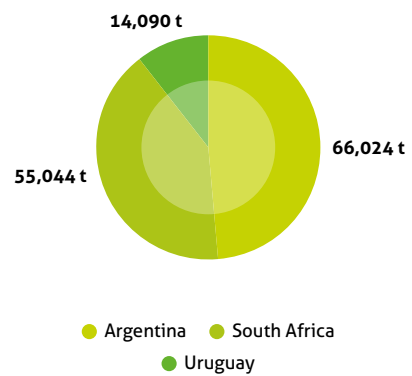
EXPORTS BY PRODUCT (ACCORDING TO VOLUME)



SALES BY CHANNEL

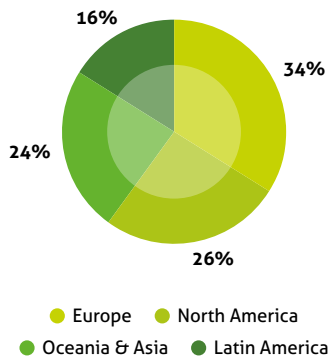


EXPORTS BY COUNTRY

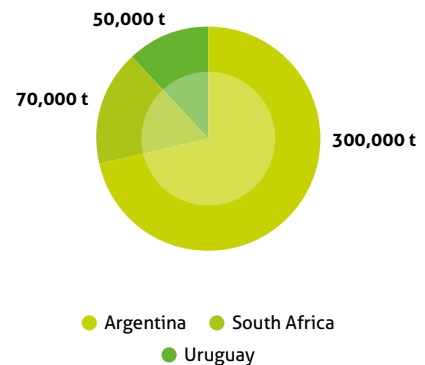


## PROCESSED FOOD

LEMON JUICE SALES BY MARKET



GRINDING CAPACITY BY COUNTRY



## 5.3. ▶ QUALITY MANAGEMENT SYSTEM

### TRACEABILITY SYSTEM

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We know exactly the point of origin of the fruit and the processes it is subject to. That is why we can guarantee food safety, the quality and safety of all our products. We also conduct checks based on fresh fruit control samples: we assess the behavior of the fruit packaged from each batch until it arrives at its destination.



We are committed to quality. This means that all our fields, processes and products are certified by international standards. Thus, we guarantee the safety of the products, environmental care and the quality of the production process. Quality Assurance, through its in-house experts team, is the area responsible for compliance with applicable regulations and standards.

#### CERTIFICATIONS GRANTED TO OUR FRESH FRUIT BUSINESS

- **Tesco Nurture:** It covers all the aspects of the agricultural practice in order to promote the best practices of the industry.
- **GLOBAL GAP:** Standards and procedures that reduce risks and ensure quality and safety of primary production food.
- **HACCP (Hazard Analysis and Critical Control Point):** A preventive process that guarantees food safety.
- **TESCO Packaging-TPPS Produce Packhouse Standards:** Requirements that Tesco suppliers must conform to regarding packaging matters.
- **SMETA:** An auditing procedure that uses the Ethical Trading Initiative (ETI) code, and the local legislation as a measurement tool.

#### CERTIFICATIONS IN FIELDS AND INDUSTRIAL PROCESSES

- **HACCP (Hazard Analysis and Critical Control Point):** A preventive process that guarantees food safety.
- **British Retail Consortium (BRC):** A standard that enables to meet the requirements set forth by the GFSI (Global Food Safety Initiative), represented by major European supermarket chains.
- **Sure Global Fair (SGF):** Certifies the authenticity of juice fruit from worldwide suppliers.
- **ISO 22000:2005 Food Safety System Certification and ISO: 22002-1 and FSSC 22000 additional requirements:** A Food management system International standard that covers the entire supply chain, from farmers, processing and packing of food to the point of sale.

#### RELIGIOUS CERTIFICATIONS

Our certifications package also includes religious certifications, such as Kosher and Halal.



## 5.4. ► CUSTOMER ORIENTATION AND SATISFACTION

We strive for providing the best service to our customers, ensuring appropriate procurement. To that, the Customer Service area works in an organized way focused on the businesses and regions, providing differential services, according to every requirement.

We focus our management based on the different indicators of the value chain, which enable us to identify improvement opportunities and generate action plans to achieve higher customer satisfaction. Some key indicators we use to assess customer satisfaction follow:

### ► Contract fulfillment

We determine how contracts are fulfilled (time and manner) and detect whether there are products,

periods or customer that present difficulties or require more attention.

### ► Global Perfect Order

We identify to what extent purchase orders are fulfilled in terms of time, quantity, quality and documentation.

### ► Distribution chain costs

We define the logistic chain costs to identify improvement opportunities.

### ► Complaint response time

We estimate this time from the moment the complaint is received to the time the customer considers the complaint closed.

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## 5.5. ► RELATIONSHIP WITH OUR CUSTOMERS

We hold regular meetings with all our strategic customers so as to be close to them and to better understand their needs. Business fairs are a critical space for relationships in the industry because they make it possible to meet customers from all over the world and be in touch with the main trends of the market.

In 2016, we participated in different international congresses and exhibitions:

- Fruit Logistics, Berlin
- Gulf Food
- Affi San Diego
- IFT Chicago
- JPA Meeting, Virginia
- US Apple, Chicago
- Asia Fruit Logistics
- World Food Moscow
- IFEAT Sri Lanka
- Juice Summit Oct Belgium
- Sial
- Fruit Attraction Madrid
- PMA Orlando

**WE DO OUR BEST TO MAINTAIN FLUID COMMUNICATIONS WITH OUR CUSTOMERS. TO THAT AIM, WE USE THE FOLLOWING MEANS OF COMMUNICATION:**



### INSTITUTIONAL WEBSITE

It provides easy and free access information that we update on a permanent basis. There, our customers and different public stakeholders may see our offer and news and information about the different areas and the management. Furthermore, it includes the operations contact details and a form for visitor to send us its queries and orders.



### EMAIL [INFO@SANMIGUELGLOBAL.COM](mailto:INFO@SANMIGUELGLOBAL.COM)

It works as the primary contact in the company. There we receive, for example, the requirements made in the website. The Institutional Relations area addresses such queries and refers them to the corresponding sector or referent.



#### SOCIAL NETWORKS

It is a direct and interactive communications channel with our different public stakeholders.



#### MONTHLY NEWSLETTER

It informs about news on topics such as investments, new businesses, product news, participation in fairs, structural changes and sustainability.

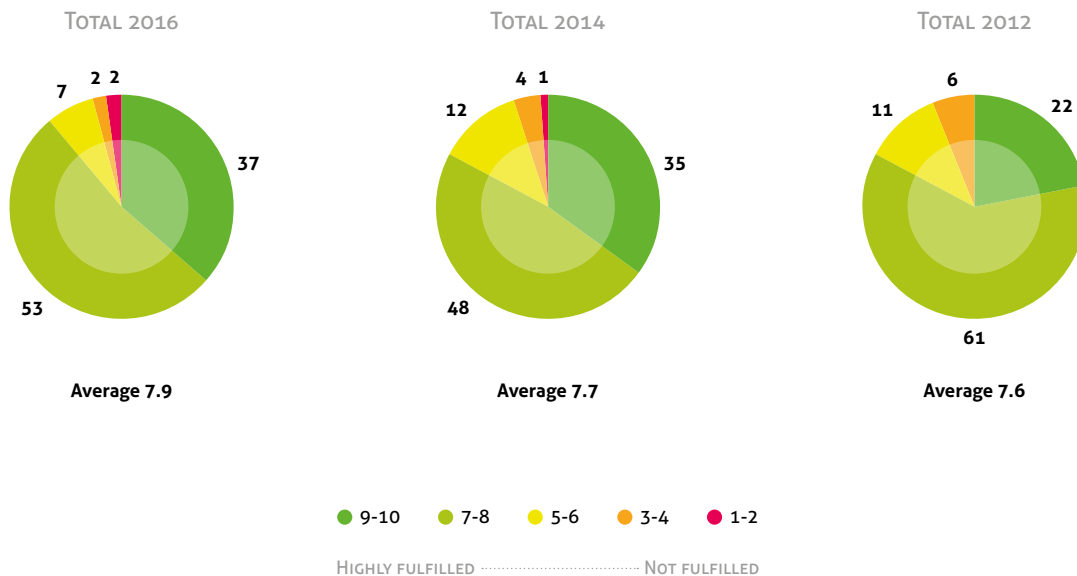
The queries we receive through said channels are very diverse. In general, they are related to products, business operations and job searches.

We carry out an annual survey to measure customer satisfaction regarding Fresh Fruit and Processed Food. By means of the NPS (Net Promoter Score) metrics, we can compare the results with those obtained from 2014 and 2012 measurements, and know our performance with respect to specific issues of the relationship with our customers: business service, administration, logistics, product, prices, research and development. Likewise, it enables us to assess our image, identify positive and improvement aspects, and provide operational information for the decision-taking progress.

**The general satisfaction has been maintained even with a growing trend over the last years.**

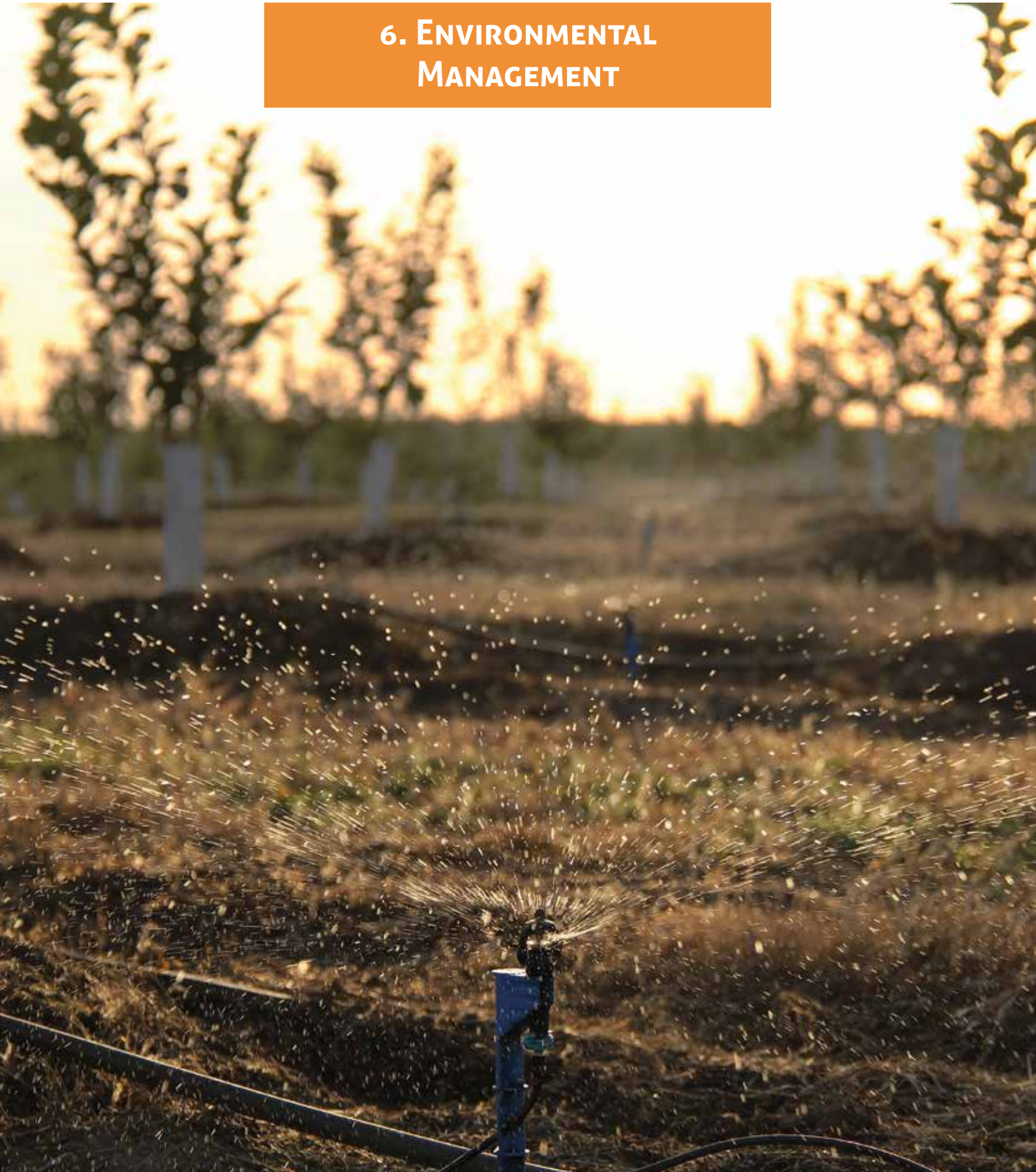
**IN 2016, THE NUMBER OF CUSTOMERS GREW 42.92% AGAINST 2015.**

### PROCESSED FOOD SURVEY (2016)





## 6. ENVIRONMENTAL MANAGEMENT







**OUR COMMITMENT:**

Using natural and energy resources responsibly and sparingly

**MATERIAL ISSUES RELATED TO THIS COMMITMENT AND PRESENTED IN THIS CHAPTER:**

- Efficient use of water
- Effluents management
- Waste management
- Soil sustainable management
- Biodiversity protection
- Energy efficiency
- Climate change and ecosystem preservation
- Sustainable agriculture

## 6.1. ► ENVIRONMENTAL COMMITMENT

Our business shall be carried out based on rigorous environmental care criteria specifically considering the following:

- Identifying, monitoring, assessing and correcting environmental risks resulting from our operation, in order to preserve environmental biodiversity, prevent pollution and minimize the potential impact of our emissions and discharges into the air, water or soil.
- Complying with all the current regulations and legislation.
- Making a rational and efficient use of our supplies, water and energy.
- Minimizing the generation and impact of waste, actively applying the zero waste culture and the concepts related to reduction, reuse, recycling, industrial symbiosis (100% product) and cleaner production and ensuring a hazardous waste responsible management.
- Maintaining transparent and open communications on environmental issues with the community, regulatory bodies, customers and all stakeholders.

**THE COMMITMENT TO SUSTAINABILITY IS A COMPETENCE TAKEN INTO ACCOUNT IN OUR EMPLOYEES' ANNUAL PERFORMANCE ASSESSMENT.**





## 6.2. ▶ ENVIRONMENTAL RISK MANAGEMENT SYSTEM

We have an Environmental Management System that enables us to develop environmental management practices and processes to prevent and minimize the environmental impact, within the framework of the current legislation. We use this Risk Management tool to manage environmental risks throughout the company. Therefore, we optimize processes, are prepared for any future contingency, capitalize risks and turn them into growth opportunities.

The risk map is a strategic planning tool by means of which we identify the opportunities and threats faced by our business. Thus, executives may monitor potential risks and work on the company's Risk Management policies. The result: higher predictability and a significant improvement in the ability to react in case of an incident.

## 6.3. ▶ ENVIRONMENTAL AWARENESS

In 2016, we held 24 training sessions from March to October for our employees, both in packing as well as in the production plant. Said training sessions were conducted at the workplace; in this way, we managed to reach more people to promote an environmental culture. During these events we addressed the following topics: biodiversity,

water and carbon footprint, and water and energy consumption optimization.

Likewise, we launched a theme photography contest for San Miguel employees and their immediate relatives. The themes proposed were the 3Rs (Reducing, Reusing and Recycling) energy and water.



TOPIC  
THE 3RS

WINNER  
AUGUSTO RODRÍGUEZ

REFERENCE  
BEATRIZ MARQUETTI



TOPIC  
ENERGY

WINNER  
FEDERICO BROQUEN

REFERENCE  
FLORENCIA MOREZCO



TOPIC  
FOOD

WINNER  
CECILIA SOSA

REFERENCE  
SANDRA GÓMEZ

## WE ASSESS THE ENVIRONMENTAL IMPACT OF OUR PRODUCTS

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We respect the Good Agricultural Practices (GAP) general guidelines; they define the basic elements and essential practices for fruit production. Additionally, we integrate them to other tools of the quality system. Implementation of GAP, of the Gap Global protocol, is based on the following principles:

- Keeping consumer trust with respect to the quality and safety of the food product.
- Minimizing the environmental impact and deterioration, which means preserving the flora and fauna.
- Reducing the use of agrochemicals with built-in production systems.
- Enhancing efficient and rational use of natural resources.
- Ensuring a responsible attitude towards the health, safety, well-being and education of those who work with us.



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## 6.4. ► ENVIRONMENTAL PREVENTION

Environmental management aims at minimizing the impact of our activities. We have an Environmental Monitoring System that covers all measurable environmental aspects of our operations and activities, records the information and considers internal and external audits. Therefore, we work in the following lines of action:

1. **Environmental monitoring programs:**
  - Online water flow measuring.
  - Water quality analysis.
  - Monitoring of receiving waterways.

- Analysis of organic solids and of the facilities where they are disposed of.
  - Noise level monitoring.
  - Gas emission quality.
2. **Water and carbon footprint measurement.**
  3. **Waste management:** Segregation of materials at source, follow-up and final disposal.

## 6.5. ▶ SUSTAINABLE USE OF RESOURCES



### WATER

#### IRRIGATION AND MONITORING

We seek to preserve water resources and ensure their rational use through the following actions:

- We use methods to predict the water need of crops which consider evapotranspiration and rainfall, and we monitor the soil, water and plant systems.
- We implement drip irrigation and pulse irrigation, whereby we minimize water loss and enhance the root system safety, by directing growth to more superficial layers of the soil. In this way, we improve the plants standard and productivity thereof.
- We choose a micro-sprinkling system with a plant 92% water leverage efficiency. In those zones

where irrigation is eventual, we have an under-tree sprinkling irrigation system.

- We analyze the irrigation water sources according to physical-chemical and microbiological parameters, and complying with international standards.
- We use authorized underground and surface registered sources, pursuant to legislation in force.
- We implement short and more frequent irrigation shifts instead of just one shift for a longer time, whereby we make a more efficient use of water and minimize losses.

#### WATER MANAGEMENT PLAN

The processed food plant is supplied with underground water supply. We buy flow-meters that transmit online the extraction from every well and report information to the applicable environmental authority. Therefore, we have a reliable water consumption control system which, furthermore, enables us to be expeditious and take corrective actions in case of eventual deviations. On the other hand, we analyze valid circuits to reuse water in different industrial processes without affecting the final quality of our products.

Juice extractors separated the essential oil, the lemon juice and the peel in only one phase. In 2015, the introduction of the e-BOE (Brown Oil Extraction) technology enabled extractors to work only to separate the juice and the peel. This innovation meant a substantial improvement in water consumption, which went from 666 liters per ton of lemon in 2014 to 200 liters per ton of lemon in 2015 and 2016.

During 2016, we launched the Inter-Harvest Ongoing Improvement Groups program to detect opportunities in certain processes and implement improvements during the following season. Every group –Water, Energy, Cleaning, Supplies and Indicators– has a reduction objective; together they will achieve a strong environmental impact in 2017.

WATER USE IN 2016		
Argentina	South Africa	Uruguay
2.781.137 m <sup>3</sup>	N/D	2.105.237,15 m <sup>3</sup>

## ⚡ ENERGY

Electric power and natural gas are the main sources of energy to elaborate processed food. We teamwork in order to reduce energy consumption through different initiatives. For example, we have a system that measures the consumption of natural gas and boiler-generated steam, and which enables us to optimize energy consumption in lemon peel dryers.

Progress has been made in terms of energy consumption, which is evidenced by the KWh or cubic meters of natural gas expressed per grinding ton. As the productive activity takes place largely during a specific part of the year (May-September), we are working to show the indicators in such a way that they are representative of all the months of the year.

### GAS CONSUMPTION EVOLUTION (PROCESSED FOOD)

Month	Gas [m <sup>3</sup> ] 2014	Gas [m <sup>3</sup> ] 2015	Gas [m <sup>3</sup> ] 2016
January	37	42	83
February	37,568	51	227
March	33,768	299	14
April	242,874	694	1,382
May	1,052,546	2,760,215	2,184
June	1,657,838	3,244,277	2,897
July	2,476,555	3,430,537	3,135
August	1,676,294	2,342,696	2,993
September	472,074	2,292,672	773
October	247,668	1,097,093	159
November	181,534	255	158
December	131,784	102	14
<b>Total</b>	<b>8,230,550</b>	<b>15,168,952</b>	<b>14,141,403</b>

### ELECTRIC POWER CONSUMPTION EVOLUTION (PROCESSED FOOD)

Month	EE [MWh] 2014	EE [MWh] 2015	EE [MWh] 2016
January	534	510	746
February	530	542	1,116
March	549	739	1,699
April	727	1,130	2,311
May	1,465	2,761	2,755
June	2,012	3,206	3,319
July	2,626	3,385	3,675
August	2,390	2,695	3,562
September	1,315	2,651	1,683
October	1,005	1,906	1,223
November	805	1,067	978
December	614	426	548
<b>Total</b>	<b>14,572</b>	<b>21,019</b>	<b>23,753</b>

### ENERGY SOURCES INVENTORY (PROCESSED FOOD)

Energy	2014	2015	2016
Gas Oil (CD)	1,171,994 L	6,205 L	49,960 L
Gasoline (CD)	69,827 L	0 L	0 L
LPG (CD)	23,028 Kg	0 L	0 L
Natural gas (CD)	8,230,550 m <sup>3</sup>	15,168.952 m <sup>3</sup>	14,141,403 m <sup>3</sup>
Electric power (CI)	14,572 MWh	21,019 MWh	23,753 MW



ELECTRIC POWER CONSUMPTION EVOLUTION (FRESH FRUIT) - 2016

Month	EE [MWh] Packing	EE [MWh] Field
January	3.9	258
February	7.3	223
March	40.6	101
April	74.9	36.7
May	127.4	29.2
June	123.3	36.5
July	83.5	37
August	107.1	36.9
September	86.3	51.2
October	80.3	119
November	49.2	167.8
December	42.6	189
<b>Total</b>	<b>826.4</b>	<b>1285.2</b>

## 6.6. ► CARBON AND WATER FOOTPRINT

As we did for the 2013 season, in 2016 we estimated the carbon and water footprint. The National University of Tucumán (Universidad Nacional de Tucumán) was responsible for the measurement, which covered all San Miguel's business units (farms, factory and packing).

Products' carbon footprint quantifies GHG (Greenhouse Gas) emissions generated during the whole life cycle of the fresh fruit, essential oil, juice concentrate, cloudy juice, clear juice and dehydrated peel, from the moment the raw material is obtained to product consumption. All GHG incoming and outgoing that exceed the system limits (from the extraction and production of raw materials and supplies [origin] to the factory gate, where the packed finished products are located) are recorded, and the resulting net emission is assigned to the products. The result is tons of equivalent CO<sub>2</sub> emitted per unit of product.

The systematic assessment of these values every year will allow us to have a tool to measure our environmental performance and find new improvement opportunities. Meanwhile, we know that we are responding to the growing demand for increasingly sustainable products throughout the value chain.

The carbon footprint is the partial indicator of environmental impacts that estimates the number of greenhouse gases that an individual, event,

organization or product emits directly or indirectly into the atmosphere. It considers 6 groups of gases included in the Kyoto Protocol: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydro-fluorocarbons (HFC), per-fluorocarbons (PFC) and sulfur hexafluoride (SF<sub>6</sub>). Each of these gases contributes to global warming to a different extent and has a Global Warming Potential (which expresses its potential compared to CO<sub>2</sub>).

The method used is that recommended by HC ISO 14067 standard, which conforms to the GHG Protocol, PAS 50 and other HC methods. The basis is a life cycle analysis (ISO 14040 and 14044).



1 KG OF LEMON EMITS  
**0.196 KG OF CO<sub>2</sub>E**



1 KG OF CONCENTRATED JUICE  
EMITS **6.65 KG OF CO<sub>2</sub>E**



CARBON FOOTPRINT BY PRODUCT

	2016
Lemon	4%
Clear juice	31%
Cloudy juice	18%
Essential oil	1%
Dehydrated peel	46%

\* The footprint by product measures the percentage that represents the production of every food in the total carbon footprint of the company's activity during the 2016 season.

CARBON RESERVES IN THE NATIVE FORESTS OF CASPINCHANGO FARM

The Protected Landscape program has an important role in the compensation of the carbon footprint. The Yungas absorb greenhouse gases and enable to mitigate the impacts derived from the production activity.

In order to analyze deeply this initiative's contribution, along with ProYungas Foundation and TERE's representation in Argentina, we conducted a study in order to determine the amount of carbon stored in our native forests and analyze its evolution.

Based on the information on the annual growth of the forest species, calculations were made to obtain the carbon stock and its variation over time. The carbon stock is about 199 t/ha. In aggregate terms, if we consider that, thanks to preservation initiatives, 8,456 hectares of native forests are protected, San Miguel ensures the custody of 1,682,744 tons of carbon and captures 10,655 tons every year.

Lastly, when studying the evolution of stocked carbon in the medium term, we obtained an approximate 205.1 t/ha stock in 5 years, and a total of 211.4 t/ha for the next decade.

WATER FOOTPRINT

A product's water footprint (WF) is the water volume used to produce such product measured for the whole supply chain. It is a multidimensional indicator that shows the water volumes consumed per source and the volumes affected per type of contaminant. All the components of the water footprint are specified in a geographic and spatial way. The water footprint does not show the seriousness of the local environmental impact of water consumption and pollution; this depends on the particular water system vulnerability.

The method used to determine the WF is that proposed by the Water Footprint Network (/waterfootprintnetwork.org). This approach considers that the WF comprises three components, the green WF, the blue WF and the gray WF, each of them calculated in a different way, and defines as system limits, from the field to the factory gate or the packing plant, where the packed products are located.

➤ **Green WF** refers to the rainwater consumed by the lemon field and is estimated by means of climate and agronomic data, such as rains, winds, temperatures or stages of the plant development. It is the rainfall on the soil that does not drain into the sheet of water and is stored on the soil or that temporarily remains on the soil or vegetation. It is calculated based on climate and agronomic data, such as rains, winds, temperatures or stages of the plant development, etc.

➤ **Blue WF** is related to the consumptive use of surface and underground water along the supply chain of a product. "Consumptive" use refers to the fact that the water leaves the surface or underground water body available in a catchment area and returns to another area or to the same area but not in the period of analysis. Water is also consumed when it evaporates or when it is incorporated into the product. It is calculated by counting all the water that enters the system and subtracting the water leaving the system in good conditions and towards the same basin.

➤ **Gray WF** is a water pollution measure and is calculated as the theoretical water that would have to be added to the effluents for these to reach the contaminant concentration authorized by the current legislation.

PRODUCT'S WATER FOOTPRINT\*

	2016
Lemon	21%
Clear juice	31%
Cloudy juice	18%
Essential oil	15%
Dehydrated peel	15%

\* The percentages represent the total distribution of the footprint per product.

## 6.7. ► WASTE MANAGEMENT

We consider that the first step of waste management is a strong classification at source. We have containers in the production plant, at the packing unit and in the farms. They are identified and are close to the work stations or in key locations for internal logistic management. We classify and store waste in warehouses according to their nature and destination.

In 2016, we performed a comprehensive review of our waste management. As a result, we updated the procedures and operation practices, we modified responsibilities per sector and stocking location. These practices shall be carried out during the 2017 season, and to that aim, we will train the change agents of every sector.

### ♻️ WASTE RECYCLING

Part of the recyclable materials generated during the operations were donated to the municipalities and other entities close to the places where we operate. Largely, they were destined to companies in charge of transforming and reinserting the waste as raw material in other productive processes.

During the processed food operation in Argentina, we recycled:

- **19,720 kg** of scrap
- **2,318 kg** of plastic
- **47,260 kg** of cardboard paper
- **42,345** units of drums

**WE RESTORED 200-LITER STEEL DRUMS USED BY THE PRODUCTION AREA SO THAT THEY MAY BE USED IN THE FOLLOWING SEASON.**

We use organic waste as soil enhancing agents in the surrounding farms. We work with appropriate rotation of locations and movement of the soil. In order to prove that practices are efficient, we take soil samples before and after the crop season.



## WASTE GENERATED (PROCESSED FOOD)

ARGENTINA

2015			
Type	Waste	Volume (t)	Treatment/Disposal
HOUSEHOLD WASTE	Rubbish	446	Landfill
INDUSTRIAL WASTE	Plastic	35	Recycled
	Cardboard paper	39	Recycled
HAZARDOUS WASTE	Hazardous waste	3.5	Incineration
PRODUCTION WASTE	Fruit waste	4,335	Bioremediation
	Factory pulp	7,523	Food gained/Bioremediation
	Effluent pulp	7,158	Food gained/Bioremediation
	Dry sludge	3,608	Bioremediation
	Liquid sludge	43,381	Fertilizing irrigation system
<b>Total</b>		<b>66,522</b>	

2016			
Type	Waste	Volume (t)	Treatment/Disposal
HOUSEHOLD WASTE	Rubbish	727	Landfill
INDUSTRIAL WASTE	Plastic	10	Recycled
	Cardboard paper	72	Recycled
HAZARDOUS WASTE	Hazardous waste	1.8	Incineration
PRODUCTION WASTE	Fruit waste	2,441	Bioremediation
	Factory pulp	38	Food gained/Bioremediation
	Effluent pulp	10,198	Food gained/Bioremediation
	Dry sludge	7,946	Bioremediation
	Liquid sludge	38,114	Fertilizing irrigation system
<b>Total</b>		<b>59,547</b>	

## 6.8. ► EFFLUENT TREATMENT

In Argentina, we have an Effluent Treatment Plant that enables us to adapt the effluent generated during the industrial process. It is made up of 3 phases:

- 1. Pre-treatment:** We neutralize pH with physical-chemical processes and separate solids, fats and oils. To do this, we use a lime slurry dosing system and dissolved oxygen flotation.
- 2. Anaerobic biological treatment:** The second stage of the treatment is a biological phase and it includes a UASB (Upflow Anaerobic Sludge Blanket) anaerobic reactor with high organic material degradation capacity. The reactions taking place therein result in biogas production which is reused in the boiler that warms the effluent that enters the reactor. In this way, we increase the treatment efficiency in a sustainable way.
- 3. Aerobic biological treatment:** In 2016 we completed the third effluent treatment phase, which consists of an activated mud system. The aerobic reactor is responsible for polishing the effluent after pouring it into the water surface body in Salí Dulce Basin.

**WE INVESTED US\$ 3,200,000 IN THE FAMAILLÁ EFFLUENT TREATMENT PLANT TO IMPROVE THE QUALITY OF THE EFFLUENT TREATED.**

As from 2016, the investment criteria were redefined. San Miguel allocates the resources

necessary to comply with the legal requirements applicable to environmental matters and to those matters that arise from ongoing improvements. In this way, in each of our operations, we reinforce our commitment towards environmental care and the impact of production activities.

ARGENTINA

INDUSTRIAL EFFLUENT VOLUME (PROCESSED FOOD)		
Industrial effluents management	m <sup>3</sup> /year	Grinding (ton)
2013	1,196,690	236,777
2014*	533,021	99,419
2015	1,182,292	221,973
2016	1,263,415	214,297

\* The year-on-year difference is due to a strong decrease in 2014 grinding.

## 6.9. ► SOIL SUSTAINABLE MANAGEMENT

Every farm and greenhouse has a registry system by means of which we perform a continuous follow-up of the harvest and agricultural activities. When we start working on a certain plot of land with unknown background, we analyze the soils based on the zone risk and the topographic characteristics. In this way, we ensure a long-term sustainable system that enables us to prevent soil degradation and other associated issues.

During 2016, we completed the soil characterization project in all company-owned farms. With the results from these analyses we defined if the plots of land are suitable for citrus-growing, the place of planting and the variety/ rootstock combination for every case. Likewise, we designed maps of the farms which are useful to make crop protection forecasts and for planting and growing programs. By using satellite photographs and topographic contour mapping, we take into account the management of the topography and the basin that provides water to the plot.

Other soil sustainable management initiatives:

► **Chipping in the renewal of crops**

We grind the plants pulled out for subsequent incorporation into the soil as organic matter and to avoid burning plant residues.

► **Vegetable waste mulching**

To preserve the soil humidity and increase the organic material content, we maximize the water resource efficiency generating a vegetable coverage in the area with the highest active root system concentration.

► **Fallowed field**

After 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). In this way, we incorporate organic matter that improves soil, reduce the use of phytosanitary products and enhance plant health and its productive potential.



## 6.10. ▶ USE OF AGROCHEMICALS

We adjust and rationalize the use of fertilizers and phytosanitary products in order to minimize the impact on the soil, surface and underground water sources and vegetable and animal species. We choose the most suitable fertilizers to ensure a better use of the nutrients based on fewer losses. Likewise, regarding crops, we only apply chemical products approved by the countries of fruit origin and destination, avoiding in this way, risks for the operators, consumers and the environment.

In order to minimize the use of chemical products, we created a Pest Monitoring area, which objective is

to determine the best time to apply these products, thus increasing the application efficiency. This new method has replaced the old application practice based on the calendar date.

**WE RENDER AGROCHEMICAL CONTAINERS UNUSABLE WITH THROUGH THE TRIPLE WASHING TECHNIQUE AND THEIR SUBSEQUENT BOTTOM PERFORATION. THEN, AN AUTHORIZED OPERATOR IS IN CHARGE OF THEIR RECYCLING.**

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## 6.11. ▶ BIODIVERSITY PROTECTION

Our productive activities are within a high valuation environmental context, mainly in the Yungas ecoregion. The Yungas, also known as the “Cloud Forests” or “Yungas Andean Forests”, occupy the eastern mountainside of the Andes mountain range from Colombia and Venezuela to Argentina.

The citrus agriculture is one of the main engines of regional economies in the Argentine North region, and specifically Tucumán is a key actor worldwide, with 22% of the lemon global production. In this context, we took the responsibility to develop our production activities within a sustainability framework. Therefore, together with the ProYungas Foundation, we implemented the Protected Productive Landscape Program, in order to preserve Yungas native forests and ensure the ecosystem balance. Yungas is a natural habitat where we develop our main operations in Tucumán. This is a landscape scale territory management model that seeks to integrate production, biodiversity preservation and associated ecosystem services.

In this program, we work on 5 working lines:

1. Environmental context characterization.
2. Biodiversity monitoring.
3. Resource preservation and improvement processes incorporation in environmental performance.
4. Internal and external communication.
5. The construction of strategic alliances with different territorial actors.

**FOR EVERY PRODUCTIVE HECTARE, WE PRESERVE 1.5 HECTARES OF NATIVE FOREST.**

In the first instance, we make a study and zoning of the company's territory based on the preservation and productive areas, to later define its management.

Together with the ProYungas Foundation, we monitor the Yungas' animals and vegetation with special equipment. As a result, we determine the functional behavior in the different areas of the farms (forests, citrus, deforestation).

For the mammals study, we used 10 digital cameras that we installed during September and

October, 2016. For 440 days, we obtained 293 photographic records of mammals from 9 native species in forest areas; only two of them were registered in the citrus plantations.

We also detected that the forest sector had a richer number of species than the citrus plantations, which confirmed, once again, the importance inherent to forest sectors close to productive activities. The forest serves as a "source" site for mammals that use the citrus plantation to feed on or pass through.

SPECIES IDENTIFIED ON SAN MIGUEL FARMS

Species	Forest (N=5)	Citrus (N=5)
Tapetí or rabbit ( <i>Sylvilagus brasiliensis</i> )	●	
Mayuato ( <i>Procyon cancrivorus</i> )	●	
Brown corzuela ( <i>Manzama gouazoubirak</i> )	●	
Greater ferret ( <i>Eira barbara</i> )	●	
Ocelot ( <i>Leopardus pardalis</i> )	●	
Collar Pecari ( <i>Pecari tajacu</i> )	●	
Wild fox ( <i>Cerdocyon thous</i> )	●	●
Weasel ( <i>Didelphis albiventris</i> )	●	
Pampa fox ( <i>Lycalopex gymnocercus</i> )	●	●

The Yungas have a critical role in resource preservation. They have a key role in the water regulation of brooks and rivers, which are strategic for the agricultural production in the region. Besides, these absorb greenhouse gases and mitigate the impact of industrial activity.

With the purpose of sharing the results of this joint work, we developed an online interactive map that enables to tour the Protected Productive Landscape and access the registry of plants, mammals, birds and insects that inhabit the area. It is a tool built on Google Maps, which may be accessed free of charge.

For 2017, we expect to incorporate the native forest land of the Caspinchango farm as a private natural reserve. This is located in the Monteros district, in the South region of Tucumán province. It has a 7,278 hectare surface divided into 1,006 hectares of productive areas and 6,272 hectares of wild areas. These areas represent 86% of natural habitats, mainly Cloudy Forest locations, and 13% of transformed areas occupied by citrus crops. The Caspinchango Private Reserve will comprise 4610 hectares of native forests, included in the provincial OTBN (Native Forest Territory Structuring Law) red category.



## 7. ACTIVE INVOLVEMENT AND DEVELOPMENT OF OUR COMMUNITIES





**OUR COMMITMENT:**

Supporting community development in our fields of action

**MATERIAL ISSUES RELATED TO THIS COMMITMENT AND PRESENTED IN THIS CHAPTER:**

- Education
- Nutrition
- Housing

## 7.1. ▶ SOCIAL INVESTMENT COMMITMENT AT SAN MIGUEL

We have a strong vocation to make a positive transformation in our areas of influence. We contribute economic, social and environmental value to the communities where we are present and we do so based on the following objectives:

- Promoting local development focused on nutrition, health and education.
- Serving our employees as a priority.
- Investing in operative improvements with a positive impact on the local communities.

**Nutrition, Health and Education** are the main lines of action that lead our community development strategy. They are part of our identity; they impact on our business and respond to the needs of the communities where we operate. These three lines of action are aligned with specific SDGs (Sustainable Development Goals), and interact with other goals. Thanks to the Living a Winning Life program (South Africa), for example, we foster the acquisition of social and work skills, but we also address gender and health issues.



**IN 2016 WE INVESTED \$3,661,402 IN ACTIONS WITH THE COMMUNITY, 45.88% MORE THAN IN 2015.**

**WE IMPLEMENTED DEVELOPMENT PROGRAMS, WE CONDUCTED IMPACT ASSESSMENTS AND PARTICIPATED IN SCHOOLS. THE DEPTH AND SCOPE OF THE INITIATIVES VARY BASED ON THE MAGNITUDE OF THE OPERATION, THE CONTEXT AND THE COMMUNITIES' NEEDS.**

**LEADERS FROM EVERY SECTOR OF THE COMPANY PARTICIPATED ACTIVELY IN SUSTAINABILITY COMMITTEE MEETINGS AND VOLUNTEERING ACTIVITIES.**



## 7.2. ▶ PROGRAMS AND ACTIONS CARRIED OUT IN 2016

### IN ARGENTINA

#### RURAL NUTRITION PROGRAM: ESCUELAS SALUDABLES (HEALTHY SCHOOLS)

In order to mitigate child malnutrition and promote healthy eating habits in children and their families, we work together with the Department of Education of Tucumán, primary health care centers (SIPROSA, for its Spanish acronym), INTA and Banco de Alimentos Foundation. Consequently:

- We offer monthly cookery and healthy habits workshops to teachers, school cooks and parents.
- We conducted 2,508 child nutritional assessments.
- We sent 205 kg of fresh vegetables, 15 kg of dehydrated vegetables and 2,600 kg of food per month to school cafeterias. These supplies enabled to prepare over 1,300 meals a month.
- We created and took care of 7 school vegetable gardens and 50 family vegetable gardens to promote a full, appropriate, sufficient, balanced diet based on growing kids' needs.

**THE PROGRAM BENEFITTED 1,254 STUDENTS FROM 7 SCHOOLS, 21 COOKS, 35 TEACHERS AND 60 PARENTS.**

#### CRE-SER SCHOOL SUPPORTING PROGRAM

Together with Conciencia Association and the Department of Education of Tucumán, we dedicated to strengthening the learning of those students under pedagogical risk and, therefore, we prevented desertion.

Through this program, we provided school tutoring to 124 students from 2nd to 6th grades. Additionally, based on innovating strategies, we promoted reading and writing in 140 kids from 3rd and 5th grades. Likewise, we trained 12 teachers for 480 hours so that they could improve their educational approach, specifically with students at risk.

203 students participated in supplementary recreational and sports activities that favor the development of socio-emotional skills and contribute to support their school experience.

#### FORMARTE (GET EDUCATED) PROGRAM

We encourage our employees and their families to get new knowledge in different artistic areas. The objective: to provide them with tools and help them discover creative skills and abilities.

Thus, we organized 36 painting, weaving, pottering and photography workshops were 290 people took part. This initiative meant 144 training hours and yielded 50 paintings and 150 tapestries. Also, we launched a photography contest where 40 photographs were submitted, and we held a prize-giving exhibition of such photos.

#### MEJORANDO MI HOGAR (IMPROVING MY HOME) PROGRAM

We provided our employees with financial support so that they could make main priority renovations in their homes. We also managed the deeds of lands granted in the Lavelle Plant zone.

As a result, Lavelle and Famaillá employees were granted 32 loans to improve their homes. Out of those 32 loans, 30% was for materials and the rest for materials and labor. The amount required was \$712,500.

#### GENDER EQUALITY PROGRAM: PHASE 1: RURAL WOMEN EMPOWERMENT

Together with the National University of Tucumán Medicine School, we organized 16 workshops for our employees' wives and for women from rural areas. The objective: to help them identify competencies and skills and motivate their formal labor inclusion. Overall, over 120 women from 4 rural areas received 60 hours of training.

## 2016 HIGHLIGHTED ACTIVITIES

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- We held healthy cooking workshops at Famaillá and Burruyacú schools, together with the Banco de Alimentos and the Conciencia Association. Consequently, we provided tools that contributed to students' healthy eating habits and which were used by the attendees to generate their own productive ventures.
- With the help of Conciencia Association, we incorporated into Cre-Ser School Support Program 5th grade kids from 7 schools sponsor in Tucumán.
- We held 2 volunteering work sessions: On the one hand, a toy collection event in August, for the Solidarity Day and, on the other, the event Noche Buena para todos (Christmas Eve for Everybody), during which employees from Buenos Aires assembled boxes with food and gifts for low-income families.
- We held 16 women empowerment workshops for 120 employees' wives and women from the community, together with the School of Medicine of the Universidad Nacional de Tucumán (National University of Tucumán).
- In South Africa, to commemorate Mandela's Day and within the framework of Santa's Shoebox Project, our volunteers collected food, clothes and toys for low-income families.

## IN URUGUAY

### RURAL COMMUNITY SUPPORT PROGRAM

We provided support to 16 educational and neighborhood institutions from the communities close to our operations. Specifically, we donated fruit to hospitals and school cafeterias, we collaborated with maintenance services and organized educational visits from universities and local schools to our farms and packing plant.

## IN SOUTH AFRICA

### LIVING A WINNING LIFE

Through this program, we empower the well-being of the employees from the Sunday River Valley companies. To that aim, we help them develop social, emotional and working skills, and provide them with tools so that they can face complex home situations, such as money administration, interpersonal relationships and health and gender issues. This initiative includes different actions:

- Talks and recreational activities related to healthy eating, home economy, communication and domestic violence, among others. Overall, 110 employees participated in these activities.
- Clínica de fútbol (Soccer clinic) and supplementary workshops on values, social skills and healthy living habits for 110 employees.
- Jornada Ladies Tea (Ladies Tea Day) for 130 female employees. During the event, the guests shared their experiences towards women empowerment and the approach to gender and health issues.

### SISTERS OF MERCY (HOME BASED CAREGIVERS)

Thanks to this initiative, which we coordinated together with the Place of Mercy and Hope Healthcare Center, we facilitated health care to high risk patients, who, due to their health condition, can not leave their homes to receive medical care. Therefore, 3 home nurses visited the homes of 70 patients each month.

## 7.3. ▶ CORPORATE VOLUNTEERING

We promote solidarity and commitment to sustainability among our employees. We encourage teamwork and articulation with third sector institutions.

### 2016 VOLUNTEERING WORK ACTIVITIES

#### IN ARGENTINA

- Together with TECHO we built a house in Tucumán, where 20 volunteers participated.
- We organized a Reading Day with the Minka Foundation, with the participation of 15 volunteers.
- We made a toy collection within the framework of Solidarity Day, which involved 65 volunteers in Tucumán and 48 volunteers in Buenos Aires.

#### IN SOUTH AFRICA

- We organized donation campaigns together with Love Story NGO, from Port Elizabeth community, where we collected clothes, toys, school supplies and warming materials.
- We coordinated Mandela's Day Volunteering Day at Port Elizabeth and Addo.
- Together with Sisters of Mercy, we delivered personal hygiene items.

- With Love Story NGO, we assisted the Soup Kitchen Project, in Port Elizabeth, for the homeless, and managed a food campaign through which over 750 people benefitted.
- Together with Santa's Shoebox Project Foundation, we participated in a toy donation. The volunteers prepared and decorated the Christmas boxes based on the kids' age and interests. In total, we completed 16 boxes for 16 kids in South Africa and Namibia.

#### IN URUGUAY

- Our employees helped in rural community support actions and participated as guides in the educational visits that were carried out to the farms, the packing plant and the industrial plant.

Likewise, in the Buenos Aires offices we held a recreational day for 170 kids from the Santa Clara de Asís Kindergarten, involving 18 volunteers. We also assembled Christmas boxes for Cáritas within the framework of the "Christmas Eve for Everybody" activity with the help of 87 volunteers.

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## 7.4. ▶ DONATIONS AND SPONSORSHIP

During 2016 we worked with:

#### IN ARGENTINA

- The Buenos Aires Archbishopric
- FUNDALAM
- FUNDAMIND
- FANN
- ASDRA
- Cáritas
- Political Action Network

- Nutrir Foundation
- Conciencia Association
- Garrahan Foundation
- FEDEH
- TECHO
- Santa Clara de Asís Kindergarten
- The Food Bank

#### IN SOUTH AFRICA

- Sisters of Mercy
- Place of Mercy Healthcare Center
- Love Story NGO

#### IN URUGUAY

- Rural Schools

## READING DAY WITH MINKA FOUNDATION

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In September, 15 San Miguel volunteers read stories to the kids who attend the Foundation and participated in recreational activities with the different groups. Overall, they shared a day with 50 kids. Minka Foundation is an institution that works to help develop disabled people. More than 70 kids, young people and adults participate in its proposals, including radio, art and handicraft workshops; horse-assisted activities; therapeutic vegetable gardens; and supported employment. The programs are designed for participants to deploy their motor, cognitive and emotional skills. Besides, they build spaces for community integration and support parents.

## NOCHE BUENA PARA TODOS (CHRISTMAS EVE FOR EVERYBODY)

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In December, 18 volunteers from San Miguel in Buenos Aires and 65 in Tucumán collected donations, assembled Christmas boxes with food, gifts and other donations, and delivered them to the families of the kids who attend Santa Clara Kindergarten, and to 69 employees' families.

In South Africa, volunteers participated of the traditional 'Santa ShoeBox Project'. It is an initiative to gather toys in Christmas for children in most needs.


## ► OUR 2016 PERFORMANCE AND 2017 CHALLENGES

Like every year, we publish data on our performance based on the challenges set forth in the Sustainability Report of the previous year, as well as our challenges for the following year.

With every group of stakeholders we have a challenge to work on. This is the statement of changes to such goals, aligned with the 7 ISO 26000 essential topics:

GOAL ACHIEVED 

GOAL PARTIALLY ACHIEVED 

GOAL NOT ACHIEVED 

### PROMOTE BUSINESS RESPONSIBLE MANAGEMENT WITHIN THE ORGANIZATION • CORPORATE GOVERNANCE

2016 Goals	2016 Achievement	
Continue with the incorporation of the Code of Ethics in new hires' instruction.	Goal achieved 100%	
Continue with the distribution of the Code of Ethics with all new suppliers.	Every supplier must sign the Code of Ethics.	
Keep the annual renewal of Sedex audits and Global Gap certification.	Goal achieved 100%	

#### 2017 CHALLENGES

Update and disseminate the Code of Ethics. • Outline the basis for all the business areas to be ready to integrate a new point of origin to our operation. • Develop and implement a systematic work plan with investors focused on strengthening transparency and building trust.

### CONTRIBUTE WITH OUR SUPPLIERS' NETWORK IN THE SUSTAINABLE DEVELOPMENT OF THEIR BUSINESSES • VALUE CHAIN

2016 Goals	2016 Achievement	
Raise awareness in the Purchase and Suppliers areas about the importance of including work cooperative purchases into the value chain.	Goal achieved 100%	
Establish work plans with small and medium structure suppliers in order to help them develop within the concept of sustainability.	We met with a few local suppliers, where they were empowered to integrate the sustainability concept into their companies and value chain.	
Continue and strengthen the pallet reuse policy.	Goal achieved 100%	

#### 2017 CHALLENGES

Implement a materials obsolescence and immobilization policy to be more efficient regarding the use of our resources, avoiding unnecessary purchases. • Develop a bar code for materials in warehouses in South Africa and Uruguay, in order to find the materials easily and control their expiry dates. • Create a cooperative purchase policy defining guidelines for the Purchase area in order to ensure transparent, sustainable and efficient management. • Analyze the feasibility of the use of returnable or rented plastic pallets in fresh fruit export operations. • Implement a new communications digital channel with suppliers to improve communication. • Continue with the work plans with suppliers in order to help them develop within the concept of sustainability.



**INTERPRET OUR CUSTOMERS' NEEDS AND MEET THEM WITH INTEGRITY • CUSTOMERS**

2016 Goals	2016 Achievement	
Develop, together with the National Government, a long term program for the logistic improvement of railway advantages.	Joint work was initiated, but as it is a structural problem, it requires sustained and long term work.	←
Carry out All Lemon's leadership, with presence in the main areas of the sector, articulating with referents from other regions in order to encourage worldwide consumption of lemons.	All Lemon's leadership was maintained in the sector's fairs. In relation with the promotion of lemon consumption, we made progress in the stakeholders' identification and a first consensus on the relevance of this issue.	←

**2017 CHALLENGES**

Strengthen knowledge of our customers and follow-up their complaints to offer them innovating solutions. • Make progress in the industry value chain, getting closer to consumers with a deeper understanding of consumer and preference patterns. • Develop more deeply high potential growth markets. • Prepare a complaint system and supply chain improvement opportunities.

**DEVELOP PEOPLE IN THEIR HUMAN AND ECONOMIC DIMENSIONS • WORK PRACTICES**

2016 Goals	2016 Achievement	
Carry out volunteering actions, together with the different areas of the company.	We carried out volunteering actions in the 4 branches where the company operates, and where different areas were involved.	↑
Launch and e-learning platform and extend it to new training subject matters.	Although we did not launch the platform, we designed and implemented the SoMos 1.0 program (Induction to the company) and SoMos 2.0 (Organizational competences, values and culture development program).	←
VOCES Launch, our first global Climate and Commitment survey. From there, a new action plan will be designed.	Goal achieved 100% The results were shared with the teams involved in the survey, making them accountable for their action plans.	↑
Disseminate health issues.	Goal achieved 100% and globally	↑

**2017 CHALLENGES**

Possess available talent and a Cultural Integration Plan in order to incorporate a new country of origin into our operation. • Develop a Value Proposal for the employees, integrating different basis to generate attraction and commitment. • Internally disseminate the processes and policies that provide employees with visibility and a performance framework.


**USE NATURAL AND ENERGY RESOURCES RESPONSIBLY AND SPARINGLY • ENVIRONMENTAL MANAGEMENT**

2016 Goals	2016 Achievement	
Continue implementing environmental programs in the 3 countries. Implement a data management system.	The different data management systems were reviewed.	←
Define waste generation reduction goals and consolidate our employees' commitment.	A work procedure and methodology reorganization was carried out. A reduction goal will be set forth.	←
Update the carbon and water footprint calculation for the 2015 season.	Under process.	←

**2017 CHALLENGES**

Incorporate an environmental software as the only data platform integrating the company's Environmental Management System. • Obtain a 30% water consumption reduction and 8% electricity consumption reduction in the grinding process. • Incorporate the native forest land of the Caspinchango farm as a private natural reserve. • Reduce the cleaning time in the Famailá plant program from 4 to 2 hours, with an impact on water and energy. • Participate in the drafting of the export lemon carbon footprint.

**SUPPORT COMMUNITY DEVELOPMENT IN OUR FIELDS OF ACTION • SOCIAL INVESTMENT**

2016 Goals	2016 Achievement	
Implement a women empowerment program, preparing an initial situational diagnosis in the communities of the north and south regions of the province that impact on the company.	Achieved. We made progress in the first phase of the Inter-institutional Project for Gender Equity, focused on rural women empowerment, together with Tucumán UNT, Medicine School, Public Health Department.	
Continue improving the system to obtain data and information on the programs implemented in each of the countries.	A series of efforts was initiated in order to improve the information systematization.	
Foster inter-sectoral spaces related to sustainability.	Achieved. We led the companies seminar to work on sustainability topics, together with UNSTA and the Global Compact.	
Hold Sustainability Committee scheduled meetings with 25 referents from every area and the active involvement of the leaders from each sector.	Goal achieved 100%	

**2017 CHALLENGES**

Develop local Action Sustainability committees to facilitate planning and implement projects based on the specific identities and needs of every community. • Promote alliances and partnerships with customers in order to develop joint sustainability initiatives. • Empower the Gender Equity Project, initiating a training instance for micro-ventures generation, besides supporting and managing their implementation. • Promote improvements in ongoing programs, helping develop new inter-institutional links, generate added value, extend impact and include new lines of work.

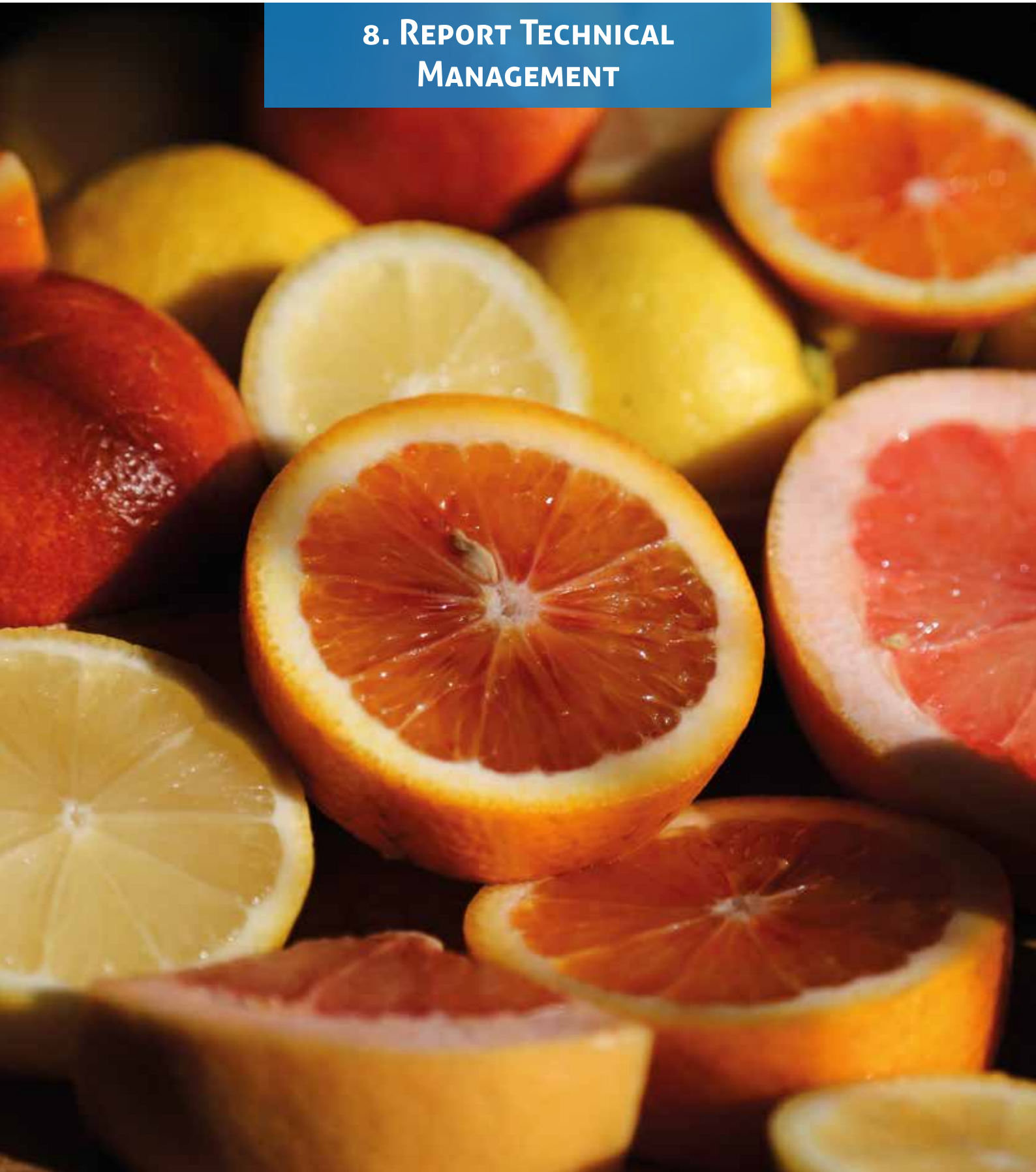
**COMMITMENT TO HUMAN RIGHTS**

**2017 CHALLENGES**

Women empowerment: continue the Inter-institutional Project for Gender Equity and empower it. • Continue doing research in the Phytopathology and Biotechnology area and work in the Quality Assurance area so as to ensure the quality and safety of primary production food. • Strengthen access to education by incorporating more kids into our programs, and empowering teachers. • Continue developing our production activities within the framework of the protection of biodiversity and natural resources through the Protected Productive Landscape Program, in order to preserve the Yungas' native forests and ecosystem balance. • Continue working with institutions in an articulated way in order to mitigate child malnutrition and promote healthy eating habits in kids and the young. • Contribute to the access to lands and improvements to our employees' households and the households of the families close to our operations in Tucumán.



## 8. REPORT TECHNICAL MANAGEMENT



## 8.1. ▶ REPORT DRAFTING PROCESS AND MATERIALITY ANALYSIS

Every year, the drafting of this Sustainability Report entails a process within our company that activates the involvement of all the areas to answer specifically on relevant topics related to our citrus business management.

During the preparation process, we apply the Materiality Principle based on the definition set forth in the G4 Guide of the Global Report Initiative (GRI).

For this Report process we worked on a new Materiality Matrix, identifying those topics which are a priority for the company and its stakeholders.

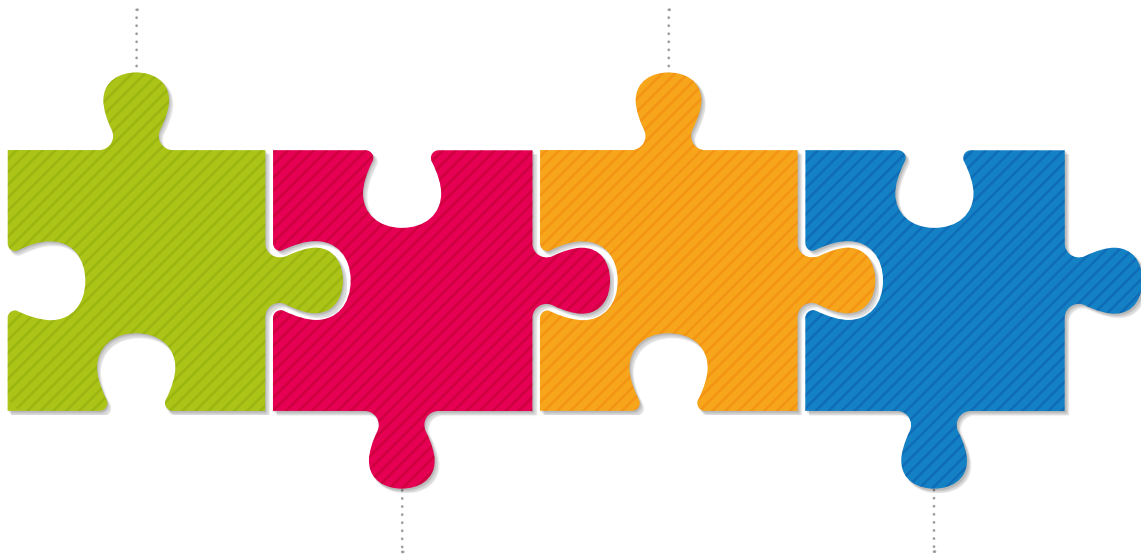
The materiality elaboration phases, according to the GRI guidelines were as follows:

### 1. IDENTIFICATION

The following are considered key topics of the agricultural citrus industry, San Miguel's business basis, qualities, values, sustainability commitments and stakeholders' expectations, among others.

### 3. REVIEW

On an annual basis, material topics are reviewed for them to be consistent with the stakeholders' expectations and to specifically inform on the critical and most relevant aspects that, as a citrus company, we must address.



### 2. PRIORITIZATION

The Sustainability Committee, heads and managers, as well as groups of employees and suppliers, prioritized and classified the topics as **priority** and **relevant** matters.

### 4. VALIDATION

The Sustainability Area Management submits the information contained in this Report to the Board for its validation.



## MATERIALITY MATRIX

- 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 resources responsibly and sparingly
- Going along with the development of the communities in our fields of activity



## 8.2. ▶ OUR MATERIAL TOPICS AND THE IMPACT ON STAKEHOLDERS

This is an assessment of the impact of every material topic on our stakeholders. Likewise, we present the relationship between our material topics and the aspects we identified as material aspects in the G4 GRI guide.

Material Topics	Related GRI Aspects	Stakeholders						
		SG	E	S	C	CC	G	EN
<b>BUSINESS • PROMOTE BUSINESS RESPONSIBLE MANAGEMENT WITHIN THE ORGANIZATION</b>								
ETHICS AND TRANSPARENCY IN BUSINESS MANAGEMENT	<ul style="list-style-type: none"> <li>SO Anticorruption</li> <li>SO Regulatory Compliance</li> </ul>	●	●		●		●	
LONG TERM BUSINESS STRATEGY	<ul style="list-style-type: none"> <li>EC Economic Development</li> </ul>	●	●	●	●	●	●	●
FAIR COMPETITION	<ul style="list-style-type: none"> <li>SO Unfair competition practices</li> </ul>	●		●		●	●	
RESPECT FOR HUMAN RIGHTS	<ul style="list-style-type: none"> <li>HR Non-discrimination</li> <li>HR Forced labor</li> <li>HR Partnership and collective bargaining freedom</li> <li>HR Assessment</li> <li>HR Human Rights complaint methodologies</li> </ul>		●	●	●			
<b>SUPPLIERS • CONTRIBUTE TO OUR SUPPLIERS' NETWORK IN THE SUSTAINABLE DEVELOPMENT OF THEIR BUSINESS</b>								
SUPPLIERS' ASSESSMENT AND DEVELOPMENT	<ul style="list-style-type: none"> <li>Assessment of suppliers' labor practices</li> <li>HR Supplier assessment with respect for Human Rights</li> </ul>			●				
FIGHT AGAINST CHILD LABOR	<ul style="list-style-type: none"> <li>HR Child labor</li> </ul>			●	●			
PROMOTING SOCIAL RESPONSIBILITY IN THE SUPPLY CHAIN	<ul style="list-style-type: none"> <li>SO Assessment of suppliers' impact on society</li> <li>LA Assessment of suppliers' labor practices</li> <li>EN Suppliers' environmental assessment</li> </ul>			●		●		
<b>LABOR PRACTICES • DEVELOP PEOPLE IN THEIR HUMANE AND ECONOMIC DIMENSIONS</b>								
TALENT ATTRACTION, DEVELOPMENT AND LOYALTY	<ul style="list-style-type: none"> <li>LA Employment</li> <li>LA Training and education</li> </ul>	●	●					
BALANCING WORK AND PRIVATE LIFE	<ul style="list-style-type: none"> <li>LA Relationships between workers and management</li> </ul>		●					
WORK HEALTH AND SAFETY	<ul style="list-style-type: none"> <li>LA Work health and safety</li> </ul>		●					
DIVERSITY AND EQUAL OPPORTUNITIES	<ul style="list-style-type: none"> <li>LA Diversity and equal opportunities</li> <li>LA Equal compensation for women and men</li> </ul>		●					
TEMPORARY WORK MANAGEMENT	<ul style="list-style-type: none"> <li>LA Employment</li> </ul>		●		●			

Material Topics	Related GRI Aspects	Stakeholders							
		SG	E	S	C	CC	G	EN	
<b>CUSTOMERS • INTERPRET OUR CUSTOMERS' NEEDS AND MEET THEM WITH INTEGRITY</b>									
FOSTERING HEALTHY LIFE HABITS	<ul style="list-style-type: none"> <li>PR Customers' health and safety</li> </ul>				•	•			
CUSTOMER SERVICE	<ul style="list-style-type: none"> <li>PR Product and service labeling</li> </ul>						•		
FOOD SAFETY	<ul style="list-style-type: none"> <li>FP, healthy and accessible food</li> <li>PR Customers' health and safety</li> </ul>				•	•			
<b>ENVIRONMENT • USE NATURAL AND ENERGY RESOURCES RESPONSIBLY AND SPARINGLY</b>									
EFFICIENT USE OF WATER	<ul style="list-style-type: none"> <li>EN Water</li> </ul>				•			•	
EFFLUENTS MANAGEMENT	<ul style="list-style-type: none"> <li>EN Effluents and waste</li> </ul>				•			•	
WASTE MANAGEMENT	<ul style="list-style-type: none"> <li>EN Effluents and waste</li> </ul>				•			•	
SOIL SUSTAINABLE MANAGEMENT	<ul style="list-style-type: none"> <li>EN Products and services</li> <li>EN Biodiversity</li> </ul>				•			•	
BIODIVERSITY PROTECTION	<ul style="list-style-type: none"> <li>EN Biodiversity</li> </ul>				•			•	
ENERGY EFFICIENCY	<ul style="list-style-type: none"> <li>EN Energy</li> </ul>				•		•	•	
CLIMATE CHANGE AND ECOSYSTEM PRESERVATION	<ul style="list-style-type: none"> <li>EN General</li> <li>EN Emissions</li> <li>EN Biodiversity</li> </ul>				•			•	
SUSTAINABLE AGRICULTURE	<ul style="list-style-type: none"> <li>EN Regulatory Compliance</li> <li>EN Biodiversity</li> </ul>				•			•	
<b>COMMUNITY • SUPPORT COMMUNITY DEVELOPMENT IN OUR FIELDS OF ACTION</b>									
EDUCATION	<ul style="list-style-type: none"> <li>SO Local communities</li> </ul>				•			•	
NUTRITION	<ul style="list-style-type: none"> <li>SO Local communities</li> <li>FP Healthy and accessible food</li> </ul>				•			•	
HOUSING	<ul style="list-style-type: none"> <li>SO Local communities</li> </ul>				•			•	

**References:** SG: Shareholders and corporate governance • E: Employees • S: Suppliers • C: Community • CC: Customers and consumers • G: Government, State and public authorities • EN: Environment.

EC: Economy • EN: Environment • SO: Society • LA: Labor Practices and work dignity • HR: Human Rights • PR: Product Responsibility • FP: Food Production Sector Supplement.



### 8.3. ▶ COMMITMENT WITH THE UNITED NATIONS GLOBAL COMPACT

As we did five years ago, we restated our commitment to the ten Principles of the United Nations Global Compact, which address the following topics: labor rights, human rights, environmental care and fight against any type of corruption.

Based on the document “Estableciendo la Conexión” (Establishing the Connection), which relates the GRI guidelines to the Principles of the Global Compact, we present in this Report a new “Communication on Progress” or COP as evidence of San Miguel’s compliance with this global initiative.

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### 8.4. ▶ SUSTAINABILITY INDICATORS

#### INDEX OF GRI CONTENTS

The table below shows the responses to the requirements of the GRI G4 Guidelines under the ‘core’ compliance option, as well as some contents required for the ‘comprehensive’ option.

At the same time, it shows the relationship with the COP criteria of the United Nations Global Compact and the ISO 26000:2010 standards and the Sustainable Development Goals introduced by United Nations Organization.

TABLE OF GRI CONTENTS				
General Basic Contents	Section/Response	ISO 26000 Clause	UN Global Compact	SGD
<b>STRATEGY AND ANALYSIS</b>		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.	Letter from the CEO			
G4-2: Description of key impacts, risks, and opportunities.	Commitment to the global agenda of sustainable development * 1.2 * Our performance in 2016 and challenges in 2017			
<b>ORGANIZATION PROFILE</b>		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.	We Are San Miguel			
G4-4: Primary brands, products, and services.	Business Areas			
G4-5: Location of the organization's headquarters.	Back Cover * Note 1			
G4-6: Countries where the organization operates.	Diverse Points of Origin			
G4-7: Nature of ownership and legal form.	Note 2			
G4-8: Markets served.	5.2			
G4-9: Scale of the organization.	Distinctive Features * Diverse Points of Origin * San Miguel in Numbers * 1.1 * 4.1			
G4-10: Breakdown of employees of the organization.	4.1		Principle 6	8.5
G4-11: Percentage of total employees covered by collective bargaining agreements.	4.2		Principle 3	8.8
G4-12: Description of the organization's supply chain.	2.3 * 2.8			
G4-13: Significant changes during the reporting period regarding the organization's size, structure, ownership and its supply chain.	Note 3			
G4-14: Reporting whether and how the precautionary principle is addressed by the organization.	Commitment to the global agenda of sustainable development * 1.4 * 1.5			
G4-15: Externally developed economic, social and environmental principles or other initiatives to which the organization subscribes or which it endorses.	Cover * 8.3 * 8.4 * Back cover repetition			
G4-16: Memberships of associations and national or international advocacy organizations.	1.7			
<b>MATERIAL ASPECTS AND BOUNDARIES</b>		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 4			
G4-18: Process for defining the report content and the Aspect Boundaries.	8.1 * 8.3 * Back cover repetition			
G4-19: List of material Aspects.	8.1			
G4-20: For each material Aspect, the Aspect Boundary within the organization.	8.2			
G4-21: For each material Aspect, the Aspect Boundary outside the organization.	8.2			
G4-22: Report of the effects of any restatements of information provided in previous reports, and the reasons for such restatements.	Note 5			
G4-23: Significant changes from previous reporting periods in the scope and aspect boundaries.	Note 6			
<b>STAKEHOLDER ENGAGEMENT</b>		5.3		
G4-24: List of stakeholders engaged by the organization.	1.6 * 8.2			



TABLE OF GRI CONTENTS

General Basic Contents	Section/Response	ISO 26000 Clause	UN Global Compact	SGD
G4-25: Basis for selection of stakeholders with whom to engage.	Note 7			
G4-26: Reporting of organization's approach to stakeholder engagement.	1.6 • 4.12 • 5.5 • 6.1 • Our 2016 performance and 2017 challenges			
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.	4.12 • 5.5 • 6.1 • Our 2016 performance and 2017 challenges			
<b>REPORT PROFILE</b>		<b>7.5.3, 7.6.2</b>		
G4-28: Reporting period.	Back cover repetition			
G4-29: Date of most recent previous report.	Back cover • Note 8			
G4-30: Reporting cycle.	Note 9			
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.	8.4 • Note 10			
G4-33: Organization's policy and current practices with regard to external assurance for the report.	Note 10			
<b>CORPORATE GOVERNANCE</b>		<b>6.2, 7.4.3, 7.7.5</b>		
G4-34: Governance structure of the organization, including committees.	1.1 • 1.3			
G4-35: Process for delegating authority for sustainability from the highest governance body to senior executives and selected employees.	1.3 • Note 11			
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.	1.3 • Note 11			
G4-38: Composition of the highest governance body and its committees.	1.1			5.5
G4-39: Report whether the chair of the highest governance body is also an executive officer.	Note 12			16.6
G4-41: Processes for the highest governance body to ensure conflicts of interest are avoided and managed.	Note 13			16.6
G4-42: Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	1.1			
G4-43: Measures taken to develop and enhance the highest governance body's knowledge of economic, environmental and social topics.	1.1 • 1.3			
G4-44: Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics.	Note 14			
G4-46: Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	1.2			
G4-47: Frequency for evaluation of the highest governance body's performance with respect to governance of impacts, risks and economic, environmental and social topic.	1.1			
G4-48: Highest governance body in charge of revising and approving the sustainability report, as well as assuring that all material aspects are reflected.	1.3			

TABLE OF GRI CONTENTS						
General Basic Contents		Section/Response	ISO 26000 Clause	UN Global Compact	SDG	
G4-49: Processes for communicating critical concerns to the highest governance body.		1.1				
G4-50: Nature and total number of critical concerns that were communicated to the highest governance body.		Note 15				
G4-51: Remuneration policies for the highest governance body and senior executives.		Note 16				
G4-52: Process for determining remuneration.		Note 17				
G4-53: How stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.		Note 17				
G4-54: The ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.		4.6				
G4-55: The ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.		4.6				
<b>ETHICS AND INTEGRITY</b>			4.4, 6.6.3			
G4-56: Statements of mission, values and codes of conduct.		2.1		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.		2.1		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.		2.1		Principle 10		
SPECIFIC BASIC CONTENTS						
Material Aspects	Information on the management approach and indicators	Section, Response	Reasons for Omission	ISO 26000 Clause	UN Global Compact	SDG
<b>ECONOMY</b>						
	Management approach	We are San Miguel • San Miguel in Numbers • 1.4.				
<b>Economic Performance</b>	G4-EC1: Direct economic value generated and distributed.	We are San Miguel • San Miguel in Numbers • 7.1		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				
	Management approach	2.4				1.4 5.1
<b>Procurement Practices</b>	G4-EC9: Percentage of the procurement budget used for significant locations of operation spent on suppliers local to that operation (such as percentage of products and services purchased locally).	2.8		6.4.3, 6.6.6, 6.8.1-6.8.2, 6.8.7,		12.7
<b>ENVIRONMENT</b>			6.5.1-6.5.2			
	Management approach	1.4 • 1.5 • 6.1 • 6.2 • 6.3 • 6.4 • 8.1				
<b>Energy</b>	G4-EN3: Energy consumption within the organization.	6.5.b • Note 19 • Note 20		6.5.4	Principle 7, 8	12.2
	G4-EN6: Energy consumption reduction.	Our 2016 performance and 2017 challenges		6.5.4, 6.5.5	Principle 8, 9	
	Management approach	1.4 • 1.5 • 6.1 • 6.2 • 6.3 • 6.4 • 8.1				
<b>Water</b>	G4-EN8: Total water withdrawal by source.	6.5.a • 6.6 Note 21		6.5.4	Principle 7, 8	

**SPECIFIC BASIC CONTENTS**

Material Aspects	Information on the management approach and indicators	Section, Response Reasons for Omission	ISO 26000 Clause	UN Global Compact	SDG
<b>Biodiversity</b>	Management approach	1.4 * 1.5 * 6.1 * 6.2 * 6.3 * 6.4 * 6.9 * 8.1			
	G4-EN11: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	6.11	6.5.6	Principle 8	15.5
	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.	6.11	6.5.6	Principle 8	
	G4-EN13: Preserved or restored habitats.	6.11	6.5.6	Principle 8	
	G4-EN14: Number of species included in the IUCN red list and the national conservation records whose habitats are affected by operations, according to the level of extinction risk of each specie.	6.11	6.5.6	Principle 8	
<b>Carbon and Water Footprint</b>	Management approach	1.4 * 1.5 * 6.1 * 6.2 * 6.3 * 6.4 * 6.5.b * 6.6 * 8.1			
	G4-EN18: Intensity of greenhouse gas emissions.	6.6	6.5.5	Principle 8	
	G4-EN19: Reduction of greenhouse gas emissions.	6.5.b * 6.6	6.5.5	Principle 8, 9	
<b>Effluents and Waste</b>	Management approach	1.4 * 1.5 * 6.1 * 6.2 * 6.3 * 6.4 * 6.6 * 6.8 * 8.1			
	G4-EN22: Total water discharge by quality and destination.	6.6	6.5.3, 6.5.4	Principle 8	
	G4-EN23: Total weight of waste by type and treatment method.	6.7 * Note 22	6.5.3	Principle 8	
	G4-EN24: Total number and volume of significant spills.	Note 23	6.5.3	Principle 8	
	G4-EN25: Weight of transported, imported, exported or treated waste considered hazardous under the terms of Annexes i, ii, iii and viii of the Basel Convention, and percentage of waste transported internationally.	6.7	6.5.3	Principle 8	
	G4-EN26: Identification, size, state of protection and value of bodies fo water's biodiversity and habitats significantly affected by related to the spills or runoff from the organization.	6.9	6.5.3, 6.5.4, 6.5.6	Principle 8	
<b>Products and Services</b>	Management approach	6.3 * 6.4			
	G4-EN28: Percentage of products sold and their packaging materials that are recovered at the end of their useful life, by product category.	6.7	6.5.3, 6.5.4, 6.7.5	Principle 8	
<b>Compliance</b>	Management approach	6.2			
	G4-EN29: Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	Note 24	4.6	Principle 8	
<b>General</b>	Management approach	6.1			
	G4-EN31: Breakdown of environmental protection expenditures and investments.	6.8 * Note 25	6.5.1-6.5.2	Principle 7, 8, 9	
<b>Supplier Environmental Assessment</b>	Management approach	1.4 * 1.5 * 2.2 * 2.4 * 2.5 * 2.7 * 3.2 * 8.1			
	G4-EN32: Percentage of new suppliers that were screened using environmental criteria.	3.2	6.3.5, 6.6.6, 7.3.1	Principle 8	

**SPECIFIC BASIC CONTENTS**

Material Aspects	Information on the management approach and indicators	Section, Response Reasons for Omission	ISO 26000 Clause	UN Global Compact	SDG
<b>SOCIAL PERFORMANCE • LABOR PRACTICES AND DECENT WORK</b>			<b>6.4.1-6.4.2</b>		
	Management approach	1.4 • 1.5 • 4 • 8.1			
<b>Employment</b>	G4-LA1: Total number and rates of new hires and mean employee turnover by age group, gender and region.	4.1	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.	4.2 • 4.6 • Note 26	6.4.4, 6.8.7		
	G4-LA3: Return to work and retention rates after maternity or paternity leave, by gender.	4.6	6.4.4	Principle 6	
	Management approach	1.4 • 1.5 • 4 • 8.1			
<b>Company/ Labor Relations</b>	G4-LA4: Minimum notice period(s) related to organizational changes.	Note 27	6.4.3, 6.4.5	Principle 3	
	FP3: Percentage of work time lost due to labor conflicts, strikes and/or lockouts, by country.	Note 28			
	Management approach	1.4 • 1.5 • 4 • 4.6 • 4.10 • 8.1			
<b>Health and Safety at Work</b>	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.	4.10	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.	4.10	6.4.6, 6.8.8		
	Management approach	1.4 • 1.5 • 4 • 4.8 • 8.1			
<b>Training and Education</b>	G4-LA9: Average training hours per year and employee, by sex and by job category.	4.8	6.4.7	Principle 6	
	G4-LA10: Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	4.8	6.4.7, 6.8.5		
	G4-LA11: Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	4.9	6.4.7	Principle 6	
	Management approach	1.4 • 1.5 • 4 • 4.1 • 4.3 • 8.1			
<b>Diversity and Equal Opportunity</b>	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.	4.1	6.2.3, 6.3.7, 6.3.10, 6.4.3	Principle 6	
	Management approach	1.4 • 1.5 • 4 • 4.5 • 8.1			
<b>Remuneration for Women and Men</b>	G4-LA13: Ratio of basic salary and remunerations of women to men by employee category and by significant locations of operation.	4.5	6.3.7, 6.3.10, 6.4.3, 6.4.4	Principle 6	10.2
	Management approach	1.4 • 1.5 • 2.2 • 2.4 • 2.5 • 3.2 • 8.1			
<b>Supplier Assessment for Labor Practices</b>	G4-LA14: Percentage of new suppliers that were screened using labor practices criteria.	2.5 • 3.2	6.3.5, 6.4.3, 6.6.6, 7.3.1		

**SPECIFIC BASIC CONTENTS**

Material Aspects	Information on the management approach and indicators	Section, Response Reasons for Omission	ISO 26000 Clause	UN Global Compact	SDG
<b>SOCIAL PERFORMANCE • HUMAN RIGHTS</b>			6.4.1-6.4.2 • 4.8, 6.3.1-6.3.2		
<b>Non-discrimination</b>	Management approach		1.4 • 1.5 • 3 • 3.1 • 4 • 4.1 • 4.3 • 4.5 • 8.1		
	G4-HR3: Number of cases of discrimination and corrective actions taken.	Note 29		6.3.6, 6.3.7, 6.3.10, 6.4.3	Principle 6
<b>Freedom of association and collective negotiation</b>	Management approach		1.4 • 1.5 • 2.2 • 2.4 • 2.5 • 3 • 3.1 • 3.2 • 4.2 • 8.1		
	G4-HR4: Identification of significant centers and suppliers in which the freedom of association and the right to benefit from collective agreements can be violated or threatened, and measures adopted to defend these rights.	Note 30		6.3.3, 6.3.4, 6.3.5, 6.3.8, 6.3.10, 6.4.5, 6.6.6	Principle 3
<b>Child Labor</b>	Management approach		1.4 • 1.5 • 2.2 • 2.4 • 2.5 • 3 • 3.1 • 3.2 • 3.4 • 8.1		
	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.	Note 31		6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.3.10, 6.6.6, 6.8.4	Principle 5
<b>Forced Labor</b>	Management approach		1.4 • 1.5 • 2.2 • 2.4 • 2.5 • 3 • 3.1 • 3.2 • 4 • 4.2		
	G4-HR6: Operations and suppliers with a significant risk of being source of episodes of forced labor, and measures taken to contribute to the elimination of all forms of forced labor.	Note 32		6.3.3, 6.3.4, 6.3.5, 6.3.10, 6.6.6	Principle 4
<b>Assessment</b>	Management approach		1.4 • 2.1 • 2.2 • 2.4 • 2.5 • 3.2		
	G4-HR9: Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	Note 33		6.3.3, 6.3.4, 6.3.5	Principle 1
<b>Supplier Human Rights Assessment</b>	Management approach		1.4 • 1.5 • 2.2 • 2.5 • 3 • 3.2 • 8.1		
	G4-HR10: Percentage of new suppliers that were screened using human rights criteria.	Note 33		6.3.3, 6.3.4, 6.3.5, 6.6.6	Principle 2
<b>Human Rights Grievance Mechanisms</b>	Management approach		1.4 • 2.1 • 2.2 • 3.1		
	G4-HR12: Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	Note 34		6.3.6	Principle 1
<b>SOCIAL PERFORMANCE • SOCIETY</b>			6.4.1-6.4.2		
<b>Local Communities</b>	Management approach		1.4 • 1.5 • 2.7 • 3.4 • 7 • 8.2		
	G4-SO1: Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Note 35		6.3.9, 6.5.1-6.5.2, 6.5.3, 6.8	Principle 1
<b>Fight against Corruption</b>	Management approach		We are San Miguel • 1.5 • 2.1 • 2.2 • 2.4 • 3.2 • 8.2		
	G4-SO4: Communication and training policies and procedures on the fight against corruption.	2.1 • 2.2 • 2.4 • 3.2		6.6.1-6.6.2, 6.6.3, 6.6.6	Principle 10
	G4-SO5: Confirmed incidents of corruption and actions taken.	Note 36		6.6.1-6.6.2, 6.6.3	Principle 10
<b>Anti-Competitive Behavior</b>	Management approach		2.1 • 2.2 • 8.1		
	G4-SO7: Total number of legal actions for anticompetitive behavior, anti-trust or monopoly practices and their outcomes.	Note 37		6.6.1-6.6.2, 6.6.5, 6.6.7	



SPECIFIC BASIC CONTENTS

Material Aspects	Information on the management approach and indicators	Section, Response Reasons for Omission	ISO 26000 Clause	UN Global Compact	SDG
<b>Regulatory Compliance</b>	Management approach	2.1 + 8.2			
	G4-S08: Monetary value of significant fines and number of non-monetary sanctions for non-compliance with legislation and regulations.	Note 38	4.6		
<b>Supplier Assessment for Impacts on Society</b>	Management approach	3.4 + 8.2			
	G4-S09: Percentage of new suppliers that were screened using criteria for impacts on society.	2.5 + 3.2	6.3.5, 6.6.1-6.6.2, 6.6.6, 6.8.1-6.8.2, 7.3.1		
<b>Healthy and Affordable Food</b>	FP4: Programs that promote healthy lifestyles, prevention of chronic diseases, access to healthy, nutritious and accessible food; improvement of community wellbeing.	1.4 + 3.4 + 4.6 + 4.10 + 7.1 + 7.2 + 7.3 + 8.1 + 8.2			
<b>SOCIAL PERFORMANCE + PRODUCT RESPONSIBILITY</b>			6.4.1-6.4.2		
<b>Customer Health and Safety</b>	Management approach	1.4 + 3.3 + 5.1 + 5.3 + 8.1			
	G4-PR2: Number of incidents of non-compliance with regulations concerning the impacts of products and services on the health and safety of customers.	Note 39	4.6, 6.7.1-6.7.2, 6.7.4, 6.7.5, 6.8.8		
<b>Product and Service Labeling</b>	Management approach	5.4 + 5.5 + 8.2			
	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 40	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.	5.4 + 5.5	6.7.1-6.7.2, 6.7.6		

**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:** There have been no significant changes during the year 2016 in the supply chain of the organization.

**Note 4:** All the entities that appear in the financial statements are included in this report.

**Note 5:** No significant restatements of previous reporting information have been made

**Note 6:** There were no significant changes during the year. Although the material aspects are the same, we introduced improvements in the materiality analysis to deepen their understanding for the organization and enhance them.

**Note 7:** For the identification and the selection of the groups of interest we base ourselves on the 6 commitments of sustainability of San Miguel related to the substantive matters of the norm ISO 26000: 2010

**Note 8:** The previous sustainability report published corresponds to the year 2015

**Note 9:** We make the sustainability report annually.

**Note 10:** The sustainability 2016 report of San Miguel does not count with external verification

**Note 11:** Public Affairs, Quality and Sustainability Director leads the activities related to sustainable development. However, all Executive Directors

have to include sustainability as part of their strategic initiatives. San Miguel's Board delegates in the Sustainability Committee the planification and execution of the integral sustainability strategy of the company. This Committee has to report periodically news and advances on the sustainability plan.

**Note 12:** The chairman of the board does not hold an executive position in San Miguel

**Note 13:** Conflicts of interest are presented and evaluated if necessary in the fortnightly meetings of the Executive Committee, composed by representatives of the board members and the executive directors.

**Note 14:** In 2015 the management team of committed to incorporate a specific performance objective on Sustainability. This objective has an impact on variable remuneration and it is oriented to the management of 6 dimensions, the same as the ones that structure this report: Corporate Governance; Labor practices; Environment; Social investment; Customers; and Chain of Value. The directors also transfer to their teams the orientation to determine the specific objectives in order to deploy Sustainability in the entire management of the company. Board members are not evaluated.

**Note 15:** No relevant concerns have been raised to report to the highest governance body

**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 objec

**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 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. It is planned to create a

team called "Indicators Group" for 2017 that will be focused on the standardization of the indicators of processed food plant, whose objective is to have a unique database to integrate the different stages of the process.

**Note 21:** This indicator is partially reported as there are no quantitative data for water withdrawal by source, which we will try to report on next publications.

**Note 22:** This indicator is partially reported, since the quantitative data for the operations of Uruguay and South Africa is not available.

**Note 23:** No significant incidents of this type have taken place in any of our operations.

**Note 24:** No significant 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 25:** As of 2016, the investment was redefined. San Miguel allocates the necessary resources to comply with legal requirements in environmental matters and those arising from continuous improvement. In this way we seek to reinforce the commitment in each of our operations by taking care of the environment and the reducing the impact of productive activities.

**Note 26:** "In Argentina we do not have funds for retirement of employees while in South Africa we have a voluntary retreats of 10% of the basic salary"

**Note 27:** 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 28:** There were no strikes in the operations of Argentina and South Africa on 2016.

**Note 29:** There were no cases of discrimination during the year 2016

**Note 30:** No operations with potential risk for freedom of association and the right to benefit from collective agreements to be violated or threatened.

**Note 31:** No operations with potential risk for incidents of child labor have been reported.

**Note 32:** No operations with potential risk for incidents of forced labor have been reported.

**Note 33:** 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.

**Note 34:** There were no significant complains about human right in 2016.

**Note 35:** Development programs, impact evaluations and rural schools involvement have been executed in all the communities in wich San Miguel operates. The size and scope of the initiatives vary depending on the magnitude of the operation, the context and the needs of each community.

**Note 36:** No corruption incidents have been reported in 2016..

**Note 37:** No legal actions for anti-competitive behavior, anti-trust or monopoly practices have been filed.

**Note 38:** No fines or penalties related to non-compliance with laws regulations have been reported.

**Note 39:** 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 40:** 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

**Publication Number:** 5

**Period covered:** 2016

**Geographical scope:** Argentina, Uruguay and South Africa

**International Guidelines used:**

- **GRI G4 Guide (Global Report Initiative)**, compliance criterion in its "Essential" option
- **ISO 26000:2010 International Standard** as guide to integrate social responsibility into our values and practices
- **United Nations Global Compact** – Valid as annual presentation of Communication on Progress (COP)
- **Sustainable Development Goals (SDG Compass)**

THE COMPANY'S SUSTAINABILITY MANAGEMENT IN ITS SIX MAIN DIMENSIONS AND THE SUSTAINABILITY COMMITMENTS ARE BASED ON THE ISO 26000 STANDARD FUNDAMENTAL MATTERS: ORGANIZATIONAL GOVERNANCE, LABOR PRACTICES, FAIR OPERATING PRACTICES, CUSTOMERS AND CONSUMERS AFFAIRS, COMMUNITY DEVELOPMENT AND IMPACT, AND ENVIRONMENTAL IMPACT.

## FOR FURTHER INFORMATION

- **ISO 26000:** [www.iso.org/iso/social\\_responsibility](http://www.iso.org/iso/social_responsibility)
- **GRI G4:** [www.globalreporting.org](http://www.globalreporting.org)
- **United Nations Global Compact:** [www.pactoglobal.org.ar](http://www.pactoglobal.org.ar)
- **Sustainable Development Goals:** [www.un.org/sustainabledevelopment/es/](http://www.un.org/sustainabledevelopment/es/)

## CONTACT US

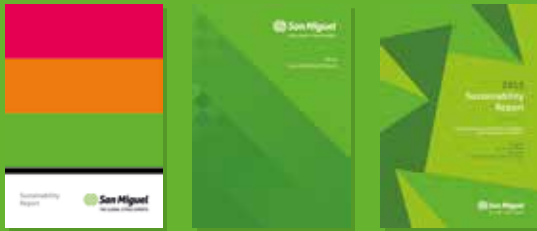
We would appreciate to have your opinions, suggestions, doubts or any comment related to the management presented in this Report sent to the following e-mail: [sustentabilidad@sanmiguelglobal.com](mailto:sustentabilidad@sanmiguelglobal.com).

## ACKNOWLEDGEMENTS

We would like to specially thank our employees from the different areas of our company and highlight their hard work and collaboration to prepare this document. Their comments and feedback as well as their involvement in the process help us improve every year.

## OUR SUSTAINABILITY REPORTS

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This **2016 Sustainability Report** is distributed free of charge and available to any stakeholder upon request. Its digital version is available at [www.sanmiguelglobal.com](http://www.sanmiguelglobal.com)

Prepared by San Miguel's Institutional Relations, Quality and Sustainability area.

External facilitator:  
Social Report, [www.reportesocial.com](http://www.reportesocial.com).

## OUR WEB SITE

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