

SUSTAINABILITY REPORT 2011

SUMMARIZED VERSION



1951



years

2011

Sharing Magical Moments



Establishing a sustainable management of processes, based upon a balance between the economic, social and environmental dimensions.”¹

¹ Source: Arcor Sustainability Policy, 2010.

SUSTAINABILITY REPORT 2011

SUMMARIZED VERSION



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1951



2011

Sharing Magical Moments

MESSAGE FROM THE PRESIDENT

A sustainable business strategy. Since its beginnings, Arcor Group has acted in the conviction that economic progress was necessarily associated to social development and the conservation of natural resources. This commitment has been driven by solid, genuine and long-lasting values, which have marked a way to do business from the beginning and have guided the company throughout the years.

We are 60 years old in 2011 and we celebrate it with significant achievements. We have developed leading brands which are recognized worldwide; our products are chosen by people in over 120 countries; we have a team of collaborators of 20,000 people from different places in the world; we have 40 industrial plants in Latin America which operate with high quality, safety, environmental protection and community standards; and we have commercial offices in four continents.

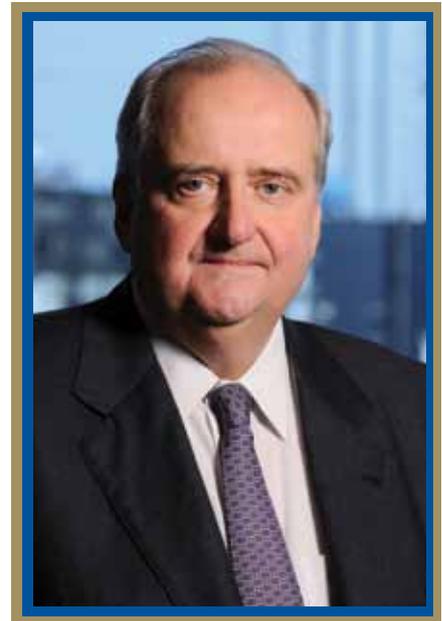
This development is based on innovating and sustainable practices. This is what we have expressed in Arcor's Sustainability Policy, which specifies the five commitments with the most relevant and urgent topics for our company from this perspective. In this way, in our usual conviction we look forward to renewing our business approach to face new challenges in matters of sustainability, from primary production until the products reach each consumer. Through a gradual continuous improvement process, we aim at integrating this perspective into all of our value chain and with all the public we relate to.

Conviction and strategy. Tradition and innovation. These are the keys to Arcor's commitment to corporate sustainability. We believe in what we do, and we aim at constantly surpassing ourselves to do it better. On this journey, experience and tradition join innovation and the challenge to consolidate a leadership based on sustainable management.

We invite you to learn more about our way to do business by going through the pages of this seventh Group Report, which also presents our progress in complying with the 10 principles of the United Nations Global Compact, to which we have adhered since 2004.

To us, competitiveness and long term vision go hand I hand with sustainability. And, in that sense, we still have many challenges ahead.

And we can do this only by working jointly with our collaborators, suppliers, clients, consumers, and communities to build together a sustainable future for all.



Luis Pagani
President of Arcor Group.

MESSAGE FROM THE SUSTAINABILITY CORPORATE MANAGER

Great achievements and renewed challenges. This is how we can describe this year, where we have made progress in each of the three pillars of the Sustainability Strategy defined.

Over 600 initiatives with a specific sustainability component were included in the operational plans of the Group's businesses. 52% of them were associated to the care for the environment, reflecting Arcor's commitment to environmental impact management. An important achievement in this respect was the development of the Carbon Inventory of the Packaging, Agribusiness and Foodstuff businesses.

In addition, more than 600 managers and heads planned about 700 sustainability objectives, which have an impact on their annual bonus, and 2,963 employees took part in 11,199 hours of training aiming at promoting the construction of a corporate culture committed to the topic. We also started implementing a corporate program for the work inclusion of disabled people, and in the matter of work safety the lowest disabling accident frequency rate to be recorded in Arcor's history was achieved.

In the last years, since Arcor's Sustainability Policy was consolidated, promotion of the topic has been deepened in the value chain. In this context, 1,792 people took part in 9,224 training hours in 2011, including awareness-raising and training activities for farmers, carriers, guards and distributors. Besides, the latter have developed 140 sustainability plans within their training programs to be implemented in their businesses.

In 2012, the focus will be on continuing working on the consolidation of the Group's Action Plan based on the three pillars: sustainability in the business strategy, in people's performance and in the management system. We will try to widen the scope and to generate a greater coordination among the initiatives developed, identifying in turn key indicators to measure, monitor and improve performance.

On this journey, the constant dialog and the building of long-lasting relationships with all our stakeholders will continue being essential to the creation of shared value. Through this Report, which we have prepared in compliance with GRI G3 Guidelines, we hope to clearly and transparently communicate our economic, social, and environmental performance, leaving a communication channel open to receive suggestions and thus continue improving our management and accountability.



A stylized, handwritten signature in black ink, consisting of several overlapping loops and lines.

Claudio Giomi
Sustainability Corporate Manager.

CHAPTER I 60 YEARS OF SUSTAINABLE MANAGEMENT



Chocolate Industrial Factory. Colonia Caroya, Córdoba - Argentina.

“Our development is based on innovative and sustainable practices which seek to influence the market players and societies we take part in, so as to add value to all our interest groups”.²

Sustainability in Operative Plans

More than 600 initiatives with a specific sustainability component were included in the operative plans of Arcor Group business in the frame of its Sustainability Strategy.

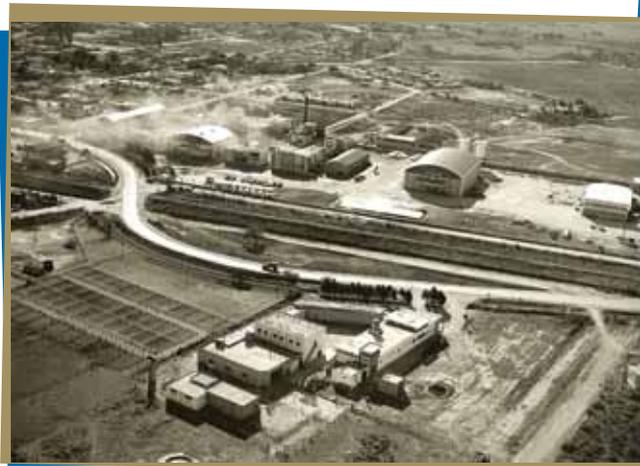
Arcor, the most responsible company

1° place in the Business Social Responsibility ranking which is annually published in Mercado magazine, and 1° place in MERCO (Corporate Reputation Business Monitor) 2011, also leading the category of most responsible company of the Corporate Reputation ranking published by Diario Clarín newspaper.

² Source: Arcor Sustainability Policy

Six decades of growth

It all started 60 years ago with the dream of a group of pioneers led by Fulvio Salvador Pagani: creating a candy factory with the aim of offering high-quality products at a fair price to consumers all over the world.



Industrial Plants, Arroyito, Córdoba, Argentina.



This is how Arcor was born, an industrial group which nowadays is the first candy producer and the main exporter of sugar confectionery of Argentina, Brazil, Chile and Peru, reaching more than 120 countries from the 5 continents. Besides, Bagley Latinoamérica S.A., Danone and Arcor's joint venture is the major cookies & crackers company in South America.



ARCOR GROUP IN FIGURES ³

3,100 million dollars in sales.

380 million dollars in exports.

13 commercial offices distributed in America, Europe, Asia and Africa.

40 industrial plants: 29 in Argentina, 5 in Brazil, 4 in Chile, 1 in Mexico and 1 in Peru.

20 thousand collaborators.

More than 12,700 SMEs hired as suppliers.

3 million kilograms of daily manufactured products.

More than 200 annual launches of products.

More than 824 thousand sales points in the region.

31 certifications of ISO 14001 standards and **18** of OHSAS 18001.

More than U\$ 4 million aimed at **social investment.**



Main business units and brands

The main business units of Arcor Group are: Sweet confectionery, Chocolates, Ice-creams, Food Products, Cookies and Crackers. Likewise, the company is vertically integrated in the manufacture of its strategic supplies and it is also involved in the business of agroindustrial raw materials (manufacture of fructose, glucose, milk, sugar, corn flour, corn grits, ethyl alcohol from cereals), in the manufacture of corrugated cardboard and in the packaging of its products through the companies of the Group, Cartocor and Converflex.

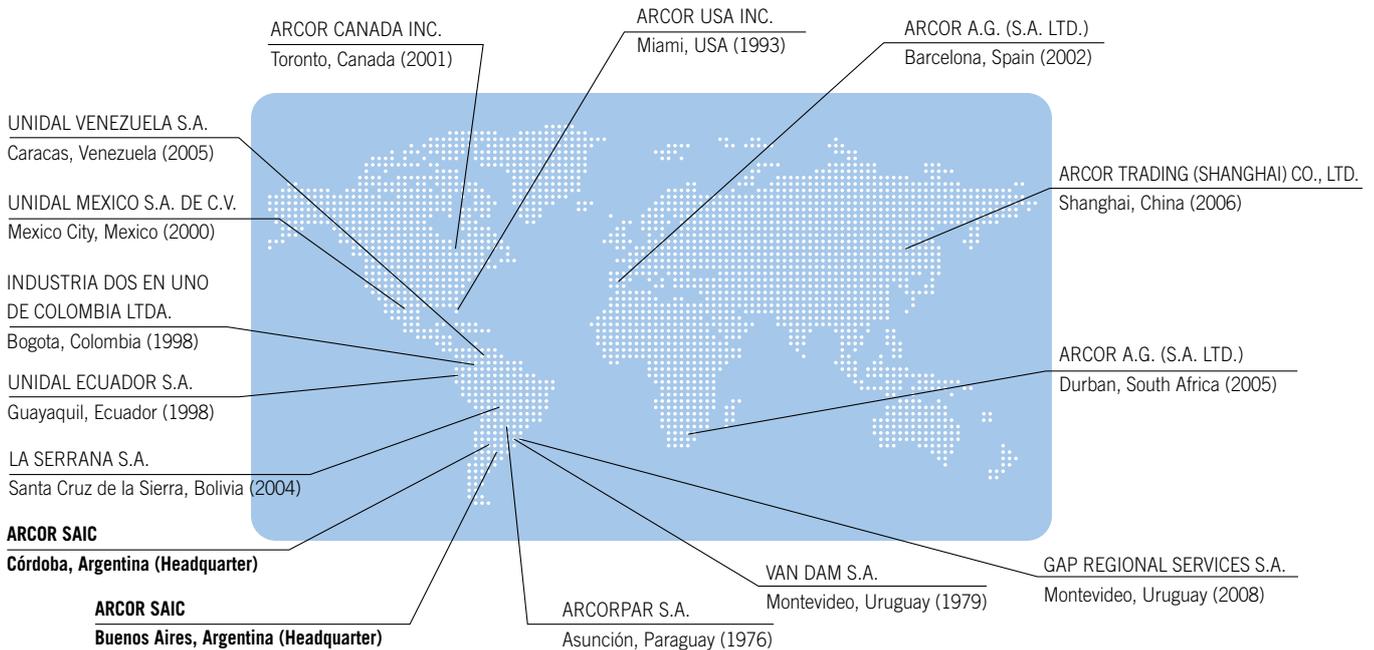
View more in www.arcor.com



³ Data as of December 31, 2011.

Arcor Group around the Word

COMMERCIAL OFFICES



INDUSTRIAL PLANTS



Economic results

During 2011, the Group consolidated its positive results, reporting a 24,5% growth in sales, maintaining its leading position in the market, strengthening the international development and making the necessary investment needed for that growth.

MAIN FINANCIAL AND ECONOMIC INDICATORS ⁴	Year 2011 (million pesos)	Year 2010 (million pesos)
Net sales	12,601.7	10,121.4
Administration and marketing expenses	3,222.3	2,714.3
Salaries and social security contributions	2,618.9	1,998.7
Fixed assets and other assets' investments	534.1	267.0
EBITDA, (earnings before interest, taxes, depreciation and amortization)	1,073.7	765.5
Total taxes	753.3	590.9
Direct taxes	413.7	335.5
Taxes, rates and contributions	33.8	28.6
Income tax rates ⁵	305.8	222.3 ⁶
Net profit of financial year	475.8	422.7⁶
Total Capitalization ⁷	3,899.0	3,630.9⁶
Net assets	1,975.1	1,663.7 ⁶
Non-current loans	1,235.9	1,414.2
Current loans	688.0	553.1

For further information, visit Financial Statements 2011 of the Arcor Group available in www.arcor.com

A business model based on values

From our inception, Arcor developed a business model based on the creation of economic, social and environmental value. This commitment is reflected in the Mission, Vision, Values and Ethical Principles guiding our company's operations worldwide.

MISSION

To offer people throughout the world the opportunity to enjoy quality products at the right price, creating value for our shareholders, working associates, customers, the community, suppliers and the environment by means of management process based on sustainable development.

VISION

To be Latin America's number one manufacturer of confectioneries and cookies and to consolidate our presence in the international market.

CORPORATE VALUES



Arcor Group Sustainability Strategy

2011 was a year of great success and challenges for the Group as regards sustainability, making progress in each and every pillar of Arcor's Sustainability Strategy according to what was implemented in the 2010-2013 Action Plan. Two achievements reflect the institutionalization process of sustainability in the

daily management of the Company: the incorporation of the operative business plans topic, and the identification of individual sustainability objectives that have an impact on the annual bonus of the working associates' governance and management.



⁴ All figures are expressed in Argentine pesos unless the contrary is expressed.

⁵ Including deferred taxes.

⁶ These indicators are different to the ones published in the 2010 Sustainability Report due to changes in the technical measurement criteria.

⁷ Including Net Assets and the total of Financial Loans of the Group.

Sustainability in the business strategy

The first steps towards this strategic pillar were the development of a Risk and Opportunities Matrix for the company's sustainability and the definition of a Sustainability Policy. Later, progress was made toward the identification of priority lines of action and the integration of this outlook with the operative plan of Group business activities.

In this way, during 2011 each business unit included in its annual operative plan several initiatives and projects linked

to the commitments established in Arcor's Sustainability Policy. As a result, the business units of the Group included in their plans more than 600 initiatives with a particular component, from which 22% are linked to the rational use of water, 12% to the rational use of packaging, 33% to the protection of human rights, 18% to energy efficiency, and 15% to an active lifestyle and nutrition. Once the operative plans were consolidated, some guidelines and general follow-up indicators were developed to measure the progress and provide a feedback for 2012 planning.

Arcor's Sustainability Strategy

The economic development shall be in harmony with the wellbeing and social inclusion, and with the value and defence of the environment. Therefore, our commitment is based on:

- Establishing sustainable process management, based on a balance between the economic, social and environmental spheres
- Promoting the integral development of the communities in which we are active, and contribute to the sustainable development of the regions in which we operate.
- Supporting and respect the protection of human rights within our sphere of influence, ensuring that we are not an accessory to the violation of these rights.
- Facilitating and sponsoring actions and projects to promote sustainability and human development.
- Applying the best practices in environmental protection, minimizing and offsetting the impact of our operations.
- Promoting responsiveness and training programs, seeking to increase the awareness of each member of the company and of the entire value chain, as active agents in the construction of a corporate culture of commitment with sustainability.

Apart from this general commitment to sustainable development, we have assumed other five specific commitments with the most relevant issues for our business, from this perspective:



Commitment to a rational use of water

Commitment to a rational use of packaging



Commitment to respect for and protection of human and labor rights

Commitment to an active life and healthy nutrition



Commitment to energy efficiency and the minimization of the impacts that contribute to global climatic change.

Staff performance sustainability

During fiscal year 2011 progress was made in the progressive incorporation of the sustainability element in the Performance Management System for Group collaborators. In this way, those who were trained in this subject in 2010, included in their planning the annual performance of at least one sustainability-specific objective that contributed to the Policy assumed by the Group.

All in all, more than 600 collaborators set around 700 sustainability goals, convinced that form the role they play, they can make Arcor a sustainable company.

For further information, visit Chapter 2 "Staff".

Sustainability in the management system

In 2011 a planning, follow-up, and monitoring system for the Sustainability Plan of the Company was developed, which allowed measuring the progress of the sustainability components of the operative plans as regards the commitments of the Sustainability Policy and the priority guidelines of the defined actions.

The system comprises four steps: the systematization and consolidation for the sustainability components of all business plans, the development of follow-up guidelines, the definition of specific and corporate components, and the assessment of the compliance with the plan according to the measurement and follow-up established parameters.

Sustainability governance and management

Since 2010, Arcor Group counts with a structure for governance and management of Sustainability, integrated by Arcor Sustainability Committee and the Corporate Sustainability Management.

The Sustainability Committee is led by the Chairman and a decision-making group of managers. The Chairman is also the President of the Sustainability Committee and leads the strategic decisions of these issues, getting permanent reports of the progress made in the sustainable management of the business.

Complimentary to the governance, in 2011 the Corporate Sustainability Management continued in charge of the management, being the main source of information and impulse for the innovation in these sustainability practices; giving technical advice and helping other areas of the company; and monitoring the implementation of Arcor's Sustainability Policy.

Ethics and Behavior Code of Arcor Group

Through the Ethics and Behavior Code, a set of values, principles and rules are established, which give orientation to the performance of the company and help it guarantee the sustainability of both, the Group and the interest groups.

In order to meet these requirements, an Ethics and Behavior Committee was created which in 2011 gathered in four opportunities to discuss several issues, including the analysis and resolution of complaints and the consultations received through the Ethics Line managed by the Internal Audit Management. Likewise, this year it was successfully agreed to extend the use of the Ethics Line to suppliers and clients of the Group so that they can consult or denounce in a confidential way issues related to the provisions and fulfillment of the Code.



Headquarters. City of Córdoba, Argentina.

Through the participation in more than 70 congresses, university events, research and the media. The dialogue about sustainability with diverse groups of people was fostered by the participation of Arcor in more than 70 congresses, university events, research and the media.

ARCOR, THE MOST RESPONSIBLE COMPANY

The Group got for the first time the N° 1 place in the Business Social Responsibility ranking that is annually published in Mercado magazine. This ranking, carried out by the survey company DatosClaros, has the aim of inquiring about people's viewpoint about BSR and companies.

Also, Arcor got the 1° position in MERCO 2011, the Corporate Reputation ranking carried out by the Spanish Consultancy Services Villafañe y Asociados, which was published in Diario Clarín. Furthermore, the Group was recognized as the most responsible company, highlighting its ethic behavior, contribution to society, behavior with employees, environmental commitment, transparency and corporate governance.



CHAPTER 2 EMPLOYEES



Headquarters. City of Córdoba, Argentina.

*“Facilitate and foster actions and projects for the promotion of the sustainability and human development”.*⁸

Sustainability of the Performance Management System

More than 600 collaborators from managerial levels and management incorporated performance objectives linked to the commitments of Arcor’s Sustainability Policy.

Inclusion of people with disabilities

This program was set up in the company in 2011 beginning with the experiences of six plants of the Group in Argentina, establishing specific objectives of work inclusion and providing continuity to the initiatives the Group has been developing in Brazil and in Salto (Province of Buenos Aires).

Communication Encounters in Sustainability

1,858 collaborators of the Group in Argentina, Brazil, Chile, Mexico and the International Division participated from communication encounters in sustainability, coordinated by 35 multipliers particularly designed for this task.

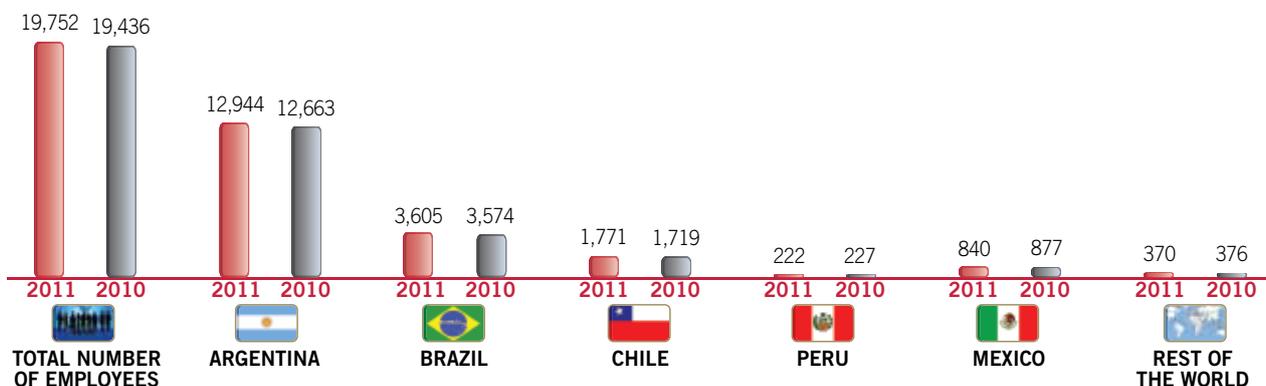
⁸ Source: Arcor’s Sustainability Policy, 2010.

People who make Arcor

Day by day, near 20 thousand collaborators promote Arcor's growth providing their work to the consolidation of a sustainable company. Being one of the main industrial employers of Latin America, the Group promotes the wellbeing and development of its work team since that is a key link in the competitive advantages of the company.

Dimension of Human Capital

EMPLOYEES BY COUNTRY ⁹



EMPLOYEES BY TYPE ⁹

	YEAR 2011	YEAR 2010
By Category		
Director	8	8
Manager	323	305
Chief	684	627
Analyst/Supervisor	2,641	2,570
Administrative/Operative Assistant	16,097	15,926
By Gender		
Male employees	76%	75.6%
Female employees	24%	24.4%
By Seniority		
Average seniority	10.7	10.5
By Age		
Average age	35.5	35.3
Number of people over 45 years old (%)	21.2%	20.1%
Other indicators		
Number of people under work collective agreement (%)	89%	89%
Average rotating employees ¹⁰	12.3%	9%
New employees ¹¹	1,227	981
Average rotation of new employees ¹²	1.8%	1.07%

An entrance door to growth

Arcor provides opportunities for entering through reliable and transparent processes that include the assessing of external consultancies, publishing on web sites, the Internship Program and a bonding Plan with Universities. In 2011, the program BIA, "Búsquedas Internas Arcor"

(internal search Arcor), was launched in all the companies of the Group in Argentina, international businesses and filial in the south area and it aims to develop human resources identifying the best talent for a determined position and at the same time answering

⁹ It includes all the hiring modalities of active own personnel.

¹⁰ Calculated as voluntary and involuntary annual total drops of the own effective personnel on the number of employees on 31st of December of 2011 of the own current personnel.

¹¹ Calculated as new own and effective personnel. It does not include Mundo Dulce.

¹² Calculated as voluntary and involuntary annual total drops of the own personnel effective that entered in 2011 over the total number of employees to the 31st of December, 2011 of the own effective personnel. It does not include Mundo Dulce.

to the collaborators' growth concerns. Throughout the year, 43 internal searches were made in Argentina and 55 applications were received from the new BIA site on the intranet, internally covering four positions. In Brazil, through the Program of Internal Needs a close coverage rate of 80% was achieved and in Chile 7 internal searches were developed with a 30% of coverage.

At the same time, this year we started to develop a project to work on the criteria for equality of opportunities for people with disabilities in the selection process and personnel incorporation. The design was made with the formation of a corporate work team composed of 12 people from different areas and businesses that were trained in this topic. The project foresees the gradual adaptation of buildings, equipments, systems and processes under the criteria in universal access.

Currently, six plants of the Group have already set up the specific objectives for the incorporation of people with disabilities and the experiences of work inclusion implemented in Brazil and Salto (Province of Buenos Aires) were also developed.



Professional Development in Arcor

Arcor has diverse key tools to align the professional development of its collaborators to the strategic objectives of the company. The Strategic Resources Planning (PRE, for its English acronym) allows people to develop and retain key talents contributing to the business sustainability in the long run. On the other hand, 100% of the employees annually receive a performance assessment.

For the employees who are out of the agreement, this assessment is done through the Performance Management System (PMS), which in the year 2011 included the sustainability variable at managerial levels and management of the entire Group for the first time. In this way, those collaborators that received training in this topic in 2010, had to include in their planning of annual performance, at least one specific objective of sustainability that contributes to the Policy taken on by the company.

As a result, more than 600 collaborators at managerial levels and management incorporated near 700 objectives of sustainability in their annual planning, convinced of the idea that they can contribute with Arcor being a sustainable company from their role. Reduction of water and energy consumption; sensitization and awareness on sustainability; replacement of materials of packaging, reuse and recycling; nutritional improvement of products, promotion of habits for healthy life, relations with the community and inclusion and diversity were some of the topics that were incorporated to the performance objectives.

The PMS of the personnel who is out of the agreement is complemented with a performance management system implemented by each business for the employees included in collective work agreements. In that context, collaborators annually receive an acknowledgement of their performance according to the results of the assessments done.



Head office, city of Buenos Aires, Argentina.

Training for the sustainable business management

Based on their position, performance and each collaborator's development plan, Arcor implements training programs that meet the needs of each business, plant or country and that are aligned to the strategy of the company.

Via Universidad Arcor, The company has a strategic tool to strengthen the Group competencies implementing on-site and e-learning training programs addressed to all the collaborators.

In this context and under the second pillar of the Arcor's Sustainability Strategy and besides the corporate programs of training, some training areas specifically linked to this topic have been developed in 2011 and they have included the Leadership Program, the Induction Program and the Minisite of Sustainability created in the portal of Universidad Arcor and the training of 35 multipliers, which enabled the development of a network of sustainability facilitators in the whole

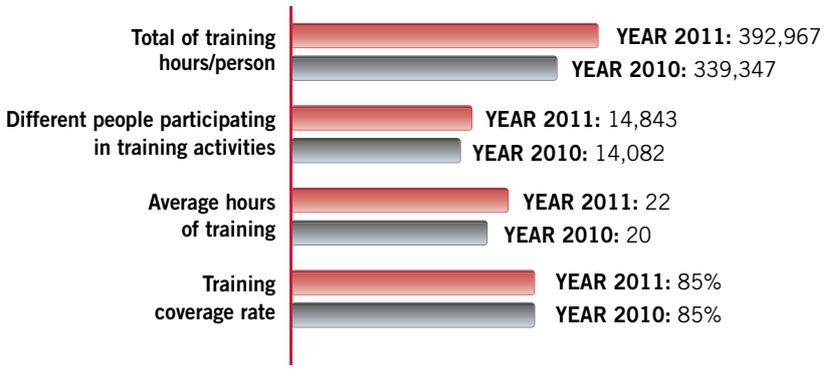
Group to communicate the Policy on a cascading basis.

The training and internal sensitization in sustainability are a central topic in the Group strategy. For this reason, the company has been working since 2005 on the development of diverse corporate programs and other specific programs on sustainability as a key factor for the building of a corporate culture committed to this topic. In 2011, with this objective in mind,

2,963 collaborators participated from 11,199 training hours, totaling 19,865 participants with 44,628 hours since 2005.

On the other hand, the training area provided by Universidad Arcor, is complemented with different training programs and courses (the majority dictated at industrial level in the Integral Management System framework) that have into account the specific needs of every country and business.

TRAINING INDICATORS ¹³



Training and internal sensibilization in sustainability, Córdoba, Argentina.

¹³ In the complete version of this report, the definitions of the indicators presented in the chart have been included.

Communications that strengthen bonds

The internal communication channels are fundamental for the development of a participative management, keeping all the Group collaborators connected independently of their geographic location or work position.

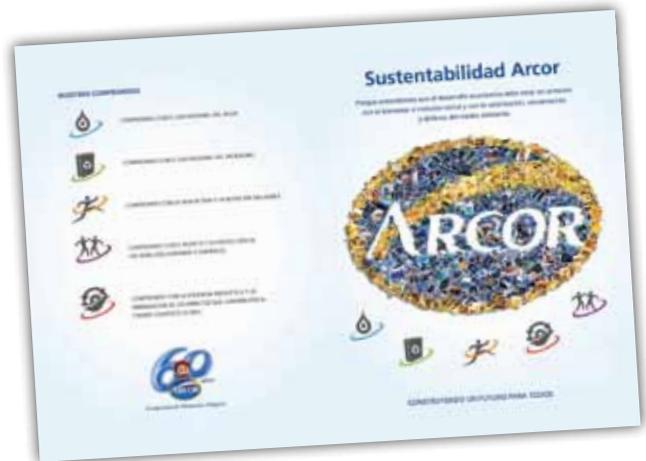
In 2011, the company launched the second phase of the Plan of Communication and Sensitization in order to deepen the general understanding of the topic and Arcor strategy in particular and looking for a better idea to generate initiatives to promote the sustainable development. In this context, a group of 35 collaborators was formed and trained and they were called "multipliers"; they were in charge of the coordination of communication encounters of the Strategy and Politics of Arcor Sustainability, addressed to the analysts and supervisors levels.

As a result, 1,858 people were raised awareness in Argentina, Brazil, Chile, Mexico and the International Division. In the next steps, the cascading basis will be coordinated to achieve all the plants of the Group.

At the same time, in the process of management climate framework, they continued organizing the internal communication encounters in the plants, a channel to listen to concerns and suggestions and promote communication and integration among the different hierarchical levels of the company. In 2011, over 3,200 collaborators participated in 256 encounters, with a satisfaction rate of the 98%, showing that the employees highly value this communication channel.

Climate Management

At the beginning of 2011, the Group advanced with the communication of results of the Organizational Climate Survey done in 2010, developing workshops to receive suggestions and contributions of the employees and building a better work place among all. From the survey results and the different results made by the areas, during the first semester of the year, the action plans to be taken into consideration in every area were defined according to the following central points: Life quality, leadership, acknowledgement and rewards. Currently, almost 80% of the action plans established for 2011 and 2012 were achieved or are in progress.



Tomatoes industrial plant, Villa Krause, San Juan, Argentina.



Exercise at work time in the open air at Cartocor plant, Luján, Buenos Aires, Argentina.

Occupational Safety and Health

Working along the collaborators to take care of their health and promoting a safe work environment is critical to guarantee the greatest wellbeing in the work posts. In order to achieve this, Arcor develops awareness and training actions and prevention and promotion programs in which people participate actively.

In 2011, they continued implementing initiatives that promote people’s health care and that want to improve their life quality enlarging their coverage of the Cardiovascular Disease Prevention Program, continuing with the Healthy Nutrition Program and incorporating 100 workers to the project of Pregnancy Care at Work. In turn, 11 nurses got their Degree in Work Risks at Universidad Nacional de Córdoba, totaling 22 nurses trained since 2010.

The Group also continued raising awareness for the employees through the

“Arcor Salud” site in the company intranet and in the bulletin boards.

As regards safety at work, in 2011, Arcor achieved the lowest disabling accidents frequency rate record in history and it has kept the lowering tendency of the last years.

One of the of the keys of the achieved improvement is the Commitment Program addressed to middle management, that has the reduction of the number of accidents as an objective through the participation of all in the security issue in the plants. Actions taken in this Program

framework want to establish security as a value according to an improvement approach that promotes the cultural change and evolving from a paradigm of control towards one of commitment.

Finally, as every year, the Security Week was organized in the facilities of the Group. Its motto was “We can tell you how to do things in a safe way. But we cannot do it for you”, this was done to raise awareness of the collaborators regarding how dangerous it is not to respect the security norms.

WORK SAFETY RATES ¹⁴	YEAR 2011	YEAR 2010
Total Frequency (IFT)	19	22
Disabling Frequency (IFI, <i>by its Spanish acronym</i>)	11	13
Severity Ratio (IG, <i>by its Spanish acronym</i>)	0.34	0.36
Incidence (II)	24	28

¹⁴ Definition of the work security indicators:
 - Total Frequency Rate (IFT, by its Spanish acronym): Measures the total number of accidents every million of worked hours.
 - Total Frequency Rate (IFT, by its Spanish acronym): Measures the total number of accidents for illness every million of worked hours.
 - Severity Ratio (IG, by its Spanish acronym): Measures de amount of lost days because of accidents every a million worked hours.
 - Incidence Rate (II, by its Spanish acronym): Measures the total number of accidents for illness every million of worked hours.

CHAPTER 3 VALUE CHAIN



Ingenio La Providencia, Tucumán, Argentina.

*“Promote sensitization and training programs with the objective of raising awareness in each member of our company and in the whole of our value chain, as active agents towards the building of a corporate culture committed with sustainability”.*¹⁵

Sustainability training to the value chain

3,433 people participated from 15,931 training hours promoted by the Group, including sensitization and training activities for agricultural producers, transportation companies, monitoring agents and suppliers.

Social and economic inclusion in the supply chain

40 new providers in a situation of poverty or social vulnerability were included in the supply chain of the Group and more than 500 children and adolescents participated in the child development centers implemented under the framework “Project grow while playing, for a childhood without children’s labor”.

Promotion of sustainable management in the distribution network

140 sustainability plans were developed by suppliers of Arcor Group under the framework of the Training Program towards Sustainability.

¹⁵ Source: Arcor Sustainability Policy, 2010.

Suppliers, customers and consumers: A growing commitment

The Arcor Group works along with suppliers and customers to guarantee safe and quality products and to maximize the consumers satisfaction worldwide. In the last years, from the consolidation of Arcor Sustainability Policy, the commitment with the promotion of the topic in the value chain was deepened looking for an integration of the environmental performance and social responsibility in each link, acting innovatively and proactively.

In this sense, the strategy of the Group has concentrated on three action points: Sensitization and training, incorporation of sustainability in the commercial relations and the implementation of specific projects. In this context, in 2011, 1,792 people participated from 9,224 training hours, totalling 3,433 participants in 15,931 hours since 2008, and promoting the development of active agents that contribute to the building of a corporate culture based on sustainability.

Suppliers: Consolidation of sustainable management

As a first link in the productive chain, suppliers are key participants in the development of quality products through sustainable management. During 2011, the company went on working on the implementation of good practices to select,

assess and develop their suppliers; it contributed to the sustainability promotion through training and sensitization initiatives and carried out different projects of responsible purchases

SUPPLIERS OF ARCOR GROUP ¹⁶	YEAR 2011	YEAR 2010
Total number of active suppliers ¹⁷	13,241	13,408
By product / service type		
Raw material	56.96%	48.97%
Auxiliaries	6.56%	4.45%
Packing	13.66%	12.23%
Services	22.82%	34.35%
By size of active suppliers		
Big companies	3.83%	3.75%
PyMEs (small- and medium-sized companies)	96.2%	96.2%
Signatory letter		
Number of suppliers who signed the signatory Letter to Fundamental Principles for a Responsible Management ¹⁸	1,794	914

Survey and diagnostic

This year Arcor advanced with the identification of key topics of sustainability linked to the provision of strategic suppliers for the Group, developing a survey and diagnostic of sustainable practices in the providers of cacao, tuna, vegetable oils and agricultural products and contextualizing the rural employment problematic.

Assessment and development

The assessment and development of the suppliers of productive materials was continued having into account business requisites of quality and food safety. A total of 391 audits were made and 72% reached the required score with a potential suppliers rate (IPP, by its Spanish acronym) over 70.

At the same time, new association processes with strategic suppliers were made and the strengthening project of suppliers was continued with the project of suppliers strengthening called fazón¹⁹, that has the objective of detecting and managing associated risks and expanding sustainability practices. In this context, 100% of the Fazon



Tomatoes production farms, San Juan, Argentina.

suppliers of mass consumption and Bagley Argentina were audited as regards social and environmental aspects according to the established general procedures of assessment, selection and monitoring.

¹⁶ Updated information to December 15th, 2011.

¹⁷ During 2011, no provider concentrated more than 5% of the total purchase volume.

¹⁸ This Letter consist of a values Decalogue linked to ten principles of the United Nations Global Compact, to the international work norms defined by the International Labour Organization (ILO) and to the best business practices. Since 2008, a total of 4,540 providers have signed the letter, reflecting the commitment of the Group with the integration of responsibility criteria in the selection of its providers.

¹⁹ This kind of suppliers is who elaborates and/or package products, including providers of raw material and packing of products and containers

²⁰ It does not include the flour *fazon*.

Sustainability sensitization and training

With the objective of transmitting the concept of sustainability in the supply chain, during 2011, the Group included 53 new messages in Spanish, English and Portuguese in the purchasing orders. The Carta de la Tierra (Earth Letter) was also sent to 400 providers in Argentina and 15 in Venezuela, looking to renew the commitment towards building a more

inclusive and sustainable world.

Moreover, Training were developed in specific topics of sustainability under the framework of different implemented projects with providers and training activities were made with transportation companies and with the staff hired for the security service.

Projects of responsible purchases

Via the implementation of specific project, Arcor continued managing along with its providers, topics mainly related to social development, protection and the respect for human rights and the environmental impact of purchased supplies.

During 2011, the scope and the impact of the Program of responsible inclusive purchases was widened to the incorporation of new plants of the Group in this initiative and to the involvement of new providers going through a poverty situation or social vulnerability in the value chain: Civil associations of young and adults in situations of disability, family enterprises, work cooperatives, individual entrepreneurs and associations that call for small producers. In this way, the sources of supply of the company were expanded, acquiring cleaning supplies, textile products, services and productive supplies.

Likewise, Arcor advanced in the institutionalization of the “Project grow while playing, for a childhood without child labor”, conceptualizing the initiative and expanding its scope.

During the harvest season 2010-2011, producers working in the tomato plantation in San Juan and Mendoza were involved and agreements were signed with local, provincial and national governments for the implementation of 20 gardens and Child Development Centers (CDI, by its Spanish acronym) in which more than 500 children and adolescents participated. Additionally, a term that commits to the no use of child labor and to the protection of adolescent work was incorporated through an Appendix to the commercial contracts with producers, ascribing the possibility of the contract termination in case there is no compliance of this term.



Children's Development Center. Pocito Department in San Juan, Argentina.

²¹ The Earth Letter is a declaration of fundamental ethical principles for the formation of a global, fair, sustainable and peaceful society in the XXI century. The “Initiative of Carta de la Tierra” is a global network of different people, organizations and institutions that participate in the promotion and implementation of values and principles of such letter. For more information, visit www.earthcharterinaction.org

Clients: Strategic partners

The distribution strategy of the Group is one of the strengths and it is focused on a model of retail distribution considered of world class and other marketing channels that include supermarkets, wholesalers and special clients. This sketch is complemented with the structure of international trade of the company that guarantees the delivery of its products to more than 120 countries of the five continents.

Clients are key partners for the products of the company arriving to the consumers of the whole world with effectiveness, wide coverage and the best quality. Together with them, Arcor wants to gradually and effectively incorporate the concept of sustainability to their every day management, developing specific plans via three action points: Sensitization and training, survey and diagnostic and specific projects.

CLIENTS OF ARCOR GROUP 2010-2011²²

	Wholesalers	Supermarkets	Official distributors	Sales representatives	Visited selling points
Year 2010	1,655	83	373	6,756	795,873
Year 2011	1,464	79	362	6,700	824,333

Promotion of sustainability in the commercialization channels

During 2011, different surveys were initiated with the objective of assessing main risks and opportunities of sustainability linked to special clients, supermarkets and wholesalers and of defining a general strategy of action for the progressive alignment of these channels with the commitments taken in the Arcor's Sustainability Policy.

In turn, the efforts made to raise awareness and train in this topic were a great progress. In the context of the Program of Logistics Good Practices, 18 trainings with the participation of 737 people were developed to provide the logistics personnel of distributors with specific concepts and better practices, including environment topics and prevention of work risks under the sustainability and good practices framework to preserve the quality and safety of food distribution.

On the other hand, in the retailing sector, a workshop was organized for the internal training on sustainability and it had the support of the Argentina Business Council for Sustainable Development (CEADS, by its Spanish acronym).

Conversely, Venezuela communicated its distributors the Sustainability Policy of the company, it sent them the Carta de la Tierra and started to implement the program EPA to raise awareness on the rational use of energy, paper and water.

Chile organized the first Survey on work climate for distributors achieving a 73% of satisfaction and continued with the Arcor Program of Distributors, developing workshops on improvements in the internal processes of each one of them, they had a specific module on sustainability.

TRAINING PROGRAM ON SUSTAINABILITY ADDRESSED TO DISTRIBUTORS

Developed in Argentina together with the Argentinean Institute for Corporate Social Responsibility (IARSE, by its Spanish acronym), this program has the objective of a gradual and effective incorporation of sustainability in the everyday management of Arcor distributors. In 2011, 250 people were trained in this topic, they belonged to 143 distributor companies, that then, developed a total of 140 sustainability plans to implement in their distributor during 2012. Among the projected initiatives and aligned to the Arcor Sustainability Strategy, 44% was related to the commitment of Human and Labor Rights, 26% to the Packaging commitment and finally, 23% corresponded to energy and climate change initiatives.

²² These data correspond to the distribution network of the countries with industrial presence: Argentina, Brazil, Chile, Mexico and Peru.

Consumers: A relation based on trust and excellence

With the objective of offering safe products, with the best quality and the lowest price and with an excellence service, Arcor operates with the highest standards and sets transparent links with its consumers looking to answer to your needs and expectations.



Arcor center: City of Buenos Aires, Argentina.

Quality and safety guarantee of products

Arcor works through its whole value chain to guarantee the food quality and safety of its products, raising awareness in the topic and developing preventive measures for flaw reduction.

From the concept “from the farm to the table”²³, the Group collaborates along with all the sectors that integrate the productive chain to apply safety criteria from primary production to the food every consumer gets on the table.

Through a strict selection, evaluation and qualification process, the Group assures that all providers of productive materials comply with the required standards of quality and safety. In turn, under the Integral Management System

framework, the company has implemented and certified the system of quality and safety of food management in the elaboration, storing and shipping of products in all the bases of the Group.

On the other end of the chain, the commitment of the distribution network is a key concept to keep the standards of food safety from the food that leave the facilities until they get to the consumers hands. Because of this, Arcor works cooperatively with its clients to guarantee that the necessary conditions to safeguard the integrity and safety are respected in the transport, distribution and commercialization of its products.

²³ This concept includes all the steps related to the production, storing, manipulation, distribution and preparation of a food product. Source: Food and Agriculture Organization of the United Nations.

Service and satisfaction of consumers

Through customer service, the Group has a communication channel to listen to the concerns, claims, suggestions and opinions of consumers, having received and answered a total of 81,483 contacts in 2011.

Throughout the year, Arcor continued with different initiatives to know and answer the concerns of people: Contacted consumers that had presented claims of products to give them the technical response; organized satisfaction surveys for services and products; created reports for the different publics and scheduled specific meetings with consumers.

In turn, with the objective of contributing in the development of business proposals that address the needs, wants and interests of current and potential consumers, this year 35 market research projects were held in Argentina with the inclusion of some regional cases and contacting more than 4,000 people. In Brazil, special trainings were organized for the team of the Relations Central on the guidelines of the Code of Protection for the Consumer and in the Andean Region surveys were made to assess the quality of customer service and know the opinions of consumers in relation to the company products.

TRANSPARENT AND RESPONSIBLE COMMUNICATION

The Arcor Group is member of the Argentine Advertising Council, the Consejo Superior de la Camara Argentina de Anunciantes (Superior Council of the Argentinean Advertising Chamber) and adhered to the Code of Ethics and Argentinean Advertising Auto regulation, for which the Council of Advertising Auto regulation (CONARP, by its Spanish acronym) contemplated upon.

Likewise, it is a member of the Chilean Association of Advertising, of the Brazilian Association of Advertising, the Institute of Consumers Defense of Brazil and has adhered to the Defense Code of Consumers of Brazil and to the Standard of Customer Service of the Brazilian Association of Food Industries (ABIA, by its Spanish acronym).



Selling point, Arroyito, Córdoba, Argentina.

THE CARE FOR THE ENVIRONMENT IN ARCOR



Corrugated cardboard plant, Luján, Buenos Aires, Argentina.

“Applying best practices in environment protection, minimizing and compensating for the impact of our operations”.²⁴

The Care for the Environment in Business Management

276 initiatives associated with the care for the environment were included in the Operational Plans of the businesses in 2011, which represents 52% of the total initiatives related to sustainability.

Certified Environmental Management

Four new certifications of the ISO 14001 standard were obtained in 2011. Among them, the first Cane Sugar Mill in Argentina and the first Dairy in Latin America.

Carbon Inventory

Four businesses made progress in the calculation of carbon inventory, completing a total 12 plants in which this information is available.

²⁴ Source: Arcor Sustainability Policy, 2010.

The Commitment with the Care for the Environment

The care for the environment is essential for Arcor Group's sustainable growth. In 2011 multiple works and actions were carried out in order to control, reduce or remove the environmental impacts of industrial operations, among which we can highlight the following, due to their transcendence, originality or the magnitude of the results reached:

Investments

The construction of the liquid waste biological treatment plant in Frutos de Cuyo was completed, in which 2,310,000 dollars were invested.

ISO 14001 Certifications obtained in 2011

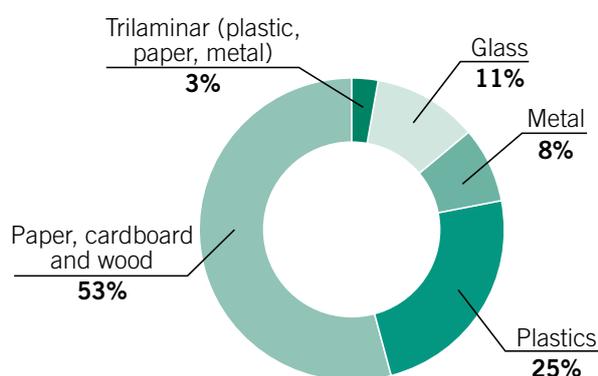
- Dos en Uno – Plant 2 (Santiago, Chile)
- Panamericana Distribution Center (Province of Buenos Aires, Argentina)
- La Providencia Cane Sugar Mill (Tucumán, Argentina): First Cane Sugar Mill to obtain ISO 14001 Certification in Argentina.
- Dairy Number 1 (Córdoba, Argentina): First Dairy to obtain ISO 14001 Certification in Latin America

Carbon Inventory

The calculation of carbon inventory which started in the Confectionary Business the previous year was extended to other businesses completing the value chain. Work was done in the Agribusiness, in both of the corn syrup production plants (Arroyito Plant and Lules Plant), in the La Providencia Cane Sugar Mill, in the Converflex Villa del Totoral film conversion plant and in the Cartocor Parana and Cartocor Lujan corrugated cardboard box production plants. Besides, progress was made in the calculation of the carbon footprint of the Butter Toffee milk candy. What was done during the year with the calculation of carbon inventory was completed in the Frutos de Cuyo plant, where canned tomato and other vegetables are produced.

Packaging Material by Type

Actions were carried out to reach a deeper knowledge, classify the types of materials used, and define a metric to measure the use of packaging and to monitor the effective progress in its rational use in the Group's products.



Use of the liquid waste treatment plant sludge to enrich the soil

Based on the knowledge that the use of biosolids can increase the fertility of the soil and that high content of organic matter can improve their physical, chemical and biological conditions, thus improving the development of crops and reducing the risk of hydric and eolian erosion, a trial of application of material was successfully carried out in 40 hectares sowed with corn.

ARCOR GROUP'S MAIN ENVIRONMENTAL INDICATORS ²⁵

	YEAR 2011	YEAR 2010
Total Arcor Group without conversion plants		
Water Consumption (m ³ /Ton)	12.4	13.1
Electrical Power Consumption (Kw h/Ton)	214	206
Fuel Consumption (MJoul/Ton)	5,090	4,615
Greenhouse Gas Emissions (Ton CO ₂ eq/Ton)	0.49	0.44
Recycled or Reused Waste (%)	72	59
Packaging Consumption (%)	10	-
Conversion Plants		
Electrical Power Consumption (Kw h/m x 10 ³)	44	41
Fuel Consumption (MJoul/m x 10 ³)	436	352
Greenhouse Gas Emissions (Ton CO ₂ eq/m x 10 ³)	0.045	0.038
Recycled or Reused Waste (%)	66	55

²⁵ The unit of measure for production in conversion plants is thousand meters. For this reason, two sets of results are separately presented for indicators. Those corresponding to film conversion plants have the m x 10³ reference unit and, in the rest of plants, indicators are presented in tons. In the complete version of this report, the definitions of the indicators presented in the chart have been included.

Eco-efficiency Cases

As a company management tool, eco-efficiency allows to maximize productivity of the resources, minimizing waste and emissions, and generating value for the company and all its stakeholders. The following cases are some examples of actions carried out in 2011.

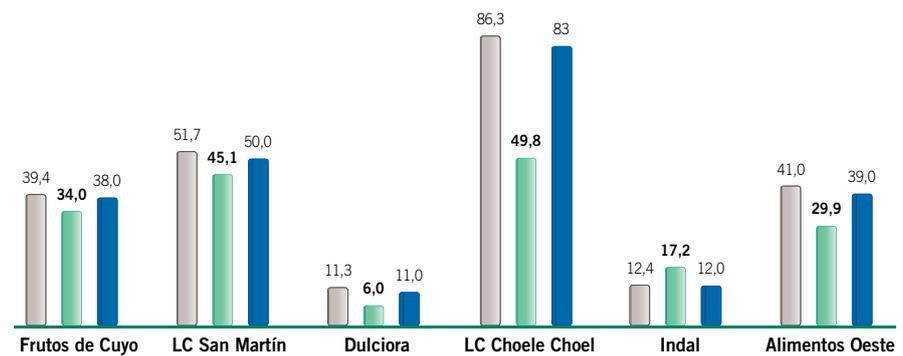


REDUCTION OF WATER CONSUMPTION IN THE WEST FOODSTUFF BUSINESS

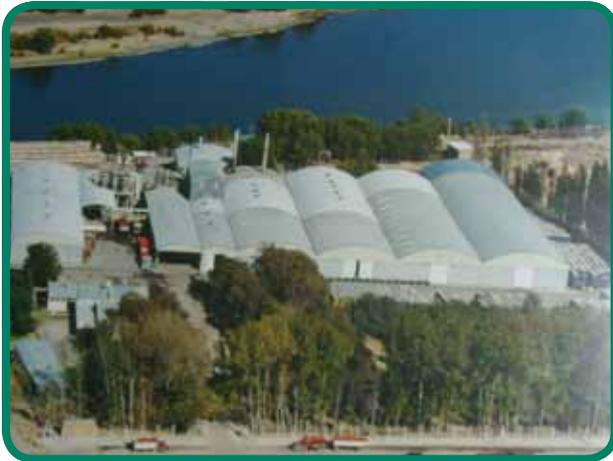
The so-called West Foodstuff Business is made up of fruit and vegetable processing plants which, due to their processing technology, use water not only for washing but also for transporting the materials. Given the importance of water management in these plants, in 2011 they all deepened the actions to reduce their consumption in the 2011 Sustainability Plan.

WATER CONSUMPTION IN THE PLANTS OF THE NEGOCIO ALIMENTOS OESTE (m³/Ton)

■ Accumulated October 2010 ■ Accumulated 2011 ■ Objeteive 2011



Some important examples:



LA CAMPAGNOLA CHOELE CHOELE

LOCATION: Choele Choele, Río Negro
 PRODUCTION: Tomato puree and paste
 PROCEDENCE OF WATER: Río Negro

Actions implemented:

- Separation of the marc and seed to remove water consumption to transport this material to the liquid waste treatment site.
- Follow-up and adjustment of extraction of river water.

Result: Reduction by 40% in annual water consumption, reduction in consumption by 15,500 KW / month in low season.

DULCIORA

LOCATION: Villa Mercedes, San Luis
 PRODUCTION: Marmalades, jams, juices
 PROCEDENCE OF WATER: Own wells

Actions implemented:

- Installation of cooling towers for reuse of water.
- Automation of cooling system and water recovery.

Result: Reduction by 71% in water consumption in comparison to consumption in 2009.





LA CAMPAGNOLA SAN MARTÍN FINCA EL PARAÍSO

LOCATION: San Martín, Mendoza
PRODUCTION: Peach farm
PROCEDENCE OF WATER: Water for irrigation distributed by the Irrigation Department (prior to improvement).

- Actions implemented:**
- Construction of a well.
 - Installation of a trickle irrigation system.

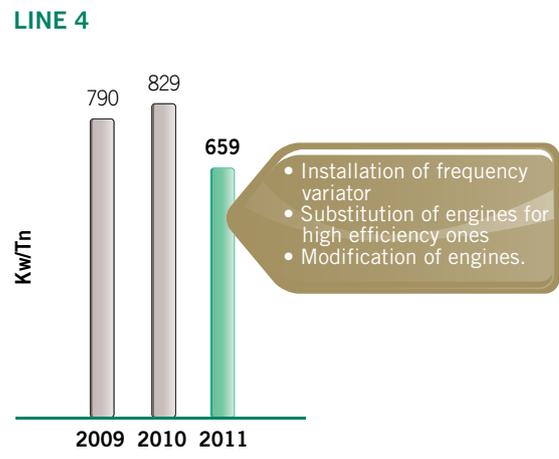
Result: Reduction by 35% in annual water consumption, 20% increase in harvest yield, 30% decrease in the use of fertilizers.



ELECTRICAL POWER SAVINGS IN BAGLEY VILLA MERCEDES KNEADING MACHINES

An improvement team determined which are the most critical sectors and pieces of equipment and decided to initially focus the analysis on line 4 (the least efficient of all) and on the 15 engines in the kneading machine sector, which represent 17% of the installed power. An objective was set to reduce electrical power consumption by 15% in this line. After implementing the actions, electrical power consumption in Line 4 was reduced by 20%. This decrease had an impact at the plant level producing a reduction in total electrical power consumption of approximately 1.6%.

The total investment for the improvements on Line 4 was 43,000 pesos and annual savings of 163,000 pesos is estimated in electrical power consumption and 24,000 pesos in maintenance.



Cookies Industrial Plant. Villa Mercedes in San Luis, Argentina.



IMPROVEMENTS IN THE WATER EXTRACTION SYSTEM IN THE ARROYITO COMPLEX

The water extraction system to supply the Arroyito Complex is made up of 4 deep water wells (1 reserve) and 3 other higher aquifer wells (1 not working). Two of the deep water wells are used to supply what is called filtered water, which is the greatest volume part of the extraction.

The Thermal Power Station personnel carried out a modification in the facilities for extracting and distributing water which allowed to optimize the pumping operation.

To date, water supply follows demand from the use of a command system made up of variable-speed drives, control valve and level transmitter located in the filtered water storage tank.

As a result, the consumption of electrical power was significantly reduced, and equipment operation and the use of drillings were optimized and are now favorable for conservation and useful life.

POWER CONSUMPTION FOR WATER EXTRACTION ²⁶

	Without improvement (theoretical calculation)	With improvement (actual situation 2011)
Specific Consumption (kW-h/m ³) of water extracted)	0.52	0.18
Electrical Power Consumption (kW-h/ month)	84,000	30,000



EFFICIENT USE OF PACKAGING IN BAGLEY ARGENTINA

Bagley Argentina's Development Area has been working on optimizing the use of primary and secondary packaging materials for several years through projects which include:

- Boxes: projects related to changes in presentation, change of materials, adjustment of dimensions and logistic improvements.
- Films and other primary packaging materials: the main improvements are in the reduction in the micronage and the reduction of packaging dimensions.
- Auxiliary materials: reduction in the consumption of stretch film and corner protectors.

In the last five years, numerous projects were carried out which allowed reducing the consumption of cardboard by barely less than 390 tons and of films by 94 tons.

In addition, several projects were carried out to reconfigure the pallets, which allows to transport a larger quantity of product in the same space, which results in savings in fuel and reduction of emissions. By implementing this kind of actions, in 2011 the quantity of product per pallet was increased by 26 % for Serranas Sandwich Crackers, by 40% for Porteñitas Cookies, and by 13% for Maná Rellenas Cookies.

The actions for the efficient use of packaging carried out in 2011 meant a profit of 2,578,000 pesos.



Cookies industrial plant, Salto, Buenos Aires, Argentina.

²⁶ Values obtained for a monthly extraction of 160,000 m³.

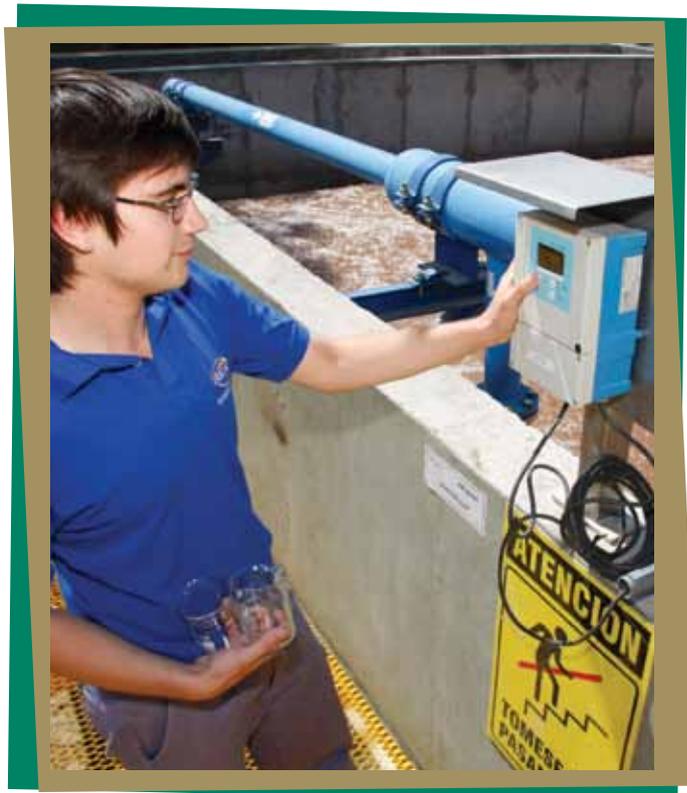
ORGANIC WASTE MANAGEMENT FRUTOS DE CUYO

The operations related to the processing of raw material of vegetal origin lead to the generation of solid waste which is called organic waste.

The deep analysis of the causes associated to the great amount of organic waste which was taken from the plant allowed to select the actions for improvement:

- Waste generation spots were removed.
- A filter was added to increase the total capacity to separate large solids in the liquid waste.
- Drains were fitted in containers.
- A press was installed to drain solids separated in liquid waste treatment units.

The direct result of the actions which were implemented was the reduction of the generation of organic waste and the resulting organic waste had less humidity and, therefore, less weight. This, in turn, made it possible to reuse the material to feed cattle and reduced the number of containers and of journeys to collect it.

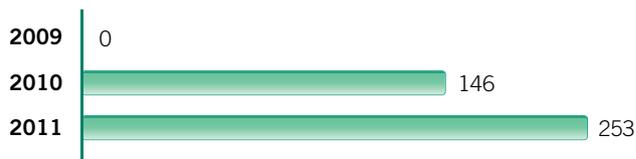


Effluents treatment plant, Villa Krause, San Juan, Argentina.

PRODUCTION OF ORGANIC WASTE (Kg/Ton produced)

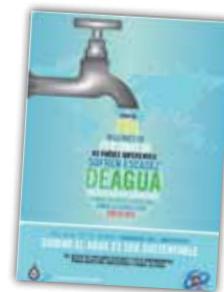


REUSED ORGANIC WASTE (Ton)



THE ENVIRONMENT WEEK

As every year, in commemoration of the World Environment Day, the Environment Week was celebrated in all the Group's plants in 2011. Under the slogan, "Looking after water is being sustainable", activities were carried out which involved collaborators, their families and communities.



ARCOR AND THE COMMUNITY



Santa Maria de Igarassu School. Pernambuco, Brazil.

“Promoting the comprehensive development of communities where we perform and helping with the sustainable development of the regions where we operate”.²⁷

Together promoting development

In 2011, more than 23 millions of pesos were invested and 14,205 organizations were articulated within the frame of Arcor Group Policy of Social Investment.

Children as main protagonists

The projects that have been developed by Arcor Group, the Foundation and the Institute helped improving the life conditions of 1,033,963 children and young people in Argentina, Brazil and Chile.

Projects that create opportunities

163 projects have been supported, including initiatives articulated within different communities to contribute creating educational opportunities for children.

²⁷ Source: Arcor Sustainability Policy, 2010.

The Arcor Group Policy of Social Investment has as its axis promoting the comprehensive development of the communities where the company performs, through education, the environment, citizen and community participation and economic and social inclusion.

This Policy orients social investment that the Group makes from the Foundation and the Arcor Institute together with the one that is developed directly in a corporate level, as well as the initiatives that take place within the frame of the Relationship with the community programme.

SOCIAL INVERSION

	YEAR 2011	YEAR 2010
Total Amount Assigned for Social Investment ²⁸	\$23,531,206	\$19,427,406
Donations of products	\$10,819,923	\$8,316,461
Money and materials contributions	\$5,203,137	\$4,354,516
Investment of Arcor Foundation and Arcor Brazil Institute ²⁹	\$7,508,146	\$6,756,429

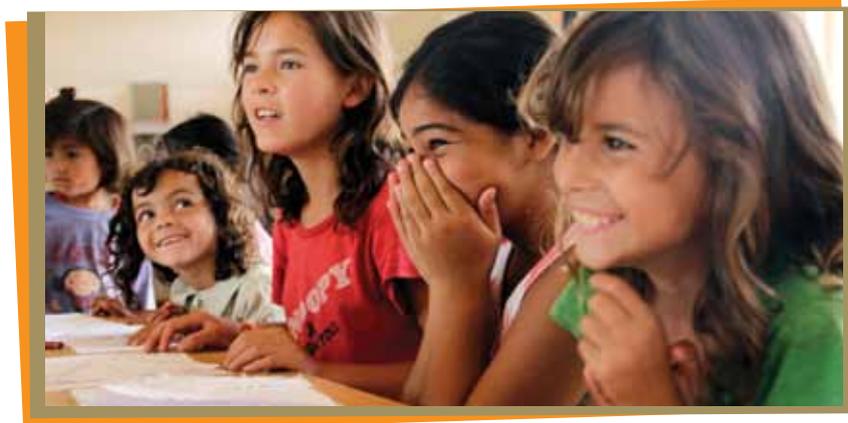
Relationship with the community Programme

Through the implementation of this Programme, Arcor is negotiating strategically, organically and efficiently all the actions developed by the Group plants in nearby communities. Besides, it articulates the initiatives made by the different corporate areas of the company related to social investment.

Local strategies for each community

For implementing the Programme, in each community, local committees will be held after making a community diagnosis. These committees have as their goal the design, the implementation and evaluation of the strategy and the plans of action that are at the same time, aligned with the sustainability components of the Group's business plans. At the moment, the Programme is held in 22 towns in Argentina and in 2011 the first local committee was created in Chile.

Three working days have been held for training the collaborators that take part in the local committees (100 people total) during this year, and four coaching meetings with the professional technician team. Besides, dialogue mechanisms have been strengthened with the community, opening the doors to the industrial bases to the neighbors of the area to receive young people from schools nearby and contacts with the community organizations and the local public organisms.



Center of children's development. Department of Pocito, San Juan, Argentina.

LOCAL STRATEGIES PER COMMUNITY OUTCOMES

	YEAR 2011	YEAR 2010
Constituted local committees	15	12
Collaborators participating directly	100	85
Community Diagnoses made	15	12
Community organizations involved	975	561
Programmes and implemented projects	15	14
Children and youngsters benefited	260,448	238,184
Adults benefited	8,500	4,242
MInvested Amount ³⁰	\$4,124,518	\$3,050,959

Corporate projects of social investment

During 2011, within the framework of the Relationships with the Community Programme, the company continued working, with different areas, specific projects to deal with key topics related to creating economic, environmental and social value, both for the company and for its communities nearby.

Within this frame, under the general coordination of the Programme, working groups have participated and they have worked with different areas

of the company (Human Resources, MAHPI, Logistics, Administration, Maintenance, Capital Security, Food Business, Suppliances, Packaging, Arcor Foundation, Working Medicine and Law). As a result, 15 projects have been implemented aligned with the bases of the Policy of Social Investment: six in Education, three related to the Environment, three regarding Citizen Participation and three under the axis of Economical and Social Inclusion.

²⁸ The figures are expressed in Argentinean pesos.

²⁹ Este monto es la contribución monetaria realizada por el Grupo Arcor a la Fundación Arcor e Instituto Arcor. No están considerados los aportes hechos por la empresa para cubrir costos de infraestructura, personal y funcionamiento de ambas organizaciones. A su vez, en 2011 se modificó la metodología utilizada para calcular este aporte al no tenerse en cuenta los fondos en alianzas y el monto total movilizado, como en años anteriores.

³⁰ La cifra está expresada en pesos argentinos y corresponde al total de aportes financieros y donaciones de productos realizados por las plantas con Comité Local conformado.

Bearing a comprehensive conception of childhood as a key stage in the development of human beings, Arcor foundation fosters the equality of opportunities of children's generation through education. In 2011, there has been a step forward in the four lines of actions working professionally and with long - term visions:

- **Territorial Initiatives:** the programmes Educating Communities, Community Strengthening and Local Educational Actions and the initiative Together for Education supported a total number of 42 projects in which 20,646 boys and girls, 6,596 adults and 208 organizations were involved.

- **Studies and Research:** seven research projects were produced and fostered, among which are highlighted: the Barometer of Social Debt of Childhood together with the Argentine Catholic University and Minetti Foundations and Telefonica; the Yearbook of Motherhood together with the Observatory Foundation of Motherhood the EduCometro, necessary tool to value educational opportunities in the community, giving a special mention in the frame of the Arcor National Prize to the Food Innovation, to research presented by the Biochemistry Department of the Faculty of Natural Sciences, National University of Patagonia, San Juan Bosco because of its highly social profile



Kindergarden 908. San Pedro, Buenos Aires, Argentina.

Fundación ARCOR

- **Coaching and training:** eight training alternatives were promoted and developed involving 717 organizations in 15 provinces, from which four training instances have been the most important ones held in towns with the presence of industrial plants of the Group articulated in the Relationship with the Community Programme, the Linguistic and Cognitive Children's Development Program in alliance with the Conicet and the Consejo General de Educación of Entre Ríos province and the initiative of "Del Derecho y del Revés", together with the Secretaría de Cultura de la Nación.

- **Social and Public Mobility:** its main goal is to reach different public and private actors of society to recreate the childhood space as a matter which interests everyone, in 2011 Arcor Foundation promoted 18 initiatives including the conferences "Towards equality educational opportunities in boys and girls" organized by the well - known Italian pedagogue Francesco Tonucci in Argentina and Chile and the Study over the distributive effects of Public Expenditure destined to childhood in the province of Salta, developed in alliance with Unicef and the National University of Salta.

ARCOR FOUNDATION	YEAR 2011	YEAR 2010
Financed Projects	75	84
Initiatives and research Project about education and childhood	7	8
Edited publications	14	14
Children as main protagonists of the projects	323,515	240,592
Adults that work in relation to the childhood topic	229,050 ³¹	47,532
Provinces covered with projects	17	18
Organizations involved	11,630	24,591
Invested amount ³²	\$2,661,096	\$2,863,761
Amount of mobility ³³	\$9,931,878	\$9,724,343

To read more information related to the initiatives developed by Arcor Foundation, please refer to Activity Report 2011 available in www.fundacionarcor.org

³¹ The increase in the participating adults is associated with the kinds of initiatives of public and social mobilization developed in the management period 2011.

³² The figures are expressed in Argentine pesos. It includes the total of funds administered by the Foundation, both its own and in alliance.

³³ The figures are expressed in Argentine pesos. It includes the total of its own resources in alliance and counterparts.

Arcor Brazil Institute: for children in the region

Since 2004, with their own programmes and in Alliance with other institutions, Arcor Brazil Institute implements initiatives to support education, comprehensive development and children and youngsters social inclusion.

During 2011, after a process of strategic planning for the period 2011 – 2015, the Institute's main objective has been redefined: "to build and consolidate an identity and an institutional image related to the children's and youngsters' cause promoting the educational initiatives of the community, from the rights perspective."

Besides, this year, the Institute started taking part in the National Net for the First Childhood and consolidated an Alliance with the organization Equality for the Childhood signing an arrangement with CIESPI (International Center of Studies and Research related to Childhood).

ARCOR BRAZIL INSTITUTE	YEAR 2011	YEAR 2010
Financed projects	65	37
Children as main protagonists of the projects	450,000	428,000
Organizations involved	1,600	1,460
Brazilian City Councils covered by the projects	220	220
Brazilian States covered by the projects	16	16
Invested amount ³⁴	\$ 3,637,120 (1,600,000 reales)	\$ 3,892,668 (1,647,819 reales)
Amount of mobility ³⁵	\$ 13,639,200 (6,000,000 reales)	\$3,590,696 (1,520,000 reales)

Among other initiatives developed, through the Programme "My School grows" 22 projects to improve learning in public schools, helping directly and indirectly 18,964 people in the states of São Paulo, Minas Gerais and Pernambuco. At the same time, within the frame "Sea Friends Programme" 280,000 public school students in 16 states and 530 Brazilian city councils participated in the eight edition of the Environmental Education

Prize and training instances have been held to teachers so that they can be multipliers in their schools regarding the importance of protecting water and biodiversity. Finally, it is important to mention the renewing of the cooperation treaty signed with the C&A Institute to create and maximize opportunities that enable comprehensive education and improve the quality life of children whose families have little means of support.

To read more information related to the initiatives developed by Arcor Brazil Institute, please visit the web site in www.institutoarcor.org.br



Professor Haydee Marçal Serbin, Municipal school, Bragança Paulista, San Pablo, Brazil.

Instituto **ARCOR** Brasil

³⁴ The figures are expressed in Argentinean pesos including the funds administer by the Institute both their own and their alliances.

³⁵ The figures are expressed in Argentinean pesos including the total of own resources, from the alliances and from counterparts.

This publication is a summarized version of Arcor Group's 2011 Sustainability Report which was prepared in conformity with the guidelines in GRI G3, reaching a C Application Level.

The full version of this Report
Is available on the
corporate website
www.arcor.com

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