



# **2018 Sustainability Report**

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## Letter by the CEO

### The pride of keeping building value from nature

For over 60 years, we have been a part of the planet and the community. Aware of our impact in our environment and our role as healthy food suppliers, we understand Sustainability as the business cornerstone that guides our daily work and stands out in the way we produce, the quality of our products, the relations we build with colleagues, clients, share-holders, suppliers and people who live in the communities where we are settled.

Today, we are proud to share with you our social, environmental and economic performance during 2018. It has been a year full of milestones that have strengthened our sustainable and scalable growth ambition and come from the entrepreneurial spirit that defines us since we started as a company.

I would like to emphasize on some achievements like the unification of the operations of Argentina in a single industrial complex, the growth in our lemon plantations in Uruguay, seedless fruit production and the huge progress achieved with the seasons of avocado and grapes in Peru. We continue strengthening our value proposition for our clients, by moving forward within the fruit value chain and enhancing our portfolio in order to offer the products that the market needs.

But among all that has been performed, there is a highlight we are quite proud of as a company, and it is the establishment of a new company Thudana Citrus in Kirkwood (South Africa). Such company has been founded under a shared-ownership model with our own employees, a figure that is promoted by the local law known as BEE -Black Economic Empowerment and that will bring unique opportunities for our people and their families to develop. Such new company is already operating and represents a milestone in the manner of understanding the relationship between shareholders and employees.

As you can see all along the following pages of this report, we have also achieved a substantial progress in Fair Practices in our Operations; Our Commitment to Human Rights; Labor Practices; Environmental Management and Engagement in our Communities.

You are invited to look through our 7th Sustainability Report, carried out in accordance with the Global Reporting Initiative (GRI) Standards and with the UN social responsibility initiative: the Global Compact. This report represents our Communication for Progress; and we submit our contribution to its 10 Universal Principles based on four core themes: human rights, labor rights, environment and fight against all forms of corruption.

I am truly proud as Global CEO of San Miguel, of being part of a company which is aware of the environment, which daily works for its presence to become a better present and an auspicious future for each community in which it operates. A company whose driver is to create value from nature to reach households by caring for every link in the value chain, and thus, feeding families worldwide.

The undeniable transforming power of the people making up this company is undoubtedly what enables to translate our ambition for sustainable development into targeted actions day after day. To all of them, many thanks.

Romain Corneille  
CEO de San Miguel

## **INDEX**

### **1. OUR COMPANY**

- 1.1 We are San Miguel
- 1.2 Our Commitment to Sustainability

### **2. CORPORATE GOVERNANCE**

- 2.1 Governance Structure
- 2.2 Risk Management

### **3. FAIR PRACTICES IN OUR OPERATIONS**

- 3.1 Ethics and integrity
- 3.2 Commitment with Transparency
- 3.3 Our Suppliers

### **4. OUR COMMITMENT TO HUMAN RIGHTS**

### **5. CUSTOMER AFFAIRS**

- 5.1. Our customers
- 5.2. Research and Development
- 5.3. Food Safety
- 5.4. Customer Relations

### **6. LABOR PRACTICES**

- 6.1. Our value proposition
- 6.2. Our Employees' Profile
- 6.3. Training and Development
- 6.4. Labor Conditions
- 6.5. Health and Safety

### **7. ENVIRONMENTAL MANAGEMENT**

- 7.1. Our Commitment to the environment
- 7.2. Natural Resources
- 7.3. Supply, Waste and Effluent Management
- 7.4. Sustainable Soil Management
- 7.5. Biodiversity

### **8. COMMUNITY ENGAGEMENT**

- 8.1. Our commitment to Social Investment
- 8.2. Empowering our communities
- 8.3. Corporate volunteering
- 8.4. Donations and sponsorships

### **9. ACHIEVEMENTS AND CHALLENGES**

### **10. TECHNICAL MANAGEMENT OF THIS REPORT**

### **ANNEX**

## 1. OUR COMPANY



### 1.1. We Are San Miguel

We are a **multinational company**, a leader in the Southern Hemisphere in the **production, distribution and sale of fresh fruit and food products derived from citrus**.

Aware of our role in the world, of how we impact in thousands of people’s lives , we seek to contribute to the planet, the communitities and economic development thourgh our daily work.

Our role gives us the great responsibilty of being change agents in the communitities where we are.

<p><b>We create value from nature.</b></p> <p><i>We produce healthy food for people, working to get the best out of each region</i></p>	<p><b>We share in the daily lives of families.</b></p> <p><i>We nurture people all over the world with our fresh fruit and processed foods</i></p>	<p><b>We offer diversity, passion and quality.</b></p> <p><i>We grow from experience and with an entrepreneurial spirit. This is how we have been growing in different geographies, products and learnings.</i></p>	<p><b>We take care of every link in our value chain. We safeguard each process</b></p> <p><i>together with our suppliers and partners to guarantee food quality and safety.</i></p>	<p><b>We understand consumer needs.</b></p> <p><i>We provide our customers with tailor-made solutions, guided by consumer trends.</i></p>	<p><b>We believe in the transformative power of people.</b></p> <p><i>We encourage families and their communities to grow</i></p>
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We are part of the community and we work in harmony with nature, preserving the environment where we carry out our operations. Simply because we want to grow together in a better world.

#### DESIGN REFERENCE: LINKS

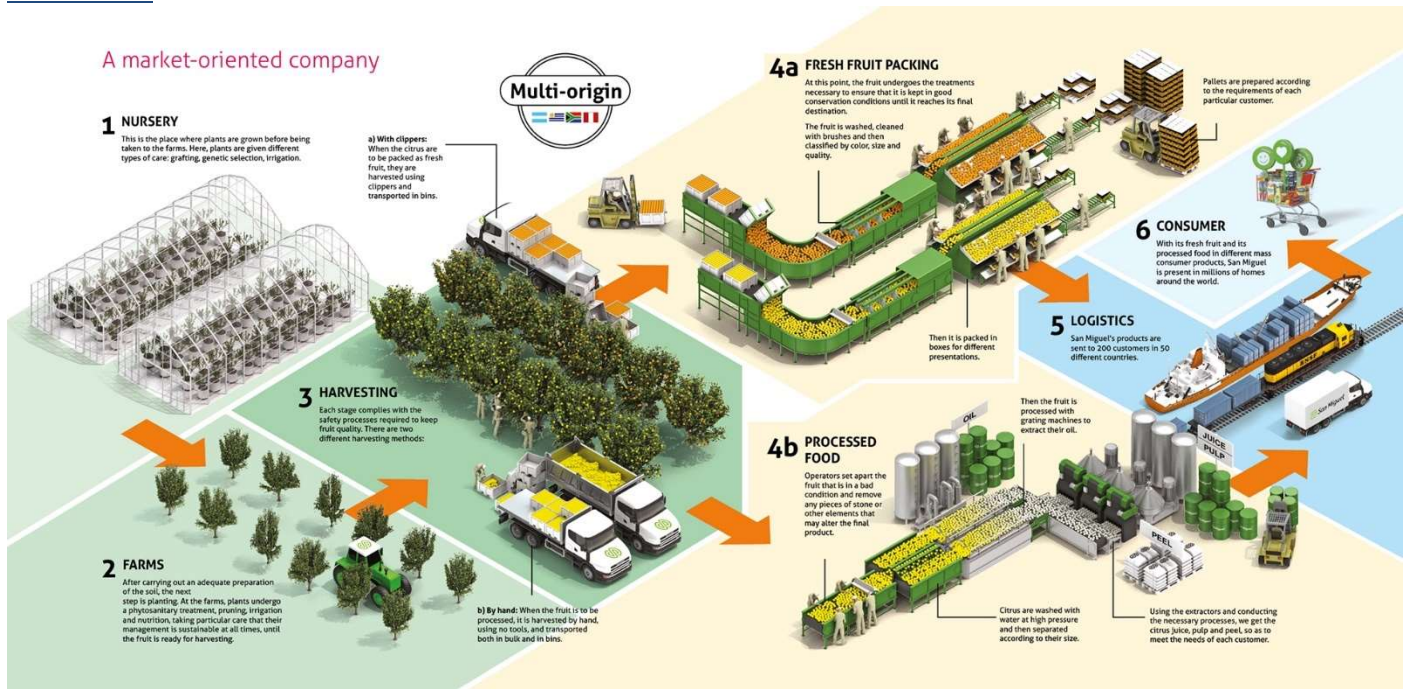
<http://sanmiguelglobal.com/en/we-are-san-miguel>

<http://sanmiguelglobal.com/en/our-history>

#### San Miguel in Figures

- ✓ 63 años years in citrus fruit production
- ✓ 9.600 hectares of fields
- ✓ 70 company-owned farms (30 in Argentina, 12 in Uruguay, 12 in South Africa and 18 in Peru)
- ✓ 5 packing plants
- ✓ 140.000 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 worldwid

Value Chain



1.2. Diverse origins

	ARGENTINA	URUGUAY	SOUTH AFRICA	PERU
<b>Overview</b>	<ul style="list-style-type: none"> <li>✓ Production: between 175,000 and 200,000 tons</li> <li>✓ Fresh Fruit exports: 51,000 tons</li> <li>✓ Grinding capacity: 300,000 tons</li> </ul>	<ul style="list-style-type: none"> <li>✓ Total production: 30,000 tons</li> <li>✓ Fresh Fruit exports: 14,000 tons</li> <li>✓ Total processing: 24,000 tons</li> <li>✓ Novacore grinding capacity: 50,000 tons</li> </ul>	<ul style="list-style-type: none"> <li>✓ Total production: 77,000 tons (60% strategic growers)</li> <li>✓ Fresh Fruit exports: 61,000 tons</li> <li>✓ Venco grinding capacity: 70,000 tons</li> </ul>	<ul style="list-style-type: none"> <li>✓ Total production: 24,000 tons</li> <li>✓ Fresh Fruit exports: 16,000 tons</li> </ul>
<b>Fields</b>	<ul style="list-style-type: none"> <li>✓ Company- owned nursery</li> <li>✓ 30 fields managed</li> <li>✓ 5,330 hectares under production</li> <li>✓ Partnerships with 60 citrus fruits growers throughout the country</li> <li>✓ 1,800,000 trees planted (average age: 16 years)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Largest nursery in Uruguay (26 greenhouses)</li> <li>✓ 12 managed fields (company-owned and leased)</li> <li>✓ 1,800 hectares under production</li> <li>✓ Partnership with 3 local strategic producers</li> </ul>	<ul style="list-style-type: none"> <li>✓ 12 company-owned fields</li> <li>✓ 1,080 hectares in production</li> <li>✓ Partnership with 26 local strategic producers</li> <li>✓ 500,000 trees planted (average age: 8 years)</li> </ul>	<ul style="list-style-type: none"> <li>✓ 18 company-owned farms</li> <li>✓ 1,400 hectares under production</li> <li>✓ 398,570 avocado crops</li> <li>✓ 181,831 mandarin crops</li> <li>✓ 483,973 grape crops</li> </ul>

	✓Fields located within Tucumán’s best citrus fruits area	✓750,000 trees planted (average age: 12 years)		
<b>Infrastructure</b>	✓2 packing plants ✓1 industrial processing plant	✓1 packing plant ✓1 industrial processing plant under a joint venture scheme	✓1 packing plant ✓1 industrial processing plant under a joint venture scheme	✓1 packing plant
<b>People</b>	✓ 721 employees* ✓3,000 Jobs during harvest season**	✓278 employees ✓ 900 Jobs during harvest season	✓270 employees ✓1,500 Jobs during harvest season	✓2,751 employees ✓3,000 Jobs during harvest season

\*Includes owned employees both permanente and temporary

\*\* Includes both owned and third party

## ECONOMIC PERFORMANCE

ECONOMIC PERFORMANCE (In millions of \$)	2018	2017
<b>DIRECT ECONOMIC VALUE GENERATED</b>	<b>10,133</b>	3,938.6
Net sales	9,958	3,862.8
Revenues from financial investment	49	11.7
Sale of assets	126	64.1
<b>ECONOMIC VALUE DISTRIBUTED</b>	<b>18,883.40</b>	5,038.9
Payment to suppliers	5,201	3,604
Salaries, wages and employer’s contributions	1,985	962.4
Payment to capital providers *	10,074	121.8
Investment in fixed and other assets	1,186	490.6
Investment in the community	16	5.2
Income Tax	301	-223
Direct Taxes	36	73.6
Taxes, levies and contributions	92	4.3
<b>ECONOMIC VALUE WITHHELD</b>	<b>-8,750.4</b>	-1,100.3

(\*) It considers 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).

**@For more information on the Economic Value of San Miguel, see Annex to this Report or go to <http://sanmiguelglobal.com/en/financial-statements-and-public-documents>**

### Awards and Recognitions

SAP Hana Innovation Award – ‘Industry Disrupter Regional Choice’ Category – For our initiative on the generation and management of up-to-date information on monitoring activities in our fields.

Best Global Supplier - Highest award given every year by Firmenich S.A, one of the biggest multinational flavor and fragrance companies in the world.

Prensa Económica – Awards to Argentine Exports in the Agriculture Category.

## 1.2. OUR COMMITMENT TO SUSTAINABILITY

We seek to create sustainable value **in everything that we do and throughout every link of our value chain**. Because driving a positive impact is the best way to **take care of our future**.

### Our Sustainability Policy

#### Economic Development

- Establishing **efficient processes** that respond to the requirements of our customers and to our commercial strategy to achieve a profitable operation.
- Promoting a **zero-defect culture**.
- Developing **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 permanent and sustained improvement of our efficiency and competitiveness over time.
- Fostering the development of our **suppliers**, adding value to the entire operation.

#### Social Development

- Identifying, monitoring, assessing, correcting and preventing any **risk** arising from our operations in terms of **safety and health** that may affect our employees, suppliers, contractors or the community in general.
- Ensuring **fair conditions** respectful of human dignity for our employees and suppliers.
- Carrying out actions that contribute to **social and cultural development**, and to the general welfare of the communities of influence.

#### Environmental Protection

- Identifying, monitoring, evaluating and correcting **environmental risks** resulting from our operations, 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 applicable **regulations** and laws in force.
- Making a **rational and efficient use of our supplies**, water and energy.
- **Minimizing the generation and impact of our waste** by actively applying a zero waste culture and reduction, reuse, recycling, industrial symbiosis (100% product) and cleaner production concepts, and a responsible handling of hazardous wastes.
- Maintaining **transparent and open communications** on environmental issues with the community, regulatory bodies, customers and all stakeholders.

### Sustainability Commitments and Materiality Topics

The commitments we have assumed towards Sustainability are expressed into the materiality topics of our company. They represent the most relevant issues for our sustainability strategy due to our economic, environmental or social effect; or because of their influence in the perception, evaluation or decision of our stakeholders.

<b>Ethics and Transparency in business management</b>	<b>Contributing to our suppliers' network in the sustainable development of their businesses</b>	<b>Developing people in their human and economic dimensions</b>	<b>Interpreting our customers' needs and meeting them with integrity</b>	<b>Using natural resources responsibly and sparingly</b>	<b>Going along with the development of communities in our fields of action</b>
<ul style="list-style-type: none"> <li>• Long-term business strategy</li> <li>• Fair competition</li> <li>• Respect for Human Rights</li> </ul>	<ul style="list-style-type: none"> <li>• Suppliers' assessment an development</li> <li>• Fight against child labor</li> <li>• Promoting social responsibility in th supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Atracción, desarrollo y retención del talento</li> <li>• Work-private life balance</li> <li>• Occupational health and safety</li> <li>• Diversity and equal opportunities</li> <li>• Management of temporary staf</li> </ul>	<ul style="list-style-type: none"> <li>• Promoting healthy life habits (fresH citrus fruit)</li> <li>• Customer service</li> <li>• Food safety</li> </ul>	<ul style="list-style-type: none"> <li>• Efficient use of water</li> <li>• Effluent management</li> <li>• Waste management</li> <li>• Sustainable soil management</li> <li>• Biodiversity protection</li> <li>• Energy efficiency</li> <li>• Climate change and ecosystem preservation</li> <li>• Sustainable agriculture</li> </ul>	<ul style="list-style-type: none"> <li>• Education</li> <li>• Nutrition</li> <li>• Housing</li> </ul>

### Materiality Matrix

This Materiality Matrix represents the relevance that every strategic and critical topic has for San Miguel' Sustainability and the agricultural industry, and valuation of its stakeholders and the company management.





## Our contribution to the 2030 Agenda for Sustainable Development

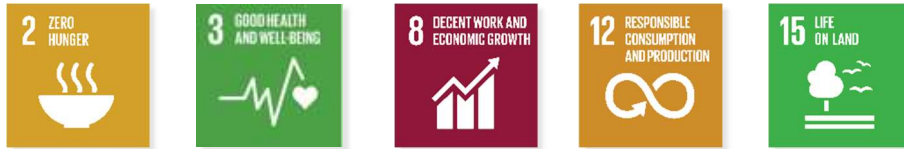
UN Sustainable Development Goals (SDG) define world's priorities and aspirations for 2030. The private sector is invited to be a part of this agenda and join efforts in order to put an end to extreme poverty, fight against inequality and justice as well as protect our planet.

For more information on this agenda, see <https://sustainabledevelopment.un.org/>

In San Miguel we have been committed to these goals since they were launched.

- ✓ In 2015 we began to align our global work agenda with the Sustainable Development Goals (SDG) by identifying which goals were more strategically related to our business.
- ✓ In 2016 we started analyzing which initiatives were contributing to SDG's fulfillment.
- ✓ In 2017, we studied the direct and indirect contribution of our actions, initiatives and programs to the global agenda.

### Major SDGs



### Direct Contribution

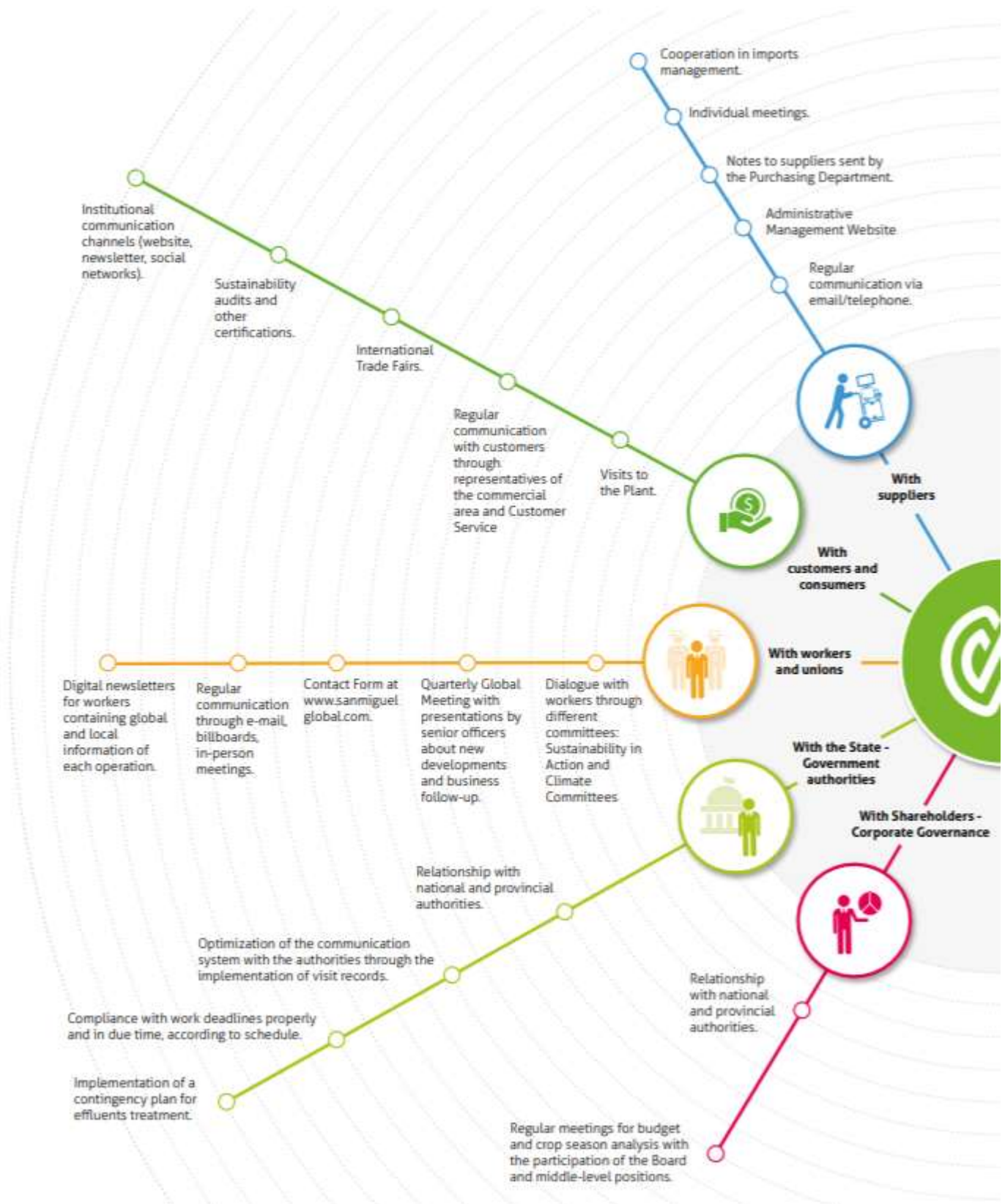


### Indirect Contribution



## Our Stakeholders

DESIGN: 2 pages infography





## 2. CORPORATE GOVERNANCE



## 2.1 Governance Structure

San Miguel Governance structure is made up of:

- ✓ The Board,
- ✓ The Executive Committee,
- ✓ The Executive Directors team,
- ✓ The Country Managers.

They work together to comply with the company's strategic plan within a framework of commitment to the sustainable development of the business, the community and the environment.

### The Board:

- It is made up of 11 members
- Its members meet at regular intervals to take decisions related to the strategic management of the company,
- It defines and validates the strategy from which the company's economic, social and environmental management arises,
- 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.

### The Executive Committee:

- It is made up of 4 directors and the CEO,
- They actively direct the management of the company and validate the material and relevant issues for the sustainability of the business,
- They meet every fifteen days and make a follow up on the main strategic initiatives and projects.

### The Executive Directors:

- The Executive Direction is made up of 7 members,
- They lead the different corporate areas, taking forward 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 up the management of the company in the short, medium and long term, and to make the relevant decisions aimed at the smooth running of the operation.

### The Country Managers:

- They are the general managers of the company in the countries where we operate and they report directly to the global CEO.
- They work jointly with the executive directors who carry out the management of each area.
- They lead their own local teams to meet the objectives of each country and work together with the corporate teams in order to achieve a consistent global management.

MEMBERS OF THE BOARD



**GONZALO TANOIRA**  
PRESIDENT \* 2003 TO DATE



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



**LUIS ROQUE OTERO MONSEGUR**  
2002 TO DATE



**ALEJANDRO ANCHORENA (H)**  
2013 TO DATE



**CRISTIÁN LÓPEZ SAUBIDET**  
2008 TO DATE



**PABLO JAVIER TAUSSIG**  
2008 TO DATE



**AGUSTÍN OTERO MONSEGUR**  
2009 TO DATE



**MIGUEL CROTTO**  
2009 TO DATE

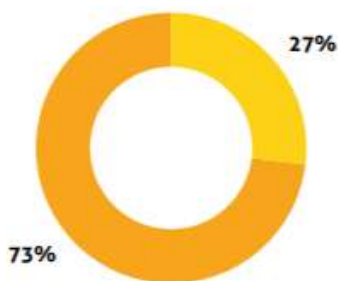


**PABLO J. PEREYRA IRAOLA**  
2017 TO DATE

**TRISTÁN MIGUENS** \* DEPUTY DIRECTOR | **MARÍA LUISA OTERO MONSEGUR** \* DEPUTY DIRECTOR \* 2006 TO DATE

The members of the Board do not hold executive positions at San Miguel.

BOARD STRUCTURE



● Over 50 ● Between 30-50 ● Below 30

EXECUTIVE DIRECTORS' STRUCTURE



● Over 50 ● Between 30-50

@ For further information see the Annex to this Report or go to <http://sanmiguelglobal.com/en/corporate-governance>

## 2018 Milestones

For San Miguel, empowering communities and promoting the prosperity of our collaborators is a firm commitment everywhere the company operates. That is why **we have created a new company in South Africa under a shared-ownership scheme between San Miguel and our employees in alignment with the Black Economic Empowerment (BEE) initiative.** It is a decision to invest in our colleagues in South Africa, by giving to 120 workers a 30 percent stake in our 'Thudana Citrus' company in the Sundays River Valley region (Eastern Cape province) and also provide them with support and training programs. It is an initiative that will create long-term opportunities for our communities through education, empowerment, transparency and the chance to become key players of a citrus business.

In Argentina, we have integrated our activities as well as expanded and improved our fruit preselection packing operation at our **Famaillá Industrial Complex in Argentina.** The project involved moving the company's operations from the Lavalle plant (in San Miguel de Tucumán) to Famaillá, as well as adapting equipment, machinery and jobs, both in operations and administration. In addition, we set up a comprehensive co-management agreement with Latin Lemon for the final preparation of San Miguel fruit for export at a packaging plant in the town of Bella Vista. The alliance with this company increases our volume of exportable fresh fruit, ensuring the supply and quality of our products in the Northern Hemisphere. This upgrade in our operation made it possible to **adapt our facilities to current requirements of these markets and to increase our packing capacity by 44%.**

In terms of our commercial strategy, we keep on working to answer market needs by offering quality products to our customers throughout more and better channels. In this context, on 2018 we have formalized the **acquisition of interest in Andean Sun Produce LLC,** a company of the Peruvian group La Calera registered in the United States of America, main market for mandarins and grapes from Peru. This partnership will allow us to move forward into the commercial chain of our fruit and reach the North American consumers with a better offer.

We have also developed a **commercial alliance with Jingdong Shengxian (JD.com)** to market our products in China through their e-commerce platform. JD.com is one of the major retailers in China and has selected San Miguel as one of their strategic suppliers in the Global Fruit Strategic Alliance".

Finally, **San Miguel received a US\$100 million loan** from Rabobank, the International Finance Corporation (IFC) and the Inter-American Development Bank's IDB Invest for its operations. The loan will help the company and the industry grow over the coming years since it will contribute to our growing strategy of increasing production in all the countries where we operate, creating Jobs for local suppliers and guaranteeing productivity within citrus industry.

## Sustainability Governance

Several work groups are involved in the design and execution of San Miguel sustainability strategy. Furthermore, every executive direction has key initiatives focused on the company's sustainable growth and contribution.

### **Board's Sustainability Committee**

Three board members and three members of the Senior management -including the CEO, the Human Resources Director and the Institutional Relations and Sustainability Director- are involved in this Committee.

It defines general guidelines, verifies compliance with the company's sustainability plan and approves the Sustainability Report every year. General topics on sustainability like training, trends and best practices are also addressed in these meetings.

<b><u>Institutional Relations and Sustainability Direction:</u></b>
It is responsible for articulating and coordinating all activities aimed at the social, environmental and economic dimensions of the company.
<b><u>Sustainability in Action Committee</u></b>
Volunteer employees who represent operative areas of the company are part of this Committee.
Its main responsibilities are to propose projects aligned with the corporate strategy, contribute to its implementation as well as to facilitate internal awareness of sustainability programs.

**2.1. RISK MANAGEMENT**

In San Miguel we optimize processes and prepare for uncertainties by implementing, since 2014, a management and monitoring model of the risks to which we are exposed globally.

We categorize them in financial, operational, political and strategic, among others, and they are displayed on a Risk Map according to their probability of occurrence and impact.

A digital platform (Risk Management) follows and controls the Risk Map, while policies, procedures, action plans and business continuity plans are being carried out.

The process consists of a team made up of company representatives and a Risk Committee composed of the CEO and the executive directors, which meets once a month to manage and discuss the mapped risks.

The Risk Monitoring and Mitigation Process involves employees from different areas of the company, from operations to corporate governance. Risks are divided in determinants that are managed by the referents closest to each topic, so that the executive directors have a greater degree of monitoring and scope on the risks they manage. The risk team is responsible for consolidating all the information, supporting all the people involved and carrying out a macro monitoring of all the risks, focusing on those with the greatest impact and probability of occurrence.

**Climate Change Impact**

Our products are born from nature. This means our business depends largely on temperature, light and water. Short and long-term fluctuations in climate guidelines and climate change may have far-reaching impacts on agricultural production, drastically reducing harvest yields.

This risk resulting from the climate change being currently experienced worldwide may generate substantial changes in our operations, incomes or expenses, where the business may be significantly affected due to low productivity. The areas currently suitable for citrus fruit production may not be so in the future, which would force us to look for new plantation zones or to readjust those currently suitable with new varieties or technology.

**How do we prepare?**



With the Environmental Risk Management System and through the Risk Management tool we are able to monitor potential issues, improve our process to face possible crisis and also capitalize them in order to transform them into new opportunities to grow.

### Climate Change actions by Country

#### Argentina

- ✓ **Organic Mulch:** Improves water preservation and helps conserving humidity, while it reduces soil erosion, the competition with weeds and applications.
- ✓ **Site-specific agriculture**, cold environments: Different areas are settled by their level of damage by cold risk, the varieties with greater resistance or with a harvest season before frosting periods are selected.
- ✓ **Plague integrated control**, Surround: Leaves no waste, repels the *Diaphorina citri*, improves photosynthesis of the plants, reduces radiation and stress.
- ✓ **Checkmate** (Suterra): Integrated control for scale insects.

#### Uruguay

- ✓ **Mulching ecológico:** Soil coverage to maintain humidity, thus reducing water consumption, regulates the temperature due to the effect of solar radiation and improves soil structure..
- ✓ **Cold Map:** The zones are characterized by levels of risk of cold damage due to cold weather exposure and the most resistant varieties are selected genetically or in periods prior to harvest time in which there is risk of frost.
- ✓ **Crop areas systematization:** Reduces wind and water erosion and drives the excess of water.

#### South Africa

- ✓ **Synthetic Mulching:** Improves the use of water, reduces irrigation requirements and weed control.
- ✓ **Netting:** Improves the quality of our fruit by reducing wind damage and temperature stress. Helps carrying out a more efficient water use.
- ✓ **Efficient water use in young trees:** Increases soil capacity to retain water and raises infiltration.
- ✓ **Low-Flow Dripper:** Irrigation system that improves water infiltration and efficient water use.

#### Peru

- Agricultural defense channel:** Prevents posible flood/barage damage.
- ✓ **Synthetic Mulching:** Improves the use of water, reduces irrigation requirements and weed control.
- ✓ **Humidity evaluation** with WET Sensor.

### Partnership and Alliances

These are some of the organizations with which we jointly work in order to achieve more significant impacts:

- Agricultural Business Chamber
- Agricultural Produce Agency Council
- Asociación Citrícola del Noroeste Argentino
- Asociación Conciencia
- Asociación Tucumana del Citrus
- BYMA – Sustainability Index
- Cámara de Comercio Argentina para Asia y el Pacífico
- Cámara del Comercio Sudáfrica - Argentina

Cámara de Exportadores de Citrus del Uruguay  
 Cámara de Exportadores de la República Argentina  
 Cámara de Exportadores de Citrus del Noreste Argentino  
 Cámara de la Industria Cítrica Argentina  
 Consejo Empresario para el Desarrollo Sostenible (CEADS)  
 Citrus Growers Association  
 Exportadores del Uruguay  
 Federación Argentina del Citrus  
 Fresh Produce Exporters Forum  
 Fundación del Tucumán  
 Grupo de Fundaciones & Empresas  
 Institute of Directors  
 Red de Innovación Tucumán  
 Sunday River Citrus Producers Forum  
 Unión de Productores y Exportadores Frutihortícolas del Uruguay  
 Unión Industrial Tucumán

### 3. FAIR PRACTICES IN OUR OPERATIONS



#### 3.1 ETHICS AND INTEGRITY

Integrity is one of the fundamental values that guides us. We base our actions based on ethics, respect and honesty.

##### Code of Ethics

The Code of Ethics settles the guidelines to contribute to the achievement of the company's objectives and goals while ensuring that the way of doing business is carried out based on ethical principles and standards.

It must be followed by all employees in all countries where the company operates and applies to all hierarchical levels, as well as to our suppliers and customers.

Through the guidelines set out in the Code, we seek that our values be reflected in our daily actions, decisions and attitudes.

##### Functioning

The **Ethics Committee** is the body in charge of channeling conflicts that may arise. It is made up of two members of the Executive Committee, the Director of Human Resources, the Director of Institutional Relations and the CEO of the company.

The Ethics Committee receives the complaints and takes the necessary precautions to keep the identity confidential, guarantee respectful treatment and listen to everyone involved. After the investigation is carried out, the Ethics Committee is responsible for making the final decision.

To raise concerns related to the Code of Ethics, employees shall contact their local Human Resources team. Anonymous complaints can be submitted by two means: by telephone to our toll free number 0800 888 7264 or by e-mail to [codigodeetica@sanmiguelglobal.com](mailto:codigodeetica@sanmiguelglobal.com)

Any act of non-compliance with the Code of Ethics may result in the application of disciplinary measures, depending on the seriousness thereof and based on our applicable laws in force.

#### How to raise concerns and make a complaint?

Colleagues can contact their local Human Resources team. Anonymous complaints can be submitted by email to '[codigodeetica@sanmiguelglobal.com](mailto:codigodeetica@sanmiguelglobal.com)' or by phone to a free telephone number 0800 888 7264 (ARG), 0800 56 075 (PE), 000 405 4607 (UY) y 0800 980 093 (RSA). People can also call from the office or the following interns 188 (ARG-UY-RSA) 54 188 (PE), 188 (Uruguay).

Any act of non-compliance with the Code of Ethics may result in the application of disciplinary measures, depending on the seriousness thereof and based on our applicable laws in force.

### 3.2 COMMITMENT TO TRANSPARENCY

#### Audit Committee

In order to ensure the transparency of our organization, there are other control mechanisms such as the **Audit Committee** made up of three members; two of them shall be independent. The members of the Audit Committee are proposed by any of the Board's authorities.

This Committee holds regular meetings with the rest of the Board members, draws-up and executes an annual audit plan. It is given a budget to carry out its tasks with total independence and states the result of its objectives and initiatives in an Audit Record Book enabled for the purpose thereof.

In addition, there is a team of external auditors appointed by the Shareholders' Meeting and evaluated on an annual basis by the Audit Committee as regards its suitability, independence and performance.

#### Certifications

In San Miguel we have several certifications that support our commitment towards ethics and transparency when doing business and developing our operations. Among them, we can 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.

##### **-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.

##### **-SIZA**

It is a Sustainability Initiative of South Africa that provides a platform for the different agricultural sectors, ensuring a sustainable, ethical and fair trade. It monitors environment care and compliance with local labor legislation and aims






to encourage continuous improvement in long-term practices, exceeding the minimum legal requirements. Likewise, it is involved in the value chain to identify needs and problems.

**-BASC (Business Alliance for Secure Commerce)**

It is an international business alliance that promotes safe trade, in cooperation with governments and international organizations. It is voluntary and grants a certification that confirms control in all production processes, packaging, shipping and transport of the cargo to a foreign destination, ensuring that it has no possibility of contamination (smuggling and drug trafficking).

**3.3 OUR SUPPLIERS**

In San Miguel, we carry out multiple actions to **strengthen the link** with our suppliers and **generate long-term relationships** by sharing our values and quality standards.

	Argentina	Uruguay	South Africa	Peru	Global Total
					
<b>Number of suppliers</b>	564	335	264	905	<b>2.068</b>
<b>Purchases (in Dollars)</b>	41,261,365	9,447,908	11,815,195	30,009,044	<b>92,533,512</b>
<b>Local suppliers</b>	93.26%	92.20%	100%	96.68%	<b>95.54%</b>

 For further detailed indicators on Suppliers and Associated Producers, see Annex hereto.

**Associated Producers**

We have a **network of associated producers** We have a network of associated producers with whom we establish a **strategic partners relationship** based on mutual trust.

Through the link we build, we help them boost their growth, leveraged in our commercial force and provide them with financing, genetic material, advice, training in various key management issues such as quality, sustainability, authorized chemical products, certifications and support so that they can obtain the Global Gap certification on their farms

They help us strengthen our value chain, increase and secure our volumes, have presence in more markets and maximize investment returns.

- **92 associated producers**
- **55,695,846 million dollars in purchases**
- **161.7 thousand tons purchased**

 For further detailed indicators on Associated Producers, see Annex hereto.

## Suppliers Selection

We take into account criteria related to the type of material, the complexity of the supply, and the criticality in terms of food safety and maintenance.

Likewise, in the suppliers' selection process:

- We consider their experience
- We analyze and test samples
- We take into account quality certifications and the relevant certification bodies
- We conduct audits and assessments pursuant to the Quality area assessment standard
- We verify their background in other companies in the industry
- In the case of production materials, we request very specific quality certifications

We study suppliers' level of commitment in sustainability matters and reflect with them on the importance of having a sustainability policy and complying therewith.

The “**Supplier Portal**” integrates the information flow related to supply and payment processes, allowing the exchange of large amount of information with Suppliers in a simple, streamlined, secure and effective way.

The entire Purchasing team commits much effort towards the task of **instilling social and environmental awareness** and ensuring that new suppliers meet our internal standards.

**We train all purchasing teams in all countries** on purchasing policies and codes of ethics for suppliers and buyers on an annual basis.

In 2018, we conducted a **specific training in Peru** as it is a recently acquired subsidiary, in a country where Anti-Corruption and Anti-Bribery matters constitute an issue of State.

In addition, the whole supply team of Argentina was trained for the first time in **ISO 20,400 on sustainable purchases** and we plan to replicate this milestone in the teams of Peru and Uruguay in 2019.

## Suppliers Code of Ethics

In all our points of origin, new suppliers **are informed about the Code and must sign it** in order to be registered as a supplier of the Company.

In addition to the **General Guidelines**, it contains clauses related to the **Respect for Human Rights**. The relevant follow-up and assessment by the purchasing, suppliers and quality areas assures us compliance with the international

standards we have adhered to and allows us to add to the value chain, in each link of our supply process, guidelines related to ethics and transparency, respect for the environment and the right to decent work, as well as fight against child labor, among other values.



*For further information on the Supplier Code of Ethics, see Chapter "Commitment to Human Rights"*

### Suppliers Assessment

It is carried out in a comprehensive way, contemplating several aspects:

- **service,**
- **quality and**
- **compliance with deadlines and specifications**

We conduct audits, either under the **in person or self-assessment** methodology, and they are valid for one to three years. When a supplier does not pass the evaluations, we plan an annual improvement program with said supplier. The Purchasing team analyzes the development of the plan and, if the result is satisfactory, we authorize its reinstatement in the system.

In the case of **suppliers of critical inputs and raw materials**, the Quality area takes part through an annual audit procedure conducted from the Quality Assurance area by our team of internal auditors trained for this purpose. Aspects related to **good practices, process control, quality control, quality and safety programs and their certifications, health and safety, are verified, among others.**

Formal audits can have a frequency of one to three years, depending on the result of the last audit and on the supplier's performance. A qualification below the limit considered to approve, causes the supplier to be unregistered until the suggested corrective actions are carried out and verified in a new visit of our Quality staff.

During 2018, we have strengthened the critical suppliers' assessment procedure in all points of origin, both in the registration processes and in the annual assessment performed at the end of our production season.

### Suppliers Development

We support the development of small and local producers by offering them innovative initiatives and schemes to contribute to their social, environmental and economic development and facilitating business opportunities throughout the national citrus market.

- We deploy **technical support** and assistance, using a multidisciplinary approach by working in different areas (Purchasing, Quality, Sustainability, Finance) so that these suppliers are developed in all fields, not just in production matters.

- When implementing an **improvement action in the community**, we take into account our suppliers of materials or services, which participate in an open and transparent price bidding.
  
- We work to raise awareness about the importance of including **purchases from work cooperatives** in the value chain and within a framework of competitiveness, quality and legality. In this context, during 2018:
  - ✓ We maintained this commitment by contributing to the productive enterprise Suyay, a textile production cooperative, from whom we bought a significant amount of work clothing.
  - ✓ We bought gifts for collaborators and external audiences from local artisans and small producers.
  - ✓ We bought breakfast and business lunches from small local producers, whom we previously advised, helped to develop and finally approved.
  
  - ✓ In our farms in Peru, we hired the service of small local beekeepers during the spring for the placement of hives and consequent pollination of avocado plantations. These are family farmers from the areas bordering our farms that produce honey.
  
- In Argentina, we filed the corresponding proceedings before the Instituto de Desarrollo Productivo de Tucumán (IDEP) (Institute of Productive Development of Tucumán) for the **promotion and offer of credits** intended to improvements that allow to obtain a field certification, acting as a link between IDEP, IRAM and producers.
  
- In 2018 we were promoters and protagonists of the event **MES DEL PROVEEDOR PYME** (Month of the SME supplier), organized by the National Institute of Industrial Technology (INTI) of the Ministry of Production. The objective was to strengthen the link between Small and Medium Enterprises and Large Companies leaders at the NOA, to generate business opportunities in regional economies. The result was 100% satisfactory and effective: more than 70 local or regional SMEs were able to establish a direct link with the large companies participating in the event, which, in a single day's work, managed to gather and capture many new potential suppliers and could solve future supply shortages and simultaneously supporting development initiatives of small Local Suppliers. Meanwhile, the INTI was able to deploy its "SME Ecosystem" project with the full range of technological tools and programs that help improve and develop small businesses, with a focus on improving the quality of products/services and strengthening the value chain of the companies. As a result thereof:
  - ✓ 10 new suppliers incorporated
  - ✓ 60 potential future suppliers

#### **4. COMMITMENT TO HUMAN RIGHTS**



Talking about human rights in the citrus industry involves considering respect for human rights, such as life, health, food and ecosystem protection, among others, in addition to the right to work, diversity and fight against child labor. These topics are addressed in our Sustainability Report and integrate our business material issues.

Our commitment to human rights is based on the integration of the following international principles:

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

Supported by these fundamental principles, we address these topics in our Sustainability Report and integrate them in the materiality of our business. In San Miguel we take the responsibility of respecting and promoting human rights with concrete actions, both inside and outside the company, and throughout our value chain and field of influence.

### Colleagues and Human Rights

At San Miguel we treat our employees with dignity, respect and recognition, creating a cooperative and tolerant labor environment.

We value diversity. We empower individual and cultural differences in order to achieve competitive advantages through new viewpoints and market awareness. We are a global multi-origin company that promotes interaction between different cultures to nurture employees' opinions based on different experiences through our teams, customers and communities.

We offer a work environment where all people can effectively perform their tasks and reach their potential. We promote access to work, training, career development and a promotion policy based on people's skills, bearing in mind the commitment, performance and results shown by employees and contractors. We promote our employees' development through experiences in co-creation spaces in a collaborative environment.

**Together with our employees, we commit to the following, in line with the Labor Rights set forth in the ten principals of the United Nations Global Compact.**

**No child labor:**

We know that harvest operations have a potential risks related with child labor. That is why conducte regular controls during the crop season in order to detect any deviation. Likewise, we develop prevention actions, jointly with the sector and contracting companies.



**Freedom and 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**

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.

In case of any breach of human rights, our employees have a reporting channel to file anonymous reports.

*For more information about Reporting Channels, see the "Ethics and Integrity" section in the chapter "Fair practices in our operations".*

**Human Rights in Our Value Chain**

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.

In order to prevent and identify risks and extend our values throughout our value chain, we share our Code of Ethics with our new Suppliers. Created in 2014, the Code of Ethics for Suppliers explains how we conduct our business and is supplemented 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.

### CODE OF ETHICS FOR SUPPLIERS GUIDELINES

#### A. COMMERCIAL CONDUCT GUIDELINES

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

#### B. EMPLOYMENT GUIDELINES

- Foster a work environment free of harassment and discrimination for employees.
- Treat employees with fairness and honesty
- Prohibit child labor.
- Respect the right of employees to freedom of association and collective bargaining, pursuant to local laws.
- Safety, health, environmental and quality guidelines
- Conduct its operations preserving and protecting the environment and comply with all applicable environmental laws and regulations.
- 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 processes.

#### D. GENERAL GUIDELINES

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

## Human Rights and Our Customers

We respect and promote our customers and consumers' human rights, considering their health care throughout all the processes.

Our Quality Management System and its traceability system allows us to guarantee food safety, quality and harmlessness of all our products. Every product undergoes a traceability process to the raw material batches point of origin, as well as to the supplies and production processes involved in the manufacturing of the finished product. We also conduct checks based on fresh fruit control samples by assessing the behavior of the packaged fruit and processed food from each batch until it arrives at its destination.

Furthermore, by means of different international quality certifications that support our products, together with good manufacturing, agricultural and storing practices, and internal audits that verify standards and processes, we provide our customers with the confidence they need to offer our products to consumers.

## Human Rights and Communities

Our social investment programs aim to promote the development of our communities with a focus **on health, education and housing**. These pillars, on which we base our initiatives, are part of the UN Declaration of Human Rights and materialize through specific initiatives in every country where we operate: **Argentina, Uruguay, South Africa and Peru**.

### Health

With a strong focus on nutrition, in Argentina we carry out training programs for schools and community cooks on healthy eating. We also provide ophthalmologic services for our workers children that include specific medical care and glasses provision when necessary. In Uruguay we prioritize our relationship with rural schools near our operations

by donating fruit to complement students' diet. In Peru we offer the same nutritional initiative both in Chincha and Chepén and carry out health campaign for harvest workers in our farms. Lastly in South Africa, we provide primary health care in rural communities, we also carry out a hygiene program for teenage girls and an initiative to improve Access to water in an area nearby our Sunnybank facility.

### **Housing**

In Argentina we have moved forward with our ambitious plan of donating land for families to settle permanently as well as providing small credits to make reforms and infrastructure projects for the community. Besides, in Peru we awarded the most highlighted workers of the season with an improvement in their homes, while in Uruguay and South Africa we managed to start a survey of all the houses located next to our farms in order to design improvement plans.

### **Education**

Both in Peru and Uruguay we develop training programs to employees on technical skills and crafts. Also, in Uruguay, San Miguel worked continuously next to rural school with volunteering activities and educational visits to the plant. In South Africa we count with high impact initiatives like the ones focused on skills workshops to strengthen family life (Soccer Clinic, Ladies Tea) and a program in alliance with Work 4 a Living NGO to help young adults to have access to a job. In Argentina, our education initiatives go from early childhood to adulthood.

### **GERMINAR Initiative**

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 domestic tasks. Accordingly, education and expectations for them since they are young girls are limited to a narrow range of occupations, restricting their capacity to develop in other jobs. In addition, families often rely on girls to help with household tasks. Rural women are key Achieving gender equality in rural areas requires commitment and joint work from many sectors.

Since 2016 we accompany and train rural women to help them boost their abilities and transform them into productive undertakings. Thus, we seek to facilitate tools, knowledge and orientation for them to create incomes with their own resources, crafts and ideas. During 2018, many of them were able to materialize their projects and achieve funds from different organisms to continue their growth and change forever the destiny of their families.

***@ For further information on these programs, see Chapter 8 'Community Engagement'.***

### **Human Rights and the Environment**

In San Miguel we believe that having a healthy environment is a key right since it has a deep impact in other right such us health, nutrition, development and culture.

According to the United Nations, nature is one of the three basic pillars of the new development model. Natural resources are a critical asset to overcome poverty, and a right to a healthy environment that should be a fundamental axis for companies in developing countries, as it has a strong impact on ensuring other rights, such as the right to health, food, development and culture, among others.

Align with these principals, in San Miguel we commit to take careo of nature by:

- ✓ Creating environmental concience in our people,
- ✓ Evaluating the impact of our products and processes,
- ✓ Implementing continuos improvement,
- ✓ Using our resources in a sustainable way,
- ✓ Managing and recycling our waste,

- ✓ Treating our effluents,
- ✓ Protecting our biodiversity.

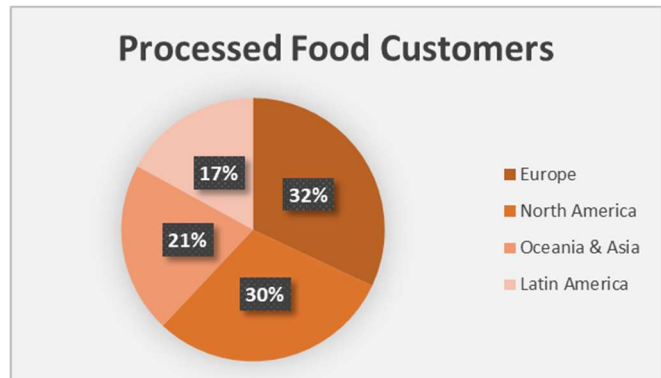
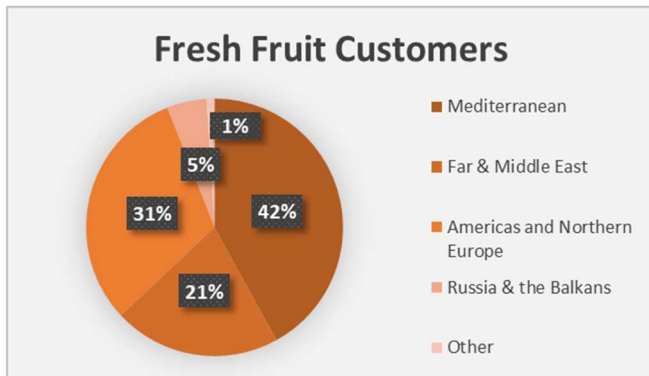
@ For further information on these programs, see 'Environmental Challenge' Chapter.

## 5. CUSTOMERS AFFAIRS



### Our Customers

We are part of the value chain of our **320 customers** in **58 countries**, thus reaching **millions of homes worldwide**.

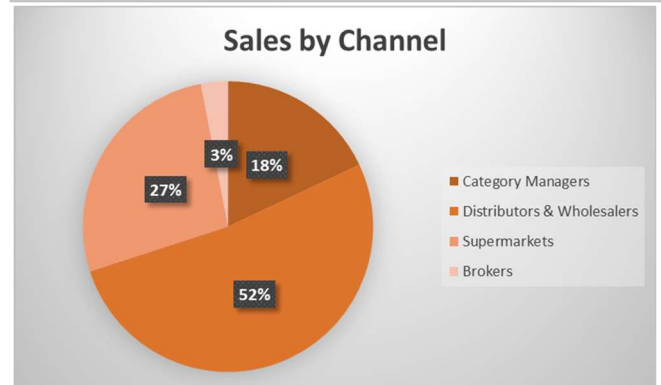


Our **Fresh Fruit** customers are the major **supermarkets** in the Northern Hemisphere. Through our **Processed Food**, we reach **industries** around the world that use our citrus by-products as key supplies in their production chain.

- We produce **100% natural** lemon, orange and mandarin **juices and pulps** that are used in the **production of beverages and food around the world**.

- Our **oils** derived from citrus are used in the **food, cosmetic, pharmaceutical and fragrance industries**, taking into account the needs of each customer.

- We produce 100% natural **dehydrated peel** from lemon, which is used to obtain **pectin**, a binder used to give consistency to **jams, juices and other food**.



### Custom-made Products

Every day, we work to create new ideas thinking about our customers, the market needs and consumers, putting our knowledge and experience into practice to develop innovative and sustainable solutions. Since 2014 we have a **Business Development** area, exclusively dedicated to thinking up and executing solutions focused on the future to adapt our service to new trends.

## Research & Development

At San Miguel, we are always looking for **new solutions** to **add value** to citrus activity and make it increasingly **sustainable**. In this context, the commercial, quality assurance and research & development teams **work in coordination** to strengthen the agricultural operation and focus it on responding to the ever-evolving markets.

The Research & Development area has **experienced professionals** and the **equipment** required to complete product and technology tests. In 2018, we worked deeper on the following work areas related to **phytopathology and biotechnology**:

- **Pests:** We worked to make **monitoring** of those pests that impact fruit quality, such as mites and woodlice, more effective. We evaluated products such as kaolin and pheromones, which reduce insect incidence **without causing negative impacts** on the environment.
- **Diseases:** We worked deeper in the **management of cultural practices**, as a necessary complement to the applications of agrochemicals to consolidate an integrated crop management.
- **Post-harvest:** We led the **concept of “lemon as perishable food”**, ensuring compliance with fruit conservation pillars by **training** people involved and through **preventive monitoring** using indicators that show how the process is going, which allows to intervene when necessary.
- **Huanglongbing<sup>1</sup>:** In Argentina, we reinforced **cross-organizational work** to prevent disease from entering the region. We increased the number of trainings and our participation in different institutional areas to produce concrete actions. Globally, we worked deeper into the need to unify the actions of research bodies, the government and producers into a joint and regional work.

We believe in **knowledge management as a change factor**. Thus, we **promote technical cooperation programs** with national and international organizations, and we **encourage scientific connection**, through specific agreements to build a shared **work network**.

## Food Safety

We have a **Quality Management System** that covers production activities **from the nursery to finished products**, through which we ensure product safety, production process quality and environmental care. This is based on international food safety standard *BRC*, and *HACCP* for industrial processes, and the *Global Gap* standard for farms and packing plants. We also have a broad prerequisite program: good manufacturing, agricultural and storage practices, pest control, allergen program, water quality program, and others.

Likewise, the **Quality Assurance** area manages procedures, trainings, registrations and activities intended for System maintenance and Standard certifications and checks compliance through a team of **internal auditors**. This way, the

<sup>1</sup> A disease caused by bacteria that specifically affect plants of the genus Citrus and their insect vector.

quality and safety requirements we have established for our production operation are part of the work routine of each business area.

In all our points of origin, 100% of the products are **assessed for impact on consumer health and safety**.

### ❖ Traceability System

It allows us to **track each product**, whether it is a fruit box or processed food, from the raw material from which it was made to the finished product, through the supplies and production processes involved in their manufacturing.

We also conduct checks from fresh fruit **control samples**, assessing how packed fruit from each shipment behaves until it reaches destination and also have samples from each batch of finished products as regards processed food (juice, peel, pulp, oil, etc.)

### ❖ Certifications

All our fields, processes and products are certified by national and international Quality Standards.

- ✓ GLOBAL GAP  
Global standard for good agricultural practices, based on **food safety, quality, the environment, animal welfare and social responsibility**.
- ✓ HACCP  
Preventive process that ensures **food safety**.
- ✓ SMETA  
**Auditing procedure** that uses the Ethical Trading Initiative (ETI) code and local laws as measurement tools.
- ✓ SIZA  
**Sustainability Initiative of South Africa**, which monitors **care for the environment** and compliance with local **labor legislation** and engages throughout the **value chain** in order to identify needs and issues.
- ✓ GRASP  
Voluntary assessment additional to the Global G.A.P. standard, which analyzes the **risks of social practices** in agricultural operations based on the **respect for human rights, internal claims procedures, application of labor regulations, fair compensation**, implementation of **good social practices and the communication** thereof, etc.
- ✓ BASC  
An international business alliance that promotes safe trade in cooperation with governments and international organizations. It is voluntary and grants a certification that **confirms the control in all production processes, packing, shipping and transportation of cargo to be sent abroad**, ensuring that such cargo may not be contaminated (smuggling and drugs). *(Only Peru has this certification)*.
- ✓ British Retail Consortium (BRC)  
A standard that allows meeting the requirements of the GFSI (**Global Food Safety Initiative**), represented by the major European supermarket chains.

- ✓ OHSAS 18000 standards  
A series of international voluntary standards applied to **occupational health and safety management**. They are prepared based on BS 8800 Standards from the British Standard. *(Only Peru has this certification).*
- ✓ Seal “Alimentos Argentinos” (Argentine Food)  
A **Quality Seal** that identifies and distinguishes those foods made in Argentina under rigorous standards.
- ✓ Sure Global Fair (SGF)  
It certifies the **authenticity of fruit juice** of global suppliers.
- ✓ Food Safety System Certification-ISO 22000:2005-FSSC 22000  
International standard from the Food Safety System that **covers the entire supply chain**, from farmers, processing and packing of food to the point of sale. *(Only South Africa has this certification).*
- ✓ FSA - Farm Sustainability Assessment  
A program that facilitates incorporating **good practices** that improve performance in agriculture and its outcomes **within the frame of sustainability**. *(Only Argentina has this certification).*
- ✓ Religious certifications  
Our certification package also includes religious certifications such as **Kosher** and **Halal**.

#### ❖ Product Labeling

100% of our products are sold with their corresponding label, in compliance with current applicable regulations.

The information included in packed food labels complies with the legal rules<sup>2</sup> and includes data such as the origin of its components and safe use, all of them in the required languages.

For fresh fruit, the phytosanitary authority requires that labels include information on traceability, production unit registration, post-harvest additives used, if applicable, and labels showing the fruit final destination.

Processed food labels include the following information:

- Food sales description.
- List of ingredients.
- Net content.
- Origin identification.
- Batch identification.
- Date of minimum durability.
- Food preparation and instructions for use, where applicable.
- Storage conditions.
- For essential oils and its by-products, it must be stated that they are classified as “IMO”.

<sup>2</sup> In Argentina, Resolution No. 36/93 GMC (Mercosur Group), included in the Argentine Food Code and applicable to all food sold under those conditions in the country, is applicable. Additionally, different control authorities require different registration numbers to be included in the labels.

## Relationship with our Customers

We are customer-oriented. As global market leaders, our goal is to always listen to and meet the needs of our customers having a strategic partner relationship, ensuring they are adequately supplied.

### ❖ Customer Satisfaction

In 2018 we reorganized the **Customer Supply Chain** team in order to better understand the needs in the Fresh Fruit and Processed Food businesses and thus serve them differently.

Additionally, we continue reorganizing processes and defining indicators, while we implement new document tracking and control tools. Some key indicators we have are:

- ✓ Determination of the time and manner in which contracts are performed, detecting if there are products, periods or customers that have more difficulties or require more attention.
- ✓ Identification of fulfillment of purchase orders in terms of time, quantity, quality, documentation (Global Perfect Order)
- ✓ Definition of the logistic chain costs to identify improvement opportunities.
- ✓ We compute the time from the reception of the claims until the moment the customer considers it closed.

In order to handle quality management more quickly and efficiently, we use **Q Gestión**, a computer tool that allows tracking customer claims, non-conforming material, internal and external audits, document management, etc. It also allows interaction across different areas where a multidisciplinary participation is needed for solving a problem, studying a root cause or tracking a claim.

### ❖ Communication with Customers

Trade shows are an essential **engagement space** that allow meeting customers from around the world and be in touch with the major market trends globally. In 2018, we participated in different international conferences and exhibitions:

- |                         |                           |
|-------------------------|---------------------------|
| -Fruit Logistica Berlin | -SIAL Paris               |
| -Gulf Food              | -Fruit Attraction Madrid  |
| -JPA San Diego          | -PMA Orlando              |
| -Asia Fruit Logistica   | -Flavor.com Atlantic City |
| -World Food Moscow      | -ICBC Tampa               |
| -IFEAT                  | -AFFI Las Vegas           |
| -Juice Summit           | -US Apple Chicago         |

Additionally, **we communicate through different media** to maintain even more fluid communication:

**Corporate Website:** <http://sanmiguelglobal.com/>

It provides easily and freely available information that is constantly updated. There, customers and different stakeholders may learn about our offerings, news and information from the different areas and management. It includes contact details of operations and a form for the visitor to send us inquiries or requests.

**E-mail Address:** [info@sanmiguelglobal.com](mailto:info@sanmiguelglobal.com)



It serves as a first contact with the company. Here, for example, we receive the requests made online. The Institutional Relations area handles these inquiries and transfers them to the relevant sector or individual.

### Social Networks

A direct and interactive communication channel with our different stakeholders.

### Newsletter

It provides news on areas such as investments, new businesses, new products, presence in trade shows, structure changes and sustainability.

The inquiries we receive through these channels are generally very different, related to products, business operations and job searches.

## 6. LABOR PRACTICES



### 6.1 Our Value Proposition

#### ❖ We cultivate relationships

People who **work and grow together** and our **values** are deployed in that daily relationship.

#### ❖ We are a team of passionate people

Our daily inspiration comes from the pleasure of **doing what we love**.

#### ❖ We draw strength from diversity

We are a global company with multiple points of origin, which encourages **exchange across different cultures** to strengthen our view, **feeding from different experiences** through our teams.

#### ❖ We share leadership

We help, support and encourage our associates to play a **leading role** in their personal and career **growth**.

#### ❖ We promote development

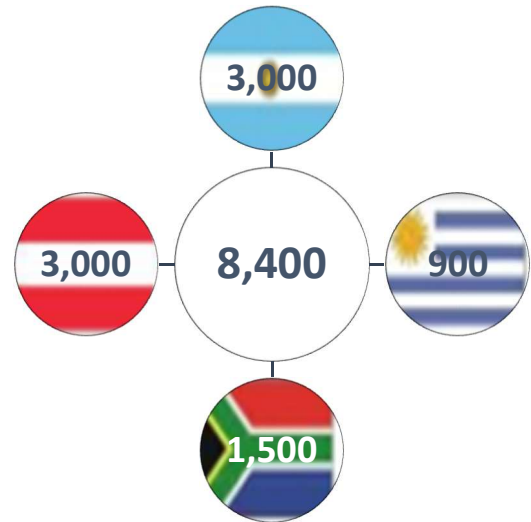
We want to **leave a footprint in the career path** of all our associates. We promote their growth through experiences in co-creation spaces in a **collaborative environment**.

**Employees in Numbers**

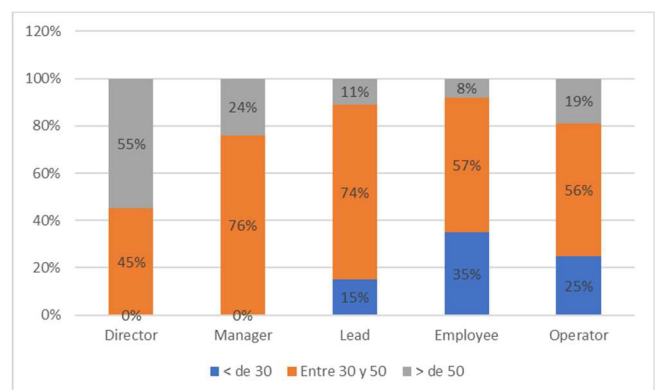
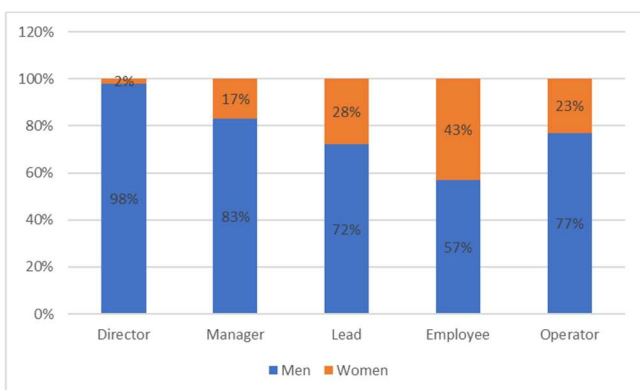
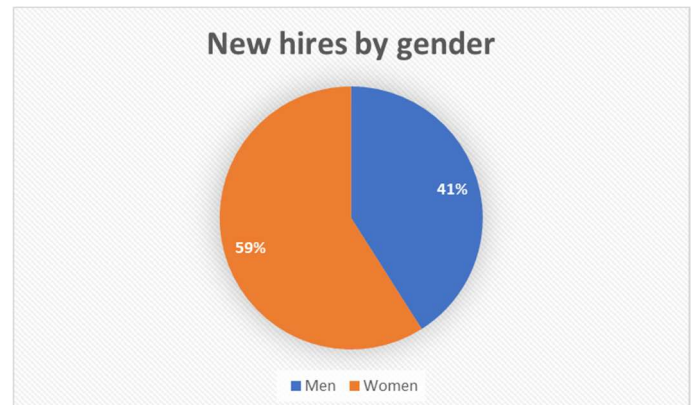
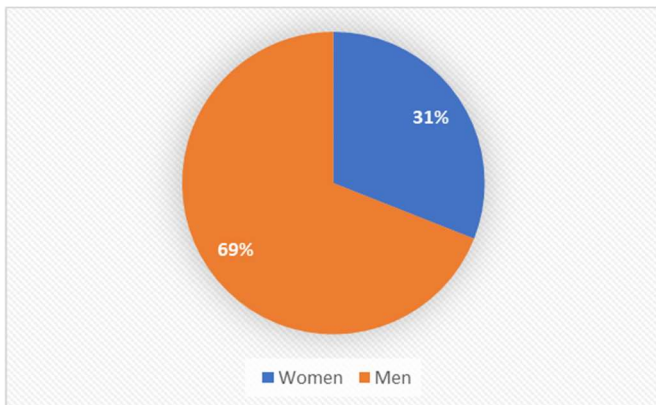
Total owned employees (permanent + temporary)



Total Jobs during harvest season\*



\*It includes both owned and third-party workers



 For detailed information on employee indicators, see Annex to the Report.

**6.2 Profile of Our Associates**

The behaviors expected from each of our associates allow us to succeed as expected and respond with willingness, talent and innovation to the changing demands of the business.

**Generic skills**

✓ **We manage change with flexibility:**

We encourage changes and adapt and work efficiently in different situations or with different groups.

✓ **We are proactive and innovative:**

We act with initiative and anticipation, proposing creative, disruptive and/or continuous improvement solutions to tackle the problems that arise.

✓ **We commit to sustainability:**

We are responsible for safety at work, environmental care and for seeking balance between personal and work life.

✓ **We are continuously learning:**

We build new skills to continuously improve the tasks we perform.

✓ **We focus on customer:**

We develop an optimal value chain to deliver products and services that meet the existing and potential needs of our customers, building long-term relationships with them.

✓ **We achieve the best results:**

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

✓ **We work as a team:**

We collaborate with other people within the same area and across different areas, showing interest in being part of a single team to achieve, through dedication and persistence, the goals in common.

✓ **We take responsibility:**

We take responsibility for the decisions made, the consequences of our actions and compliance with the company's rules; valuing and caring for resources, assets and costs in the best way.

## Leadership skills

✓ **We lead and develop our people:**

We guide and motivate people to achieve the objectives set, we follow them up and provide continuous feedback on performance; considering development of associates as a non-transferable duty of each leader.

✓ **We think strategically:**

We establish and implement the company's strategies with prospective and systemic vision, knowing and understanding how the context and its economic variables impact the business results.

## Selection Process

We **transparently** and effectively attract and select profiles with talent and technical experience.

✓ When covering a position, **we resort to our own associates** to contribute to their development.

✓ In the case of heads, managers and executives, we do this through the **Opportunity Committee**: a group of associates in a position higher than the vacant position may nominate internal candidates taking into account the

multiple processes and job requirements. After this step, we define whether the position is covered with an internal candidate or an external search is required.

- ✓ For assistants, analysts, coordinators and supervisors, the search also begins within the company. The selection area validates the job profile and conducts recruitment through internal means, carrying out a selection process with interviews and tests.
- ✓ If no internal candidates were selected, the search continues through the **Referral Program**, through which any associate may nominate external profiles that meet the search criteria. If at the end of this stage, the vacancy has not been filled, we begin the external search according to our attraction strategy.

### 6.3 Training and Development

We believe in the value of people and in the transforming power of our people. Thus, we plan, organize and develop everything related to their promotion in an integral way and through different activities that provide a deeper insight into the business in general and into each area in particular.

#### Training

The **pillars of our training strategy** in all countries are:

- ✓ **Culture:**

We pass on our **history**, our **identity** and our **values** through trainings related to behaviors, skills, San Miguel leadership model and the way we work (methods, processes).

- ✓ **Management/Technical:**

Trainings oriented to developing, evening out or maintaining specific technical knowledge to carry out the specific task of a position, with customized trainings and programs according to the needs of each of our operation sites.

- ✓ Additionally, we have **formal scholarship** programs for our talent pool.

<b>TRAINING INVESTMENT:</b>	<b>USD 347,587</b>
<b>AVERAGE HOURS OF TRAINING PER EMPLOYEE</b>	<b>14,89</b>

The **methodology** we use is **70-20-10**: 70% of learning comes from practice and experience in the job, 20% is gained by engaging with other people (feedback, conversations, etc.) and 10% comes from formal courses and structured programs. Through this methodology we intend that **every person feels responsible for managing their own learning**.

 *For detailed information on training, see Annex to the Report*

#### Development

We believe that **managing talent is a business priority**. Our **development platform** supports the company strategy, managing the performance and evolution of the key skills of every associate through multiple processes that consider the short, medium and long-term talent needs.

This way we promote the development of our associates:

- ✓ Performance Management System (PMS)
- ✓ Succession Plans / Replacement Charts
- ✓ Career Plans: Individual Development Plan (IDP)
- ✓ Program for the Identification of Development Opportunities (PIDO)
- ✓ Talent Review (TR)
- ✓ Internal Mobility: Internal Searches and Opportunity Committee

### Talent and Development Assessment

**Our talent is assessed** twice a year during the **Talent Review** sessions. The method we use to assess potential is *Learning Agility*, through which we measure our associates' capacity to learn and capitalize on experience. Based on the **assessment of four agilities**: change, mental, people and results. At San Miguel, we have added one more agility related the **self-knowledge** that individuals must have of themselves and their aspirations.

Furthermore, our **Performance Management System** is annual and is aligned with the business strategy and variable pay (bonus). It creates formal dialog spaces, helps us to convey and understand how the individual contribution helps to attain the business strategic objectives and allows learning how to improve the performance of each worker. Its main objective is to:

- ✓ **Improve the contribution** to the global result of the company and of each area, promoting individual performance improvement.
- ✓ Clarify **what the associate must achieve and how he/she is expected to do it**, and at the same time that everyone knows more exactly what the company expects from their performance.
- ✓ **Develop key skills** for the organization.
- ✓ Generate **objective information as regards people and their performance** to feed other processes and decision-making.

For associates whose performance is "partially compliant" we carry out **Individual Improvement Plans (IIP)**, a tool designed to build, between the associate and the immediate boss, a performance improvement plan.

For operators or associates under the collective agreement, we work on a performance assessment oriented to the indicators related to productivity, attendance, quality, etc.

Globally, we undergo the process with all permanent staff that has at least 6 months of service in the company.

## 6.4 Labor Conditions

### Communication with Associates

Through our Internal Communications Policy we seek to open channels so that associates may speak up, thus improving interactions and making it possible to share information across all levels and in every way.

### Communication channels:

- ✓ **SaMinet, a communication channel implemented in 2018**, is our **Global Intranet** through which ALL communications from each site are channeled. Associates have all the company information available and it is a two-way communication channel that creates spaces to share and connect people from different sites.
- ✓ In all locations we organize four-monthly "**San Miguel Global Meetings**", led by the CEO and leaders of the company.

- ✓ We hold **breakfasts** of the new hires with the CEO and the Human Resources Officer.
- ✓ **Suggestion box** at operations, so that any associate may share suggestions and/or inquiries about any subject.
- ✓ Billboards are the means we use to communicate at farms and plants.
- ✓ **Leaders Café**, a space where corporate managers share relevant information on the business and the areas.

### Compensation Policy

#### ✓ Ensuring equity

We want to ensure that the pay received is commensurate with the weight of each position in the organizational structure and that the integral compensation is similar to that earned in similar roles at other organizations. To such end, we ensure that we have market data, participating in surveys.

#### ✓ Attracting talents

In order to attract talents that work for other companies, the compensation levels must be in accordance with the existing demand and supply conditions of the labor market.

#### ✓ Retaining our associates

In order to do this, the compensation level must be competitive with the labor market.

### Benefits for our Associates

	ARGENTINA		URUGUAY	SOUTH AFRICA	PERU
	Tucumán	Buenos Aires			
<b>SAFETY</b>					
Health coverage	X	X		X	X
Help for disease	X	X	X	X	
Nutritional advice		X			
Medical check-up		X		X	X
Medical examination - Senior staff		X			
Active breaks at offices	X				
Medical loans					X
<b>EDUCATION</b>					
Scholarships	X	X		X	
Scholarships - Children	X	X			
Gift at the beginning of the school year	X	X	X		
Education loans					X
<b>FINANCIAL</b>					
Options of the bank with agreement	X	X	X		
Salary advance	X	X	X		X
<b>TRANSPORTATION</b>					
Company car	X	X	X	X	
Reimbursements for use of own car	X	X		X	
Fuel allowance	X	X			X
Shuttle service	X	X			X
<b>SPECIAL LEAVES</b>					
Part-time maternity/adoption	X	X	X	X	
Paternity/adoption	X	X	X	X	
Unpaid leave	X	X	X		X
Compensation for business trip	X	X	X		
Summer Fridays	X	X	X	X	X
Moving day	X	X	X		
Summer/off-season days off					X
<b>RECREATIONAL</b>					
Gym membership fee allowance		X			

Birthday half day off	X	X	X		
<b>GIFTS</b>					
Birth gifts	X	X	X	X	
Year-end gifts	X	X	X		X
<b>FOOD</b>					
Refreshments/fruits	X	X	X		X
Lunch allowance	X				X
<b>OTHER</b>					
Discount programs	X		X		
Merchandising	X	X			
Mobile phone	X	X	X		X

**Family activities**

**Global:**

- ✓ Recreational activities globally for Russia's 2018 World Cup

**Uruguay:**

- ✓ Network Contest to celebrate Women's Day
- ✓ Contest for Environment Day with participation of associates' children

**Peru:**

- ✓ San Miguel Improves your Home, for associates' families
- ✓ Children's Christmas
- ✓ Healthy Lunchbox, for associates' children
- ✓ Implementation of Sport Floor, for associates' children

**Buenos Aires:**

- ✓ Initiatives for Labor Day.
- ✓ Contest for Environment Day.
- ✓ Sami Kids: we invite associates and their children to spend an afternoon playing at the offices
- ✓ Men and Women Soccer Tournament
- ✓ Celebrations of national days, women's day, father's/mother's day.
- ✓ Year-end celebration/party
- ✓ Team building activities for certain areas
- ✓ Gifts for fathers, mothers, newlyweds, university graduates and for joining the company

**6.5 Health and Safety**

Because we encourage the **wellbeing and integrity** of our people, we have a **Culture and Commitment** program where **Health and Safety** are an integral part of every task.

**Occupational Risk Management**

**Awareness, risk minimization, joint work and training** are essential aspects for occupational risk management. **Health and Safety staff monitors** all tasks to ensure that workers have these skills and protective equipment to prevent any incident or disease.

The **rate of occupational diseases** and absenteeism and days lost for this cause **was 0 for all our points of origin**

#### ❖ **Risk Warning Campaign**

Through this campaign, we use **indicators** to detect and eliminate **unsafe acts and conditions** in the operations of all the countries.

It also allows us to keep a record of the situations in which workers put their physical integrity at risk due to their own attitude or environmental agents.

**100 %** of San Miguel workers do their tasks in places where **Risk Warning Campaigns** are conducted

In case of an unsafe act, the worker is informed of his/her mistake, the act is corrected and the worker receives training. In case of unsafe conditions, these are informed in the daily meetings and the Chief is required to act upon for improvement management. We also consider safety aspects that contribute to working out action plans to estimate improvements.

 Risk Warning Campaign Indicators in the **Annex** to the Report

#### ❖ **Occupational Health and Safety Committees**

Pursuant to the national laws and the practices applicable in each country, **workers or their representatives are entitled to inquire and make recommendations** on anything they consider that may impact health and safety at work.

In all our operations, we work with **Joint Occupational Health and Safety Committees** whose main purpose is to ensure that the following objectives are achieved:

- Plan for the **prevention of occupational risks** from their source or origin.
- Provide **diagnostic tools** for the continuous assessment of risks in order to ensure the wellbeing, safety and health of all members of the organization.
- **Assess new risks** arising from technological innovation, or new tasks.
- Promote and cooperate in planning **training courses** aimed at workers for preventing occupational risks.
- Keep a **record of statistics** on work accidents and diseases and analyze them.
- Promote and support **cooperation** in work health, safety and environment.
- Ensure that the actions agreed are timely and appropriately **implemented**.



**Some actions of the Joint Health and Safety Committees in 2018**



They were based on the **implementation of tools of the Safety Management System.**



We have made **improvements for the Wellbeing of the staff** in the following: Accommodation, Restrooms, New Cafeterias, New Drinking Water Tank, Clothes Changing Area for Applicators, among others.



As a result of the **Hygiene Survey**, the Packhouse was delimited as a **noise area** with use of ear defenders, plus a proposal to develop an audiometry program. We conducted an analysis to determine **compliance with the local Occupational Health and Safety Law**, achieving 82% of compliance, and we introduced a **Safety Incentive program, as recognition to Safety and First Aid Representatives.**



The **internal health and safety regulations**, the risk map and the risk assessment matrix were approved; scheduled safety inspections were carried out and the staff participated in trainings.

**Noise Management**

**Noise reduction**, either at source or on its transmission path, is a priority of noise management programs where both the design and maintenance of the equipment and workplace are considered. At San Miguel, we **monitor the sound level** in the various sites of the Company with trained and skilled staff. In sectors where noise exceeds the level required by the local regulations, we **study the sources to eliminate or isolate them.**

❖ Occupational Health and Safety Trainings

The Safety team carries out an **Annual Training Plan**, which includes **general issues**, such as first aid, fire control, road safety, protective equipment, good agricultural practices, etc.; and **specific issues related to fields, packing and processed food** such as agrochemical management, ergonomics, safe operation of machinery, pruning and packing, etc.

Health of Workers and their Families

We have a **Medical Service** that is intended to:

- Raise awareness** about the importance of health care at work,
- Involve senior staff** in detecting situations and acts that affect worker's health,
- Timely **detect health risk** factors,
- Establish the message **“Health and safety at workplaces is everyone's responsibility”**

Focused on the **associates** and also on their **families** and the **community**, we promote **health** and work on disease **prevention** through different programs.

**Argentina**

**Epidemiology Surveillance**

A program oriented to **prevention** and early diagnosis of **occupational diseases**. We have examined all associates exposed to any occupational risk.

- ✓ **398** associates examined
- ✓ **102** tests oriented to toxicological risk in workers who could be exposed, although measurements were lower
- ✓ **22** workers examined through a pseudocholinesterase and copper dosage.

**Quality of Life**

For the **prevention** of non-communicable **chronic diseases**. All associates over 40 years old were checked.

- ✓ **103** associates examined



**Heart Month**

A 30-day campaign consisting of actions for the **prevention of cardiovascular diseases** led by specialists from our health team.

- ✓ **198** associates examined with ECG and lab tests

**Prevention of Addictions**

Under an agreement with the Social Development Ministry of Tucumán, we conducted this program with awareness workshops at different farms and referring for **treatment** to all the workers or children who asked for **help** with this issue.

**Immunization**

We carried out the immunization campaign for the **prevention** of Hepatitis A, B and tetanus in Plant associates, and we provided medical prescriptions to all workers with chronic diseases for free application at primary care facilities.

- ✓ **296** workers vaccinated

**Gender-based Violence**

A program that provides information on this issue and that, through confidential consultations, **refers to specific care facilities**.

**We commemorated the Day of Non-Violence** with awareness actions: signage, communications and information on resources.



**Maternity Protection**

It applies to all pregnant women that work at San Miguel, taking into account work relocation, working hours, eliminating night shifts and monitoring through the medical service that they get prenatal care.

**Voluntary Blood Donation and Promotion of Organ and Tissue Donation**

**Certified as a company that supports voluntary and altruist blood donation**, in cooperation with the Provincial Health System, we carried out an awareness plan for blood and organ donation and we were invited by CUCAITUC to

participate in an event in Plaza Independencia of Tucumán to celebrate the National Organ Donation Day, to promote the issue with a stand where the Medical Service was present.

- ✓ 102 workers registered as **bone marrow donors**.
- ✓ 53 workers were **donors** for different blood banks in 2018

**Health Promotion**

We conducted **campaigns** through publications in our in-house magazine Somos and billboards, and we commemorated key dates of the international health calendar.

- ✓ World Cancer Day
- ✓ World Donor Day
- ✓ World Viral Hepatitis Day
- ✓ World Obesity Day
- ✓ World Diabetes Day
- ✓ World HIV Day



**VIH en Argentina**

Vías de transmisión

+ del 90%

de los infectados son hombres jóvenes que se infectaron por intercambio de fluidos corporales, principalmente sangre.

Prácticas sexuales	46,3%
Prácticas sexuales	43,2%
Transmisión perinatal	1,1%
Uso de drogas inyectables	0,7%
Desconocida	0,2%

**VOS**

¡No te olvides de ti!

El primer, segundo y tercer lugar donde puedes hacer el test son días 3 y 4 de diciembre de 9 a 16 hs.

Para saber dónde registrarse: [www.organicacion.gov.ar](http://www.organicacion.gov.ar)

We ran the dissemination and awareness campaign on **Breast Cancer "In October San Miguel dresses in pink"**: All women empowered about their breast health, every day.



We renewed our certification as **Healthy Workplace** with the Ministry of Health of the Province of Tucumán.



**Trainings for Medical Service Staff in 2018**

- ✓ Risk map
- ✓ Prevention of risks in confined spaces
- ✓ Ergonomics protocol implementation
- ✓ Hygiene at work
- ✓ Occupational health and safety committees
- ✓ First aid I, II & III and CPR

**South Africa**

**Primary Care and Medical Examinations**

We have a **Medical Center** that assists employees with primary health conditions, chronic disease management and where occupational health exams are carried out. Additionally, we have a program that includes: pulmonary check-up, audiometry, visual exams and other medical exams.

### Agreement on Chronic Diseases

We have entered into a memorandum of understanding with the **local Department of Health**. Under this agreement, our employees having chronic diseases will receive medications in our Clinic.

### Caregivers

We have a **group of voluntary caregivers** who visit different communities offering primary health care for **employees' family members** who cannot go to the local clinic for HIV and tuberculosis treatment.

## Peru

### Health Surveillance

It consists in **making Occupational Medical Exams** before the worker joins the company, determining their health and the periodical **follow-up**, identifying and controlling risk factors.

### Timely Care

For each worker that seeks medical care, we identify the need of specialized care for the quick recovery of their health and return to work.

### Campaigns

-**For the prevention of common diseases** for Field staff: they were provided information materials on respiratory and gastrointestinal diseases, which are the most widely seen when care is provided. Demonstrations were also made on proper hand washing as the main measure to prevent these diseases.

- **Of Health in villages near** Chinchá and Chepén sites, addressing the following issues: Symptoms and signs of diabetes, high blood pressure, syphilis, HIV and Hepatitis B, the importance of a healthy diet.

## 7. ENVIRONMENTAL MANAGEMENT



### 7.1 Our Commitment to the Environment

Environmental **care and resource responsible management** is **part of the Company's DNA** and of the way we work.

We understand that our business must meet certain rigorous criteria linked to **sustainability** and **nature protection**, taking into account:

- **Identifying, monitoring, assessing and mitigating environmental risks** resulting from our operations, in order to preserve environmental biodiversity, prevent pollution and minimize the potential impact of our activities.
- Making a rational and efficient **use of our natural resources**.
- **Minimizing the generation of waste** and promoting alliances for evaluation thereof.
- Maintaining **transparent and open communications** on environmental issues with the community, with regulatory bodies, customers and all stakeholders.

#### ❖ Impact Prevention

We have an **Environmental Monitoring System in place aimed at minimizing the impact of our activities**; it covers all the measurable environmental aspects of our operations and activities, records information, and considers internal and external audit, including:

- **Water flow measurement**
- **Water quality analysis**
- **Monitoring of receiving waterways**
- **Analysis of organic solid waste** and facilities where **disposal thereof is made**
- **Noise level monitoring**
- **Gas emission quality**
- Segregation of **materials** at the point of origin, follow-up and final disposal

#### **HIGHLIGHT**

##### **2018 Ongoing Improvement Groups**

A control panel was implemented, where every month all company strategic indicators are reviewed by a **Key Performance Indicators Multidisciplinary Committee** made up of Leaders, Heads of Sector and Area Managers. As a result of this routine, resources were assigned, and preventive, contingent and remedial actions were taken in order to maintain high environmental performance.

### ❖ Assessment of our products' environmental impact

We respect Good Agricultural Practices (GAP) general guidelines, **which** define the basic elements and essential practices for fruit production, and we **incorporate them into other tools of the Quality System**. Implementation is based on the following principles:

- Keeping **consumer trust** with respect to the **quality and safety** of the food product.
- Minimizing **environmental impact** and deterioration, **which means preserving the flora and the fauna**.
- **Reducing** the use of agrochemicals.
- 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.

### ❖ Environmental Culture

During 2018, we continued implementing the **Annual Training Plan** in order to promote environmental awareness and culture for all our operations, both for our employees and under-contract staff.

Through good environmental practices talks and workshops, we prioritized the capacity of assessing how their daily actions impact on the environment, incorporating environmental accountability to those they already know are inherent to their roles, hence covering theoretical-practical knowledge related to waste management, environmental incidents, effluent management and energy resources.

## 7.2 Natural Resource Sustainable Management

### ❖ Rational Use of Water

**Water**, as a vital natural resource for the sustainable development of our production activities; it, has a **prevailing role** in environmental management. Moreover, operating in countries where water situation is basically critical, such as Peru and South Africa, makes us become even more **aware** of the resource shortage when it comes to managing water.

Therefore, every country has different **good practices** aiming at **optimizing its use**, both in the agricultural field and in industry, **investing** in irrigation system technology, **monitoring** consumption and taking a series of actions to reduce consumption.

### Argentina

We supply the Processed Food Plant with **underground water** sources, where we have installed **flow-meters** that transmit the extraction from every well online. Therefore, we have a reliable **water consumption control system** which enables us to take remedial actions in a more expeditious way in case of eventual deviations.

### HIGHLIGHT

We have been able to **reduce the factory's total water consumption by 32.19%** compared to 2017, as a result of the work done by the **Ongoing Improvement Groups** to detect opportunities and implement improvements.

Likewise, we analyze valid circuits to **reuse water** in different industrial processes without affecting the final quality of our products.

**HIGHLIGHT**

During 2018, we reused **374,400 m<sup>3</sup> of water** in industrial processes, **11% of the total water** consumed in the year.

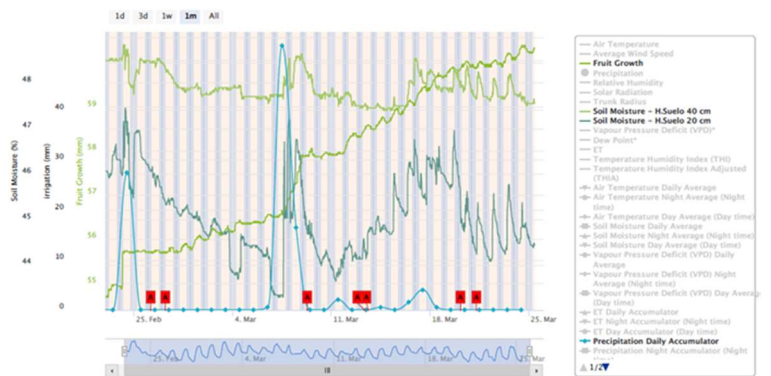
Regarding farms, the plantations located in the south of Tucumán Province have developed with the use of **rainwater**, while those in the north region use **irrigation water**.

**Uruguay**

As regards our farms, we implement drip irrigation through a self-compensating tape system in order to achieve an **even distribution** at different points, and we have an **"Adjusted Water Balance"** calculation program in place to determine when and how much to irrigate. In turn, such program determines the crop water needs for the next seven days, and performs an assessment of what was irrigated in previous periods.

For a **more rational use of water, taking the plant to its maximum potential**, we have incorporated irrigation management through a **phytomonitoring** system that indicates not only solid humidity by means of pressure meters but also fruit and stem growth through sensors, and its relationship with the environmental conditions through a weather station connected with a software that links all the vital parameters with online follow-up.

**Phytomonitoring Irrigation Management Graphs**



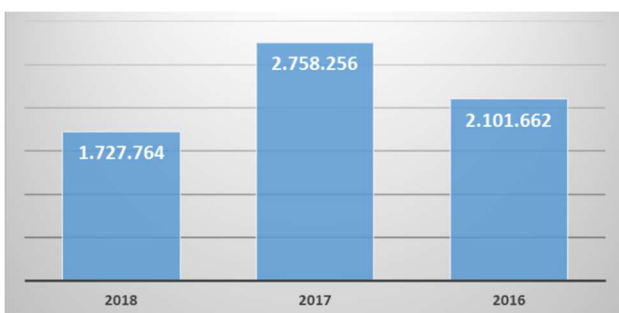
All records are kept individually for every farm, supervised by the regional technician in charge. All water sources used for irrigation have a valid authorization from DINAGUA (Dirección Nacional Aguas).

We have different water sources at the farms depending on the sector: underground water wells, rivers and cutwaters.

One of the cutwaters has a **water reserve capacity of 482,125 m<sup>3</sup>** and a reflecting pool surface of over 19 hectares. This water reserve is sufficient to irrigate over 48 hectares for 210 dry days, much more than what is taken as a safety factor for similar irrigation projects, which is 90 days.

**We achieved a 17.79% reduction**

**Water Use – Uruguay (m3)**



## South Africa

We cultivate, pack and process citrus fruit under good -but relatively dry- weather conditions, which require **irrigation water**.

In the Eastern Cape, water comes from a mayor river located 250 km away, and is distributed through a canal system to all farms in the region. In Western Cape, water comes from a local river. Water is managed on a volume basis by Government, and on a regional basis by the Asociaciones de Usuarios de Agua, AUA (Water Users' Associations), who deliver and manage it.

Water being scarce, its proper and careful management is vital, requiring time and effort to ensure a **maximized and effective use of every drop**. To that aim, **we accurately measure the amount of water we receive**, besides measuring the amount of soil humidity and evaporating water.

Other practices we carry out follow:

- **We collect rainwater** from shed roofs to obtain fresh drinkable water
- We rely on coal **mulching programs** in order to enhance soil humidity retention
- **We measure and map** our soils on an ongoing basis, as too much water, as well as too little water, has a negative impact on the soil
- **We constantly try out new irrigation equipment** in order to see how to provide the right amount of water with minimum waste.

### Improvements implemented in 2018:

- Dams capacity was increased by 30% in Western Cape.
- All irrigation systems were revised and updated.
- The water irrigation system was changed from a spraying irrigation system to a drip irrigation system.
- Expert consultants were hired to be ahead of forecasts.

## Peru

The Chincha packing plant is supplied by an underground water source, obtaining therefore three types of water: hard water, soft water and reverse osmosis-treated water, a purifying technology through which a high percentage (99%) of contaminant and salt retention is achieved.

In 2018, we initiated a process to obtain the **Blue Certification**, a **recongnition** from the Government of Peru for the **good practices** implemented by companies for the efficient use of water. It is a voluntary procedure that showcases companies' **water resource**



Promoviendo la Huella Hídrica Empresarial



management social responsibility in basins, promoting *Bluee Print Certification Logo* engagement in water management in such areas.

It is the result of a technical evaluation of the **water footprint** indicator and the commitments undertaken with local communities; it requires **our commitment** to be increasingly efficient in relation to water use and processes, and to lead this change among employees, partners and suppliers.

 *For further Water Management indicators, see Annex to this Report.*

❖ **Water Footprint**

A product's water footprint (WF) is the **water volume used to produce such product. It considers direct and indirect water consumption in the entire productive process, including the different stages of the supply chain.** It is a multidimensional indicator that shows the water volumes consumed by source and the volumes affected by type of contaminant.

*After taking the first water footprint measurements, we detected opportunities to improve water consumption control mechanisms. At the time of drawing up this Report, the information and methodology were being validated in order to obtain 2018 WF values and replicate them in 2019.*

❖ **Rational Use of Energy**

In every country, we effectively work in teams in order to **reduce energy consumption and optimize its use** through different initiatives.

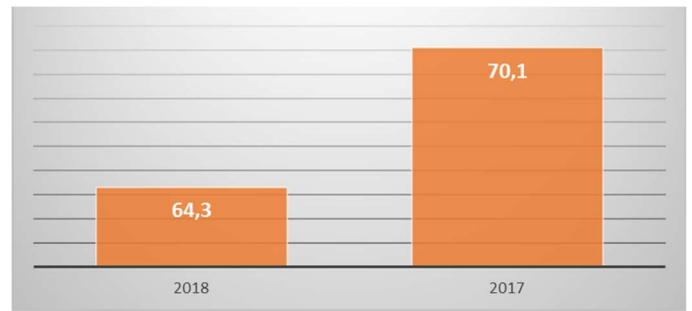
**Argentina**

Electric power and natural gas are the main sources of energy used in the Processed Food Manufacturing Plant. To make a rational use thereof, we have a system in place that measures the consumption of natural gas and boiler-generated steam. This enables us to **optimize energy consumption** in lemon peel dryers.

**We managed to reduce grinding-related natural gas and electricity consumption by 16.93% and 8.27% respectively. This strengthens the potential of the program we are implementing to achieve improvements in energy efficiency.**

**ELECTRICITY per processed ton – Argentina**

**NATURAL GAS per processed ton - Argentina**

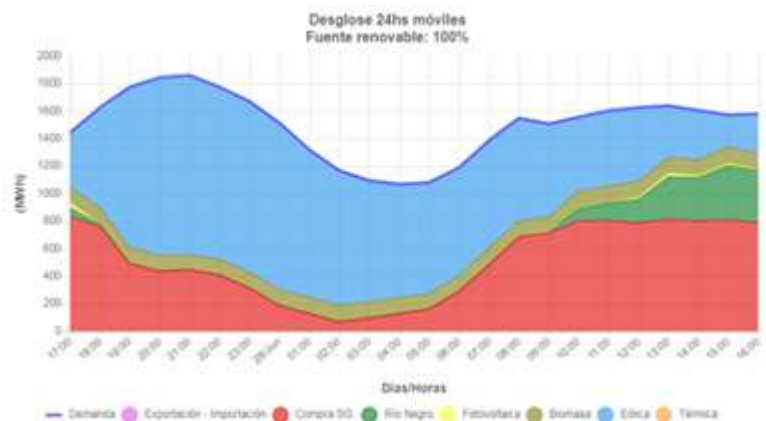


## Uruguay

In order to promote a **rational use of energy** in our operations, we take the following actions, among others:

- ✓ **We carry out regular checks** on our equipment and assess the consumption thereof.
- ✓ **We program** field irrigation according to a schedule determined by the energy provider.
- ✓ Cold chamber operation is based on a schedule where **energy availability is more economical and efficient**.
- ✓ Reactive energy<sup>3</sup> **is compensated** through<sup>4</sup> the incorporation of condensers<sup>5</sup> in medium and large-sized panels.

The electric energy we use comes from **renewable sources** and is managed by the Administración Nacional de Usinas y Trasmisiones Eléctricas (UTE), a company belonging to the Uruguayan State, which has two water, wind and power plants.



24-hour mobile breakdown / Renewable source: 100%  
<https://portal.ute.com.uy/energia-generada-intercambios-demanda>

## South Africa

We have two primary sources of energy: diesel, for power-operated equipment in Orchards, and electric energy, to feed pumping stations and the Packing plant. Our main use of this power is for engines that power water pumps, as

<sup>3</sup> Tipo de energía eléctrica que absorben de la red algunos equipos eléctricos pero que luego la devuelven, por lo que no supone un consumo, aunque sí hay que generarla y transportarla hasta los equipos. Por ello las compañías eléctricas penalizan en factura, el consumo de energía reactiva a partir de un cierto valor. A type of electric energy that some electrical equipment absorbs from the network but which it subsequently returns, therefore it does not entail consumption, although it must be generated and transported to the equipment. To that aim, electric companies penalize, in customers' bills, reactive energy consumption above a certain value

<sup>4</sup> Some benefits of condensing equipment: correcting the Power Factor, reducing line loss, promoting voltage support, enhancing the system power transfer capacity, protecting machinery and electric devices from voltage surges and drops and releasing the system's Kvar capacity to supply other charges, which is translated into savings in the energy bill, among others.

every hectare in production obtains water from a reticulate irrigation system. Additionally, the Packing farm has cool room facilities that require energy for cooling down during the season.

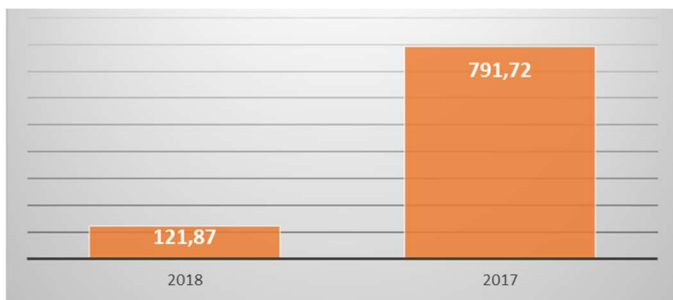
**We measure**, on a monthly basis, the use of energy in fractions divided in the different areas and include these measures in our KPI Monitoring Program in order to **make an efficient use and reduce the amount of energy required**.

**Peru**

For our operations in Chincha and Chepén, we use gasoline and diesel, but mainly electric power coming from a **renewable source**: the **Hydroelectric Power Station**.

In order to **reduce the amount of energy** required to provide our products, every year we **measure the energy consumed per ton produced and per ton exported**.

**ELECTRICIY per fruit ton - PERU**



**In 2018, the energy efficiency ratio was 121.87 KWh per ton produced, increasing efficiency by 84.61% against 2017.**

*For fruther Energy Management indicators, see Annex to this Report.*

**❖ Carbon Footprint**

The carbon footprint is the partial indicator of environmental impact that estimates the number of greenhouse gases (GHG) that an individual, event, organization or product emits directly or indirectly into the atmosphere.

At San Miguel, **we record all incoming and outgoing GHG** from the extraction and production of raw materials and supplies to the factory gate, where the packed finished products are located. The result is tons of equivalent CO<sub>2</sub> emitted per unit of product. The systematic assessment of these values year after year will allow us having a tool to measure our environmental performance and finding new improvement opportunities. On the other hand, in Argentina, we have been part of the team responsible for calculating the carbon footprint of lemon and other citrus fruits for export, led by the Asociación Fitosantiaria del Noroeste Argentino, AFINOA (Phytopsanitary Association of the Northwest Region of Argentina). The project was the first step towards a sectoral collaboration for the design of a strategy aimed at the reduction of said footprint.

*At the close of this Report, we are taking a new measurement that shall be included in the 2019 report.*

**HIGHLIGHT**

**URUGUAY- CO<sub>2</sub> Balance**

We have 780,000 plants of citrus fruit in our fields, hence setting **7.5 kilos of CO<sub>2</sub>** per every kilo of this molecule released into the environment through our activities. Therefore, with our operation, not only do we **DO Not contribute to Global Warming** resulting from the Greenhouse Effect due to the release of CO<sub>2</sub>, but we also **positively contribute** by setting more CO<sub>2</sub> than that we release.

**HIGHLIGHT****ARGENTINA- Carbon stocks in the native forests of Caspinchango Farm - NATURAL RESERVE**

The **Protected Productive Landscape program** was created to preserve the native forests, and the Yungas ecosystem balance, plays an important role in carbon footprint compensation. **The Yungas absorb greenhouse gases and allow mitigating the impact derived from production activities.**

In order to analyze deeply the contribution of this initiative, **we conducted a study to determine the amount of carbon stored in our native forests and analyze its evolution** over time. 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.**

**7.3 Supply, Waste and Effluent Management**

We carry out **the responsible supply and raw material management** through initiatives that enable us to retrieve and reuse different types of materials coming from our global operations and in all types of facilities: offices, farms and industrial plants. With these ongoing actions, we manage to reduce, recycle or else transform materials into another useful item, adding or substituting value.

**We minimize waste generation** through solid segregation at the point of origin, follow-up and final disposal, and evaluation for it to be recycled or reused.

With respect to **effluents and their treatment and disposal**, these are duly treated and/or destined based on the environmental legislation of every country.

**Argentina****Supplies and Waste****Classification at the point of origin**

- We have **containers duly** identified close to the work stations and at key locations for internal logistic management, which are later classified and stored in warehouses based on their nature and destination.

- In 2018, we **monitored and evaluated our internal waste management**. Consequently, we **have updated** our operative procedures and practices; we **have modified** responsibilities per sector and stocking location; and we have extended our procedures **to our suppliers** by conducting visits and compliance audits of their environmental performance.

## Reuse

- We use **organic waste** as **soil enhancing agents** on nearby farms.

- For fresh fruit exports, in every market where they have been accepted, we use rented wooden pallets to be **used more than once**, which ensures a useful life of over 10 years. Pallets are exported together with our fruit and later circulate among different supermarkets, unlike disposable pallets that can be used only once.

- During 2018, and from the Purchase department, we strengthen our **export, wooden and plastic bin pallet repair and recovery programs** hence extending their useful life.

## Recycling

Part of the recyclable materials was **donated** to different entities close to the sites where we operate. Others were destined to companies in charge of **transforming and reinserting** waste as raw material in other production processes. The materials with a higher recycling degree are: **plastic, cardboard and metal containers, paper and scrap**.

## Effluent Treatment

In Argentina, we have an Effluent Treatment Plant that enables us to **adapt the effluent** generated during the industrial process, obtaining a **higher quality effluent**. The process consists of three stages:

-**Physical-chemical treatment**: we separate solids, fats and oils to subsequently condition to neutral pH by using lime slurry.

-**Anaerobic biological treatment**: it includes a UASB (*Upflow Anaerobic Sludge Blanket*), with high capacity to degrade organic matter. The reactions cause **biogas production, which is reused** in the boiler that warms up the effluent that enters the reactor.

- **Aerobic biological treatment**: it consists of an activated sludge system. The aerobic reactor is responsible for polishing the effluent before pouring it.

As from 2018, the **Fertilizing irrigation system**<sup>6</sup> has been part of the Effluent Treatment Plant maximization project, redefining the work strategy as a dual operation together with the biological system, and incorporating this practice as part of the treatment system regular operation. This phase of the operation is monitored on a regular basis in order to ensure the soil is not affected, based on the commitments undertaken with the Environmental Authority.

During the 2018 campaign, a **segregation project for the solids generated in special juice production** was implemented. By means of a centrifugation process, the mechanical segregation of solids contained in the fluid is performed, which are later used as soil fertilizer. The development of this practice **represents a substantial**

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<sup>6</sup> A technique that enables the simultaneous application of water and fertilizers through the irrigation system.

**improvement in the subsequent effluent treatment**, as it facilitates the neutralization process, reduces the organic load entering the treatment plant and reduces the amount of solids that enter the effluent.

We measure the volume of the effluent to be treated on a daily basis, comparing it to a historical consumption for production levels.

During 2018, the ratio of the volume of effluents generated per grinding ton shows a **25.27% improvement** against 2017.

**INDUSTRIAL EFFLUENTS per processed ton - ARGENTINA**



The Effluent Treatment Plant has a **laboratory** with equipment that enables monitoring the entire system, therefore ensuring control over all the citrus fruit variables of the operation. The staff responsible is trained on an ongoing basis by means of an Educational Plan, validating their technical and operative skills in order to ensure result interpretation and execution of preventive and/or remedial measures.

**HIGHLIGHT**

In order to ensure control over the effluent treated and the quality of the discharged effluent, at our Sample and Monitoring Station (Estación de Muestra y Monitoreo, EMM) we keep the **tools to online monitoring** pH, dissolved oxygen, temperature, conductivity and flow parameters, continuously transmitting through a GPRS system to the data reception station of the Secretaría de Estado de Medio Ambiente del Gobierno de Tucumán, SEMA (Tucumán Government Environmental Secretariat).

In turn, so as to ensure the quality of the information obtained, we outsource, to an authorized company, the **monthly cleaning** of sensors and preventive maintenance of the facilities, immediate remedial maintenance should any problems arise, and instrument testing and/or calibration operations to verify the measurements accuracy.

During the 2017/2018 interharvest, we emptied the UASB anaerobic reactor to carry out a comprehensive maintenance. The tasks performed **have substantially improved the reactor's efficiency**, indicating the status of the granular sludge necessary for organic matter degradation.

To ensure the appropriate operative management of the treatment plant, during 2018, a 45-hour theoretical and practical **intensive training** with professionals renowned for their knowledge of effluents was carried out, and such training addressed the physical-chemical grounds applied to effluent primary treatment, and the fundamentals and operative criteria of biological systems for anerobic and aerobic reactors.

**Uruguay**

**HIGHLIGHT**

We revalue waste by means of the three Rs method: **reduce, reuse and recycle**, prioritizing the reduction of the volume of the waste generated and in compliance with current legislation.

By using this method, we want to promote responsible consumption habits to **reduce our carbon footprint**. Plastic, paper, cardboard paper and scrap are prepared for recycling, while the peel and fruit remains and effluent pulp are reused as animal food.

Besides, we work with licensed agents and carriers, with whom we ensure that those who manage the final destination of waste have a management plan in place in compliance with current legislation.

### South Africa

Among the actions taken during 2018, we rented plastic harvest bins from local companies specialized in managing said bins, rotating them during all year round among different clients, thus optimizing their use.

Regarding Effluent management, in 2018 we implemented a **monitoring program for the waste water** generated in our Packing plant and applied for permits to remove and/or reuse waste water from other processes. In 2019, through this program, the effluent water will be analyzed monthly during the season and one month before and after it. The results will be shared with the Sunday's River Valley Town Hall and repeated more often when the results or circumstances indicate some abnormality.

### Peru

Hazardous and non-hazardous solid wastes are stored in different central warehouses and later transported and managed through a **solid waste managing company** registered with the Dirección General de Salud Ambiental, DIGESA (General Directorate of Environmental Health) or the Ministerio del Ambiente, MINAM (Ministry of Environment). In turn, such company sends us the following documentation, depending on the waste:

- Hazardous waste manifest: a document including the type of waste, the amount being transported, safety landfill where it is being taken and final disposal certificate.
- Non-hazardous waste: Final disposal certificate.

With respect to **effluents**, the fluids generated during the different stages of our operation process are sent to absorbent wells and, whenever this is not possible, they are collected and stored in special premises for their subsequent disposal.

 **For further Supply, Waste and Effluent indicators, see Annex to this Report.**

## 7.4 Sustainable Soil Management

Every farm and nursery owned by San Miguel has a record and continuous follow-up system for harvest and agronomic operations, and we analyze the soils based on the zone irrigation and topography. In this way, we ensure a long-term sustainable **system that enables us to prevent soil degradation** and other related issues.

Likewise, **we adjust and rationalize the use of fertilizers and phytosanitary products** in order to minimize the impact on the soil, on surface and on underground water sources and vegetable and animal species. We choose **more suitable**

**fertilizers and state-of-the-art technology** to ensure a better use of the nutrients based on fewer loses. Likewise, regarding crops, we only apply chemical products approved by the fruit countries of origin and destination, avoiding in this way risks to our employees, operators, consumers and to the environment.

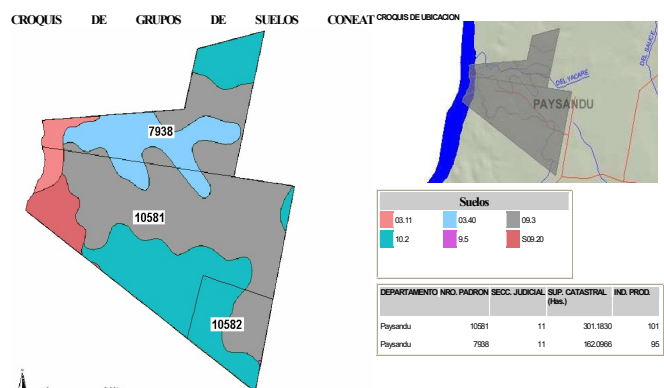
**Argentina**

**Our soil sustainable management initiatives:**

- ✓ We carry out **soil characterizations** on all the Farms.
- ✓ With the results from these analyses we define if the plots of land are **suitable** for citrus fruit growing, the **place of planting** and the **variety/rootstock** combination for every case.
- ✓ We design **maps** of the farms, which are useful to make **protection crop forecasts** and for **planting and growth programs**.
- ✓ By using satellite photographs and topographic contour mapping, we take into account the **management of the topography and basin that provides water** to the plot.
- ✓ **Fallowed field**: once the land is again suitable for planting, we leave it 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 the soil**, we **reduce the use of phytosanitary products** and enhance plant health and its productive potential.
- ✓ **Chipping for crop renewal or pruning**: We grind the unrooted plants 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 matter content, we maximize the water resource efficiency generating a vegetable coverage in the area with the highest active root system concentration.
- ✓ In order to **minimize the use of** chemical products and determine the best time to apply them, thus increasing the application efficiency, we created a **Pest Monitoring** area, replacing the old calendar-based application practice.
- ✓ **We make agrochemical containers unusable** through the triple wash technique and a bottom perforation. Then, the containers are sent for their final disposal by an operator authorized for the transportation and operation of hazardous wastes.

**Uruguay**

All the Farms have a **detailed Soil map** that includes its **full cartography**: charts, varieties, soils, accumulation basins (frost risk), irrigation, pest monitoring, etc. designed by means of a Geographic Information System

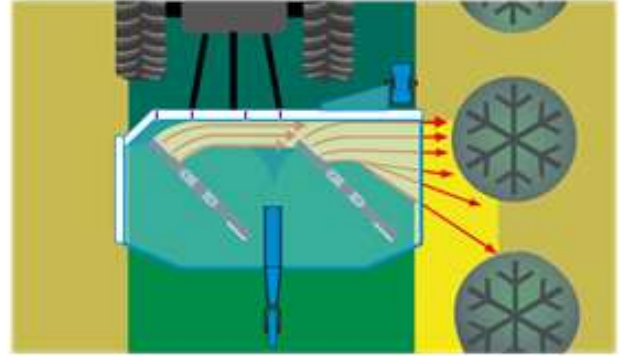




(GIS)<sup>7</sup> and a Soil Characterization System by productivity index (CONEAT)<sup>8</sup>.

This information is used for the risk analysis of new plantations, to determine the varieties to be included and to get to know the water source collection in every particular site.

**Increasing the amount of organic matter** in the soil is a long-term matter. To do so, we suggest creating **Organic mulch** (thick layer of grass) under the citrus fruit, using the machines that cut the green fertilizer planted between the lines of citrus fruits and that leave it under the tree line. Along time, the bottom of this Mulch decomposes and recharges at the top, generating an **ongoing organic matter contribution** to the soil, which will better take care of the crop's carbon balance. In order to check its evolution, successive analyses are carried out, where the amount of the soil organic carbon and its related fertility are measured. Once the Organic mulch has formed, it also behaves as a physical and light barrier for the germination of crop competing weed. Work carried out on the use of Citrus fruit mulch by INIA Salto Grande experimental station researchers, shows that it improved the quality of the final product, increasing the fruit peel color parameters.



**Farm 33: Rye Grass planted with Agricultural aircraft**

Besides, we carry out **aerial seeding** of winter species that stop growing in winter and do not compete with crops, and are later cut and left at the base of the plant, leaving the soil covered, which reduces hydric erosion and keeps the soil protected against sunrays, significantly reducing the surface temperature, as well as surface evaporation. This enhances the soil biotics, improving its structure and retention in the face of a soil sealed by hydric erosion. In turn, Green Fertilizers are planted in citrus farms in order to improve the soil organic matter content. Fodder grass is planted between citrus fruit lines, searching for fodder species with a high carbon-nitrogen ratio (better organic matter initiators), such as Grass species: Rye Grass, Savitva oats and fodder sorghum. These are planted using aircraft or precision seed planters.

#### More actions taken:

- ✓ We have a **Fertilization Annual Plan** where the farm, plot, dose and fertilizer to be used are detailed. In this way, the fertilizer application is planned, and the irrigator knows the amounts of fertilizer to be used every month on

<sup>7</sup> A set of tools that incorporates and relates different components (users, hardware, software, processes) enabling the organization, storage, handling, analysis and modeling of big quantities of data associated to a spatial reference, facilitating the incorporation of socio-cultural, economic and environmental aspects that lead to efficient decision-making. This information system can incorporate, store, edit, analyze, share and show information with geographical references enabling the creation of interactive consultation, spatial information analysis, data editing, maps and presentation of the results of all these operations.

<sup>8</sup> An index that determines the mean production capacity of the country's soils, structured by the Ministry of Agriculture and Fisheries and by the Uruguayan National Land Agricultural-Economic Study Commission.

every farm. At a field level, irrigators keep a record spreadsheet for both fertilization and irrigation in order to maintain updated information on the products applied.

- ✓ We follow up the phytosanitary condition of the crops, conducting a permanent monitoring of pests and diseases, and observations about the weeds status throughout the entire production process are made. Monitoring is planned on an annual basis and carried out by trained staff. These are supplemented by regular inspections of the site performed by the farm technical team, **using new weed control technologies** with a scanner that detects photosynthesis (Weedit system<sup>9</sup>) and it **only applies where there is a green plant or weed**.
- ✓ We work with the advice provided by a **meteorologist** who forecasts national and local weather conditions daily. In this way, phytosanitary applications are postponed when the weather conditions are not suitable.
- ✓ The quality of the applications is monitored by using **SYNGENTA water-sensitive paper**. Bearing in mind application patterns, we ensure **the efficiency of our applications**.<sup>10</sup>
- ✓ We apply the **triple wash technique for used agrochemical containers** and perforate the containers in order to prevent rainwater accumulation inside them or improper reuse thereof. Then, said containers are stored in a dedicated place with an electro-welded mesh enclosure, and they are sent to the centers authorized by the local environmental authority.

## South Africa

Soil management is crucial to apply **good agricultural practices** and is **closely related to our water and fertilizer programs**, as they impact on each other and are intimately interconnected.

With regards to soil specific management, we have certain basic practices in place. The basic structure of the soil is **measured, mapped and analyzed** every five years, and we implement programs to improve it. A **detailed analysis of the soil** is performed on an annual basis as part of the production management in order to ensure accurate and optimal fertilization programs specific to every area.

**Practices we implement to improve our soils** and guarantee that they remain in good conditions in the long term:

- **Coal-based fertilizer:** all pruning material is grinded and taken back to the sowing root zone.
- Slurry and plaster are applied when it is necessary to improve the soil structure.
- **We “ridge” plant** in order to provide maximum use of the best soils.

<sup>9</sup> WEEDit sensors have a red light source that shines constantly in the direction of the soil when it is applied on live vegetal matter, the plant chlorophyll absorbs part of it, converts it and emits it as NIR (Near Infrared) light. Sensors are constantly searching for the presence of NIR. Each of them makes 40,000 readings per second checking the presence of NIR and, consequently, searching for weed. After detecting it, the system calculates how fast it advances and, when the weed is under the herbicide application spout, a solenoid valve gives way to the broth that is sprayed accurately on the plant. Using this Selective Spraying method, the system can save between 50% and 90% of herbicide per application, reducing environmental impact and enabling production cost reduction.

<sup>10</sup> A tool to achieve efficient and responsible applications. This material is a yellow piece of paper, highly humidity-sensitive which, when it comes into contact with a drop of water or other fluids, turns blue, revealing the spot where the drop has fallen. Its use is critical at the time of the application, as it allows evaluating the machine calibration, as well as checking the quality of the application made.

- Land preparation is done thoroughly and gently so as to guarantee the best conditions for the different soil structures.
- We use different rootstocks for different conditions.
- **We monitor performance block by block** in order to ensure that the fertilizer being applied is balanced with what is being removed by the yield produced. This is critical to maintain a well balanced and structured soil.
- The land is allowed to fallow for a few years and we grow leguminous plants to let the soil rest before re-planting.

**We reduce the use of agrochemicals to a minimum:** Crop protection programs, both in the field as well as at the packing plant, are very carefully designed in order to guarantee compliance with the appropriate coverage and minimum application.

Once used, containers are washed three times and perforated before being stored in a specific area, and subsequently taken to an authorized waste disposal company.

## 7.5 Biodiversity Protection

**We work in natural environments** and undertake the responsibility to develop our productive activities within a sustainability framework, permanently seeking to **incorporate production into biodiversity preservation**.

### Argentina

Our main production in Tucumán is immersed in a context with high environmental value: the **Yungas ecoregion**. The Yungas, also known as the "Cloudy Forests" or "Yungas Andean Forests", occupy the eastern slope of the Andes mountain range, from Peru to the north of Argentina.

We implemented the **Protected Productive Landscape Program**, together with the ProYungas Foundation, in order to **preserve the Yungas native forests and ensure ecosystem balance**, which **plays a critical role in stream and river hydric regulation**, which are strategic for the agricultural production of the region. Besides, **this absorbs greenhouse gases** and mitigates the impact of industrial activity.

### HIGHLIGHT

**For every productive hectare, we preserve 1.5 hectares of native forest.**

Within 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. **Building of strategic alliances** with different territorial actors.

Together with the ProYungas Foundation, we monitor the Yungas' animals and vegetation with special equipment. As a result thereof, we determine the functional behavior in the different areas of the farms (forests, citrus, deforestation). We regularly install cameras to identify the fauna that inhabits the Yungas and to contribute to preservation, confirming the presence of the River otter (*Lontra longicaudis*) internationally considered "quasi-endangered" and "endangered" nationwide and 12 big and medium-sized mammal species.

Species identified at San Miguel Farms

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

Likewise, a higher number of species is detected in the forested sector than in citrus plantations, thus confirming the importance inherent to forest sectors close to our productive activities. The forest acts as a "source" site for mammals that use citrus plantation to feed on or pass through.

**HIGHLIGHT**

**Our native forest lands of the Caspinchango Farm - a Private Natural Reserve.**

Located in Monteros, in the south of Tucumán, the Caspinchango Farm covers 7,278 hectares divided into 1,006 hectares of productive activity and 6,272 hectares of wild areas that represent 86% of natural environments and 13% of transformed areas occupied by citrus fruit crops. The Caspinchango Private Reserve comprises 4610 hectares of native forests, included in the provincial OTBN (Native Forest Territory Structuring Law) red category, and the Red Nacional de Reservas Privadas (National Network of Private Reserves) which, as from 192, will represent more than 726,000 hectares of private preservation in our country.

In November, 2018, a permanent sampling plot was installed at Caspinchango Farm, integrated into the Red Subtropical de Parcelas Permanentes, RedSPP (Subtropical Network of Permanent Plots). This is a tool that aims at establishing and using a medium and long-term monitoring system for the diversity, structure and dynamics of subtropical forests of the northern region of Argentina and to associate such data with species environmental factors and functional characters. Such plot will be measured again in 5 years' time to compare the data obtained. The plot has 1 ha., divided into 25 subplots (quadrants) for study and data collection, where we identified, marked and measured 274 trees belonging to 21 different species distributed in 17 botanical families, where the Horco molle, Myrtle, Laurel blanco (white bay) and Laurel del cerro (mountain bay) stood out.



In July and December, 2018, we studied the water macroinvertebrates biodiversity and quality of the Caspinchango Farm habitat. These organisms are very useful as bioindicators of the water quality in particular and of the aquatic ecosystem in general. They belong to very diverse and varied groups: insects, crustaceans, mites, mollusks, earthworms, etc. Four sites were analyzed, one for reference (upstream from the crops) and three in the crops zone. In order to characterize the quality and heterogeneity of the aquatic habitat, we carried out observations of the substrate size and diversity, as rivers with a good quality habitat are those that present different types and sizes of substrate (rocks, trunks, plants, fallen leaves) to be colonized by the aquatic fauna. Measurements were taken of the flow and physical-chemical variables (dissolved oxygen, temperature, pH, conductivity, turbidity, total dissolved solids and others).



**The diversity found on the farm of macroinvertebrates was very high**, comparable to other Yungas' very well preserved rivers and streams. No malformations or any other sublethal contamination effects were found in the individuals studied. **The riverbank forest quality was "excellent"** in the places sampled with native tree and bush species from the region and ecoregion. With respect to the Habitat quality, all the sites showed **microenvironment heterogeneity to be colonized by aquatic organisms**. **All the water physical and chemical variables that were measured presented normal values for the rivers in the zone. Dissolved oxygen showed maximum saturation (100%)**, conductivity was low, and turbidity and dissolved solids were also low. The pH also presented normal values. **No signs of contamination from oil, solid waste or others were observed.**

 *For further information on Biodiversity Protection, see Annex to this Report.*

## Uruguay

We incorporate our Farms into the fields landscape, preserving uncultivated surfaces as **Protected Areas** in order to:

- **Maintain representative ecosystems** that ensure evolutionary continuity and ecological processes, including genetic flows and migration.
- **Preserve ecological diversity** and wildlife resources in order to ensure the natural biodiversity role in environmental balance.
- **Maintain the genetic material of natural communities** and prevent native flora and fauna losses.
- **Guide and organize preservation activities** to support the comprehensive development of rural areas.

These Preservation areas act as “buffer” zones<sup>11</sup> within our agricultural exploitation, where we find varied native local fauna and flora.

### Native tree zone on Farm Facility No. 16

After identifying in the past years that the forest had naturally become denser with a large number of low value species, a selection was made to leave the forest in its natural conditions. Some new native forest areas were added, with all their autochthonous species represented on the site, prioritizing the presence of carob trees in order to achieve a balanced, clean and efficient spatial distribution, with low risk of fire. **We managed to preserve native species and, at the same time, organize the native forest and reduce the incidence of pests that seriously affect the citrus fruit production of this place.**



Plano Georreferenciado Satelital de Quinta N° 16  
Las áreas de reservas aparecen en verde claro

## South Africa

We believe that citrus fruit commercial production, in order to be sustainable in the long term, must analyze all aspects of the sustainability spectrum, and **biodiversity** is a very relevant component of this field.

Further, the Environmental Impact Assessment (EIA) demands strict requirements, and its authorization for new developments. The process takes up to two years and comprises many aspects. Concerning Biodiversity, it includes the following:

- Protection of endangered botanical species and groups of species
- The designated hectares will have protection and development areas
- Search and transplant of certain designated plants and tree species
- Search and transplant of certain designated plants and tree species of the development area
- Respecting cultural practices that guarantee soil and water stream protection
- Creating corridors between properties to make space for certain animals to circulate
- Adhere to a National protection plan of bushes and rest areas with specific protection purposes

Zone 1 is located next to one of the largest national parks: the **Addo Elephant National Park**. Because of its proximity, **great attention is given to biodiversity regardless of the regular legal requirements**. It is our intention to continuously interact with the Park authorities in order to ensure that we try to reduce the impact, and we try to identify and find new and better ways to co-exist with the National Parks and their natural biodiversity. In this interaction, we include aspects such as:

- Communication and commitment

<sup>11</sup> A buffer zone is any area that serves the purpose of maintaining the real world entities distant from each other. They are used to protect the environment.

- Compliance with regional and national regulations and authorities
- Shared responsibilities at borders and corridors
- Training and guidance for our staff on the relevance of this business aspect .

**Peru**

In order to analyze any activity generating impact on the environment and depending on the Agricultural Sector, it is necessary to have an environmental certification to comply with current environmental legislation and leverage natural resources in a more sustainable way. To that aim, we have environmental management tools that include **flora and fauna monitoring** of the zone where the activities are developed, which were approved by the Ministerio de Agricultura y Riego, MINAGRI (Agriculture and Irrigation Ministry).

In this context, during 2018:

- We held **talks and training** related to flora and fauna care and protection.
- We placed **signposts for flora and fauna protection**.

**8. COMMUNITY ENGAGEMENT**



As part of our sustained growth, we continue to assume new challenges and seek to strengthen the social investment programs in each of our operations, always taking into account our people’s needs to help them reach their full potential.

Aware of our role in the global agenda, we consider the United Nations Sustainable Development Goals as the central guide of our actions. Promoting quality education, contributing to zero hunger, generating community ventures and being protagonists of the economic development of the populations bordering our operations, are some of the main commitments we assume for our community relations management.

**Health – Housing - Education**

This are the axes that guide our involvement in the community directly linked to our business. For each one of them we carry out several programs in our operations: **Argentina, Uruguay, South Africa y Peru**

Our senior staff and colleagues actively participate in the activities we held with our communities though Corporate Volunteering and Sustainability Commitees.

**8.1. SOCIAL INVESTMENT ACTIONS**

Aiming to accompany our communities and create long term capacity for our people to develop themselves in a sustainable way, our main aspiration is that San Miguel's presence within a location improves their neighbour's lives. That is the desire that drives us every day.

We carry out social investment initiatives in 100% of our operations. Depth and reach varies according the size of each site, the context and need of each community.

**Argentina****Rural Nutrition Program: Escuelas Saludables (Healthy Schools)**

Focused on mitigating child malnutrition, we promote healthy eating habits in children and their families, working together with the Ministry of Education of Tucumán and the NGO Fundación Banco de Alimentos. In 2018:

- ✓ Workshops for preparing healthy food to Community Cooks in Famaillá for **+450 people in 5 institutions**.
- ✓ Healthy nutrition and cooking workshops for children in **5 schools** from Burruyacú
- ✓ Cooking and health habits workshops for adolescents.
- ✓ Dairy desserts and nutritious snacks for 22 schools in Tucumán. **+ de 2.900 children each month**.

**Programa Germinar (de emprendimientos productivos). Etapa 3:**

Women in rural communities are the engines of family development, and that is why wework to empower them through their abilities and leadership.

In partnership with the Foundation Fundación Cultural del Norte, in 2016 we implemented stage 1 of this initiative in which we invited them to participate in a training space, mostly wives of agricultural workers and women of nearby communities. We made a personal and group profile, stimulated their integration and provided empowerment workshops.



In 2017 we implemented the second stage of the program with the aim that each of them can develop the necessary tools to think, create and grow their micro-entrepreneurship.

Later on, in 2018 we accompanied the 36 undertakings in order to sustain and enhance their development by formulating the most adequate plan for each project. 3 of them were able to obtain a seed capital of \$250,000 to apply to their venues.

- ✓ 36 undertaking
- ✓ 4 rural areas
- ✓ Over 160 hours of training
- ✓ Presence in 10 local fairs

*"We met in one of the workshops, and we teamed up to make craft bakery. The workshop opened our minds. We chose bakery because we saw it is an item needed in this area. All our expectations are focused on being able to get ahead with this project".*

Graciela del Valle Quipildo and Lorena Bustos, participants of home-made bakery micro-entrepreneurship.

### **Mejorando mi hogar (Improving My Home) Program**

We facilitate access to improvements in our employees' homes, working with suppliers and other companies in the local citrus fruits industry, so as to generate training instances in masonry (with official titles issued by the Ministry of Education) and credit lines for materials, which allows them to carry out their individual and family projects and be the actors themselves in the improvement of their living conditions. We also carried out the regularization of donated lands in the Famaillá surroundings.

### **Training for Teachers**

Due to the need of extending Cre-Ser program as well as leaving long-term capacity on the teachers of the region, along with Conciencia NGO and the Ministry of Education of Tucumán we trained **400** Famaillá teachers and **1.200** of Tucumán as a whole.

### **Eye Care Program**

We carried out ophthalmological revision to our worker's employees.

- ✓ 110 children
- ✓ 15% were referred for their attention and treatment
- ✓ Glasses were provided when necessary.

### **Early Childhood**

Focusing on early childhood development in rural areas, in Alliance with FANN NGO we provided 4 workshops to train families and teaching assistants. 4 workshops on these topics were held. Besides that, we installed a mobile unit together with Fundalam NGO to educate pregnant women on early childhood cares and breastfeeding. In this context, we also led a workshop with a pediatric nurse at our Industrial Complex for our colleagues.

### **Programa Formarte**

We provide our employees, their families and neighbors with tools in various artistic areas, which help them discover their abilities and creative skills. In 2018 we offered several craft workshops like painting, music and dance.

### **Entornos creativos (Creative environments )**

In Alliance with Crear Vale La Pena NGO and under the Provincial Health Program, we provide counselling for high-school students on high complex topics like teen pregnancy, drugs and suicide.

### First aid Workshops

In order to improve prevention habits at an early age, along with Banco de Alimentos NGO and the Red Cross, San Miguel provided first aids training for primary school's students in Famaillá and Burruyacú. In total, 1,345 children from 7 schools were involved. One of the groups was rewarded with the Project "Your hands can save lives".

## South Africa

### Living a Winning Life

We provide tools for the development of our employees and of neighboring companies of the South African community through: recreational activities to train in values and socio-emotional skills as well as training in money management, work skills, personal relationships and health and personal safety. Main activities of this program are:

#### ➤ Soccer Clinic

Sports event our employees and of neighboring companies, in which we also address things related with men's health

- ✓ 130 beneficiaries
- ✓ 8 companies

#### ➤ Ladies Tea

We invite women to share an afternoon tea in which specialists of different areas share tools and useful knowledge to improve their lives.

- ✓ 180 beneficiaries
- ✓ 10 companies

### Home Based Caregivers

We provide home medical care to patients being very frail as to leave their homes and travel to a health care center. San Miguel sponsors 3 home caregivers to work in partnership with the Place of Mercy House (Sisters of Mercy) and the Hope Clinic.

- ✓ 70 patientes per month

### Whispers Project

We provide feminine hygiene products to girls in elementary schools who cannot afford them due to economic reasons. Lack of resources cannot only diminish girls' self-esteem, but also may lead them to loose school, social or sports activities and therefore limit their possibilities to develop. San Miguel employees donate the products in a monthly campaign that are later distributed through Sisters of Mercy.

- ✓ 778 kits of hygiene products where distributed to girls from Addo.

### Work 4 a Living Program

Along with Tesco, one of the main supermarkets of the world, we provide training to unemployed young people in the community of Addo to develop tools to get a job and progress in their lives. This i show we intend to contribute to

their economic and social inclusion. The initiative has 3 phases: 1) Social and emotional Skills; 2) Administrative tasks learning; 3) Technical skills learning.

- ✓ **30** students were graduated from phase 1 and 2.
- ✓ **12** are already working
- ✓ **3** have started their own undertakings.

### Thudana Citrus

San Miguel has created a new company under a shared-ownership scheme with our employees under the Black Economic Empowerment (BEE) framework, which meant giving 30% stake of this citrus company to 120 workers. For this initiative we have established a training and development program for the trustees aligned with their new responsibilities as share-holders.

BEE Promotion Law is part of the National Development Plan for 2030 in South Africa, aiming to address inequality for black South African citizens as a result of the Apartheid. The main challenge of the plan is to reduce poverty and inequality by 2030 through the combination of three factors: growing employment, higher incomes through productivity growth, and good public services.

The workshops will cover specific topics such as the operation of a trust — and the roles and responsibilities of the trustees — and general issues such as running a citrus business. This initiative seeks to empower these workers and create opportunities for them and their families.

## Uruguay

### Rural Communities Support Program

We collaborate with more than 10 educational institutions through various initiatives that contribute to the performance of pedagogical projects or to the development of school life.

- ✓ We receive educational visits in our farms and in the Plant located in Young
- ✓ We donate pallets to make vegetable gardens and for recycling projects
- ✓ We conducted a healthy eating workshop in charge of volunteers for 3 High Schools of the Fray Bentos community, of which 80 adolescents participated.

## Peru

We provide support to institutions location both in Chinchá and Chepén.

### 'Lonchera Saludable' (Healthy Snacks)

We provide nutritional workshops about the right balance of food and the importance of hygiene in preparation. Aimed at neighbors who attend the services of popular dining rooms and our colleagues

.-**1040** children were involved

### Health Care Campaigns

We promote integral health care of vulnerable populations in our area of influence through awareness and health prevention actions.

-480 beneficiaries

**School Yard**

We have built a sports area for the students of the Santa Catalina school. In addition, we deliver uniforms and sports equipment.

-345 students

**Popular dining rooms (Vasos de leche)**

We helped improving the infrastructure of different dining rooms located in our areas of influence and we helped families with limited resources to gain access to food.

-392 children

**Improving your home**

in Peru we awarded the most highlighted workers of the season with an improvement in their homes as a recognition of their hard work.

**Partnerships**

As key players of our client’s value chain, during 2018 we continue to reinforce our bonds with our customers in terms of social investments in order to share with them specific actions in the community and develop joint projects.

**8.2. CORPORATE VOLUNTEERING**

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

**Argentina**

- ✓ Along with Banco de Alimentos NGO we were able to collect over **1,660 kg of food**. Also, this NGO took our Solidary Box initiative as a new offer for the families of harvest workers.
- ✓ We carried out a Children’s Day Campaign to gather toys, educational kits and food to celebrate this special event with institutions from our rural communities.
- ✓ In the local Sustainability in Action Committee, operative groups were consolidated, monthly meetings were held and several projects Going to work by bike or the Visual Health program were executed.

**Uruguay**

- ✓ We donated a microwave and cooking materials for the Santa Isabel school in Young.
  - **11** volunteers were involved.
- ✓ Our colleagues lead school visits to our farms.
  - **25** volunteers were involved
- ✓ Our colleagues lead visits of the retired personal of Social Security Bank to our Packing House.
  - **40** volunteers were involved
- ✓ We carried out a training on oil extraction process for School 34 in Young.
- ✓ -30 students were involved

### South Africa

Along with Santa Shoebox Project Foundation, we donated Christmas presents boxes for underprivileged children in South Africa and Namibia.

- ✓ 16 children benefited
- ✓ 20 volunteers participated

### Peru

- ✓ We donated gifts for underprivileged children in the Campaign “**Apadrina un Corazón**”
  - **111 children benefited**
- ✓ We donated tires to the Fire Station N°45 and Wood for 60 families.
- ✓ San Miguel was involved in a cultural event in Chepén where we donated clothing and merchandising.

### Global Team

- ✓ Environmental Initiatives: Waste and Energy were defined as the main axes of action. In this context:
  - We reviewed and improved the recycling circuit.
  - We included signs in the office dining room to communicate recycling guidelines.
- ✓ Social Initiatives: We continue to strengthen our bonds with Santa Clara Education Project.
  - We carried out a visit to the ‘Prohibido No Tocar’ Science Museum for children and teachers from the primary school support group. 7 volunteers were involved.
  - We hosted a recreational day for 100 kindergarten students, in which 18 volunteers were involved.
  - We conducted a Christmas Campaign to collect toys, food and clothes.

### Sponsorships and Donations

Arzobispado de San Isidro - Jardín Santa Clara de Asís  
ASDRA  
Asociación Conciencia

Banco de Alimentos  
 Clínica Place of Mercy (Sisters of Mercy)  
 EDUCAR 2050  
 Escuelas Rurales de Uruguay  
 FANN  
 FEDEH  
 Fundación Nutrir  
 FUNDALAM  
 FUNDAMIND  
 Fundación Ruta 40  
 Hospital de Young  
 Rotary Young

## 9. PERFORMANCE AND CHALLENGES

Every year we share data on our performance based on the challenges set out in the Sustainability Report of the previous year, as well as our challenges for the following year.

With each group of stakeholders we have a commitment to work on. This is the statement of evolution to such goals, aligned with the 7 ISO 26000 essential topics.



### TRANSLATION PENDING

GOBIERNO DE LA EMPRESA		
OBJETIVO 2018	CUMPLIMIENTO	
Difundir la actualización del Código de Ética en los cuatro países de operación.	Se compartió la actualización del código de ética en todos los sites. El mismo fue firmado por cada colaborador y se encuentra actualmente compartido en la intranet corporativa.	↑
Estructurar un proyecto BEE (Black Economic Emporwement) en Sudáfrica.	Concretamos en el primer trimestre de 2018 la conformación de la empresa Thudana Citrus con un esquema de copropiedad compartida con colaboradores bajo la normativa de BEE, política impulsada por el gobierno de Sudáfrica para hacer frente a inequidades que se generaron durante el régimen del Apartheid ofreciéndole a los ciudadanos de raza negra derechos económicos que les habían sido negados durante dicho régimen. Bajo el programa de BEE se incluyen factores tales como preferencia de empleo, desarrollo de habilidades, propiedad, gestión y desarrollo socioeconómico.	↑
Promover mejoras operacionales para optimizar los procesos de empaque y la gestión integral del negocio en Argentina.	Ampliamos y mejoramos la operación de preselección y empaque de fruta en el Complejo Industrial Famaillá en Argentina. Este proceso implicó el traslado de las operaciones que la compañía tenía en la planta Lavalle (en San Miguel de Tucumán), así como también la adecuación de equipos, maquinarias y puestos de trabajo, tanto de la línea operativa como del área administrativa.	↑
DESAFÍOS 2019		
Diseñar e implementar un plan de mejoras de la gestión ambiental y social de la compañía en el marco del préstamo otorgado en conjunto por IFC, BID Invest y Rabobank.		
Consolidar el proyecto BEE (Black Economic Emporwement) en Sudáfrica, desarrollando la operación de Thudana y capacitando a todos los colaboradores que forman parte de este proyecto.		

Realizar un diseño e intervención consiente de la cultura organizacional, involucrando al equipo de Directorio, el CEO y sus reportes y colaboradores de la organización como parte de ese proceso.

**PRÁCTICAS JUSTAS EN NUESTRAS OPERACIONES**

OBJETIVO 2018	CUMPLIMIENTO	
Implementar um programa de desarrollo de proveedores Pymes	Se realizó en Argentina un evento público de gran nivel organizativo, y con presencia de entes gubernamentales de apoyo a las Pymes, a nivel regional (NOA) denominado Día del proveedor Pyme. Participaron +100 Pymes, de las cuales ya empezamos a trabajar con 10 e identificamos otras 60 como potenciales proveedoras.	↑
Desarrollar un proveedor global que permita implementar tecnología de identificación de Origen de producto, para satisfacer necesidades de nuestros clientes de fruta fresca en conocer con precisión su origen y procedencia en sus supermercados y poder así realizar su trazabilidad.	Se concretó la incorporación de un proveedor global de etiquetas con código de barras y numero de PLU, colocado sobre la fruta con equipamiento especial, que permite la trazabilidad total de la fruta de todos nuestros orígenes, en los mercados de destino.	↑
Desarrollar un proveedor para implementar tecnología de envases metálicos que permita reducir la huella de carbono por optimización de transporte, tecnología de envases knock down	Durante 2018, se evaluó, desarrolló y homologó un proveedor que posee la tecnología de envases metálicos “colapsables” o Knock down, que permite una fuerte economía de costos de transporte y almacenamiento reduciendo la huella de carbono.	↑

**DESAFÍOS 2019**

Potenciar la evaluación y sistematización de la evaluación de proveedores a través del diseño de una grilla/ check list que abarque aspectos sociales y ambientales.

Fortalecer la gestión sostenible de Proveedores en nuestra operación de Perú, mediante la capacitación al equipo de abastecimietno en compras sustentables y la implementación de una evaluación mercado de proveedores críticos en relación a las políticas antisoborno y anticorrupción que están llevando adelante las principales empresas en ese país y que permitirán asegurar una mayor transparencia en los procesos de Compras.

Desarrollar acciones de concientización en materia de sustentabilidad para todos los proveedores con los que se vincula la compañía.

**COMPROMISO CON LOS DERECHOS HUMANOS**

OBJETIVO 2018	CUMPLIMIENTO	
Fortalecer la trayectoria educativa de las personas, ampliando el impacto de nuestras acciones a primera infancia, secundario y formación de adultos.	Logramos fortalecer los programas destinados a cada una de las etapas. En primera infancia se potenció el apoyo a los lactarios en Perú y se realizó una alianza con Fundalam en Argentina para llevar atención móvil a Famaillá (Tucumán). En Secundario, se comenzó a trabajar con el programa Entornos Saludables del Ministerio de Salud de la Nación en Argentina, para intervenir en las escuelas secundarias de Famaillá con asesoría directa a los alumnos en temas de salud, sexualidad, depresión, etc. En Perú, se renovaron las instalaciones de la escuela vecina al packing en Hoja Redonda para que los alumnos puedan desarrollar actividades recreativas. En cuanto a formación de adultos se profundizó el dictado de talleres de formación y futuros emprendedores en Tucumán, a la vez que en Sudáfrica se lideró el funcionamiento del proyecto Work for a Living para reinserción laboral de jóvenes. Continuaron mejorándose los programas Soccer Clinic y Ladies Tea, de formación en valores.	↑
Orientar las iniciativas de promoción de derechos humanos a la construcción de capacidades y conocimientos, para generar una intervención comunitaria más sostenible.	Uno de los principales focos estratégicos del área consistió en revisar los criterios de inversión social, para reducir las acciones puramente asistenciales y acrecentar la orientación al desarrollo de las personas. Estos criterios definidos para la implementación de cada proyecto dieron lugar a la generación de iniciativas específicas para la formación de jóvenes y adultos en sus capacidades, con vistas a su desarrollo futuro.	↑
Favorecer la empleabilidad e inclusión laboral en las comunidades donde operamos.	Con vistas al cumplimiento de este desafío, que se extenderá también durante los años siguientes, se potenció el dictado de cursos de oficios en Tucumán, los programas de becas universitarias y el programa Work for a Living en Sudáfrica, que apunta directamente a la inclusión laboral de los jóvenes de la localidad de Addo.	↑
Continuar desarrollando iniciativas para erradicar el trabajo infantil.	Continuamos liderando la formalización del sector y nos hemos sumado a la Red de empresas en Argentina que trabaja en forma mancomunada para seguir de cerca esta problemática, trabajando a su vez en conjunto con las empresas contratistas para extremar los controles y evitar el trabajo infantil.	↑

**DESAFÍOS 2019**

Alinear la estrategia de RSE de la compañía a su visión estratégica global, procurando contribuir a cada uno de los pilares que la empresa ha definido como claves para su futuro.

Dotar a las operaciones de una estrategia unificada para las relaciones con la comunidad y la inversión social en las localidades vecinas, priorizando a los colaboradores, sus familias y sus propias comunidades.

Consolidar equipos comprometidos y alineados con la estrategia del área en cada una de las operaciones, para poder gestionar los proyectos propios de cada lugar sin perder la Concepción global.

**CLIENTES**

OBJETIVO 2018	CUMPLIMIENTO	
Concretar alianzas estratégicas para la comercialización de nuestra cartera de productos en los mercados de alto potencial de crecimiento.	Logramos un crecimiento de market-share para los mercados de US y Far East.	↑
Desarrollar proyectos en conjunto con nuestros clientes que permitan apalancar nuestro desarrollo en el campo de la sustentabilidad con sus requerimientos	Desarrollamos en forma conjunta una certificación con un cliente (FSA), a la vez que avanzamos en el análisis de otros proyectos con otros clientes del negocio de alimentos procesados. Continuamos implementado el proyecto Work4aLiving en alianza con el supermercado TESCO..	↑
Continuar el desarrollo de nuevos productos con foco en satisfacer necesidades específicas de nuestros clientes.	Desarrollamos productos especiales en forma conjunta con clientes.	↑

**DESAFÍOS 2019**

Implementar una herramienta de seguimiento de contenedores y control de documentación para optimizar el servicio de customer supply chain.

Desarrollar proyectos en conjunto con nuestros clientes que permitan apalancar nuestro desarrollo en el campo de la sustentabilidad con sus requerimientos.

Continuar el desarrollo de nuevos productos con foco en satisfacer necesidades específicas de nuestros clientes.

**PRÁCTICAS LABORALES**

OBJETIVO 2018	CUMPLIMIENTO	
Asegurar una estructura organizacional de corto, mediano y largo plazo que acompañe nuestra estrategia de negocio.	Se revisaron las estructuras a nivel global con el fin de eficientizarlas y que acompañen la estrategia del negocio en la compañía. Actualmente continuamos trabajando junto con la línea para acompañar en la redefinición de sus estructuras.	↑
Realizar un relevamiento de todos los procesos de Recursos Humanos a nivel regional y global	Se trabajó con un equipo global en el relevamiento de todos los procesos de Recursos Humanos, tanto para nuestro personal de gestión como para el operativo. A raíz de esto se trabajó en su optimización y ordenamiento para que se apliquen de la misma forma en todos los orígenes. Continuamos trabajando en esto, pero ya hay procesos que se han uniformado.	↑
Revisar la estrategia de Compensación Global de la compañía.	Se hizo una revisión de la estrategia y se redefinió un nuevo esquema de bono para los resultados 2018.	↑
Desarrollar un relevamiento de la identidad organizacional que de sentido y esté alineada a la estrategia del negocio.	Comenzamos un proceso de identidad organizacional en el que nuestro equipo de comunicaciones institucionales definió los mensajes claves a transmitir, templates y equipo líder que iba a acompañar este cambio. En 2019 lo estaremos implementando en todas las operaciones de San Miguel.	↑

**DESAFÍOS 2019**

Implementar y hacer funcionar un diseño organizacional ágil, que acompañe la estrategia del negocio.

Realizar un diseño e intervención consiente de la cultura organizacional.

Sistema de Gestión de San Miguel, implementación SAVIA (Pilar Personas) en Argentina y Perú.

**GESTIÓN AMBIENTAL**

OBJETIVO 2018	CUMPLIMIENTO	
Definir los Indicadores de Performance de Medio Ambiente a nivel Global.	Se definieron los Indicadores de Performance a nivel Global.	↑
Realizar un Plan a 3 años con Proyungas para proyectos de Biodiversidad en Argentina.	Se dio comienzo a la primera etapa del Plan junto a Proyungas	↑



Llevar a cabo el Plan Integral II para la mejora continua de la Planta de Tratamiento de Efluentes en Argentina.	Se llevó a cabo el Plan Integral II para la mejora continua de la Planta de Tratamiento de Efluentes ampliando la capacidad del sistema de tratamiento de efluentes y realizando mejoras en las diferentes fases para lograr un efluente de mayor calidad, entre otras acciones.	↑
<b>DESAFÍOS 2019</b>		
Estandarizar y medir la Huella Hídrica en todas las operaciones con un plan de acción claro y objetivos específicos de reducción.		
Estandarizar y medir la Huella de Carbono en todas las operaciones con un plan de acción claro y objetivos específicos de reducción.		
Implementar Bloques Fundamentales para el Sistema de Gestión Ambiental en todas las operaciones.		
<b>PARTICIPACIÓN ACTIVA Y DESARROLLO DE NUESTRAS COMUNIDADES</b>		
<b>OBJETIVO 2018</b>	<b>CUMPLIMIENTO</b>	
Profundizar e incrementar las alianzas y partnerships con clientes para el desarrollo de iniciativas de sustentabilidad en conjunto	En primer lugar, se capacitó al equipo comercial como para que pudiera gestionar alianzas en diferentes situaciones y con distintos tipos de clientes; y por otra parte, se elaboraron proyectos puntuales para la consecución de alianzas, de modo de facilitar las negociaciones.	↑
Promover mejoras en los programas en curso, procurando desarrollar nuevos vínculos interinstitucionales, generar valor agregado, ampliar el impacto e incluir nuevas líneas de trabajo.	Se instruyó a las organizaciones aliadas a proponer incrementos de calidad en cada uno de los programas desarrollados en conjunto a la vez que se acordaron los ejes de trabajo y ámbitos de actuación.	↑
Avanzar en el desarrollo de los comités locales de Sustentabilidad en Acción para facilitar la planificación e implementación de proyectos en función de las identidades y necesidades específicas de cada comunidad	Quedaron constituidos los cinco comités de sustentabilidad s en cada nivel de operación y en las oficinas corporativas, cada uno de ellos con un líder y un equipo multidisciplinario de voluntarios.	↑
<b>DESAFÍOS 2019</b>		
Favorecer la agenda del desarrollo por sobre la del asistencialismo a través de programas que procuren poner la mirada en el largo plazo.		
Identificar y definir con precisión las comunidades objeto de inversión social en cada una de las operaciones de la compañía.		
Procurar un relevamiento actualizado de las condiciones sociales en cada una de nuestras comunidades con el fin de adaptar los programas vigentes y futuros en función de sus resultados.		
Fortalecer y globalizar los programas más destacados de nuestra inversión social y potenciarlos a través de alianzas adecuadas.		

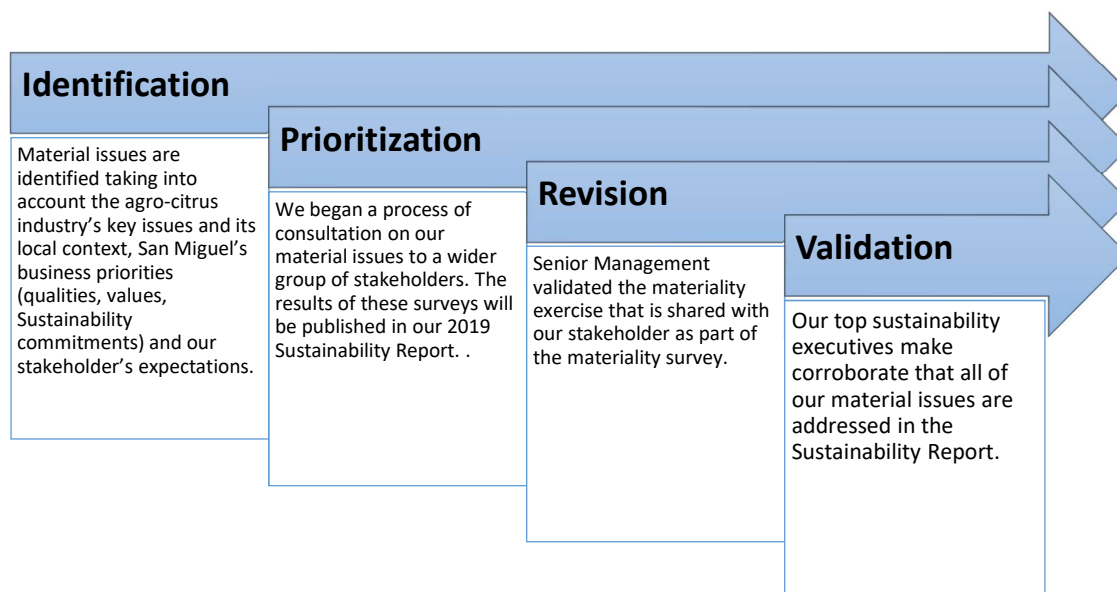
## 11. TECHNICAL MANAGEMENT OF THIS REPORT

### Materiality Matrix

Preparing this report implies a process within San Miguel that requires active involvement of every area of the company in order to answer about the most relevant topics our business management.

In this context, we have applied the GRI reporting principles (stakeholder inclusiveness, sustainability context, materiality and completeness) for defining the contents of this report. This was done following these stages of our

Materiality Process:



Material topics and their boundaries

The topic Boundary is the description of where the impacts occur for a material topic, and San Miguel's involvement with those impacts. In the following table we present the relationship between our material topics and the GRI Standards.

Material topics	Related GRI Standards	Stakeholders						
		S	W	Su	C	CC	St	EM
<b>Promoting responsible business management within the organization</b>								
Ethics and transparency in business management	GRI 205: Anti-corruption 2016							
	GRI 419: Socioeconomic Compliance 2016	X	X		X		X	
Long- term business strategy	GRI 201: Economic performance 2016	X	X	X	X	X	X	X
Fair competition	GRI 206: Anti-competitive behavior 2016	X		X		X	X	
Respect for Human Rights	GRI 406: Non-discrimination 2016							
	GRI 409: Forced or compulsory labor 2016							
	GRI 407: Freedom of association and collective bargaining 2016		X	X	X			
	GRI 412: Human rights assessment 2016							
<b>Contributing to our supplier's network in the sustainable development of their businesses</b>								
Supplier's assessment & Development	GRI 204: Procurement practices 2016							
	GRI 414: Supplier social assessment 2016			X				
Fight againts child labor	GRI 408: Child labor 2016			X	X			
Promoting social responsibility in the supply chain	GRI 414: Supplier social assessment 2016							
	GRI 308: Supplier environmental assessment 2016			X		X		
<b>Developing people in their human and economic dimensions</b>								
Talent attaction, Development & loyalty	GRI 401: Employment 2016							
	GRI 404: Training and education 2016	X	X					
Work-private life balance	GRI 402: Labor/management relations 2016		X					

Occupational health & safety	GRI 403: Occupational health and safety 2016	X		
Diversity and equal opportunities	GRI 405: Diversity and equal opportunity 2016	X		
Management of temporary staff	GRI 401: Employment 2016	X	X	
<b>Interpreting our customer's needs and meeting them with integrity</b>				
Promoting healthy life habits (fresh citrus fruit)	GRI 416: Customer health and safety 2016		X	X
Customer service	Customer satisfaction			X
Food safety	GRI 417: Marketing y labeling 2016 Healthy and affordable food		X	X
	GRI 416: Customer health and safety 2016			
<b>Using natural resources responsibly and sparingly</b>				
Efficient use of water	GRI 303: Water and effluents 2016		X	X
Effluent management	GRI 306: Effluents and waste 2016		X	X
Waste management	GRI 306: Effluents and waste 2016		X	X
Sustainable soil management	GRI 301: Materials 2016		X	X
	GRI 304: Biodiversity 2016			
Biodiversity protection	GRI 304: Biodiversity 2016		X	X
Energy efficiency	GRI 302: Energy 2016		X	X X
Climate change and ecosystem preservation	GRI 305: Emissions 2016		X	X
	GRI 304: Biodiversity 2016			
Sustainable agriculture	GRI 307: Environmental Compliance 2016		X	X
<b>Going along with the Development of communities in our fields of actions</b>				
Education	GRI 413: Local communities 2016		X	X
Nutrition	GRI 413: Local communities 2016		X	X
	Healthy and affordable food			
Housing	GRI 413: Local communities 2016		X	X

References

S: Shareholders and corporate governance

W: Workers

Su: Suppliers

C: Community

CC: Customers and consumers

St: State- government authorities

EM: Environmental management

GRI Standard	Disclosure	Capítulo/Sección	Omisión	ODS	Pacto
GRI 101: Foundation 2016					
General disclosures					
GRI 102: General disclosures 2016	<b>Organizational profile</b>				
	102-1 Name of the organization	1			
	102-2 Activities, brands, products, and services	1, Nota 1			

		Nota 2			
102-3 Location of headquarters					
102-4 Location of operations		1			
102-5 Ownership and legal form		Nota 3, Retiración Contratapa			
102-6 Markets served		1, 5.1			
102-7 Scale of the organization		1, Anexo			
102-8 Information on employees and other workers		6, Anexo	8.5		Principio 6
102-9 Supply chain		1, 5, Anexo			
102-10 Significant changes to the organization and its supply chain		2, Nota 4			Principio 8
102-11 Precautionary Principle or approach		1.2, 2.2			
102-12 External initiatives		3.2, 4, 5.3, Retiración Contratapa			
102-13 Membership of associations		2			
<b>Strategy</b>					
102-14 Statement from senior decision-maker		Carta del CEO			
102-15 Key impacts, risks, and opportunities		Carta del CEO, 2.2, 3.2, 9, Retiración Contratapa			
<b>Ethics and integrity</b>					
102-16 Values, principles, standards, and norms of behavior		1, 1.2, 3.1			Principio 10

102-17 Mechanisms for advice and concerns about ethics	3.1			Principio 10
<b>Governance</b>				
102-18 Governance structure	2.1			
102-19 Delegating authority	2.1			
102-20 Executive-level responsibility for economic, environmental, and social topics	2.1			
102-21 Consulting stakeholders on economic, environmental, and social topics	Nota 5			
102-22 Composition of the highest governance body and its committees	2.1		5.5 16.7	
102-23 Chair of the highest governance body	2.1		16,6	
102-26 Role of highest governance body in setting purpose, values, and strategy	2.1			
102-29 Identifying and managing economic, environmental, and social impacts	2.1			
102-30 Effectiveness of risk management processes	2.2			
102-31 Review of economic, environmental, and social topics	2.1			
102-32 Highest governance body's role in sustainability reporting	2.1			
102-33 Communicating critical concerns	Nota 7			
102-35 Remuneration policies	Nota 8			
102-36 Process for determining remuneration	Nota 8			
102-37 Stakeholders' involvement in remuneration	Nota 9			
102-38 Annual total compensation ratio	Anexo			
102-39 Percentage increase in annual total compensation ratio	Anexo			
<b>Stakeholder engagement</b>				
102-40 List of stakeholder groups	1.2			
102-41 Collective bargaining agreements	Anexo			Principio 3
102-42 Identifying and selecting stakeholders	Nota 10			
102-43 Approach to stakeholder engagement	Nota 11			
102-44 Key topics and concerns raised	Nota 12			
<b>Reporting practice</b>				
102-45 Entities included in the consolidated financial statements	Anexo, Retiración contratapa			

	102-46 Defining report content and topic Boundaries	10			
	102-47 List of material topics	1.2			
	102-48 Restatements of information	Nota 13			
	102-49 Changes in reporting	Nota 14			
	102-50 Reporting period	Retiración Contratapa			
	102-51 Date of most recent report	Nota 15			
	102-52 Reporting cycle	Nota 16			
	102-53 Contact point for questions regarding the report	Contratapa			
	102-54 Claims of reporting in accordance with the GRI Standards	10, Retiración Contratapa			
	102-55 GRI content index	10			
	102-56 External assurance	Nota 17			
<b>Material topics</b>					
<b>Economic performance</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			
	103-2 The management approach and its components	1, 2.2			Principio 1 Principio 8
	103-3 Evaluation of the management approach	Anexo			
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	1, Anexo			
	201-2 Financial implications and other risks and opportunities due to climate change	2.2			Principio 7
	201-3 Defined benefit plan obligations and other retirement plans	Nota 18			
	201-4 Financial assistance received from government	Nota 19			
<b>Procurement practices</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			

		3.3			
	103-2 The management approach and its components				
	103-3 Evaluation of the management approach	3.3, Anexo			
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	3.3		8,3	
<b>Anti-corruption</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			
	103-2 The management approach and its components	2.2, 3.1, 3.2			
	103-3 Evaluation of the management approach	3.1			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	2.2, 3.1, 3.2			Principio 10
	205-2 Communication and training about anti-corruption policies and procedures				
	205-3 Confirmed incidents of corruption and actions taken				
<b>Anti-competitive behaviour</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			
	103-2 The management approach and its components	2.2, 3.1			
	103-3 Evaluation of the management approach	Nota 20			
GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Nota 20			
<b>Materials</b>					

		1.2, 10			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary				
	103-2 The management approach and its components	7.1, 7.3			
	103-3 Evaluation of the management approach	7.3			
	301-2 Recycled input materials used	7.3		8.4 12.2 12.5	Principio 8
	301-3 Reclaimed products and their packaging materials	7.3		8.4 12.2	Principio 8
<b>Energy</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			
	103-2 The management approach and its components	7.1, 7.2			
	103-3 Evaluation of the management approach	Anexo			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	7.2, Anexo		7.3 8.4 12.2	Principio 7 Principio 8
	302-3 Energy intensity	7.2, Anexo		7.3 8.4 12.2	Principio 8
	302-4 Reduction of energy consumption	7.2, Anexo		7.3 8.4	Principio 8 Principio 9
	302-5 Reductions in energy requirements of products and services	7.2		7.3 8.4	Principio 8 Principio 9
<b>Water and effluents</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			



	103-2 The management approach and its components	7.1, 7.2			
	103-3 Evaluation of the management approach	Anexo			
GRI 303:Water and effluents 2016	303-1 Water withdrawal by source	Anexo		6.4	Principio 7 Principio 8
	303-2 Water sources significantly affected by withdrawal of water	7.2		6.4	Principio 8
	303-3 Water recycled and reused	7.2		6.3 6.4 8.4 12,2	Principio 8
<b>Biodiversity</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			
	103-2 The management approach and its components	7.1, 7.5			
	103-3 Evaluation of the management approach	7.5, Anexo			
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	7.5		6.6 15.1	Principio 8
	304-2 Significant impacts of activities, products, and services on biodiversity	7.5		6.6 15.1 15.5	Principio 8
	304-3 Habitats protected or restored	Anexo		6.6 15.1	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	7.5		6.6 15.1	Principio 8
<b>Emissions</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			

	103-2 The management approach and its components	7.1, 7.2				
	103-3 Evaluation of the management approach	7.2				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions		Nota 21	12.4 15.2	Principio 7 Principio 8	
	305-2 Energy indirect (Scope 2) GHG emissions		Nota 21	12.4 15.2	Principio 7 Principio 9	
	305-4 GHG emissions intensity	7.2		15.2	Principio 8	
	305-5 Reduction of GHG emissions	7.2		15.2	Principio 8 Principio 9	
<b>Effluents and waste</b>						
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10				
	103-2 The management approach and its components	7.1, 7.3				
	103-3 Evaluation of the management approach	7.3, Anexo				
GRI 306: Effluents and waste 2016	306-1 Water discharge by quality and destination	Anexo		6.3 6.4 6.6 12.4	Principio 8	
	306-2 Waste by type and disposal method	Anexo		6.3 12.4 12.5	Principio 8	
	306-3 Significant spills	Nota 22		6.3 6.6 15.1	Principio 8	
	306-4 Transport of hazardous waste	Nota 23		12.4	Principio 8	
	306-5 Water bodies affected by water discharges and/or runoff	Anexo		6.6 15.1	Principio 8	
<b>Environmental compliance</b>						

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			
	103-2 The management approach and its components	7.1			
	103-3 Evaluation of the management approach	7.1			
GRI 307: Environmental compliance 2016	307-1 Non-compliance with environmental laws and regulations	Nota 24			Principio 8
<b>Supplier environmental assessment</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			
	103-2 The management approach and its components	3.3, 7.1			
	103-3 Evaluation of the management approach	3.3			
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	3.3			Principio 8
	308-2 Negative environmental impacts in the supply chain and actions taken	Nota 25			Principio 8
<b>Employment</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			
	103-2 The management approach and its components	6.1, 6.2, 6.4			
	103-3 Evaluation of the management approach	Anexo			

GRI 401: Employment 2016	401-1 New employee hires and employee turnover	6.1, 6.2, Anexo		5.1 8.5 8.6	Principio 6
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.4		8.5	
	401-3 Parental leave	Anexo		5.1 8.5	Principio 6
<b>Labor/management relations</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			
	103-2 The management approach and its components	6.1			
	103-3 Evaluation of the management approach	6.4			
GRI 402: Labor/management relations 2016	402-1 Minimum notice periods regarding operational changes	Nota 26		8,8	Principio 3
<b>Occupational health and safety</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			
	103-2 The management approach and its components	6.1, 6.5			
	103-3 Evaluation of the management approach	6.5			
GRI 403: Occupational health and safety 2016	403-1 Workers representation in formal joint management–worker health and safety committees	6.5		8,8	
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	6.5		3.8 8.8	
	403-3 Workers with high incidence or high risk of diseases related to their occupation	6.5		3.8 8.8	
	403-4 Health and safety topics covered in formal agreements with trade unions	Nota 27		8,8	
<b>Training and education</b>					

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			
	103-2 The management approach and its components	6.1, 6.3			
	103-3 Evaluation of the management approach	Anexo			
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	6.3, Anexo		4.4 5.1 8.5	
	404-2 Programs for upgrading employee skills and transition assistance programs	6.3, Anexo, Nota 28		8.2 8.5	
	404-3 Percentage of employees receiving regular performance and career development reviews	6.3, Anexo		5.1 8.5	
<b>Diversity and equal opportunity</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			
	103-2 The management approach and its components	2.1, 6.1, 6.2, 6.4			
	103-3 Evaluation of the management approach	Anexo			
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	Anexo		5.1 5.5 8.5	Principio 6
	405-2 Ratio of basic salary and remuneration of women to men	Anexo		5.1	Principio 6
<b>Non-discrimination</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			

	103-2 The management approach and its components	4, 6			
	103-3 Evaluation of the management approach	4, 6			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Nota 29		5.1 5.5 8.5 8.7 8.8	Principio 6
<b>Freedom of association and collective bargaining</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			
	103-2 The management approach and its components	4, 6			
	103-3 Evaluation of the management approach	4, 6			
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Nota 30		8,8	Principio 3
<b>Child labor</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			
	103-2 The management approach and its components	4, 6			
	103-3 Evaluation of the management approach	4, 6			

GRI 408: Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Nota 31			Principio 5
<b>Forced or compulsory labor</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			
	103-2 The management approach and its components	4, 6			
	103-3 Evaluation of the management approach	4, 6			
GRI 409: Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Nota 32			Principio 4
<b>Human rights assessment</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			
	103-2 The management approach and its components	4			
	103-3 Evaluation of the management approach	4			
GRI 412: Human rights assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	Nota 33			Principio 1
<b>Local communities</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			

	103-2 The management approach and its components	8			
	103-3 Evaluation of the management approach	8			
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	8			Principio 1
<b>Supplier social assessment</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			
	103-2 The management approach and its components	3, 4			
	103-3 Evaluation of the management approach	3			
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	3		8.8 16.1	Principio 2
	414-2 Negative social impacts in the supply chain and actions taken		Nota 34	8.8	Principio 2
<b>Customer health and safety</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			
	103-2 The management approach and its components	5			
	103-3 Evaluation of the management approach	5.2, 5.3			



GRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	5.3, 5.4			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Nota 35			
<b>Marketing and labeling</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			
	103-2 The management approach and its components	5			
	103-3 Evaluation of the management approach	5.3			
GRI 417: Marketing and labeling 2016	417-1 Requirements for product and service information and labeling	5.3		12.8	
	417-2 Incidents of non-compliance concerning product and service information and labeling	Nota 36			
	417-3 Incidents of non-compliance concerning marketing communications	Nota 37			
<b>Socioeconomic compliance</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			
	103-2 The management approach and its components				
	103-3 Evaluation of the management approach				
GRI 419: Socioeconomic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	Nota 38			
<b>Healthy and affordable food</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			

	103-2 The management approach and its components	5, 8			
	103-3 Evaluation of the management approach	8			
	Programs that promote healthy lifestyles, prevention of chronic diseases, access to healthy, nutritious and accessible food; community welfare improvement	8			
<b>Customer satisfaction</b>					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2, 10			
	103-2 The management approach and its components	5			
	103-3 Evaluation of the management approach	5.4			
	Survey results to measure customer satisfaction		Nota 39		

**TRANSLATION PENDING**

**NOTAS 2018**

**102-2** No existen productos prohibidos, sí mercados no abiertos aún para algunos de nuestros productos. Por diversos motivos (comerciales, diplomáticos, fitosanitarios, etc.) algunos de ellos se encuentran cerrados para la exportación de determinados cítricos. San Miguel participa activamente junto a organismos oficiales y cámaras sectoriales para promover la apertura de nuevos mercados hoy cerrados.

**102-3** La sede principal de San Miguel se encuentra en Buenos Aires, Argentina.

**102-5** Forma Jurídica: S.A. San Miguel Agrícola, Ganadera, Industrial, Comercial, Inmobiliaria y Financiera.

**102-10** Durante 2018 no se produjeron cambios en la estructura de capital social de la compañía, siendo la estructura vigente como se detalla a continuación: Cantidad de Acciones Clase A: 30.437 (valor por acción 0.1, derecho a 5 votos por acción, no cotizantes). Cantidad de Acciones Clase B: 40.714 (valor por acción 0.1, derecho a 1 voto por acción, cotizantes)

**102-48:** No se han realizado reexpresiones significativas de la información de reportes anteriores. En los casos en los cuales la reexpresión de la información afectó la comparabilidad interanual de la información presentada, se detalla su modificación en una nota.

**102-49:** No ha habido cambios en relación a los temas materiales y su cobertura respecto a Reportes anteriores.

**102-51:** El Reporte de Sustentabilidad anterior publicado corresponde al año 2017.

**102-52:** Nuestro ciclo de publicación de Reportes de Sustentabilidad es anual.

**102-56:** Este Reporte no cuenta con verificación externa.

**201-3** Cumplimos con los requerimientos legales de cada país en relación con aportes y contribuciones en Seguridad Social. En Sudáfrica, en relación con las contribuciones legales. Asimismo, no tenemos planes de pensión especiales en ningún país y no disponemos de fondos destinados a planes de retiro. Contamos con el Beneficio de Retiro Previo (BRP), una herramienta que brinda a los colaboradores próximos a jubilarse la posibilidad de un retiro consensuado y asistido. Los principales beneficios se relacionan con la posibilidad de mejorar las condiciones en la última etapa de la carrera profesional y de reducir los riesgos profesionales relacionados al ámbito laboral.

**201-4** No se recibieron ayudas financieras significativas de gobiernos en ninguno de los países en donde opera San Miguel. Asimismo, el Gobierno argentino, representado por ANSES, está presente en la estructura accionaria en un 26,1%; no habiendo participación de otros Gobiernos en nuestras otras operaciones.

**305-1** Por el momento no disponemos de esta información, pero estamos trabajando para poder brindarla

**305-2** Por el momento no disponemos de esta información, pero estamos trabajando para poder brindarla

#### **RAZÓN POR OMISIÓN**

**306-3:** No se han producido derrames significativos en ninguna de nuestras operaciones.

**306-4:** No se han transportado residuos peligrosos fuera de los límites establecidos por las normativas locales, provinciales y/o nacionales.

**307-1:** No se registraron multas significativas ni sanciones por incumplimiento de la legislación y normativa ambiental

**308-2:** No hemos detectado proveedores con impactos negativos de consideración sobre el medioambiente. De todas maneras, comenzando en forma paulatina, esta medición se realizará en forma sistemática en todos los países para 2020 junto al área de Medioambiente con los proveedores críticos.

Este indicador no está disponible porque es un proyecto a futuro: la realización de una medición sistemática junto al área de Medioambiente. **RAZÓN POR OMISIÓN**

**402-1:** El período mínimo de preaviso a empleados y sus representantes ante cambios operacionales significativos que podrían afectarles son los acordados por cada convenio de trabajo. En Argentina: un mes si la antigüedad es menor o igual a 5 años y 2 meses si la antigüedad es mayor a 5 años. Asimismo, antes del inicio de la temporada de cosecha se informa a través del diario de la provincia su inicio con un mes de anticipación. Uruguay: Se mantienen reuniones quincenales con los sindicatos para ponerlos al tanto de los cambios que se realizan en la operación. Sudáfrica: menos de 6 meses de antigüedad: 1 semana de anticipación; de 6 meses a 1 año: 2 semanas de anticipación, más de 1 año: 4 semanas. Perú: No existe política de avisos ante cambios operacionales (coyuntural en reuniones gerenciales).

**403-4:** Solo en Argentina y Uruguay los acuerdos con sindicatos abarcan la salud y la seguridad.

**404-2:** No llevamos a cabo programas para facilitar la empleabilidad continuada y la gestión del final de las carreras profesionales por jubilación o despido.

**407-1:** No se registraron en San Miguel ni en sus proveedores, actividades con riesgo potencial en los que la libertad de asociación y el derecho a acogerse a convenios colectivos pueden infringirse o estar amenazados.

**408-1:** No se registraron en San Miguel ni en sus proveedores, actividades con riesgo potencial o significativo de incidentes de explotación infantil.

**409-1:** No se registraron en San Miguel ni en sus proveedores, actividades con riesgo de ser origen de episodios de trabajo forzoso u obligatorio.

**414-2:** Este indicador no está disponible porque es un proyecto a futuro a implementar en 2019-2020. De todas maneras, no hemos detectado de momento proveedores con impactos negativos de consideración sobre impactos sociales negativos en la cadena de suministro. **RAZÓN POR OMISIÓN**

**SATISFACCIÓN DEL CLIENTE:** En 2018 se realizó encuesta de satisfacción de clientes en el marco de un análisis de la estrategia de la compañía. Sus resultados son confidenciales por el momento. **RAZÓN POR OMISIÓN**

***Nota General:** La definición utilizada a lo largo del presente Reporte al referirnos al término “locales” e “instalaciones o ubicaciones con operaciones significativas” alcanza a la totalidad de locaciones de San Miguel en todos los países. De haber casos en los que no se respete esta definición, se brindará una aclaración con el alcance correspondiente.*

## **NOTAS 2017**

**Nota 6:** El Directorio de San Miguel delega en el Comité de RSE la elaboración y ejecución del plan integral de Sustentabilidad de la compañía. Dicho Comité presenta todos los años al final del año los programas ejecutados.

**Nota 7:** Los grupos de interés pueden comunicarse con la compañía a través de los canales establecidos. Las consultas son centralizadas por la Dirección de Relaciones Institucionales y sus representantes en las operaciones locales. En caso de corresponder, según sea la temática, magnitud y relevancia, dichas consultas son elevadas a los máximos órganos de gobierno de la compañía. Se prevé en 2018 elaborar un procedimiento para la sistematización de las sugerencias o quejas de los diferentes *stakeholders*.

**Nota 8:** Los conflictos de interés son gestionados a través de los procesos establecidos en el Código de Ética. Su prevención está vinculada con la difusión de dicho Código entre colaboradores y otros *stakeholders* como proveedores y clientes.

**Nota 9:** Las preocupaciones críticas son elevadas al máximo de gobierno a través de las reuniones periódicas del Comité Ejecutivo.

**Nota 10:** No se han transmitido preocupaciones de relevancia para informar al órgano superior de gobierno.

**Nota 11:** La remuneración del Directorio es fijada en función de las responsabilidades asumidas, el tiempo dedicado, la competencia y reputación profesional y el valor de los servicios en el mercado. Tiene un componente fijo, un componente de rendimiento y están alineadas con remuneraciones del mercado. Las consultoras externas con las que trabajamos sólo proveen las estructuras salariales y datos comparativos de otras empresas y del mercado general. No están involucradas en la determinación de los salarios y son independientes de la administración.

**Nota 12:** El Área de Compensaciones y Beneficios prepara los diferentes escenarios de compensación, incluyendo información de: encuestas, estudios, análisis de consultoras independientes, índices oficiales, etc. y el Director de RRHH junto al Gerente General, presentan esos escenarios a los Accionistas y fundamentan cada uno de ellos. Los accionistas evalúan los mismos y toman la decisión de elegir una u otra estrategia teniendo en cuenta el continuo movimiento del mercado y los indicadores de producción, ventas, costos, etc.

**Nota 13:** Para la identificación y la selección de los grupos de interés nos basamos en nuestros compromisos de sustentabilidad relacionados a las materias fundamentales de la Norma ISO 26000: 2010. Asimismo, la responsabilidad, influencia y cercanía con San Miguel constituyen las características que los definen. **LO PASARÍA AL CUERPO DEL REPORTE**

**Nota 22:** A través de las líneas habilitadas por el Código de Ética se denunció un caso de reclamo por acoso sexual en Tucumán. El Comité de Ética evaluó la situación y, la medida adoptada luego de la investigación correspondiente, fue la desvinculación por despido del colaborador acusado. En Corporativo y Uruguay no se presentó ningún caso.

**Nota 23:** No se registraron demandas por competencia desleal, prácticas monopolísticas o contra la libre competencia.

**Nota 31:** No se han registrados casos de discriminación durante el período objeto del Reporte.

**Nota 35:** A través de las auditorías de la Iniciativa de Comercio Ético en los países donde operamos, el 100% de las operaciones están sujetas a evaluaciones en materia de derechos humanos. Toda la organización está alcanzada por la Política de Recursos Humanos y el Código de Ética en Argentina, Uruguay, Perú y Sudáfrica.

**Nota 37:** No se registraron incumplimientos de la regulación y de los códigos voluntarios relativos a la información y al etiquetado de los productos y servicios.

**Nota 38:** No se registraron incumplimientos de la regulación y de los códigos voluntarios relacionados con comunicaciones de marketing y publicidad.

**Nota 39:** No se registraron incumplimientos multas ni sanciones por incumplimiento de leyes y regulaciones.

**RETIRACIÓN CONTRATAPA****Alcance y lineamientos de este Reporte de Sustentabilidad****Número de publicación:** 7**Período cubierto:** 2018

**Alcance:** Argentina (S.A San Miguel A.G.I.C.I Y F), Uruguay (S.A. San Miguel Uruguay, San Miguel Internacional Investments S.A., Samifruit Uruguay S.A.), Sudáfrica (San Miguel Fruits South Africa Limited)), Perú (Agrícola Hoja Redonda), Holanda (Coop. Fruit NL Coöperatief U.A). **AGREGAR THUDANA CITRUS????**

**Lineamientos Internacionales utilizados:**

- **Estándares de GRI** (Iniciativa de Reporte Global) - Este informe se ha elaborado de conformidad con la opción Esencial de los Estándares GRI.
- **Norma Internacional ISO 26000 de Responsabilidad Social** - Como guía para integrar la responsabilidad social en nuestros valores y prácticas.
- **Pacto Mundial de Naciones Unidas** – Válido como presentación anual Comunicación para el Progreso (COP).
- **Objetivos de Desarrollo Sostenible** – Aplicamos la herramienta SDG Compass, desarrollada juntamente con Pacto Global, GRI y WBCSD.

La gestión de sustentabilidad de la empresa en sus seis dimensiones principales y los Compromisos de Sustentabilidad están basados en las **Materias Fundamentales de la Norma ISO 26000**: Gobernanza Empresarial, Prácticas Laborales, Prácticas justas de Operación, Asuntos con Clientes y Consumidores, Impacto y desarrollo de la Comunidad, e Impacto Ambiental.

**Para más información:**

- ISO 26000: [www.iso.org/iso/social\\_responsibility](http://www.iso.org/iso/social_responsibility)
- Estándares de GRI: [www.globalreporting.org](http://www.globalreporting.org)
- Pacto Global de Naciones Unidas: [www.pactoglobal.org.ar](http://www.pactoglobal.org.ar)
- Objetivos de Desarrollo Sostenible: [www.un.org/sustainabledevelopment/es/](http://www.un.org/sustainabledevelopment/es/)

**Contáctenos**

Esperamos sus opiniones, sugerencias, dudas o cualquier comentario vinculado con la gestión presentada en este Reporte al correo electrónico: **sustentabilidad@sanmiguelglobal.com**.

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Este **Reporte de Sustentabilidad 2018** es de distribución gratuita y está al alcance a todos los grupos de interés que lo soliciten. Su versión digital se encuentra disponible en [www.sanmiguelglobal.com](http://www.sanmiguelglobal.com).

Elaborado por el área de Relaciones Institucionales, Calidad y Sustentabilidad de San Miguel.

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