

SUSTAINABILITY REPORT

2015



NOURISHING BONDS
FOR DEVELOPMENT



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MESSAGE FROM THE PRESIDENT

Once again, I am proud to share with you Arcor Group's Sustainability Report.

We believe that only through trustworthy human relations lies the possibility to grow. Our products create opportunities to foster bonds between people. For this reason, we work every day to strengthen the relationships with stakeholders, reporting in a transparent manner, listening and providing feedback to management in order to respond to their expectations.

Within this framework of transparency and open dialogue, the annual publication of the Sustainability Report is an excellent opportunity to share the progress made concerning the business sustainable management, also thinking about the long way we have gone and the challenges ahead of us. It also allows us to declare our commitment to the United Nations Global Compact, and inform about the 10 principles on human rights, labor rights, the environment and anti-corruption.

This was a year of big changes in the local political scenario and in the global sustainability agenda. The new 2030 Agenda for Sustainable Development was approved and 17 goals were established to reduce poverty and inequality and to promote sustainable and inclusive development, making an explicit call to companies to use their creativity and innovation to solve these challenges. Also, a historic agreement to combat climate change was signed. Together with the UN Sustainable Development Goals, the new Paris Agreement will shape the global development agenda for the coming decades.

It is in the light of this agenda that we must reaffirm the commitment to continue innovating, collaborating and working to ensure a sustainable development.

Finally, I would like to highlight the third strategic sustainability planning cycle carried out in 2015 for the purpose of determining a set of elements that will guide the Company's sustainable management in the next years. In



order to increase Arcor Group's corporate value through the sustainable business governance and management, the 2016-2020 strategy materializes in three components: sustainable identity, operational continuity and demand growth.

We are convinced that this way of doing business will continue fostering the Group's leadership, and will help us be prepared to face the sustainable competitiveness challenges and opportunities of the future. I invite you to read our eleventh Sustainability Report and to come together to contribute, among all, to protect tomorrow's world today.

A handwritten signature in black ink, appearing to be 'Luis A. Pagani'. The signature is stylized and fluid, written over a horizontal line.

Luis A. Pagani
Arcor Group's President

MESSAGE FROM THE CORPORATE SUSTAINABILITY MANAGER



In 2015, Arcor continued making progress on the challenges and goals set to integrate sustainability into the business strategy, in the people's performance and in the management system.

A total of 840 sustainability initiatives were included in the operational plans of the Group's business, supplemented by 14 corporate projects led by the Sustainability Committee. In turn, 780 employees from the managerial and senior levels set specific sustainability goals and for the first time this year, 1,598 employees were covered by divisional goals related to the issue. It is worth noting the progress made as regards the Sustainability Scorecard, a platform that currently reflects the evolution of 38 key indicators of the past 4 years.

Throughout the year, Arcor continued working together with its stakeholders. Inside the organization, progress was made on the Gender Equality and Work Inclusion of Persons with Disabilities projects, and the initiatives to improve the organizational work environment and people's well-being.

Also, concrete results regarding the value chain were achieved: ARS 3,961,190 in responsible inclusive purchases, the inclusive business program in Chile, the sustainability and

business quality index for suppliers, 68 sustainability initiatives in logistics operations and the progress made regarding the Sustainable Agriculture Program.

As part of its commitment to active life and healthy nutrition, Arcor Group complied with the goals set to reduce trans fat and sodium content in the Group's products and launched new "food with special characteristics" for nutritional and well-being benefits.

This year, dialogue with the communities was also driven through a perception study conducted in 12 towns in Argentina. The study, together with the Company-Community Impact Matrix, will help assess the impacts of the industrial operation on the communities where the Group's facilities are located.

The environmental care is a key focal point of the Group's sustainable management, and the Group continued working on initiatives for the rational use of water, packaging, and energy efficiency and minimizing the impact on global climate change. In addition, through the Ser Parte (Being a Part) environmental training program we want to invite the communities to join us in our commitment to the environment,

reaching 6,000 children this year, who were trained as environmental promoters.

In this regard, humility and learning attitude will continue to be essential in order to listen, share good practices, educate and work jointly with different stakeholders and organizations.

We are grateful to all the employees who made this publication possible and that we hope will continue to strengthen the dialogue with all those with whom we have a relationship. We will be pleased to receive your suggestions so that we can continue improving our management and accountability in the future.

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

Claudio Giomi
Corporate Sustainability Manager



SUSTAINABLE MANAGEMENT HIGHLIGHTS FOR 2015

GENERAL COMMITMENT TO SUSTAINABLE DEVELOPMENT

- 840 sustainability initiatives were included in operational plans.

- 14 corporate projects led by the Sustainability Committee.

- 780 employees from management levels set individual sustainability goals.

- 1,598 employees covered by divisional sustainability goals.

- Launch of the Sustainability Scorecard, which reflects the evolution of 38 indicators of the past 4 years.

- 11,578 people in the value chain received training in sustainability.

- Dialogue with 4,455 consumers through sustainability surveys conducted in Brazil.

- Development of the REconocer (REcognize) Program: Sustainability and Business Quality Index for Suppliers.

- 100% of agreements entered into with outsourced suppliers include as a requirement that suppliers are approved with regard to quality and social, economic and environmental aspects.

- Sustainable Agriculture Program focused on: cereals, sugar, fruit and vegetables, fats and oils, cocoa, fish and milk.

- 19 community relations committees in Argentina and Chile.

- Design of a company-community impact matrix.

- Perception studies in 12 communities.

- Creation of Arcor Foundation in Chile.

- ARS 78,385,132 allocated to social Investment.

- 97,387 children benefited from 127 social investment projects in childhood.

- 1,711,600 kg of products donated to over 3,000 organizations in Argentina, Brazil and Chile.

- 6,000 children trained through the Ser Parte (Being a Part) Environmental Training Program.



RESPECT FOR AND PROTECTION OF HUMAN AND LABOR RIGHTS

- Launch of the Policy on Commitment towards the Children's Rights.
- 133 persons with disabilities included in the work team in Argentina, Brazil and Chile.
- 74 young people carried out internships for secondary school students as part of the Relationship with Technical Schools Program.
- 50% of women included in the Young Professionals Program.

- Implementation of a breast pumping room for female employees who have given birth.
- Hiring of local suppliers in 96% of operations.
- 79% of employees hired to render surveillance services received training in sustainability and human rights.
- 5,092 suppliers in Argentina signed the Letter of Adherence to the Guiding Principles for a Responsible Management.

- Participation of 305 children of fruit and vegetable harvesters in 17 Child Development Centers under the framework of the project against child labor.
- Signature of 55 Addenda to Business Contracts whereby producers commit to eradicate child labor in their production activities.
- Development of responsible inclusive purchases for ARS 3,961,190 in Argentina and Chile.
- 130 neighborhood grocery stores have taken part in the inclusive business project since 2013.



ACTIVE LIFE AND HEALTHY NUTRITION

- 96% of the suppliers of the Group's supplies and productive materials have been qualified in terms of food safety and quality.
- 614 food safety and quality audits were made in the supply chain.
- 85.6% of units manufactured by the Group come from plants that bear the BRC certification.
- Creation of the Corporate Healthy Life Habits and Nutrition Committee.

- Over 90% of the goals set to reduce trans fat and sodium content were met.
- Agreements with health authorities to reduce sodium in Argentina and Brazil.
- Approach to the sugar issue from a nutritional, technological, economic and media standpoint.
- Launch of "food with special characteristics" for nutritional and well-being benefits.

- 229 gluten-free products were approved by the health authority.
- 1,587 product presentations included the GDA (Guide of Daily Amounts) system in their package labels.
- 133 initiatives related to the promotion of Healthy Life Habits were carried out by Arcor Group.
- 47 projects supported for schools at 13 communities in Argentina, Brazil and Chile under the framework of the Escuela en movimiento (School in Motion) program.



ENERGY EFFICIENCY AND MINIMIZING IMPACT ON THE GLOBAL CLIMATE CHANGE

- GHG Inventory at all Arcor Group's plants in Argentina and Chile.
- 39% of total electric power used comes from renewable sources.
- 85% of recycled waste at the primary transformation and mass consumption plants.



RATIONAL USE OF WATER

- 89 initiatives for the rational use of water were included in the operating plans of the Group's businesses.
- Investments amounting to USD 5,440,000 were made in infrastructure for the treatment of liquid effluents.



RATIONAL USE OF PACKAGING

- Sustainable Paper Supply Policy.
- FSC Certification at Cartocor Argentina's four plants.
- 82% of the paper used in boxes and corrugated cardboard dividers and card boxes at mass consumption plants came from sustainable sources.
- Assessment of the environmental performance of product packaging.





A SUSTAINABLE COMPANY



A COMPANY THAT LOOKS TO THE FUTURE



Arcor was founded in 1951 in the city of Arroyito, Córdoba (Argentina), with a view to manufacturing quality food products at the right price for consumers from all over the world.

With a sustained growth, the Company consolidated into an industrial group specialized in the production of food, confectionery, cookies and crackers, chocolates and ice-creams.

By managing business in a sustainable manner, today Arcor is the Argentine group with the highest number of open markets around the world, distributing products to more than 120 countries in the five continents.

ARCOR GROUP TODAY

21,000
EMPLOYEES

1st

EXPORTER OF CONFECTIONERY
IN ARGENTINA, BRAZIL, CHILE AND PERU

40
INDUSTRIAL
PLANTS
IN LATIN AMERICA

135,000 TONS
OF SUGAR EVERY YEAR

MAIN FOOD
COMPANY IN ARGENTINA

MORE THAN 989,000
POINTS OF SALE IN THE REGION

COMPREHENSIVE MANAGEMENT
SYSTEM CERTIFICATIONS:
39 ISO 14001 AND
30 OHSAS 18001

EXPORTS TO MORE THAN
120 COUNTRIES

MORE THAN 10 MILLION
PEOPLE CONNECTED THROUGH THE SOCIAL NETWORKS

MORE THAN ARS 78 MILLION
IN SOCIAL INVESTMENT

1st

GLOBAL MANUFACTURER
OF CANDIES

19

DISTRIBUTION
CENTERS
THROUGHOUT
LATIN AMERICA

MANUFACTURES THE PACKAGING OF ITS OWN PRODUCTS
AND IS THE ARGENTINE LEADER
IN CORRUGATED CARDBOARD PRODUCTION

USD 3.2
BILLION IN SALES

PRODUCES 75,000
LITERS OF MILK

LEADING COOKIE,
ALFAJOR AND CEREAL
COMPANY IN THE REGION

11
COMMERCIAL OFFICES
DISTRIBUTED IN AMERICA, EUROPE AND ASIA

ARCOR AROUND THE WORLD



Commercial Offices

SOUTH AMERICA

UNIDAL VENEZUELA S.A. Caracas, Venezuela (2005)
INDUSTRIA DOS EN UNO DE COLOMBIA LTD. Bogotá, Colombia (1998)

UNIDAL ECUADOR S.A. Guayaquil, Ecuador (1998)
ARCOR ALIMENTOS BOLIVIA S.A. Santa Cruz de la Sierra, Bolivia (2004)
ARCORPAR S.A. Asunción, Paraguay (1976)

VAN DAM S.A. Montevideo, Uruguay (1979)
GAP REGIONAL SERVICES S.A. Montevideo, Uruguay (2008)
ARCOR S.A.I.C. Buenos Aires, Argentina (Headquarters)
ARCOR S.A.I.C. Córdoba, Argentina (Headquarters)

NORTH AMERICA

ARCOR USA INC. Miami, USA (1993)
UNIDAL MÉXICO S.A. de C.V. Mexico City, Mexico (2000)

EUROPE

ARCOR A.G. (S.A. LTD.) BRANCH IN SPAIN. Barcelona, Spain (2002)

ASIA

ARCOR TRADING (SHANGHAI) CO., LTD. Shanghai, China (2006)

Industrial Plants

ARGENTINA

Buenos Aires

Arcor S.A.I.C., San Pedro (1979)
Bagley S.A., Salto (1995)
Cartocor S.A. (Plant 1), Luján (1997)
Cartocor S.A. (Plant 2), Luján (2012)
Converflex Argentina S.A., Luján (2004)
La Campagnola S.A.C.I., Mar del Plata (2006)

Río Negro

La Campagnola S.A.C.I., Choele Choel (2006)

Entre Ríos

Cartocor S.A., Paraná (1980)

Catamarca

Arcor S.A.I.C., Recreo (1988)
Arcor S.A.I.C., Recreo (1988)
Arcor S.A.I.C., Recreo (1988)

Tucumán

Arcor S.A.I.C., La Reducción (1972)
Arcor S.A.I.C., La Reducción (1975)
Arcor S.A.I.C., Río Seco (1994)

Mendoza

La Campagnola S.A.C.I., San Rafael (1972)

La Campagnola S.A.C.I., San Martín (2006)

San Juan

La Campagnola S.A.C.I., Villa Krause (1985)

Córdoba

Arcor S.A.I.C., Arroyito (1951)
Cartocor S.A., Arroyito (1954)
Arcor S.A.I.C., Arroyito (1958)
Converflex Argentina S.A., Villa del Totoral (1979)
Bagley S.A., Villa del Totoral (1975)
Arcor S.A.I.C., Arroyito (1994)
Arcor S.A.I.C., Colonia Caroya (1994)
Bagley S.A., Córdoba (1997)
Arcor S.A.I.C., Arroyito (2015)

San Luis

La Campagnola S.A.C.I., Villa Mercedes (1987)
Converflex S.A., Villa Mercedes (1987)
Arcor S.A.I.C., San Luis (1998)
Bagley S.A., Villa Mercedes (2005)

BRAZIL

Arcor do Brasil LTDA., Rio das Pedras, São Paulo (1981)

Arcor do Brasil LTDA., Bragança Paulista, São Paulo (1999)

Bagley do Brasil Alimentos LTDA., Campinas, São Paulo (2005)

Bagley do Brasil Alimentos LTDA., Contagem, Minas Gerais (2005)

Arcor do Brasil LTDA., Recife, Pernambuco (2007)

CHILE

Industria de Alimentos Dos en Uno S.A. (Bicentenario Plant), Santiago de Chile (2015)
Bagley Chile S.A. (Cerrillos), Santiago de Chile (1998)

Cartocor Chile S.A., San Francisco de Mostazal, O'Higgins (2007)

MEXICO

Mundo Dulce S.A. de C.V., Toluca, Mexico (2008)

PERU

Arcor de Perú S.A., Chancay, Huaral (1996)



OUR BUSINESS

Arcor Group specializes in the manufacture of food products for mass consumption. Through its confectionery, chocolate, ice-cream, food and cookies and crackers businesses, it seeks to provide an exclusive offer with constant innovation and a large portfolio of brands. To meet all these requirements, the Company is vertically integrated concerning the manufacture of its strategic supplies: agro-industrial raw materials and packaging (product packaging, corrugated cardboard and flexible cardboard).

CONFECTIONERY

The confectionery business is the one that gave rise to the Company. Nowadays, Arcor is the major company in the region concerning productive capacity, production volume, sales and brand development. It has a wide range of confectionery products, among which the following stand out: candies (filled, hard, sour, crystal, and soft), milk candies, gummy candies, lollipops in different shapes, chewing gum (sugar-free or not), bubble gum, jellies, nougat candies (*turrone*), tablets and marshmallows.





CHOCOLATES

Arcor has been taking part in the Chocolate Business since 1970, and it now has seven industrial units in Latin America which meet the Group's needs all over the world. It produces a wide range of chocolate products, namely: bonbons and bite-size chocolates, tablets, sugar-coated, baking chocolate and pastry products, chocolate for children, chocolate-coated wafers, chocolate bars and seasonal products for relevant dates such as Easter, Halloween and Christmas, among others.



ICE-CREAM

Arcor's activity in the impulse ice-cream market was another strategic challenge that started in 2005, turning consumers' favorite chocolate and confectionery products into ice-cream. The Company produces sundaes, cones, popsicles, chocolate-coated ice-creams and frozen bonbons.





FOOD



Arcor Group is the main food company in Argentina. It has 7 industrial plants that work making a careful selection of raw materials and using advanced technological processes. The Food Division is involved in more than 12 food categories, including the following: marmalades, solid sweets, sauces, tomatoes, canned vegetables and fruits, desserts, canned fish, beverages, premixes, polenta, dressings, *dulce de leche* (caramel spread), oils, among others.



COOKIES AND CRACKERS

Through Bagley Latinoamérica S.A., the company created with Danone Group for the cookies and crackers, *alfajores* and cereals business in Latin America, Arcor is one of the leading companies in the region. The Company has eight production plants, and launches into the market more than 40 new products every year, such as the following: cereals, snacks, crackers, cereal cookies, assorted cookies, filled cookies, sweet dry cookies, Christmas products, wafers, *alfajores* and cereal bars.





AGRI-BUSINESS

Since its beginnings, Arcor has been committed to providing consumers with the best quality. To accomplish that, it has implemented an important self-supply strategy with regard to its main raw materials, being vertical integration one of its major strengths. In adherence to this principle, nowadays the Group produces fructose, glucose, sugar, corn starch, corn flour and semolina, in five production units in Argentina. Furthermore, it is one of the Argentine leaders in producing grain ethyl alcohol and milk, with seven industrial dairy farms and 2,900 dairy cows.



PACKAGING

Arcor Group is self-sufficient concerning the main strategic supplies, producing corrugated cardboard and flexible cardboard packages through Cartocor, an Arcor Group's company with nine production units that consolidated itself as the main manufacturer of corrugated cardboard in Argentina and as one of the leaders in the region. Out of the overall production, only 10% is used to meet the needs of Arcor Group, while the remaining 90% is used to meet the needs of third parties, supplying major companies throughout the region.

Under the Converflex brand it produces flexible packages, a strategic supply for Arcor since it enables the Company to create its own packaging for its products. Converflex has become an important referent in the region in the flexible packaging conversion industry.



For further information, please refer to www.arcor.com





CERTIFIED INDUSTRIAL PROCESS

All of the Group's industrial operations are framed within the Comprehensive Management System (SGI, as per its initials in Spanish), a tool designed for Arcor to achieve, maintain and improve the results that ensure the level of competitiveness required by the global market. By virtue of the SGI, the Group has continued to certify its production units under Quality Management (ISO 9001), Environmental Management (ISO 14001), Occupational Health and Safety Management (OHSAS 18001) and Food Safety (BRC) international standards.

In 2015, great progress was made in consolidating the SGI into the main tool to manage the Group's operations:

- In order to continuously systematize, standardize and improve logistics processes and thus ensure the level of competitiveness required by the global market, the Company moved forward on the implementation in all the logistics areas in Argentina, the expansion in Brazil and the definition of a plan in Chile.
- The Company consolidated a corporate-level agreement with the certifying body DNV, reaching, this year, 100% of the Group's certifications, including the FSC certification for sustainable paper supply of Cartocor in Argentina.

For further information, please refer to the certifications chart at the end of the Report.



ECONOMIC PERFORMANCE

By the end of 2015, Arcor Group recorded a 14.5% increase in sales in comparison to the previous year. Income for fiscal year 2015 attributable to the Company's shareholders, which amount to ARS 327.3 million, is the result of the strategies adopted, which took into account the specific situation of each of the countries where the Group carries out operations.

MAIN ECONOMIC AND FINANCIAL INDICATORS ¹	YEAR 2015	YEAR 2014
NET SALES	27,553.5	24,059.8
Marketing and Administrative Expenses	6,748.7	6,000.6
Salaries, Wages and Social Security Contributions	6,886.9	5,518.1
Investment in Property, Plant and Equipment and Other Assets	750.3	1,240.2
EBITDA	3,165.7	2,506.2
TOTAL TAXES ²	1,427.8	1,140.8
Direct Taxes	652.4	529.7
Taxes, Rates and Contributions	89.0	80.4
Income Tax ³	686.4	530.7
NET INCOME FOR THE FISCAL YEAR	327.3	251.9
PAYMENT TO SUPPLIERS FROM THE AUTONOMOUS CITY OF BUENOS AIRES (CABA)	1,169.5	1,164.9
TOTAL CAPITALIZATION ⁴	10,813.7	8,872.6
Shareholders' Equity	3,696.7	3,189.8
Non-current Loans	4,059.7	3,715.8
Current Loans	3,057.3	1,967.0

(Figures stated in millions of Argentine pesos)

For further information, please refer to Arcor Group's 2015 Annual Report, available www.arcor.com

¹ All figures are stated in Argentine pesos, unless otherwise indicated.

² Breakdown of taxes per country (in millions of Argentine pesos): Argentina 1,318.1 - Bolivia 9 - Brazil 32.1 - Canada 0.4 - Chile 18.2 - China 0.2 - Colombia 2.3 - Ecuador 2.1 - Spain 24.6 - United States 0.1 - Mexico 7.7 - Paraguay 2.9 - Peru 11.3 - Uruguay 0.5 - Venezuela 0.1.

³ It includes deferred taxes.

⁴ It includes Shareholders' Equity and the Group's total Financial Loans.

MILESTONES FOR THE YEAR

Opening of the Bicentenario Plant in Chile

With an investment of ARS 70 million, Arcor Group opened the Bicentenario Plant located in the town of Cerrillos, Santiago, for the production of dragées, chewing gums and chocolates. In an area of 21,000 square meters, through 16 production lines, and with a staff of 820 workers, the plant reaches a capacity of 31,000 annual tons. Among the technology

innovations used to meet Arcor's sustainability criteria, the following stand out: a LED lightning system, and the implementation of a Comprehensive Management System that establishes guidelines for the environment, food safety and working conditions that go beyond legal requirements.



Agreement with Mastellone Hermanos

This year, Arcor Group signed a historic agreement with Mastellone, the leading producer and vendor of dairy products in Argentina with over 85 years of history. This agreement is a significant step forward as regards the addition of new businesses, consolidating the Group as one of the strongest in the country. Furthermore, it implies the coming together of the largest Argentine companies to jointly address the challenges ahead.



Creation of Arcor Foundation in Chile

As a concrete expression of Arcor Group's commitment to the communities where it is present, Arcor Foundation Chile was created in 2015. Its mission, as that of its counterparts in Argentina and Brazil, is to contribute to the transformation of education into a tool of equal opportunities for children, focused on two

core issues: early childhood and active life promotion. In this way, the Group consolidates its social investment strategy at regional level, and formalizes and strengthens the initiatives the Company had already been carrying out for the benefit of children in sectors of social vulnerability.



New Corn Wet Milling Plant

With a corn milling capacity of 600 tons per day, a new processing plant located in the Arroyito Industrial Complex, province of Córdoba, began operating. The new facilities are added to the already existing corn wet milling plants in Misky, province of Tucumán, and

Arroyito, increasing the milling capacity by 80%, and are primarily engaged in manufacturing glucose and fructose to supply third party customers. As part of Arcor's commitment to the environment, a large part of the investment was for the purchase of state-of-

the-art equipment that reduces power consumption and improves the waste treatment system.



Águila's 135th Anniversary

To celebrate the anniversary, different actions were carried out, including the following: redesign of the logotype, launch of a special edition of Águila tablets with a packaging that recreates the 50's and 60's aesthetics of the brand, design of exclusive material for the points of sale, social media contests for consumers, video recipes on YouTube, launch on Instagram and a new TV commercial.



Arcor's 25th Anniversary in Bolivia

Arcor Group celebrated 25 years in the Bolivian market, being one of the 10 leading food companies locally. It is present with a total portfolio exceeding 400 products, among which Bon o Bon, Cofler, Topline, Poosh, Mogul, Hogareñas, Serranitas, Rex, Blow, Rocklets and BC stand out.

Canned Food Campaign

In order to demystify false beliefs on canned food, Arcor developed a strategy to emphasize the advantages of a safe practical and sustainable packaging that allows retaining food's nutritional properties without added preservatives. In partnership with other organizations, a press campaign was launched with the slogan "Si viene en lata, es bueno" (If It Comes in a Can, It's Good), and a communication campaign with the message "Para mantener lo mejor adentro, también ponemos lo mejor afuera" (To Keep the Best Inside, We also Put the Best Outside).



NEW CORPORATE PHILOSOPHY

VISION

To be the leading food and confectionery company in Latin America, as well as in the international market, and be recognized for our sustainable practices and our ability to venture into new businesses.

MISSION

To provide people all over the world with the opportunity to enjoy delicious and healthy food and confectionery products of high quality that will turn their everyday life into magical moments of gatherings and celebrations.

This year the Group reformulated its Corporate Philosophy to reflect the Company's strategic goals, express the current context and language, be relevant to the whole organization globally and be credible and inspiring.

DIVERSITY

We are convinced that diversity enriches our understanding of the world. That is why we promote a diverse internal culture in which the fusion of different views, opinions and perspectives are an opportunity to grow.

HUMAN RELATIONS

We believe that only through trustworthy human relations lies the possibility to grow. Therefore, we foster a collaborative and close work environment within the company and towards the community where our employees develop their daily activities.

VALUES

INTEGRITY

We obtain results through transparent, coherent and responsible behavior.

ENTREPRENEURIAL ENVIRONMENT

We promote an environment that encourages innovative thinking and boosts new initiatives amongst our team members while optimizing the available resources and investments. We recognize and value teamwork, theoretical and practical knowledge and intuition gained through experience.



PROXIMITY AND COMMITMENT TO THE VALUE CHAIN

We are closely committed to the entire value chain, which includes our suppliers, employees and shareholders as well as our clients, consumers and the general community. We are convinced that growth can only be achieved if we all grow together.



• VALERIA ABADI •
Corporate Institutional Communications Manager

“In the last years, Arcor has been growing, evolving and expanding into new categories and businesses. At the same time, the context has been changing, getting more competitive and challenging. Faced with this new scenario, as a Company, we feel the need to review our Corporate Philosophy. In line with our DNA, we introduced our new Mission, Vision and Values to reflect the Company’s strategic goals and inspire everyone at Arcor to have new dreams.”



CODE OF ETHICS AND CONDUCT

Arcor Group's Code of Ethics and Conduct sets forth the Values, Ethical Principles and Rules of Conduct that guide the actions of all employees. The Code is distributed to all the people who are part of Arcor, and is available on the Intranet in conjunction with e-learning training that explains its contents.

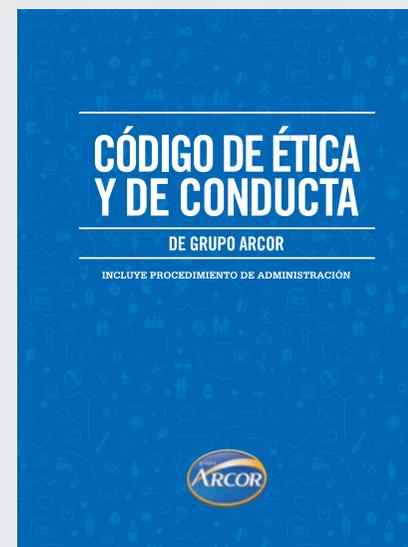
In addition, the Group has an Ethics and Conduct Committee, which is a body appointed by the Company's Board of Directors to resolve any dispute in regard to the contents of the Code.

During 2015, this Committee met 10 times in order to deal with different issues related to the Code, including the analysis and resolution of the 56 reports and queries received through the

Ethics Line administered by the Internal Audit Management Division and available to Arcor's employees, suppliers and customers.

In turn, 3,951 Conflict-of-Interest Statements were received, 46 of which stated there was some situation to inform. These were analyzed and solved by the Ethics and Conduct Committee.

In 2016, direct access to the Ethics Line through ArcorBuy website was established for the Group's current and potential suppliers to make inquiries or file a report by email.



SUSTAINABILITY STRATEGY

In 2015, Arcor Group carried out the third strategic sustainability planning cycle for the purpose of determining the set of elements that will guide the Company's sustainable management for the 2016-2020 period. This process was developed in three stages, including an internal and external analysis and diagnosis of the situation, the definition of strategic guidelines and finally the determination of the strategy and action plan components for the next years.

In order to increase Arcor Group's corporate value through the sustainable business governance and management, the sustainability strategy defined for the 2016-2020 period materializes in three components: sustainable identity, operational continuity and demand growth.





• CECILIA RENA •
Corporate Sustainability Strategy Manager

“Sustainable identity, operational efficiency and demand growth will be the three pillars for the 2016–2020 sustainability strategy. This is what the Company’s Sustainability Committee defined as a result of the third strategic planning cycle carried out in 2015. The purpose: sustainability as a corporate value. In short: Arcor is worth more if it is sustainable.”



3RD STRATEGIC SUSTAINABILITY PLANNING CYCLE

PHASE 1 ○

ANALYSIS OF THE CURRENT SITUATION

- Self-diagnosis workshop with 38 employees from management levels, using PLARSE (Latin American Program for Corporate Social Responsibility) indicators.
- 13 interviews with the Company's CEOs and senior managers.
- Analysis of the evolution of the Sustainability Scorecard indicators.
- Report on global and regional sustainability trends.

PHASE 2 ○

STRATEGIC GUIDELINES

- Workshop with the Sustainability Committee.
- Analysis of the internal and external context, and definition of focus and guidelines.

PHASE 3 ○

STRATEGY AND ACTION PLAN

- Determination of the strategy pillars and action plan components.
- Preparation of document and final approval by Arcor's Sustainability Committee.

2016-2020 SUSTAINABILITY STRATEGY

GENERAL PURPOSE

Increase Arcor Group's corporate value through the sustainable business governance and management.

STRATEGY COMPONENTS

• Sustainable Identity

Strengthen the sustainable identity, based on the values and culture as differentiating elements.

• Operational Continuity

Ensure the operational continuity through a sustainable business management.

• Demand Growth

Contribute to the demand's growth through sustainable bonds.

ARCOR'S SUSTAINABILITY POLICY

The economic development should be aligned with the welfare and social inclusion, and the environment appreciation and protection. Therefore, we have undertaken a general commitment and five specific commitments towards the most significant and priority issues for our business.



General Commitment



Active Life and Healthy Nutrition



Rational Use of Packaging



Rational Use of Packaging



Respect for and Protection of Human and Labor Rights



Energy Efficiency and Minimizing Impact on the Global Climate Change

For further information, please refer to www.arcor.com



In addition, throughout the year, Arcor continued with the plan set in the 2013-2015 Sustainability Strategy, making progress on the challenges and goals set to integrate sustainability into the business strategy, in the people's performance and in the management system.



SUSTAINABILITY IN THE BUSINESS STRATEGY

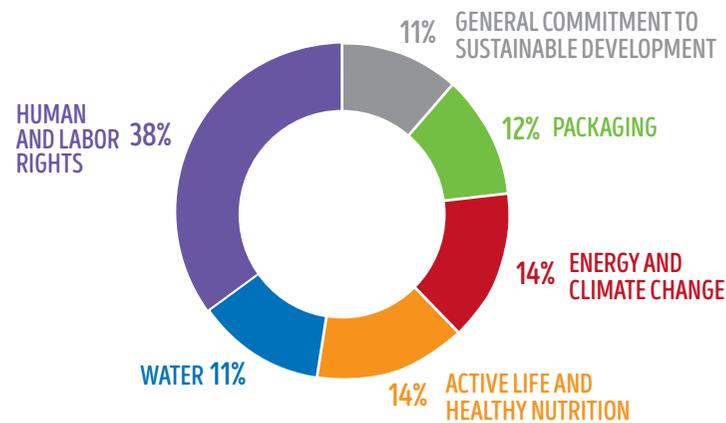
The Company's Sustainability Plan is made up of the initiatives included in the operational plans (POS, as per its initials in Spanish) of the Group's business and the corporate projects led by Arcor's Sustainability Committee.



In 2015, 840 sustainability initiatives were included in the POS.

The chart below shows the distribution of these initiatives pursuant to the specific commitments of Arcor's Sustainability Policy.

DISTRIBUTION OF INITIATIVES PURSUANT TO THE COMMITMENT OF ARCOR'S SUSTAINABILITY POLICY



Throughout the Report, indicators that are part of the Sustainability Scorecard have been identified with this symbol.

In order to include the sustainability component in each of the operational plans, the Group has a systematized process that allows monitoring advances and identifying opportunities for improvement. This process includes:

- Planning guidelines,
- Feedback meetings and analysis of plans with each business unit,
- Two follow-up cycles to assess compliance with the plans and to measure results.

This year, all business units updated their risk matrices and sustainability opportunities, which were used to prepare the plans. At the feedback meetings the Sustainability Scorecard indicators were also used as a monitoring tool for each business unit.

The sustainability initiatives included in the POS were supplemented with 14 corporate projects led by the Sustainability Committee, such as: the Energy Efficiency Program, the Corporate Sustainable Paper Supply Policy, the Nutritional Platform, the Healthy Lifestyle Habits Project, the Sustainable Agriculture Program, the Company and Childhood Project, the Sustainability and Business Quality Index and the Suppliers Sustainability Index, the Gender Equality and Work Inclusion of Persons with Disabilities projects and the Ergonomics Program.

SUSTAINABILITY IN PEOPLE'S PERFORMANCE

 In turn, sustainability continued to be included in the Performance Management System (SGD, as per its initials in Spanish) at the whole Group's managerial and senior levels. Accordingly, a total of 780 employees set their specific goals, committing to contributing from their work area for Arcor to be a sustainable company. Moreover, this year a pilot test

was implemented, whereby six businesses of the Company defined divisional goals related to sustainability, the scope of which was broadened to over 37% of the employees covered by the Performance Management System (SGD, as per its initials in Spanish) throughout the Group.

For further information, please refer to the Section entitled Employees.



SUSTAINABILITY IN THE MANAGEMENT SYSTEM

The Corporate Sustainability Committee, the Sustainability Committees in Chile and Brazil, and the Corporate Sustainability Management Division, are part of the management and governance system of the Company, reporting to the highest management authority.

In 2015, these committees met periodically; the Corporate Sustainability Committee led the strategic planning process developed this year, and the Sustainability Committees in Chile and Brazil continued defining priorities within the local context and carrying out the follow-up of their business' sustainability plan.

In turn, Committee meetings were useful to keep committee members up to date through lectures on the issue given by third-party referents.

 Additionally, the Sustainability Scorecard platform was started up, a scorecard to measure and report systematically and at corporate level Arcor Group's progress on compliance with its Sustainability Strategy. This year, the Company worked on the improvement of the scorecard visual displays. The scorecard already has data on the evolution of 38 indicators of the past 4 years of operation.

THE NEW SUSTAINABILITY AGENDA AND A VIEW ON ARCOR

INTERVIEW WITH SEBASTIÁN BIGORITO

CEO of Consejo Empresario Argentino para el Desarrollo Sostenible (CEADS) (Argentine Business Council for Sustainable Development)



Within the framework of the launch of a new global sustainability agenda and the new 2016-2020 Sustainability Strategy of the Arcor Group, the CEO of the CEADS reflects on the current context and the opportunities and challenges ahead.

¿WHAT GREAT CHALLENGES DOES THE CURRENT GLOBAL CONTEXT PRESENT TO COMPANIES?

The climate in these times can be summarized as follows: economic crisis, leadership crisis, consumption crisis and decline in confidence in the business sector. It is a time in which the companies' credibility begins to erode even further, and due to a lack of response from the market to the crisis and a greater involvement of the States, there is more credibility in governments, which was a trend that had been declining for some years.

The global context shows that there is low confidence in the business sector, but at the same time, there are high expectations from the population. One must understand that it is not just a picture, but a consequence that could be reversed, minimized or changed by rebuilding confidence, from the point of view of both the company and the industry.

IN THIS CONTEXT, HOW CAN CONFIDENCE BE REBUILT?

The first requirement for building confidence is being transparent, if I have a hidden agenda, I cannot build confidence.

The business sector has made its tools more sophisticated through reports, integrated reports, management systems and transparency mechanisms, among other things. Many times all of that falls on deaf ears or is hard to accomplish because something as basic as confidence is missing.

Therefore, there will be an increased demand for transparency, inorganically but also at functional level — this question of compliance that aims to have more openness and levels of transparency. It is not just management, but how that management is communicated and how an exchange with stakeholders is accomplished.

And confidence is closely related to the notion of sustainable identity. Sustainability is a confidence-building agenda. It is like the chicken and the egg: In order to have sustainable management, it is necessary to construct and dialogue, but for such purpose, confidence is also needed.

WHAT ARE THE KEY ASPECTS OF THE NEW GLOBAL SUSTAINABILITY AGENDA?

The main players agree on the need for companies to get more involved in the economic and social development of countries. This can be seen in three milestones that form a key triangle: the

Encyclical Letter *Laudato Si'* of Pope Francis, the World Climate Summit held in Paris in 2015 (COP21) and the Sustainable Development Goals (SDG) proposed by the United Nations for 2030. These three milestones trigger processes in which the role played by the Company towards society is much more active than it has traditionally been.

Today, sustainability is a confidence-building agenda. That is why it is essential to be transparent, have an open agenda and earn a social license from communities to operate, innovate and grow.

The new agenda provides business people with a historic opportunity to restore confidence. Public relations, image and reputational mechanisms are no longer sufficient. What matters here is how the Company presents itself as part of the solution to sustainable development challenges.

IN THE LIGHT OF THIS SCENARIO, HOW DO YOU SEE ARCOR'S EVOLUTION IN TERMS OF SUSTAINABILITY?

Arcor has understood it very well and has progressively evolved in its sustainability agenda

Take, for example, the way the Company shifted from CSR to the concept of Sustainability, and how it started to incorporate variables related to the business, such as talking about adding corporate value. This is what the world's large companies are doing.

The new Arcor Group's 2016-2020 Sustainability Strategy reflects its commitment to address the main challenges that this new sustainability agenda poses. The Company is linking the issue of confidence to the sustainability agenda based on the identity. As regards the social license, it is being treated focusing on the license to operate. And the three components of the strategy are interconnected: sustainable identity, operational continuity and demand growth.

For example, when discussing the demand growth for the products of the agri-food industry based heavily on natural resources, we must understand the reliance of demand on the ecosystem health. That is to say, what is being discussed today is how dependent companies are on the ecosystem and how to invest in natural infrastructure in order to secure the supply that would allow responding to that demand growth.

The fact of being a domestic company with a good brand image helps to restore people's confidence, but there is also a clear focus on the value chain to achieve efficient operations without neglecting the three axes of development: social, environmental and economic. Compliance with the law is no longer sufficient, but demonstrating what the Company's concrete contribution to the welfare of the community is, is necessary.

Clearly, Arcor is aligned with this global sustainability agenda; and that is very good at a time when Argentina is opening to the world again. Personally I would invest in Arcor. ●

SUSTAINABILITY GOVERNANCE



BOARD OF DIRECTORS

The Board of Directors is the Company's highest governing body and, as such, assesses and approves the Company's strategic and operational plans.

The members of the Board of Directors are covered by the provisions of the Company's Code of Ethics and Conduct, and they hold office for three fiscal years, with the possibility to be reelected indefinitely. Their compensation is determined and approved by the Shareholders' Meeting, and they hold meetings at the request of the Chairman and as often as the Company so

requires it, but at least once every three months.

In addition, pursuant to the requirement of the National Securities Commission (CNV, as per its initials in Spanish), since 2013 Arcor releases a report on the degree of compliance with the Code of Corporate Governance, including nine principles, among which the following aspects can be found: aspects regarding governance transparency, risk management, information integrity, responsibility with regard to the relation with the community, fair and responsible compensation and business ethics.

ARCOR SAIC'S BOARD OF DIRECTORS AS OF DECEMBER 31, 2015

CHAIRMAN

Mr. Luis Alejandro PAGANI

VICE-CHAIRMAN

Mr. Alfredo Gustavo PAGANI

SECRETARY

Mr. Jorge Luis SEVESO

REGULAR DIRECTORS

Mr. José Enrique MARTÍN

Mr. Hugo Enrique LAFAYE

Mr. Alejandro Fabián FERNÁNDEZ

Mr. Víctor Daniel MARTÍN

Miss. Lilia María PAGANI

Mrs. Claudia Susana PAGANI de MARTÍN

ALTERNATE DIRECTORS

Mrs. Karina Ana Mercedes PAGANI de CAÑARTE

Mrs. María Rosa PAGANI de BABINI

Mrs. Zunilda Ramona GIORDANO de MARANZANA



COMMITTEES

Members of the Board of Directors take part in the following committees:

FINANCE, INVESTMENTS AND STRATEGIES COMMITTEE:

Among its responsibilities, the following stand out: review of the annual budget, assessment of alternative financing sources, investment plans and new business plans.

AUDIT COMMITTEE: The following are among its duties: monitor the operation of internal control systems and the administrative accounting system; review the internal and external auditors' plans; and evaluate the different services provided by the external auditors and their relationship with their independence, as established by the accounting standards in force.

ETHICS AND CONDUCT COMMITTEE: Its main role is to ensure compliance with the Code of Ethics and Conduct. It is made up of a member of the Company's Board of Directors, the General Human Resources Management Division, the Corporate Sustainability, the Legal Affairs and the Environment, Hygiene and Industrial Protection Management Divisions (MAHPI, as per its initials in Spanish).

HUMAN RESOURCES COMMITTEE: Among its responsibilities, the following stand out: ensure that the structure of key personnel compensation is related to their service, risks taken and long-term performance, propose selection criteria and apply training, retention and succession policies for senior management members.

PURCHASE COMMITTEE: Its main role is to manage and mitigate the risks related to the supply chain. It must submit reports to the Board of Directors to define the risk profile, the policies and strategies related to the supply of raw materials, packaging materials, auxiliary materials and services. It is made up of a member of the Board of Directors, the Chief Financial Officer, the Chief Operations and Supply Chain Officer and with the participation of the Corporate Supply Manager.

CORPORATE SUSTAINABILITY COMMITTEE: It is composed of members of the senior management and the Chairman of the Board of Directors, who is also this Committee's Chairman, being responsible for the strategic definitions. On a regular basis, the Chairman gets reports on the progress of the business' sustainable management. Some of the Committee's functions are to:

- Advise the Management on all matters related to sustainability, providing support for the identification and treatment of the risks and opportunities that have a significant impact on the Group.
- Set priorities and implement corporate policies, strategies and actions related to Arcor's business sustainability.
- Assess the Company's performance in terms of sustainability, and monitor and minimize environmental and social impact caused by its operations.
- Assess and make recommendations on sustainability with respect to the Company's strategy for relationship building with its different publics.
- Follow-up and evaluate the implementations of Arcor's Sustainability Plan.
- Ensure that there are appropriate communications policies, and that they are effective to build and protect Arcor's reputation, both internally and externally, as a sustainable Company.

STATUTORY AUDIT COMMITTEE

The Company's oversight is under the charge of a Statutory Audit Committee made up of three regular statutory auditors and three alternate statutory auditors, appointed by the General Shareholders' Meeting for a three fiscal-year term of office. They may be indefinitely reelected, according to the Corporate Bylaws.

Arcor SAIC's Statutory Audit Committee as of December 31, 2015

REGULAR STATUTORY AUDITORS	Mr. Victor Jorge ARAMBURU* Mr. Gabriel Horacio GROSSO* Mr. Carlos Gabriel GAIDO*
ALTERNATE STATUTORY AUDITORS	Mr. Hugo Pedro GIANOTTI* Mr. Alcides Marcelo Francisco TESTA* Mr. Daniel Alberto BERGESE*

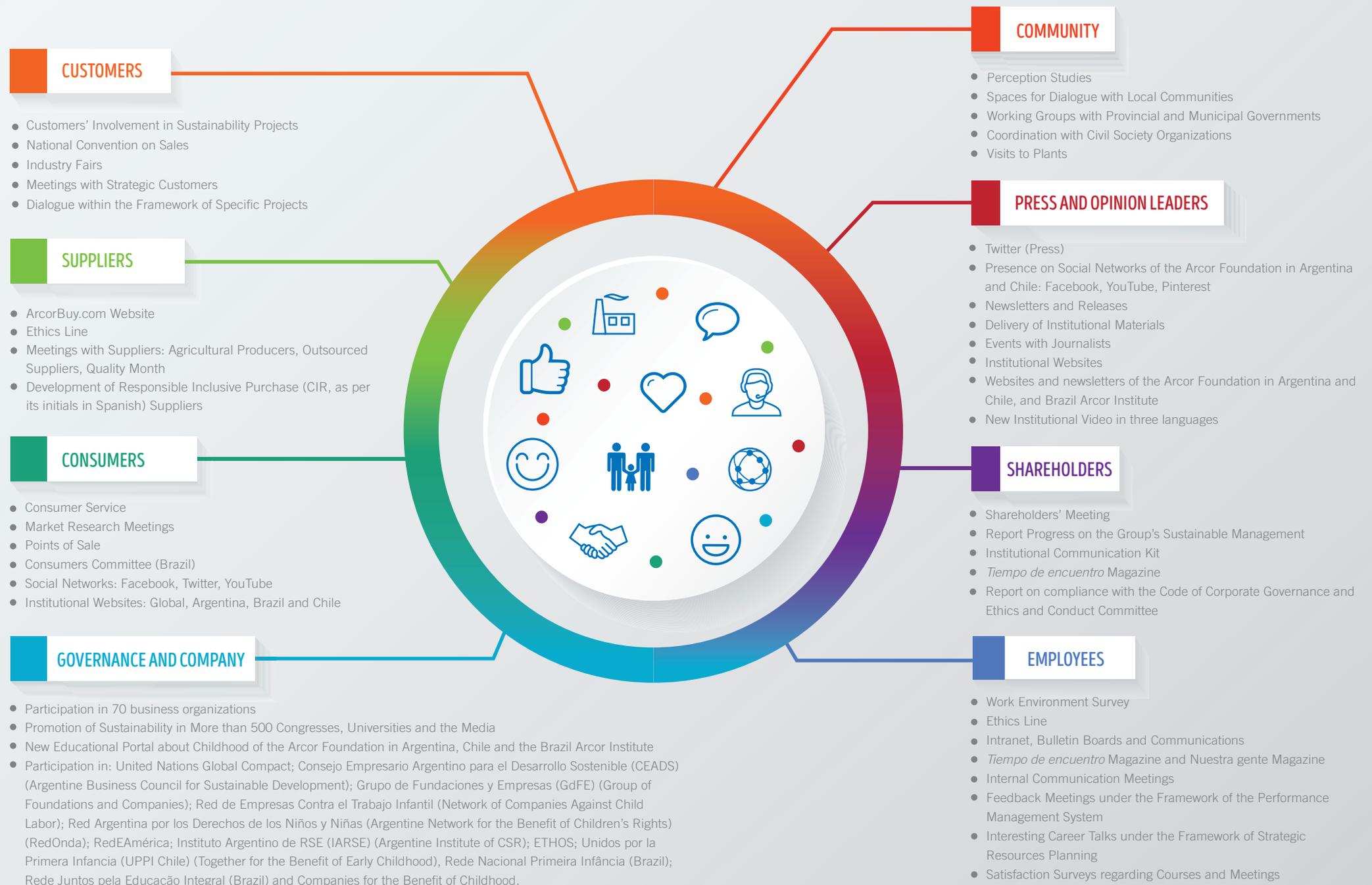
* Independent members

DIALOGUE WITH STAKEHOLDERS

Arcor's products create opportunities to foster bonds between people. Working every day to strengthen the relationships with all stakeholders is essential to being a close and committed Company. That is why the Group uses several communication tools and channels to listen to, take care of and respect the interests of the individuals with whom it relates.



Nourishing Bonds for Development



POLICY ON COMMITMENT TOWARDS THE CHILDREN'S RIGHTS

Arcor Group has been working to raise public awareness about the importance of childhood for many years, contributing to building a society with opportunities for everyone, based on the cross-functional integration of the issue in the Company, joint work with all its stakeholders and active participation to have an influence on public policies.

In 2015, Arcor took another step to formalize this commitment. The Corporate Sustainability Committee approved the "Policy on Commitment towards the Children's Rights", consolidating the strategic place of this issue for the Company.

The policy is within the framework of the Group's Code of Ethics and Conduct, and the Sustainability Policy, and is aimed at and regulates the Company's work in its relationship with childhood. It defines the Company's commitment to respecting and promoting the children's rights in all the Company's management areas, according to the "Children's Rights and Business Principles" initiative launched by the

United Nations Global Compact, UNICEF and Save the Children.

Especially, it establishes Arcor Group's commitments towards the Children's Rights, namely:

1. Respect and promote children's rights as a central part of its sustainability strategy.
2. Eradicate child labor in all the organization's business activities and extend such effort throughout the value chain.
3. Offer decent work that supports workers, men and women in their role as parents and caregivers.
4. Ensure the protection of children in the organization's activities and facilities.
5. Ensure its products and services are safe for children.
6. Make use of institutional communication and marketing in a way that they respect and support children's rights.

7. Respect and promote children's rights with regard to the environment, safety provisions and emergency situations.

8. Reinforce the efforts of communities and governments so that children's rights become effective.

All of Arcor's employees must ensure compliance with this policy, and the Company-Childhood work team is responsible for respecting and promoting children's rights within the Company's operations. Also, the Ethics Line is set to be the mechanism to report claims related to children, and the Ethics and Conduct Committee is the body in charge of resolving any issue related to the compliance with the policy requirements.



This year, Arcor Group conducted a regional campaign as a Company committed to the children's rights by means of its social investment through Arcor Foundation in Chile, Arcor Foundation in Argentina, and the Brazil Arcor Institute. Based on these lines of work, and in order to raise awareness among the different stakeholders, both from the public and private sectors, and thus recreating the space for childhood as everyone's responsibility, a mobilization and communication strategy focused on issues that the Group is working on was carried out.

2015 RANKINGS AND RECOGNITIONS



2015 Global Top 100 Candy Companies: Wow! What a year for acquisitions



GLOBAL TOP 100 (CANDY INDUSTRY)

Arcor Group holds the 8th position concerning confectionery manufacturers, being the first Latin American company in this business sector that is included in the ranking.

EIKON AWARDS (IMAGEN MAGAZINE)

Arcor Group was the winner of three Eikon awards to the excellence in institutional communication: The “2014 Arcor Group’s Institutional Communication Kit” in the Financial Communications category or with Investors in the Relations with Consumers category for the “Celiac Disease Patient’s Month Campaign” and in the Relations with the Press category for the “Bagley 150 years” campaign. In turn, Arcor Foundation received the Silver Eikon award in the category “Social Media Campaign” for disseminating contents that seek to create, through its comprehensive plan, equal education opportunities for children.



Ranking de prestigio em

Pto.	Empresa	Rubro
1	Arcor	Alimentaria
2	Coca-Cola	Bebidas s/ alcohol
3	Unilever	Cosmética/imp
4	Google	Servicios de int
5	American Express	Tarjeta de crédi
6	YPF	Petrolera/petroc
7	Kimberly Clark Arg.	Cosmética/imp
8	Mercedes-Benz Arg.	Automotriz/autc
9	Mastellone Hnos.	Alimentaria
10	Tecsa	Automotriz/autc

ámbito financiero

PRESTIGE AWARDS - (ÁMBITO FINANCIERO)

1st position in the survey carried out by CEOP LATAM, and 2nd position in the category which awards the companies that have implemented a sustainable business model.



YOUTH DREAMS COMPANY (COMPAÑÍA DE TALENTOS)

5h position in the ranking that identifies the companies chosen by young people who are starting their professional career.



EMPLOYEES

THE PEOPLE THAT MAKE ARCOR

More than 20,000 employees in different parts of the world foster Arcor's growth day after day, building a sustainable company that meets new challenges and opportunities, and ensures business competitiveness. Being one of the main industrial employers in Latin America, the Group promotes its work team's development and well-being, convinced that the Company grows as people who are part of it grow.



OPPORTUNITIES FOR EVERYONE

Arcor offers job opportunities through reliable and transparent processes, having developed in the past years specific projects that promote inclusion and diversity in the Company.

Through its Plan of Engagement with Universities of Interest, the Group aims positioning itself as a place of preference for the best talents in the market. In 2015, Arcor Group took part in 42 meetings with national and international universities, including congresses, job fairs, visits to the Company's plants, and institutional presentations, thus conveying its sustainable value proposal to potential candidates. Within this framework, the Company entered into 50 university framework agreements for the creation of internships, with the incorporation of 89 trainees from colleges and universities.



OUR TEAM IN FIGURES

HUMAN CAPITAL ¹	2015			2014
	MEN	WOMEN	TOTAL	TOTAL
TOTAL NUMBER	15,550	5,131	20,681	19,889
BY COUNTRY				
Argentina	10,396	2,645	13,041	12,372
Brazil	2,520	1,728	4,248	4,081
Chile	1,454	151	1,605	1,739
Peru	301	39	340	329
Mexico	667	419	1,086	992
Rest of the World	212	149	361	376
BY CATEGORY				
Director	7	5	12	14
Manager	355	48	403	386
Head	597	164	761	729
Analyst/Supervisor	1,899	761	2,660	2,599
Assistant/Worker	12,692	4,153	16,845	16,161
Staff under Collective Bargaining Agreement (%)	81.29%	77.7%	80.5%	88.3%

¹ The calculation method for this indicator has been changed, taking into account own employees, seasonal and temporary employees, and Arcor SAIC's Board of Directors as of December 31, 2015.

RELATIONSHIP WITH TECHNICAL SCHOOLS PROGRAM

With the purpose of ensuring the availability of skilled technical resources, Arcor establishes relationships with technical schools, thus contributing to training processes and educational quality in the areas where it has an influence.

Therefore, the Group invests in three lines of action: education of young people in general, specific training for teachers to keep them up to date, and creation of internships in some of Arcor's industrial plants so that young technicians are able to apply their knowledge immediately once they join the productive sector.

In 2015, 13 schools took part in the Relationship with Technical Schools Program in Argentina, 74 young people carried out internships for secondary school students, and we participated in school-municipality-province coordination forums.

ARCOR KEEPS TRAINING PROFESSIONALS

In 2015, Arcor occupied the 5th position in the Youth Dreams Company ranking, and the 3rd position in the Merco Talento Ranking, which evaluates what the companies that retain and attract talents are.

Throughout the year, the Group worked on its Employing Brand strategy in order to develop an attractive and aspirational value proposal for new generations. At this first stage, the purpose was to know what motivates young people when they have to choose a company to work for, what distinctive characteristics the Arcor brand has to offer, and the profile of the young people to be recruited.

Also, a communication campaign was launched, within the framework of the Young Entrepreneurs and Internships programs. The campaign is based on video testimonials about the experience of employees that joined the Company through these programs.

This campaign helped double the number of applicants, compared to those of the previous year. In total, 51 young professionals joined the Company in Argentina, Brazil and Chile.



BIA PROGRAM

The BIA Program: *Búsquedas Internas Arcor* (Arcor's Internal Job Postings) was relaunched this year, with a strategy aligned for Argentina, Brazil and Chile based on a Sharepoint technology platform. The following results were achieved: 104 job postings, 187 applications and 32% of open positions filled internally in Argentina; three job postings, 17 applications and 100% of open positions filled in Chile; and 90 job postings, 268 applications and 31% of open positions filled in Brazil.



INCLUSION AND DIVERSITY AT ARCOR

Based on its commitment to work inclusion and diversity, Arcor Group carries out specific projects to promote the inclusion of persons with disabilities and gender equality.



GENDER EQUALITY PROJECT

This project is carried out based on three lines of action: income flow, work-life balance and awareness and training.

With the goal of increasing the number of women hired, from the three finalists in every job search, there was at least one woman candidate, and a 50% of women participated in the Young Professionals Program. Also, awareness actions and communication campaigns are conducted to promote the issue in the Company.

Actions for work-life balance are also taken, making progress over the last years in the improvement of maternity protection. To such end, in 2015, Arcor moved forward on the implementation of the breast pumping room to ensure comfort and privacy for female employees who have given birth. The Company continues offering different benefits, including financial support for employees with young children, summer camp, school kit, reduced workday for maternity reasons, and a program for the protection of pregnant women at work.

PROJECT ON WORK INCLUSION OF PERSONS WITH DISABILITIES

This project seeks to generate inclusive work environments based on a systematized process that includes the surveying of job positions to ensure access to, training in and awareness of the areas where the person shall carry out his/her tasks, and joint actions with organizations specialized in the issue.

In 2015, progress continued in Argentina with regard to joint actions with specialized organizations, the survey of workstation accessibility and wheelchair ramps were built in the Colonia Caroya's plant. In turn, an industrial learning program aimed at persons with disabilities was implemented in Brazil in cooperation with the SENAI

(National Industrial Learning Service). The 2-year program will prepare individuals to join Arcor or other companies in the market.

Furthermore, an agreement with the department of disability services of the Municipality of Maipú was sign to enable the people who take the job placement workshop to attend a job interview practice as graduation from the program. In Mexico, the design of the inclusion program was started with a survey of job positions and accessibility, and an evaluation of different sources of recruitment.



INCLUSION OF PERSONS WITH DISABILITIES

	WOMEN	MEN	TOTAL
POR PAÍS			
Argentina	14	41	55
Brazil	41	36	77
Chile	0	1	1
TOTAL	55	78	133

PROFESSIONAL DEVELOPMENT TO GROW WITH ARCOR



Arcor promotes the growth of individuals together with that of the Company, aligning their professional development with the Company's strategic goals.

For such purpose, Arcor uses two key tools: the Performance Management System (SGD, as per its initials in Spanish) to plan and assess the annual performance of its employees; and a Strategic Resources Planning Program (PRE, as per its initials in Spanish) aimed at the development and retention of the Company's talents.



“In the years ahead, the focus will be on strengthening the Company’s sustainable identity. To this end, Arcor Group will continue working on the promotion of a diverse and inclusive workplace culture, thus creating opportunities for young talents through the Employing Brand project.”

• **MARÍA BELÉN VALLONE** •
Corporate HR Planning and Development Manager



PERFORMANCE MANAGEMENT

100% of Arcor Group's employees undertake an annual performance assessment.



Employees who are not under collective bargaining agreements undergo an assessment through the Performance Management System (SGD), which includes the sustainability variable in the specific goals at managerial and senior levels throughout the Group. In 2015, 780 employees set sustainability goals in their annual planning, achieving a 79.3% rate of adherence to this commitment, of target staff subject to this requirement.

In addition, the Group worked on the incorporation of sustainability criteria into the different components of the SGD: in the description of the competencies defined by the Company, in the primary responsibilities of the job

positions and in the level of divisional goals that have an impact on all the employees of the business units.

Within this framework, a pilot test was conducted to define the sustainability-related divisional goals in the Food, Bagley, Chocolate, Confectionery, Cartocor and Converflex businesses, reaching a total of 1,598 of the Group's employees, which represents 37.5% of the SGD's target staff.

Moreover, in the understanding that performance management is an ongoing process that facilitates communication between manager and employee, this year, work was also done regarding process feedback. To this end, training workshops were held and a communication campaign was launched, and all employees were given the ten principles of "good feedback." As a result, there

was a 12% increase in the compliance with the feedback stage within the SGD process, and 74.12% of employees mentioned that they had based themselves on concrete data and that it had been rewarding. Furthermore, the performance tuning process was implemented for the evaluation stage, bringing transparency to the process and a corporate perspective to each evaluation.

Lastly, for employees under collective bargaining agreements a performance management system is being implemented by each business unit. Within this framework, during 2015 employees were acknowledged for their performance based on the results of the assessments carried out.

SGI ACKNOWLEDGEMENT: WHEN LITTLE IMPROVEMENTS MAKE HUGE DIFFERENCES

The acknowledgement of the Comprehensive Management System (SGI, as per its initials in Spanish) started in 2008, with the purpose of implementing, at the corporate level, an annual forum for recognition of the group efforts made by the plant's employees, who day after day and voluntarily engage in ongoing improvement projects.

The 2015 edition summarized the work of 221 work teams across the Group, with a special recognition to:

- La Campagnola Mar del Plata, in the "Sustainability" category, for its work on canned tuna fish.
- The Distribution Center in Salto, for having improved picking productivity.
- The Bagley plant in Totoral, for its contribution to energy efficiency.
- The plant in Recreo, for its achievements in the improvement of efficiency and productivity.

TALENT MANAGEMENT

By means of the Strategic Resources Planning (PRE, as per its initials in Spanish), Arcor ensures the creation and development of talented individuals for business sustainability.

The biannual process is focused on achieving a better identification of talented individuals through tools that validate their development potential and consolidating a performance potential matrix for the managerial levels that eases the definition of the substitute employees and future development actions.

In 2015, the second phase of the fifth PRE cycle was implemented, consolidating the development plans for high-potential individuals (talent pool). As a result, this year, 91% of promotions to managerial positions were gained by employees from Arcor Group's talent pool.





TRAINING FOR THE BUSINESS SUSTAINABLE MANAGEMENT

Arcor seeks to strengthen the skills of each employee and the Company's sustainable growth, developing training programs that meet the needs of each business unit, plant or country, and that are aligned with the Group's strategy.

TRAINING INDICATORS ²	2015			2014
	MEN	WOMEN	TOTAL	TOTAL
TOTAL TRAINING HOURS/PERSON	380,925	152,089	533,014	461,462
AVERAGE TRAINING HOURS	26	33	27	25
Managers	17	28	18	39
Heads	34	36	34	47
Analyst/Supervisor	29	34	30	31
Administrative/Worker	25	32	26	23
RATE OF TRAINING COVERAGE	79%	92%	82%	88%

² This table consolidates the major training indicators for the entire Group, systematized within the framework of PeopleSoft Enterprise Human Capital Management 9.0, using the following definitions:

- Total training hours/person: the total number of training hours/person for the entire Group during the period.
- Average training hours: the total number of training hours/person for the Group divided by the total number of employees (headcount).
- Rate of training coverage: the percentage of "different" employees engaged in training activities in the entire Group during the period, in comparison to the staff with "permanent" and "seasonal" contracts, including active staff as of the last day of the period.



Arcor University is the channel through which employees can plan their training and the organization ensures knowledge creation, transfer and acquisition. It offers in-person and e-learning programs, specialization schools to align and systematize industrial, marketing and commercial training, a sustainability section with reference material, a competency program with conceptual tools, a self-development portal related to the Group's competency model which includes advice and resources for employees.

The main training initiatives developed in 2015 are shown below:

- **LEADERSHIP PROGRAM:** It seeks to provide conceptual and technical tools to contribute to the development of leadership

skills at all the Group's management levels. In 2015, the third module for managers and head employees was carried out in Argentina; the program was as well replicated in Chile and Mexico. In addition, all management levels with personnel under their charge were trained in effective feedback. (Participants: 131)

- **MANAGERIAL DEVELOPMENT PROGRAM:** This program is the result of an initiative by Arcor Group and Universidad Torcuato Di Tella, and has 12 subjects distributed along one year and a half, including the development of a business project to strengthen and implement what has been learnt. (Participants: 45)

- **"AL MODO ARCOR"(IN ARCOR'S WAY) MARKETING PROGRAM:** Its goal is to create a unique marketing management model that allows optimizing the set of tools and processes that have been developed internally. This year, the program was replicated in Chile, and employees from Bolivia, Paraguay and other international business countries took part in the Argentine edition of the program. (Participants: 56)

- **ADVANCED LOGISTICS TRAINING PROGRAM:** This program seeks to consolidate the knowledge of the people that works in the supply chain, through the development of work policies and procedures, created by the participants themselves and validated by management. (Participants: 51)

- **SPECIALIZATION IN FOOD TECHNOLOGY:** This specialization was created to provide employees with conceptual, methodology and analytical tools for them to be able to improve and streamline food production, development and sale processes. It has been accredited by the CONEAU (National Commission for University Evaluation and Accreditation). (Participants: 15).

- **NEW YOUNG PROFESSIONALS PROGRAM:** It seeks to provide conceptual, technical and operational tools to contribute to the development of new young professionals within their first year in Arcor Group. (Participants: 58)





Specifically with regard to sustainability, since 2005 Arcor Group has been working on the development of internal awareness and training programs as a key factor for the creation of a corporate culture committed to sustainability. For this purpose, 543 employees received 2,961 hours of training in 2015, thus amounting to a total of 60,627 hours since 2005.³

In-house training this year included the following, among others: sustainable brand workshops, training of multipliers under the *Ser Parte* (Being a Part) and the *Mi Almacén* (My Grocery Store) programs, awareness forums on disability-related issues and, training for the wholesale channel, among others.

TRAINING ON CHILDHOOD AND CHILDREN'S RIGHTS

As part of Arcor Group's commitment towards children's rights, and following the Company-Childhood corporate initiative, an e-learning course was organized, available for all employees. The goal of this training is to provide theoretical and practical information on the issue of children's rights and the Company's role in their promotion and protection.

Some of the topics covered in the training include: children's and adolescents' rights, business practice principles and Arcor's positioning and performance relative to the issue.



³ These data do not take into consideration sustainability training offered within the framework of Arcor Group's Comprehensive Management System.



CUSTOMIZED TRAINING PURSUANT TO COUNTRY AND BUSINESS UNIT

Apart from corporate training given through Arcor University, the Group carries out courses and programs to meet the specific needs of each country and business unit. Many of these activities are carried out at the industrial level as part of the SGI, while others are implemented specifically, including, in 2015, several initiatives related to the Group's commitment to sustainability.

- **Argentina Industrial Mass Consumption (Food, Chocolates and Confectionery Business Units, Agri-business, Logistics, Industrial Management and Supply Chain):** hygiene, safety and environment training was given, emergency brigades were trained, and the following programs were carried out: Advanced Logistics Training, Distance High School for Adults, Training in Industrial Maintenance, and University Technical Degree in Food Production given jointly with Universidad Nacional del Litoral. Progress was also made in raising awareness of employees under the initiative on the inclusion of persons with disabilities, and the participants in the Ser Parte (Being a Part) program were trained as environmental educators to pass on the knowledge acquired to the communities.
- **Cookies and Crackers Business (Bagley, Argentina):** Training courses in safety, hygiene, quality, environment and

ergonomics were given, brigades were trained, computing tools were provided to the leadership group, and the Technical Training Program for maintenance staff continued. This year the first group of students graduated from the high school completion project in the Córdoba plant; with 16 employees completing high school in 2015, and in the Villa Mercedes plant, 18 employees completed high school. Also, sign language training was given, and within the framework of the environmental training *Ser Parte* (Being a Part) program, employees participating as volunteers were trained.

- **Packaging Business (Argentina):** leadership training for middle management was given, technical training activities were carried out in the plants and the Technical Training Program for Maintenance Staff continued. In addition, within the framework of the FSC (Forest Stewardship Council) Standard certification at Cartocor's corrugated cardboard plant and paper plant, training on the standard and its requirements was conducted.
- **Brazil:** trainings focused on leadership, corporate education, young professionals and industrial schools, among others.

- **Commercial Mass Consumption (Argentina and Southern Region Affiliates: Bolivia, Paraguay and Uruguay):** a new edition of the training program for executives was organized in conjunction with the Universidad de Palermo, two fire safety and evacuation courses and a first aid course were held, a training workshop on sustainable management was organized for the wholesale channel, and a training workshop aimed at the implementation of the *Mi Almacén*

(My Grocery Store) program was conducted for Arcor's employees. Furthermore, designed by the Business School of the Universidad de Montevideo to develop strategic and leadership skills, Arcor Distributors' Management Program was implemented in Uruguay.

- **International Division:** in North America, Central America and Overseas, leadership training was offered to managerial,

supervisory and senior levels. In Mexico, a program to strengthen communication, teamwork, cohesion and agreement between areas was carried out. In turn, diploma programs were implemented to develop the skills and strengthen the competencies of managerial and senior levels. In Overseas, the development of language programs continued: English, Spanish, Hebrew and Portuguese, given the multicultural business scheme.



COMMUNICATION AND DIALOGUE TO STRENGTHEN BONDS

INTERNAL COMMUNICATIONS

In 2015, Arcor continued working on the integration of the channels that make up the internal means of communication network with the purpose of strengthening communications and supplementing the use of the different tools, enabling employees to expand their knowledge.

During the year progress was made concerning the following initiatives:

Intranet

To continue with the development of the platform launched in 2014, new digital minisites to keep all the Group's employees informed and connected with each other: Sustainability site, Arcor Salud and Arcor Digital, with a special information section to clear doubts about the latest digital implementations.

Tiempo de encuentro Magazine

The magazine has a renewed, modern and easy-to-read design that will enable employees to find out about the entire Group's news in a more dynamic manner.

Nuestra gente Magazine

The five magazines of the Group's business were redesigned for the last issue published in December, with a new, simpler and fresher writing style, and with the inclusion of phrases and main features for a more readable experience.

Enlace Magazine

Arcor Mexico's first in-house digital magazine was launched to reflect the main achievements and challenges of the business and its teams, with a writing style that is easy for people to read, encouraging employee participation.



Momento Arcor Magazine

Arcor Brazil launched its first in-house magazine, specially designed to bring employees' families closer to the Company.

Digital Community of Internal Communication Referents

The Company continued working on developing this digital platform to streamline the work of referents in each industrial facility, sharing good practices, bridging physical distances and creating a space of information and constant training.

We Listen to Improve Our Management

More than 1,000 people participated spontaneously by completing an Intranet survey to redesign the visual identity of institutional materials (bags, envelopes, business cards, boxes, cans, etc.)

Campaigns

In order to promote responsible behavior at the Company and the commitment of employees, different communication campaigns were implemented, including, among others, the "Safety Week," the "Environment Week", the "Welfare Week", the 10th anniversary of Arcor Group's Sustainability Report and the launch of the Policy on Commitment towards the Children's Rights. Also, continuing with the integration initiatives, more than 2,500 employees' children took part in an art contest on the Family Day in the countries of the region, drawing what their magical moment meant to them.

With regard to sustainability, an annual communication plan was devised, which aligns actions taken internally and externally to promote synergy among the different channels. In this sense, the *Tiempo de encuentro* and *Nuestra gente* magazines included information on the actions taken by the Group's business units for the creation of a sustainable future, weekly news were published on the Intranet and various campaigns were run, among other initiatives.

DIGITAL COMMITTEE: TOWARDS A CULTURE OF COLLABORATION



Taking another step into the digital age we live in, in 2015, Arcor created the Digital Committee, a team made of referents from different areas, whose purpose is to introduce a collaborative and digital vision as mainstay of the Company's culture.

While Arcor was already working on the development of technological innovation projects and the use of 2.0 channels, an organizational framework was established with a philosophy and strategic plan based on three focal points: Communications, culture and innovation, and business. Different projects were outlined under these focal points to create an internal 2.0 culture and afterwards foster this mindset and management mode among the Company's various stakeholders.

WORK ENVIRONMENT MANAGEMENT

In 2015, Arcor continued working on the action plans designed to address the results of the 3rd Work Environment Survey conducted in 2013.

Each of the Company's industrial plants and commercial offices has been engaged in the development of actions that fall within the following areas: work processes, leadership, decision-making power and rewards. An 80% compliance with the actions proposed between the plans fulfilled and in progress was currently achieved.

Continuing with the process that began six years ago, the 4th Work Environment Survey is planned to be conducted in 2016, thus fulfilling the goal of carrying out this consultation

every three years.

In turn, under the Work Environment Management process, Internal Communication Meetings continued being held in the plants, with the goal of listening to suggestions, fostering communication and integration of employees, reporting on the defined actions and monitoring the perception of participants about the progress of the planned initiatives. Active participation and an attendance exceeding 85% have consolidated the effectiveness of this tool, which enables a fluid dialogue between the Company and its employees.

PULSE: WORK ENVIRONMENT MEETINGS IN BRAZIL

In preparation for the work environment survey to be conducted next year, in 2015, Arcor Brazil conducted focus groups to gather employee opinions and expectations. The goal of these meetings (attended by 8-12 participants) was to listen to a representative sample of employees so as to know their perception of the actions taken in response to the results of the last work environment survey conducted in 2013, redirect action plans if necessary, and provide a forum to listen to employees and bring them closer to the Company. A total of 342 participants attended the meetings, and the opinions gathered were used to provide feedback to improvement plans.

This dialogue forum adds to other initiatives on which the Company has been working, such as the bimonthly "Clima News" newsletter, and the *Papo 10* program, which was created to listen to the employees at each plant, through monthly meetings that allow monitoring and improving work environment.



COMMITMENT TO CHILDHOOD

As part of Arcor's commitment to childhood, a breastfeeding room was opened at the corporate building in Buenos Aires, Argentina. Furthermore, actions to promote and raise awareness on the education opportunities for childhood were taken, the most outstanding of which are: training on Children's Rights for the entertainers of the Children's Day celebrations organized for employees' children, production of materials for the *"Acompáñalos a crecer en movimiento"* (Accompany Them to Grow in Motion) and *"La lectura de cuentos en el hogar"* (Reading Stories at Home) school kits, the reprint of the publication *"Ensaladitas de arte"* (Small Salads of Art) with games and stimulating activities for children during the first years of life, and the updating of the contents of the Breastfeeding Guide for mothers and families. Also, three issues of the *"Tiempo de jugar"* (Time to Play) magazine were published in Argentina, Brazil and Chile to be included in the *Tiempo de encuentro* magazine, with suggestions for games and activities that children of the Group's employees' can do.

COMPENSATION AND BENEFITS FOR EMPLOYEES

The Compensation System based on the HAY method allows Arcor Group to monitor the salaries of employees who are not under collective bargaining agreements to achieve better internal fairness, ensure gender equality and be competitive in the market.

In 2015, the application of this method was consolidated at the affiliates abroad, synergy with other HR corporate processes was created, and work was undertaken on proposals for the optimization and consolidation of benefits.

The Company continued offering its employees different

benefits that adapt to the particular situation of each country. Among them, the following are included: delivery of products manufactured by the Company, gifts for marriage and birth, food vouchers and lunch vouchers, kits with school clothing and supplies, medical care, additional and optional life insurance, pension plan for senior staff, reduced workday for maternity reasons, adoption maternity and paternity leave, monthly financial aid for working mothers for each child up to six years old, and Arcor Club (a series of benefits with discounts, promotions and special conditions for services and at stores).



OCCUPATIONAL HEALTH AND SAFETY

In order to ensure the well-being of all employees, Arcor Group develops programs and actions to ensure all the people's health care and safety.

HEALTHCARE

In 2015, the Group continued implementing different initiatives to promote people's healthcare and enhance their quality of life.

Within the framework of the Continuing Education Program for the healthcare staff at Medical Departments, 95% of chief doctors at the plants took part in training workshops in the preparation of medical records and the centralization of the drug list (vade mecum), among other topics. The Postgraduate Degree in the Prevention of Occupational Risks offered by Universidad Nacional de Córdoba continued for the sixth consecutive year, with the participation of 81% of the Group's Occupational Nursing employees.

Furthermore, 65.3% of female industrial production employees that were pregnant took part in the Pregnant Working Women Program, and surveys to assess employees' perception of medical exams were conducted. Likewise, as part of the Immunization Program in Argentina, Brazil and the Andean Region, 2,115 doses of tetanus vaccine and 5,925 doses of influenza vaccine were administered.



ACTIVE LIFE AND HEALTHY NUTRITION

As part of its commitment to active life and healthy nutrition, Arcor carries out initiatives to promote people's health and well-being, engaging employees and their families.



In 2015, 133 initiatives related to the promotion of Healthy Life Habits were carried out by the Group, among which the following stand out:

- **Arcor Salud (Arcor's Health) Intranet:** The Company posted the monthly update of the Arcor Salud website, where the activities carried out by the medical departments at each of the facilities, commemorative days, recommended websites, advice on prevention and healthcare, vaccination calendar, among others, are published.
- **Internal Magazines and Posters:** The *2 minutos* (In 2 Minutes) monthly poster included an exclusive section on Arcor's Sustainability Policy's commitment to active life and healthy nutrition; and *Tiempo de encuentro* and *Nuestra gente* magazines included articles related to the issue.
- **Medical Checkups:** To take care of employees' health, the Company offers medical examinations. By way of example, we can mention: 487 employees from the Arroyito Complex underwent medical examinations and information brochures were distributed according to the employee's pathology: healthy diet, overweight and obesity, high blood pressure, physical activity, etc. Four nutritional controls were conducted at the plant in Recreo, and in Misky, data was gathered to determine the nutritional status and eating habits of employees, providing afterwards recommendations for the observance of healthy lifestyle habits. In Mexico, 389 individuals (including employees, their families, and contractors) underwent preventive medical checkups and examinations.

- **Physical Activity:** Access to gyms at corporate buildings and plants continued to be provided, including advice on physical activities at clubs and both public and private locations, and among other activities, walks were organized.

- **Cardiovascular Risks Prevention:** 3,200 employees took part in this program, in which the main cardiovascular risks are analyzed, providing recommendations to each person should they show poor health indicators.



- **Healthy Diet:** Arcor promotes a healthy diet at the Group's cafeteria and monitors the results obtained. Most of the plants are starting to provide the option of a healthy snack, personalized counseling by a nutritionist, programs to combat overweight and workshops on nutrition education and on how to cook healthy food. The *Empresa saludable* (Healthy Company) program has been carried out in Mexico since 2009, with the purpose of promoting the employees' balanced diet. Within this framework, in December 2015, the Company obtained the "*Distintivo H*" (H Badge), a recognition given by a government body in Mexico to guarantee its food's harmlessness.

- **Smoke-free Company:** This program has been implemented at 93% of the plants in Argentina, out of which 79% have been certified as Tobacco Smoke-free Companies by the Argentine Ministry of Health. Thanks to the smoking cessation workshops at the plants, 26% of employees quit smoking. In Mexico, Mundo Dulce plant in Mexico was certified as 100% Tobacco and Smoke-free Company.

- **Recreational and Integration Activities:** Under the active life and healthy lifestyle habits concept, sports and integration events are held at every plant, including Children's Day celebration, vacation camps, vocational guidance workshops, photograph contests, chorus and visits of relatives to the plants. At the summer camps of some of the plants, talks on healthy habits are given, for example, in Salto, employees and their families were invited to participate in two nutrition workshops. In addition to sport activities, Packaging business' vacation camps also offer nutrition, recycling and environmental care workshops, and raise awareness about healthy lifestyle habits.

- **Awareness Campaigns and Actions:** These actions are organized to commemorate specific dates in different countries and Group's plants, such as: World Health Day, World AIDS Day, World Hypertension Day, International Celiac Day, Welfare Week, Breast Cancer Prevention Month, Prostate Cancer Month, and tips for an active life and healthy nutrition.





Throughout the year, the Group continued moving forward with different initiatives to ensure people's healthcare and safety.

Analysis of Job Positions

At Arcor Group, the analysis of job positions and the treatment of significant risks are some of the basis for the management of people's safety. To this end, the Company follows a corporate procedure that establishes a review of all the job positions every three years and an update in case of modifications in the facilities, processes or materials. In this way, significant risks are identified and the annual management plan for each plant is determined.

Occupational Risks Management Program

Created jointly between the Medical Department and the Environment, Hygiene and Industrial Protection Department (MAHPI, as per its initials in Spanish), this program aims at minimizing the risk of occurrence of occupational diseases at Arcor Group's plants, through the implementation of a work methodology that involves the following tasks: evaluation of the relationship between emerging diseases and the analysis

of workstations, management of task adjustment and work organization based on the systematization of rotations, breaks and rest periods at work. In 2015, progress was made in the implementation of this methodology at the Group's plants, and a tool was developed to assess compliance with and results of the program.

Ergonomics Program

This program is intended to broaden knowledge of the situation, correct deviations and avoid the occurrence of illnesses related to ergonomic problems. For that purpose, the program has four topic areas under which specific actions are carried out: job positions, people, basic preventive measures and design of job positions. In 2015, progress was made at all the Group's plants, and the example below of the La Campagnola San Juan Manufacturing Plant shows the positive results of this initiative.

ERGONOMIC RISK REDUCTION AT THE SAN JUAN PLANT, LA CAMPAGNOLA

A study determined that 52% of working hours lost due to work-related sick leave was caused by musculoskeletal disorders, and most of such sick leaves occurred at the end of the production line of sauces packaged in stand-up pouches (Doy Pack).

By implementing the methodology developed by Arcor, a work group formed by staff from Medical Departments, MAHPI and Maintenance identified the causes, and defined and carried out an action plan.

Through actions like setting up an automatic box folding machine, reducing the width of the support plate for empty boxes, raising the conveyor belt full boxes, reducing the height between the conveyor belts transporting sachets and empty boxes and changing the type of ergonomic chairs used, medical consultations and claims related to ergonomic risks were eliminated from the stand-up pouch line (Doy Pack). In this way, there was a reduction from 1,461 working hours lost in 2014 to zero in 2015.

In turn, the study and the measures taken were proposed for similar processes at the other plant of La Campagnola.

OCCUPATIONAL SAFETY INDICATORS

Arcor Group measures its occupational safety performance through the indicators shown below.



OCCUPATIONAL SAFETY RATES⁴

	2015	2014
Total Frequency (IFT)	23	30
Incapacitating Frequency (IFI)	12	16
Severity (IG)	0.52	0.2
Incidence (II)	21	32

⁴ Definition of occupational safety indicators:

- Total Frequency Rate (IFT, as per its initials in Spanish): It measures the total number of accidents every one million hours worked.
- Incapacitating Frequency Rate (IFI, as per its initials in Spanish): It measures the number of accidents with medical leave every one million hours worked.
- Severity Rate (IG, as per its initials in Spanish): It measures the number of days away from work due to accidents every one thousand hours worked.
- Incidence Rate (II): It measures the total number of accidents with medical leave every one thousand exposed workers.



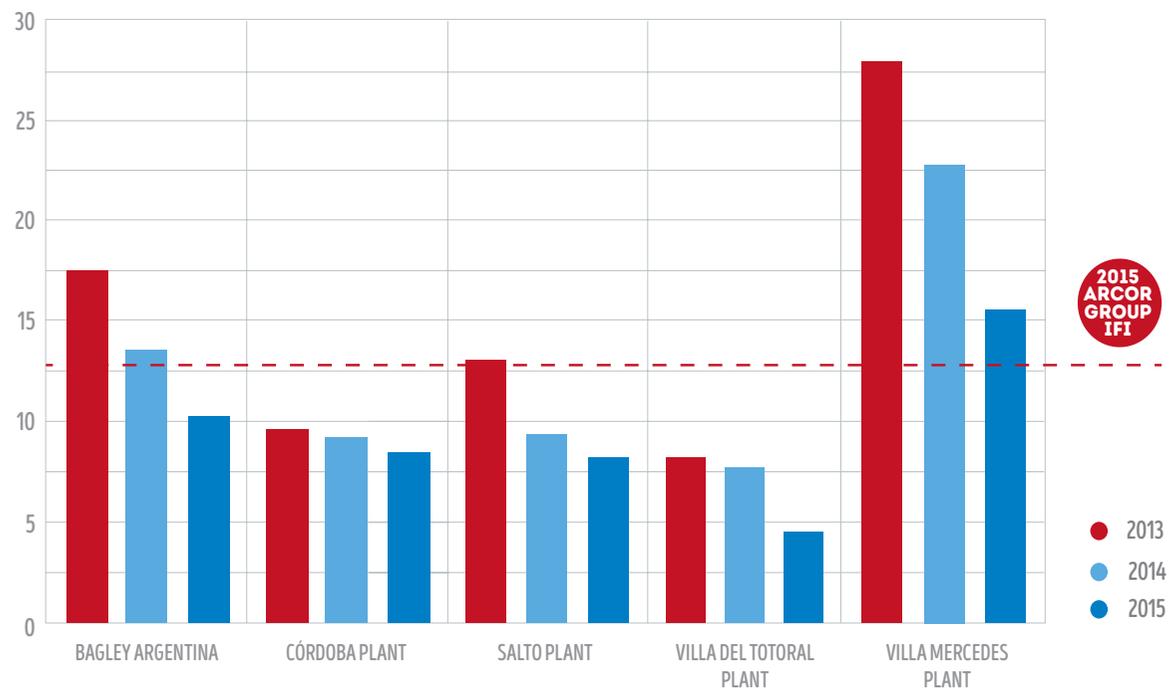
In 2015, the Group achieved an improvement of accident rate indicators. Some plants achieved a zero accident rate (La Campagnola San Rafael and the canned food plant in San Juan) and other, achieved an IFI lower than five.

The *Compromiso* (Commitment) Program, designed to strengthen the commitment to occupational safety of plants' leaders, was one of the factors that contributed to the improvement. In 2015, the Company started to implement this program in the Packaging business under the name of

"Cambiar para crecer" (Change to Grow).

Continuous work on prevention and a proactive attitude towards people's care led to significant progress in Bagley Argentina's business. The chart below shows the evolution of the Incapacitating Frequency (IFI) at the four plants of this business, where approximately 15% of the Group's total staff works.

Evolution of the Incapacitating Frequency (IFI) at Bagley Argentina's Four Plants



SAFETY WEEK

Under the motto *"Pienso luego actúo"* (I Think then I Act), the safety week was organized in all Arcor Group's plants. Like every year, each plant designed awareness activities, which in this occasion aimed at transmitting the importance of knowing and using the safety tools to prevent accidents.



VALUE CHAIN



SUSTAINABILITY IN THE VALUE CHAIN

The sustainable management of the value chain is a key focal point of Arcor's strategy. Over the last few years, the Group made progress with regard to the identification of critical issues in each of the links in the value chain, managing risks and maximizing opportunities to create shared value for the benefit of sustainable development.

In this way, the Group has been developing innovative practices to incorporate environmentally and socially responsible actions, from the supply of raw materials until the product reaches each consumer's table.

Training has been essential to raise awareness in suppliers, customers and even consumers about this way of doing business. This chapter includes different projects that have been developed to include sustainability in the supply chain and customer management, and to ensure that each consumer receives products of the best quality, manufactured taking care of people and the environment.



SUSTAINABILITY TRAINING IN THE VALUE ¹

YEAR	PARTICIPANTS	HOURS
2008	128	1,080
2009	152	1,140
2010	1,361	4,487
2011	1,792	9,224
2012	1,089	7,703
2013	1,382	7,380
2014	1,398	15,206
2015	11,578	76,764

¹ In 2015, the calculation method for this indicator was changed by incorporating social investment activities, which until 2014 had not been systematized under this format.

FOOD SAFETY: “FROM THE FARM TO THE TABLE”

In order to ensure food quality and harmlessness “from the farm to the table”², Arcor works with the different participants in the productive chain.

In the first link of the productive chain and based on a strict selection, assessment and qualification process, which includes training and advice, the Group makes sure that all suppliers of production materials comply with the quality and harmlessness standards required (for more information, please refer to “Assessment and Development of Suppliers” in the “Sustainable Supply” section).

In turn, as part of the Comprehensive Management System, the Company has implemented and certified the Quality Management System (ISO 9001) and Food Safety Management System (BRC)³ for the manufacturing, storage and dispatching of products. 93% of all the Group’s plants are certified under the ISO 9001 standard, and 62% of mass consumption and primary packaging material manufacturing plants are certified under a standard recognized by the GFSI (BRC or FSSC 22000). Therefore, 85.6%⁴ of units manufactured by the Group come from plants that bear the BRC certification.



² This concept includes all steps related to the production, storage, handling, distribution and preparation of a food product. Source: Food and Agriculture Organization of the United Nations.

³ In the case of the primary packaging material manufacturing plants of Converflex, the Food Safety System Certification Standard is the FSSC 22000.

⁴ For this indicator, .manufactured unit means the minimum selling unit with a barcode.



Also, Arcor continues implementing tools that make it possible to improve process capacity; ensure operational discipline; prevent or reduce defects; increase knowledge of what customers and consumers appreciate or value, the marketing conditions and the idiosyncrasy of the countries where the products are delivered.

Within this framework, in 2015, the following progresses were achieved:

- **Update of the Harmlessness Risks Matrices (FSR, as per its initials in Spanish)** at the plants of Cartocor, Converflex, Agri-business and of four outsourced suppliers with the purpose of establishing the strengths and weaknesses of each facility and monitoring their evolution. Improvement

actions were implemented; investments in equipment and building enhancements were made, helping reduce the claims indicator.

- **Survey-diagnosis of the Requirements related to Food Defense (Food Defense Plan)** at the mass consumption plants, and development of improvement plans. This is one of requirements established by the US FSMA (Food Safety Modernization Act) and by the main harmlessness standards such as BRC, IFS or FSSC 22000.
- **Development of a Methodology to Assess the Risk Associated with “Food Fraud”**, to assess the likelihood of fraud in the raw materials and supplies used at the Group’s plants and take the necessary actions to minimize risk.

This is another issue that has started to be included as requirement in the new versions of the main harmlessness standards recognized by the GFSI.

- **Development of a Food Safety Management Tool** to assess the country risk associated with the purchase of raw materials or supplies and with a product’s export. This methodology helps the plants to take the necessary actions (control plans) based on the result obtained.
- **Definition of the Quality** strategy for the 2016—2020 period (2020 Plan), according to the Company’s guidelines (Value Proposal of the Quality Area).

ARCOR'S QUALITY MONTH

As every year, Arcor celebrated Arcor's Quality Month in October with a campaign focused on the manufacture of safe products, based on compliance with set standards that make it possible to prevent defects in products due to pollution and to ensure customers' and consumers' satisfaction.

Under the motto *"Elaboremos productos seguros ¡Sumate! Da el ejemplo. Cumple con los estándares!"* (Let's Make Safe Products! Join Us! Set the Example! Meet the Standards!), several activities at each of the Group's plants were organized to contribute to a greater knowledge of the different types of claims and the relationship between defects due to pollution and related process standards. This month, the Group also celebrated the Global Handwashing Day, with different activities concerning this good practice.



"No sustainable business is possible if we do not ensure the integrity of manufactured products. That is why in our plants we work to consolidate and deepen the implementation of tools developed for quality and food safety management, taking into account current requirements and new trends. Likewise, we work alongside our suppliers and customers to preserve food integrity for the farm to the table."

- JORGE A. CULASSO •
Corporate Food Safety Manager

SUSTAINABLE SUPPLY AND LOGISTICS

SUSTAINABLE SUPPLY

Through its sustainable supply strategy, the Group fosters the sustainable management from the first link of the productive chain working on three focal points: selection, assessment and development of suppliers based on sustainability criteria; raising of awareness and training in the issue and implementation of specific projects.

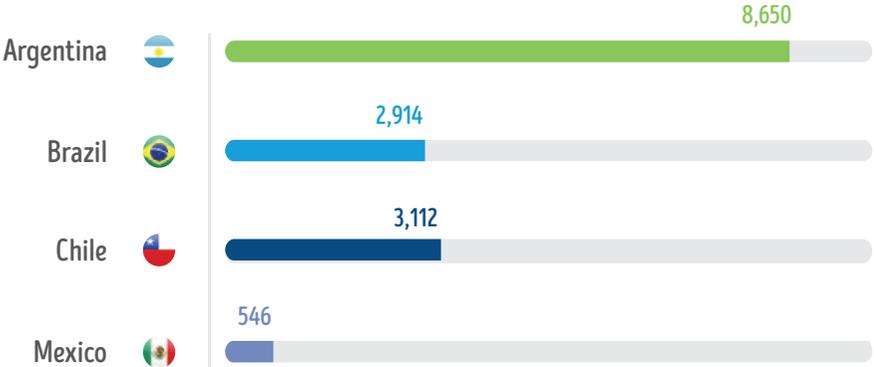
In turn, Arcor seeks to promote the development of local suppliers in countries where the Group has significant operations, supporting and strengthening companies at each location. In 2015, the Group hired local suppliers in 96% of the operations.

The most outstanding achievements and projects in 2015 are shown below.

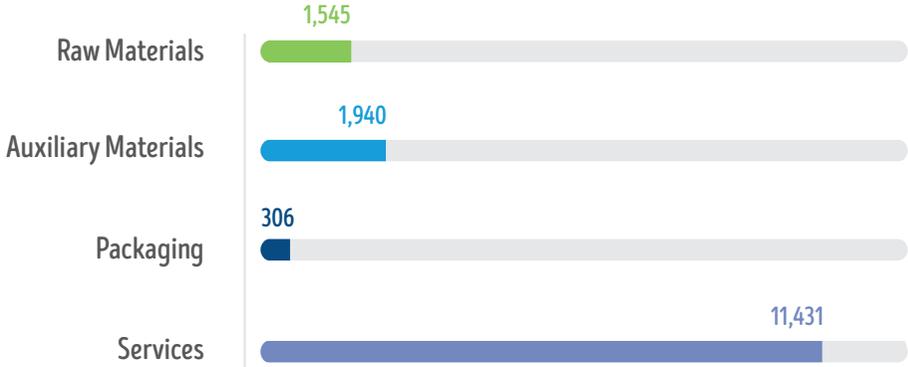


ARCOR GROUP'S SUPPLIERS		
	2015	2014
Total Number of Active Suppliers	15,222	16,012

Number of Active Suppliers per Country 2015



Arcor Group's Suppliers per Type of Product/Service 2015



ASSESSMENT AND DEVELOPMENT OF SUPPLIERS

Through a strict selection, assessment and qualification process, Arcor ensures all suppliers of production materials comply with the quality and harmless standards required.

In 2015, 614 quality and food safety audits were made at the plants of suppliers of production materials⁵. The audits were conducted by 59 Company's auditors who were trained for that purpose. These audits allow getting the Supplier Potential Index (IPP, as per its initials in Spanish), through which suppliers' reliability is assessed and the supplier is rated. 82% of these suppliers had an IPP equal to or higher than 70 and, in the cases where this score was not achieved, the quality area continued to help interested companies create improvement plans.

In turn, to ensure production material purchased is harmless, while optimizing costs and time devoted to audits, the Group approves suppliers certified under any of the standards recognized by the GFSI (Global Food Safety Initiative), for instance the BRC standard. In recent years, an increase has been noted in the number of Arcor Group's suppliers

certified under these standards, which are recognized by companies of the food sector and customers all over the world. This year, the number of these suppliers reached 140.

In this way, by the end of 2015, 96% of the suppliers of the Group's supplies and productive materials were qualified in terms of food safety and quality, either through a specific audit or a GFSI-recognized certification.

Also, in recent years, the Group has been working to incorporate sustainability criteria in the selection and development of suppliers. Among the achievements are the signature of the Letter of Adherence to the Guiding Principles for Responsible Management⁶ by 5,092 active suppliers, the incorporation of social and environmental factors in the process to evaluate, engage and monitor outsourced suppliers, and the REconocer (REcognize) Program to develop an index for suppliers, aimed at monitoring commercial quality and sustainability upon supplying the Group.



ARCOR IS PART OF THE GFSI SOUTH LATAM WORKING GROUP

In 2015, the GFSI (Global Food Safety Initiative) South LATAM Local Group was formed, with the mission to promote food safety, managing the joint work between governments and industry. This group is the result of a collaborative effort between the supermarket chains members of the United Supermarkets Association (ASU, as per its initials in Spanish) and several regional food manufacturing companies. Arcor Group joined in this initiative, actively participating in the meetings and activities performed, including the organization of the first GFSI Focus Day in Argentina so as to provide information to industry members on the issue.

⁵ Performed audits plus GFSI-recognized certifications are taken into consideration, for suppliers that have not been audited because they had already been certified by food safety standards.

⁶ This Letter is a guide of values related to the ten principles of the United Nations Global Compact, the international labor regulations set forth by the International Labor Organization (ILO) and the best business practices.



REconocer (REcognize) Program

In 2015, within the framework of Arcor Group's initiatives to promote sustainable supply, the *REconocer* (REcognize) Program was developed: Sustainability and Business Quality Index for Suppliers was developed in order to assess risks and opportunities that may arise from the economic, environmental and social management of all suppliers.

This program will be implemented based on the Sustainability and Business Quality Index, with data provided by suppliers through an online self-assessment. The survey includes, service, after sales, capacity and financial aspects (business quality), and social, people's safety and environmental management aspects (sustainability).

The information gathered from this index will allow to:

- Have a global and specific vision of Arcor Group's suppliers, by means of a rating system that takes into consideration business quality and sustainability aspects and allows making better purchase decisions, on an in-depth knowledge of the management of the Group's suppliers.
- Minimize supply chain risks, by assessing suppliers' capacity and risks related to the management of financial, legal, capacity, service, social, safety and hygiene and environmental aspects, and encouraging continuous improvement in the management of these aspects.
- Recognize those suppliers that stand out for their business quality and sustainable management.
- Comply with Arcor Group's Sustainability Policy and Strategy, in order to promote the sustainable management of the value chain.

Why is it called *REconocer* (REcognize) Program?

Get to Know

Arcor Group's suppliers, by **requesting and verifying information** related to how they manage **business quality and sustainability** in their company (social, health, occupational safety and environmental aspects).

Recognize

Those suppliers of Arcor Group that have shown an **outstanding management**, taking into account their performance in business quality and sustainability aspects.

Identify

The **risks and opportunities for improvement** of Arcor Group's suppliers in terms of business quality and sustainability, and to promote the improvement of their management.

What is the Purpose of the *REconocer* (REcognize) Program?

○ Performance Self-Assessment

Suppliers complete a self-assessment questionnaire on business quality and sustainability practices.

○ Sustainability and Business Quality Index

After verification, this self-assessment .creates an index that reflects the supplier's performance on the assessed criteria.

○ Continuous Improvement

The information provided by the Sustainability and Business Quality Index will enable continuous improvement in supply management.

SUSTAINABLE MANAGEMENT OF OUTSOURCED SUPPLIERS

Arcor Group has a procedure for the assessment, contracting and follow-up of outsourced suppliers⁷, which comprises quality, economic, social and environmental aspects, including topics related to human rights and children's rights.

100% of agreements entered into with outsourced suppliers require suppliers to pass audits on quality, social, economic and environmental aspects.

In 2015, the Outsourced Suppliers Corporate Committee held 11 meetings, issuing a total of 53 reports where business managers were informed about the risks detected with regard to social, environmental, economic and quality aspects. Out of the total suppliers assessed, 13 showed

a significant need for improvement, and 46% formally communicated an action plan to correct them in the short term.



As a novelty this year, the Outsourced Suppliers Committee worked to make Arcor's assessment criteria consistent with other international tools (SMETA Sedex, OSHAS 18001, ISO 14001, among others) in order to facilitate the assessment of foreign suppliers, thus reducing associated time and costs. In this way, in 2015, the Committee assessed two suppliers located in China and Turkey, with positive results.

Finally, in October, the Finished Products Suppliers Annual Meeting was held at the Bagley Salto plant, with

the participation of 35 representatives of outsourced suppliers in Argentina. At the meeting, members of the Committee detailed the environmental and occupational factors included in the social, economic and environmental audit that suppliers must undergo. With regard to quality, training in Food Fraud and Food Defense was given since these requirements will have to be met in the future and the importance of a GFSI-recognized food safety standard certification was stressed. Suppliers presented the improvement work carried out in 2015.

SUSTAINABLE AGRICULTURE

Through the Arcor's Sustainable Agriculture Program, the Company seeks to ensure the amount, quality, health and environmental and social responsibility of the main raw materials that the Company produces and acquires. With the analysis and diagnosis tools offered by the program⁸, each of the Group's businesses analyzes and characterizes

the provision of its main supplies to then develop and implement (agricultural production and purchase) practices and standards, which allow ensuring the sustainable supply of these raw materials.

Each initiative under this program depends on the type

of supply chain (direct, processors or traders) and on the opportunities for improvement of each productive chain. In this regard, initiatives include from technical and development assistance to primary producers projects, to the purchase of commodities certified by different sustainability standards.



⁷ Outsourced suppliers are those that manufacture a product, under a brand that belongs to the Group, at one or at all the production stages. The term includes those suppliers of raw materials and packaging materials to which the Group provides some of the materials used for manufacturing.

⁸ The program provides tools for the identification of critical supplies, mapping and characterization of the supply chains of each raw material, and a sustainability assessment tool for suppliers that are manufacturers of the material.

The Sustainable Agriculture Program includes several supplies, among which there are cereals, sugar, fruit and vegetables, fats and oils, cocoa and milk. The main initiatives (by business) launched under this program are shown below:

Sustainability Survey at Dairy Farms (Agri-business Division)

In 2015, sustainability was surveyed at the seven dairy farms that supply fluid milk to Arcor. Based on the survey findings, a Working Group comprising different areas of the Company (Agricultural, Human Resources, Community Relations, MAHPI, among other areas) was set up to determine the opportunities for improvements to be made as regards each of the assessed aspects.

Sugar Cane Sustainable Production (Agri-business Division)

This program was designed based on the sugar cane production survey, so as to promote the sustainable production of this supply, both by the Company and by the suppliers of Arcor Group's La Providencia Sugar Mill.

Within the framework of the initiative developed with the support of Fundación Solidaridad⁹ (Solidarity Foundation), an analysis of the own production of sugar cane was performed based on the principles and criteria set by BONSUCRO¹⁰, to assess the degree of compliance with the standard at La Providencia Sugar Mill. The results allowed studying the actions performed by the Sugar Mill so as to turn sugarcane agro-industry into an environmentally and socially sustainable activity and find opportunities for improvement.

Mapping and Characterization of Sugar Supply (Brazil)

In 2015, progress was made in the creation of the supply map for sugar in Brazil, one of the main supplies used by this business. The Company conducted a sustainability survey of four crystal sugar suppliers, whose sugar cane primary production allows producing 39% of the total volume of sugar used by Arcor Brazil.

The mapping allowed analyzing the degree of traceability of this supply to its primary production and the survey determined that sugar production, in all cases, is carried out in a sustainable manner.



⁹ Fundación Solidaridad (Solidarity Foundation) is an international non-profit organization engaged in promoting the development of socially responsible, ecologically sound and profitable supply chains.

¹⁰ BONSUCRO® is the first global standard for sustainable sugarcane production. BONSUCRO, formerly known as Better Sugarcane Initiative, is a global initiative aimed at reducing the environmental and social impacts of sugar cane production.



Childhood without Child Labor (Food Business)

As part of the initiative for the comprehensive producer development and within the framework of the Sustainable Agriculture Program, Arcor has been carrying out the “*Crecer jugando, por una niñez sin trabajo infantil*” (Grow up Playing, for a Childhood without Child Labor) project since 2006.

During the 2015 harvest season in the provinces of Mendoza, San Juan and Río Negro, 71 Child Development Centers were opened, with the attendance of more than 305 children of fruit and vegetable harvesters.

The project was implemented alongside 74 Company's suppliers/manufacturers, with the signature of 55 Addenda to Business Contracts whereby producers commit to eradicate child labor in their production activities.

Certified Cocoa (Confectionery Business)

In 2015, based on previous years' analysis, it was decided to proceed with a plan to use cocoa certified by sustainability standards for the production of chocolate-filled candy.

To this end, Arcor joined the UTZ Certified¹¹ cocoa program. Within this framework, the plants in Colonia Caroya and Arroyito completed audits to obtain the “UTZ — Chain of Custody” certification, with the goal of validating that there is system in place to ensure the traceability of the certified product at the facility where the product is processed.

Comprehensive Producer Development (Food Business)

In 2015, based on the surveys carried out among tomato, peach and corn producers, progress was made with regard to the implementation of this program. At workshops attended by all Food Business areas related to the supply of agricultural raw materials, strategies were designed to address the main risks and opportunities connected to the production of these materials.

The outlined strategies were integrated into a “2016-2020 Producer” vision, which will allow structuring a work plan with fruit and vegetables producers for the next five-year period. This work plan will be part of the agricultural, environmental, social and quality good practice initiatives that are already being implemented with producers of raw materials, for example, the *Crecer jugando, por una niñez sin trabajo infantil* (Grow up Playing, for a Childhood without Child Labor) program.



¹¹ UTZ is a certification program for the sustainable production of different raw materials, such as coffee, cocoa and tea. The UTZ seal guarantees that the raw material was sustainably produced under good agricultural and management practices, in a safe and healthy work environment, without using child labor and protecting nature.

SUSTAINABLE PAPER SUPPLY POLICY

Producing more environmentally-friendly packaging is one of Arcor's key objectives and a growing demand from consumers. While packaging materials of its mass consumption products include the use of plastic, glass, metal and tetra, the most widely used materials — almost 58% of the total — are paper, cardboard and wood for the manufacture of cases, cardboard structures and corrugated cardboard boxes, supplied by Cartocor and other suppliers of the Group.

As part of its commitment to the rational use of packaging and considering that Arcor is a major consumer of packaging materials made of wood cellulose fibers and recycled fibers, the Group created its Sustainable Paper Supply Policy.

The spirit of the Policy is to establish supply chain control mechanisms and, in this way, to promote appropriate forest management practices to avoid deforestation and its effects on global climate change. The Company's challenge is to gradually increase the percentage of raw materials it purchases from certified virgin sources, or are made of recycled fibers for the manufacture of packaging materials.

For that purpose, Arcor communicated the policy to all its suppliers for them to sign a letter of adherence, defining in turn a plan to gradually comply with the sustainable supply requirements defined by the Company.



FSC CERTIFICATION AT CARTOCOR ARGENTINA

Cartocor Argentina, main supplier of Arcor's cardboard boxes, received the FSC (Forest Stewardship Council) Standard certification at its three corrugated cardboard plants in Arroyito, Paraná and Luján, and at its paper plant in Arroyito.

Thanks to this certification, the Company received the "Chain of Custody" certification, which means that paper purchases derive from companies that manage their forests in a socially responsible manner and protecting the environment. The FSC certification guarantees the control of the path taken by the products from the forest to the consumer, including the transformation, manufacturing and distribution stages.



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"In order to create long-term value, we have taken on the challenge of managing the opportunities and risks of our supply chain. We work every day focused on integrating and including all suppliers into our value chain, ensuring a sustainable supply and promoting innovative practices and social inclusion."

.....

• **SEBASTIÁN DE GAETANO** •
Head of Project and Corporate Procurement Processes

RESPONSIBLE INCLUSIVE PURCHASES (CIR, AS PER ITS INITIALS IN SPANISH)

Launched in 2006, this initiative is aimed at enlarging and improving the Company's sources of supply, thus favoring social and economic inclusion of groups from poor or vulnerable sectors.

In 2015, the program consolidated into its three lines of action:

- **Local Inclusive Purchases:** In communities with Company's industrial operation.
- **Corporate Inclusive Businesses:** The Company has been making purchases in the textile industry on a sustained basis, mostly of employees' work wear from industrial plants in Argentina.
- **Development of Suppliers:** The Group implements

different strategies that allow the development of Responsible Inclusive Purchase (CIR) suppliers, enabling their incorporation into the Company's supply chain under better administrative, productive and commercial conditions. The creation of a micro-credit revolving fund and a project financing fund for productive undertakings is worth noting.

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In the last period, 24 CIR suppliers in Argentina and Chile joined in, and responsible inclusive purchases were made for a total volume of ARS 3,961,190.

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SUSTAINABILITY TRAINING FOR SECURITY GUARDS

In 2015, all of the Group's plants in Argentina continued training the staff hired to render security services.

Some of the topics covered by the activities carried out included: healthy life and healthy nutrition, rational use of resources (water, energy saving, recycling, etc.) human rights and children's rights. A total of 313 security guards took part in the training sessions, reaching 79% of the staff hired to render this service.

It is particularly worth mentioning the training session in Children's Rights and Business Principles conducted in the Property Security Workshop. 25 security chiefs from all the plants in Argentina, Brazil and Chile, participated in said workshop and were given information material to discuss the topic with their work teams. Also, training on healthy lifestyle was carried out. The course included the calculation of participants' Body Mass Index, establishing the risk level of

each participant and providing advice for leading a healthy life.

Moreover, specific actions were carried out at each of the plants to put the commitment to sustainability into practice, including the following: advice on environmental care, daily recording of water leaks, energy saving and activities for the promotion of healthy lifestyle habits.

LOGISTICS: LINKING THE VALUE CHAIN

Good logistics practices are essential to ensure Arcor's products reach all points of sale and distribution centers in perfect conditions. For a number of years now, the Group has been working to improve the productivity levels of operations and the service quality from a sustainable perspective.

The logistics sustainability plan is aligned with Arcor's Sustainability Policy commitments, and has been defined based on a risk matrix and sustainability opportunities that are specific to its processes. The actions carried out were focused on the rational use of packaging, climate change, human and labor rights, active life and healthy nutrition. In 2015, a total of 68 sustainable initiatives were carried out

at seven distribution centers, comprising product transport, logistics planning and the relation with distributors.

Also, being aware of the importance of logistics as a strategic factor to encourage the carbon decrease, Arcor continued moving forward to optimize the storage capacity of the transport units and thus reduce trips to comply with the movements required. This year, the Company focused on improving storage capacity, for the movement not only of finished products but also of by-products and raw materials.



REDACTIVA (ACTIVE NETWORK) PROGRAM

Based on this good logistics practice initiative carried out in Argentina, Bolivia, Paraguay and Uruguay, the Company seeks to consolidate the actions that have been developed in recent years, with a comprehensive and strategic approach, adding value and strengthening the Distribution Network's competitive advantages.

To achieve this goal, the program is structured in three stages: surveying and diagnosis, segmented training, communication and spreading of good practices. In 2015, the surveying stage of the Argentine network was

completed, goals were set for Argentina and Uruguay and the segmented training plan was started. In turn, the Active Network Program was launched at the branches in Bolivia and Paraguay, starting with the surveying and diagnosis stage.

Finally, planning began for communication and spreading of good practices, developing four model distributors in Argentina for them to be strategic partners and replicate the actions carried out. Also, a handbook of good logistics practices was prepared.

CUSTOMERS AND CONSUMERS

CUSTOMERS: PARTNERS FOR SUSTAINABLE MANAGEMENT

Arcor Group's distribution strategy is one of its major strengths. It is based on a world-class retail distribution model and other marketing channels that include supermarkets, wholesalers and special customers, and is supplemented by the Company's international trade structure, which ensures products reach more than 120 countries.

In 2015, the Group continued developing several initiatives to integrate sustainable practices into the distribution channels, carrying out actions with distributors, wholesalers and supermarkets.

In this period, a **Sustainability Training Workshop** was held and attended by 25 wholesale customers in Argentina and Arcor Group's employees that are in direct contact with them. Conducted in conjunction with the Instituto Argentino de RSE (Argentine Institute of CSR) (IARSE, as per its initials in Spanish), the training aimed at reviewing and updating Arcor's concepts, good practices and commitments to develop responsible sustainability-oriented management practices. In this way, participants received concrete tools to apply sustainability criteria to everyday business management.

Arcor Group's Customers¹²

	2015	2014
OFFICIAL DISTRIBUTORS	343	367
SUPERMARKETS	72	74
WHOLESALERS	1,126	1,128
SELLERS	8,024	10,378
POINTS OF SALE VISITED	989,014	836,902

¹² Data correspond to the distribution network in countries with industrial presence: Argentina, Brazil, Mexico and Peru.

ARCOR GROUP'S 2015 CUSTOMERS BY COUNTRY

	WHOLESALERS	SUPERMARKETS	OFFICIAL DISTRIBUTORS	SELLERS	POINTS OF SALE VISITED
BY COUNTRY					
 Argentina	300	24	163	3,007	255,723
 Brazil	391	5 ¹³	94	3,057	239,463
 Chile	190	19	32	348	54,305
 Mexico	80	20	10	1,232	300,000
 Peru	165	4	44	380	139,523

¹³ This indicator corresponds to national chains and does not take into consideration small supermarkets.



Moreover, in 2015, progress was made on the **“Guide for the Development of Sustainability Improvement Plans”**, to provide concrete guidelines on the following issues determined for this period:

- **Human and Labor Rights:** Hiring of personnel, occupational health and safety and community relations.
- **Active Life and Healthy Nutrition:** Storage, integrated pest control, specific food safety policies.
- **Energy Efficiency and Minimizing Impact on the Global Climate Change:** Warehouse infrastructure.

Furthermore, as part of the **work inclusion program**, and as a result of joint work with supermarket customers, Arcor, throughout the year, hired three persons with disabilities as shelf stockers in Argentina. Also, a disabled person was hired in ArcorCenter in Tucumán. In Peru, actions to communicate Arcor’s Sustainability Policy were carried out, reaching 20 customers; and awareness was raised on the importance of physical activity, a healthy diet and children’s rights. In turn, the Group made progress regarding the inclusive business program in Argentina and Chile.

Within the framework of its commitment to food safety in the value chain, the Company continued working together with its customers to ensure the necessary conditions

to guarantee integrity and harmfulness are met during transportation, distribution and marketing of its products.

For this purpose, **training in the characteristics of Arcor’s products and how to ensure their integrity during the reception, storage, preservation and sale was given to staff from supermarkets’** quality, logistics and distribution areas, and training concerning good handling practices was given to supermarkets’ sales staff and shelf stockers.

In Argentina and the south branches progress was made concerning the Active Network Program for distributors. Also, audits in the Group’s main distribution centers were conducted to verify compliance with good logistics practices and design improvement plans. Thanks to all these actions, handling-related claims fell by 11%, as compared to the previous year.

INCLUSIVE BUSINESS PROGRAM

In 2013, Arcor Group launched an inclusive business program aimed at improving the management of a group of retail stores, customers of the Company's Distributors.

This program fosters the strengthening of grocery stores in terms of business, commercial, financial and sustainability management, providing them with tools that would allow retailers to reach a higher level of professionalism and improve business results. To that end, the initiative included face-to-face diagnostic sessions, group training, development and implementation of improvement plans.

In 2015, Arcor continued moving forward with the 2014-2016 Work Strategy in Argentina, aimed at systematizing the **Mi Almacén (My Grocery Store) project** so that it may be implemented independently by Arcor's Distributors, progressively broadening its scope throughout the country. For this purpose, the Company's work team was trained, Distributors were invited to get involved and trained to conduct the program with their retailers.

The **"Entrepreneur Club" program** was implemented in Chile, with 25 customers of the Metropolitan region, holding three meetings of exchange and training, and 10 visits to stores in order to "teach by doing" the concepts learned in training courses. In addition, customers received a training manual with all the concepts learned during 2015 and practical examples for the application of said concepts.



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"Our business motto is to be close to the customer and listen to their needs. With the Entrepreneur Club program we are able to create value in the daily operations of a grocery store. Our work takes on special meaning when the selected grocers thank us and recognize the value of training for their business, generating a positive impact on the consumer-grocer-distributor chain in terms of results."

.....

• EDGAR CITTADINI •
National Sales Manager Chile

CONSUMERS: CLOSENESS AND WELL-BEING

Communication Channels

The Group has different means of contact with consumers, including telephone customer service, corporate website, corporate email address, fax, regular mail, Facebook and Twitter, and in 2015, the Company started to use an integrated social media service to improve consumer service quality.

Throughout the year, progress was made with regard to the use of the social networks as a means of communication with consumers, through different activations and campaigns that achieved the creation of a community with increasing interaction in Facebook and Twitter, reaching more than 10 million people.

Through a continuous, close and responsible bond, Arcor seeks to meet the needs and expectations of its consumers around the world. The Company works every day to offer products that are safe, affordable and of the best quality, and in the past years it has strengthened the initiatives aimed at promoting active life and healthy nutrition.

Consumer Service

The Consumer Service (SAC, as per its initials in Spanish) continuous to be an essential communication channel to listen to consumers' concerns, claims, suggestions and opinions, and in 2015, the service was contacted 75,399 times.

The SAC in Argentina achieved a 94% service level (number of calls answered with respect to number of calls received) and an 81% service level in 15 seconds (time elapsed from the moment the consumer calls until he/she gets an answer). Furthermore, training was given to keep improving

the service level, the ISO 9001:2008 standard follow-up audit was carried out, since the system is certified under this standard and an online social media monitoring system started to be used.

Almost half the calls answered were related to possible defective products and responses were given by using the following process: entry of consumer and product data into a computer system through which it is possible to trace each case; scheduling of the date and time to pick up the product that led to the call; and delivery of a product sample so as to be able to verify product quality. Once the Quality Management area of the manufacturing plant has analyzed the possible defective product, a technical response is developed and entered into the computer system and then given to the person who made the claim. The process ends with a satisfaction survey on the service provided to a certain percentage of claimants and the result of the survey is used as feedback for continuous improvement.

CALLS ANSWERED BY THE SAC		
	2015	2014
Argentina and Southern Subsidiaries	49,828	49,356
Brazil	22,853	30,697
Andean Region	2,718	2,050
TOTAL	75,399	82,103



In addition, we started to have personal contact with consumers at their homes for the recall and replacement of products, thus achieving closer and better relationship with them. The Group continued implementing different initiatives to ensure customer satisfaction and understand their expectations, including face-to-face meetings and satisfaction surveys by service and product, among others. It is worth pointing out that, in 2015, the Group drew up the procedure for presentation, analysis and resolution of claims and suggestions relating to childhood received through the SAC, which is part of the Company-Childhood initiative and highlights the Policy on Commitment towards the Children's Rights recently launched.

In Brazil, the SAC made progress through different actions aimed at improving consumer service, including training given to the customer service team, the periodic report of

claims recorded, an emergency customer service available on weekends, and a website to send queries and claims to the Company through social networks.

Furthermore, the Satisfaction Survey once again included issues related to Arcor's commitments to sustainability, for consumers to give priority to them pursuant to their level of importance and also put forward suggestions. In turn, Consumers Committee meetings continued to be held to gain further understanding of consumers' expectations; and the Opportunities Bank continued. This is a forum with ideas contributed by consumers that may turn into future business opportunities, including as well aspects related to sustainability.



SATISFACTION SURVEY FOR CONSUMERS WHO MADE PRODUCT-RELATED CLAIMS DURING 2015

	 ARGENTINA	 BRAZIL	 CHILE
Telephone Service	9,5	9,5	9,5
Technical Response by the Quality Management Area	9,4	9,4	9,4
General Opinion	9,3	9,4	9,3

Score from 1 to 10, Being 10 the Maximum Value and 1 the Minimum Value.

Market Research

In 2015, market research projects continued, the purpose of which is to contribute to the development of business proposals that meet the needs, satisfy the desires and respond to the interests of current and potential consumers. In this way, in Argentina, Chile, Brazil and Japan over 60 studies were performed in which Arcor listened to 11,583 people.

In Brazil two surveys were conducted to understand consumers' vision about Arcor Group's sustainability and commitments. 4,107 consumers participated in the

telephone survey and 348 in the online survey. The findings of both surveys show that the actions carried out by Arcor are in line with what consumers expect from companies in terms of sustainability.

In this period, the first 360° Institutional Reputation Monitoring Report was made to track, on an annual basis, Arcor's reputation in Argentina as perceived by all the publics targeted by the Company communications strategy.

RESULTS OF SUSTAINABILITY SURVEYS OF CONSUMERS IN BRAZIL

What can the food industry do to help protect the environment?

36% RECYCLING:

TO REUSE DISCARDED MATERIALS AND RAISE AWARENESS ABOUT THE ISSUE.

8% WATER

TO SAVE, REUSE AND TREAT USED WATER.

14% POLLUTION

DO NOT POLLUTE WATER AND THE AIR.

29% PACKAGING

TO USE BIODEGRADABLE PACKAGING, REDUCE AND REUSE PACKAGING.

ARCOR INTRODUCES “ARCOR'S BIRTHDAY COMMUNITY”

The www.cumplearcor.com website is a digital Interactive community that provides creative ideas to celebrate children's birthdays.

Considering that for children their birthday is the most anticipated day of the year, Cumple Arcor, through the creation of original and relevant content, such as videos and step by step tips, provides a service for all parents to prepare the birthday party for their children.

This community, which operates similarly to a blog, allows all users to register, actively participate and interact with the brand. Also, it provides news on the Company in relation to childhood, and the possibility to download different materials for the party, free of charge.





ACTIVE LIFE AND HEALTHY NUTRITION

The commitment to active life and healthy nutrition is included in Arcor's Sustainability Policy and guides the Company's work around the following actions:

- Promote healthy lifestyle habits, particularly a healthy diet, physical activity and the overcoming of addictions.
- Contribute to the scientific assessment of nutritional properties and the effects on health of the substances present in food.
- Manufacture food that contributes to pleasure nourishment, meeting the needs of all consumers.
- Research and develop product lines pursuant to the recommendations of the World Health Organization (WHO) and the national health plans.
- Use, for the manufacture of products, ingredients considered to be safe pursuant to the criteria set forth by the FAO (Food and Agriculture Organization of the United Nations) and the WHO.
- Adopt responsible advertising and promotion practices aimed at spreading healthy lifestyles.

Within this framework, in 2015 the Healthy Life Habits and Nutrition Committee was created as governance body to guide the Company's strategy on the issue. Throughout the year, Arcor continued developing initiatives in response to this commitment, making progress in the following:



HEALTHY NUTRITION

Formed by representatives of different areas of the Company, the “Nutrition Platform” work group continued promoting several initiatives with a multidisciplinary and comprehensive approach.



Trans Fats

Under the framework of the Trans Fat Reduction Policy, businesses continued moving forward with their process of technological customization to achieve the new goal set for the end of 2016, which establishes that the maximum contents of trans fat in food manufactured should not exceed 2% of the total fat contents. By the end of 2015, 91% of this corporate goal had been reached, with almost 60% of the Group’s businesses already meeting the trans fat limit set for their products.



Sodium Content

Also, Arcor continued working on customizing the sodium contents of products in accordance with the limit values set in the Group’s Sodium Contents Policy, reaching 98% compliance.

Sugar

This year work started to be carried on the sugar issue, exploring several standpoints, such as nutritional, technological, economic and media aspects, among others. In 2016, the Company will continue making progress on the issue to have an integrated vision about sugar.



Food with Special Characteristics

In 2014 Arcor Group defined “food with special characteristics” as that formulated with the purpose of delivering a valuable contribution with respect to the basic reference food. Along these lines, in 2015, Arcor worked on the development and launching of products aimed at nutritional benefits, with low or no sugar content, fortified with vitamins and minerals, rich in fibers, and fat free among other characteristics, and other products focused on well-being, such as breath freshener candies or Kosher and Halal certified products for special markets.



Gluten-free Food

Having 224 products currently approved by the health authority, Arcor is one of the mass consumption companies with the largest number of gluten-free products in the Argentine market. The most significant development in 2015 was the approval by the health authorities of corn oil and fortified precooked corn flour.

Also, celiac consumers continued receiving more information through the SAC and Facebook, specific shelves, the list of the products registered by the health authority as “Gluten-free” and questions and answers on the issue included in the corporate website.

In addition, to continue strengthening its bond with the celiac disease community, the Company participated in Expo Celiaca (Asociación Celiaca Argentina), launched the “Celiac Disease Patient’s Month” campaign and delivered a press kit to journalists, opinion leaders and health professionals to continue making people aware about this issue.

PUBLIC-PRIVATE COOPERATION

In 2015, Arcor continued working on nutrition and well-being together with other public and private institutions.

In Argentina and Brazil actions continued to be carried out to honor the agreement with health authorities within the framework of the Agreements for the Reduction of Sodium Content in flour products, canned vegetables and tomato sauces (the latter two products in Argentina only).

In Argentina, meetings were held with the Argentine Ministry of Health to give an account of what has been done until now. Since the execution of the Agreement in 2011, Arcor Group has worked on the reduction of sodium content in more than 60 products, in some cases reaching a decrease higher than 25%, exceeding the 5% initial reduction commitment.

Through the Coordinadora de las Industrias de Productos Alimenticios (Food Industry Coordinating Organization) (COPAL, for its initials in Spanish), Arcor continued to actively

participate in activities with various agencies and institutions, including the “Inter-sectorial and Federal Work Session on Technological Strategies for the Replacement of Trans Fat in Food”, organized by the National Institute of Industrial Technology (INTI); the Food Safety Network of the National Scientific and Technical Research Council (CONICET). Also the Company drafted and published the “Decalogue of a Healthy Lifestyle” with the collaboration of partners and external experts in the II National Work Session on Food and Beverages.

ARCOR'S AWARD TO INNOVATION



Aimed at national Pymes (small and medium-sized enterprises, SMEs), national universities and researchers, this award is intended to encourage the culture of innovation and technological development to pass their results effectively onto the food industry, achieving greater productivity and competitiveness in the sector and contributing to improve living conditions and social situation of communities.

In its Fourth Edition, the award was given to a project that refers to development of new food manufactured from

Solanum Betaceum Fruits, native from Argentina, with functional properties, which was under the charge of Ms. María Inés Isla, from the School of Natural Sciences and Miguel Lillo Institute of the Universidad Nacional de Tucumán and INQUINOA (CONICET).

Also, the “Arcor Foundation’s Special Mention” was granted to a project relating to the development of breaded products and fresh pasta suitable for celiac disease patients based on quinoa flour mixtures and different varieties of corn directed by Ms. Rebeca Ponce from the School of Engineering of the Universidad Nacional de Jujuy.

The winning research work received ARS 150,000, and “Arcor Foundation’s Special Mention” consisted of a ARS

65,000 prize money, intended, in both cases, to implement the projects. The award ceremony brought together key players in the industry and sciences to exchange views on the importance of public/private coordination and scientific innovation applied to the Company and the food industry.

This award, which is granted together with the National Agency for Science and Technology Promotion from the Ministry of Science, Technology and Productive Innovation, promotes the identification and appreciation of the research activity since it is the first of its kind in Argentina’s food industry environment.

PROMOTION OF HEALTHY LIFESTYLE HABITS

Over the last years, Arcor Group has made progress in the development of a Healthy Lifestyle Habits (HVS, as per its initials in Spanish) corporate project to align, consolidate and strengthen the Company's actions towards the promotion of this issue among all stakeholders.



Within this framework, 133 initiatives related to this issue have been consolidated, including activities to promote employees' health, focused on healthy diet and active life; work with children and adolescents on the right to play and move; promotion of physical activities through the sponsoring of marathons and sports events; and the promotion of healthy lifestyles habits in local communities and among consumers through social investment and social and public mobilization. An example of the aforementioned is the *Empresa libre de humo* (Smoke-free Company) Program, healthy cafeterias at the plants, and the *Escuela en movimiento* (School in Motion) Program in communities in Argentina, Brazil and Chile.

RESPONSIBLE ADVERTISING AND COMMUNICATION

Responsible advertising and communication are key aspects to maintain trusting relationships with consumers and the society in general.

Under this framework, the Group is a member of the Consejo Publicitario Argentino (Argentine Advertising Council) and *Consejo Superior de la Cámara Argentina de Anunciantes* (High Council of the Argentine Chamber of Advertisers), and adhered to the Code of Ethics and Self-regulation of Argentina, which is published by Consejo de Autorregulación Publicitaria (Council for Advertising Self-Regulation) and provides for advertising targeted at children. Also this year, Arcor developed and published its Policy on Commitment towards the Children's Rights, which includes a special section on Communication and Marketing.



At the regional level, Arcor is a member of Asociación Nacional de Avisadores de Chile (Chilean Association of Advertising Agencies), and follows the regulations of Consejo de Autorregulación y Ética Publicitaria (Council for Advertising Ethics and Self-regulation); while in Brazil it is a member of Asociación Brasileña de Anunciantes (Brazilian Association of Advertisers) and Consejo Nacional de Auto-regulación Publicitaria (National Council for Advertising Self-regulation), and it as well has adhered to the Code of Advertising Self-regulation and the Code on Consumer Defense.



• **MARISA CORDI** •
Corporate Food Law Manager

In turn, the Company continues working to provide more detailed information on the nutritional and functional properties of its products, helping consumers make decisions aimed at a healthy lifestyle. For such purpose, in 2015, Arcor continued including the GDA (Guide of Daily Amounts) scheme to the labeling of its containers



This guide informs the energy value and the value of certain nutrients contained in a food serving, both in grams and percentages, with regard to the daily needs of an adult based on a 2,000-calorie diet, and has

been incorporated in 1,587 product presentations. It is also worth mentioning that this year the Company's online catalogues in its website included nutritional information of each product in the same manner as it is included in its packaging, so as to make such information more accessible to consumers.



.....

"Since the creation of the "Nutrition Platform" work group great strides have been made on nutrition, thanks to collaborative and multidisciplinary work. Having in place a Policy on Sodium Content and updating the challenges related to trans fat goals and the internal definitions and criteria for "Food with Special Characteristics" show signs of growth in the Company's approach to these issues. Along these lines, the creation of the Nutrition Committee, which is a governance body for making strategic decisions on this matter, gives the clearest signal of what these issues mean at institutional level."

.....

ENVIRONMENTAL CARE



ENVIRONMENTAL MANAGEMENT

Since its inception, environmental care has been a key focal point of the Group's sustainable management. Within the framework of its Sustainability Policy, Arcor has been working to apply the best practices of environmental preservation, focused on significant issues for the business.

The management of environmental impacts of operations is part of the daily activity at all industrial plants and is carried out with the joint work of employees.



• SILVIA LINA CAMPOS •

Manager of the Environment, Hygiene and Industrial Protection Control Division at Arcor Group

The starting point in every case is the identification and assessment of environmental impacts carried out pursuant to a corporate procedure. Information gathered makes it possible to draw up the management programs that include activities and works of different characteristics and importance.

In 2015, the most significant investment amounts were aimed at infrastructure to treat liquid effluents, reaching USD 5,440,000, with projected facilities to improve or modernize

the existing ones or adjust them to the plants' growth.

Furthermore, during the year the Group continued making progress with regard to programs and activities created at the corporate level, being the following initiatives worth noting.



.....

"In line with Arcor's Sustainability Policy, in 2015, we continued working to apply best practices in environmental care, focused on the most relevant issues for our business: rational use of water, energy efficiency, minimization of impacts on global climate change and rational use of packaging. Our corporate projects and the improvements in the Group's different plants attest to our commitment. We will continue to work together with our employees, identifying opportunities to keep minimizing and eliminating the impacts of our operations; and providing training and raising awareness in our plants and neighboring communities to contribute all together to the protection of the environment."

.....



SUSTAINABLE PACKAGING

To date, Arcor has defined three cross-functional corporate guidelines with regard to sustainable packaging:

- A tool for the assessment of the environmental performance of the different types of product packaging, used during the product development stage.
- Sustainable Paper Supply Policy.
- Practice with regard to the reduction of PVC use.

Furthermore, Arcor measures and analyzes the “packaging material use” indicator, which information shows the progress made with regard to the reduction in the amount of packaging material used for the product. The defined indicator represents how much of what is produced is packaging and therefore is thrown away after consumption.

In 2015, 82% of the paper used in boxes and corrugated cardboard dividers and card boxes at mass consumption plants came from sustainable source. The results achieved by country are shown in the chart on the right.

In turn, under the framework of the Group’s Sustainable Paper Supply Policy, Cartocor Argentina, main supplier of Arcor’s cardboard boxes, kept the FSC (Forest Stewardship Council) Standard certification at its three corrugated cardboard plants in Arroyito, Paraná and Luján, and at its paper plant in Arroyito.

PACKAGING MATERIAL USE INDICATOR

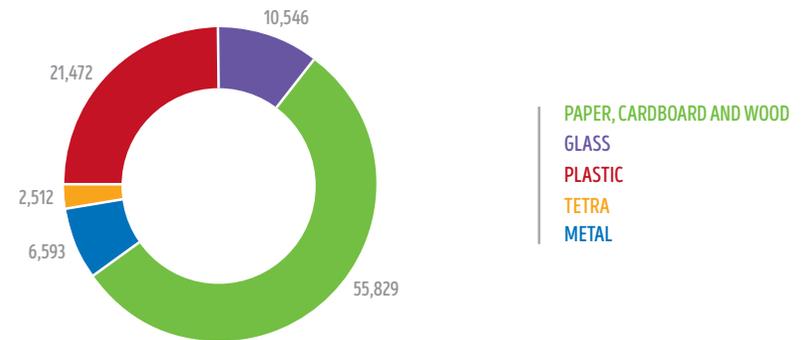


Ton ME/ (Ton ME + Ton MP)

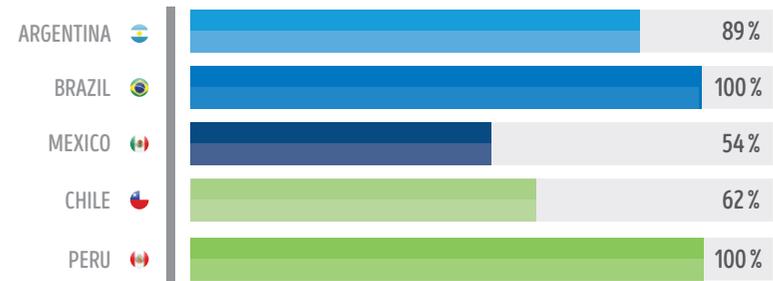


THE LOWEST OVER THE LAST 4 YEARS

PACKAGING MATERIAL USE BY TYPE (TN)



PAPER FROM SUSTAINABLE SOURCES (%)¹



¹ Tons of packaging using paper from sustainable sources /total tons of paper packaging used.

TRAINING IN ENVIRONMENTAL CARE



Throughout the year, Arcor Group continued with its environmental training sessions, addressing specific topics arising from action plans to minimize or eliminate significant environmental impacts.

Also, like every year, the Environment Week was celebrated at all the Group's plants, to commemorate the World Environment Day. Under the motto "*Soy responsable, soy sustentable, consumo lo necesario*" (I Am Responsible, I Am Sustainable, I Consume as Necessary), and through several activities, Arcor Group sought to strengthen the concept that each person plays a key role and is responsible for the protection of the environment.

In turn, progress was made concerning the Ser Parte (Being a Part) Environmental Training Program, with the participation of employees who conducted courses for the environmental education of children who are students of 4th and 5th grade in primary schools close to the operational facilities or educational institutions attended by a high percentage of the children of the Company's employees. **In 2015, 350 employees took part as trainers in the program, having trained 6,000 children from 60 schools, which thus doubled the program's coverage, as compared to the previous year.**



ENVIRONMENT WEEK AT LA CAMPAGNOLA CHOELE-CHOEL

The activities organized at the plants to celebrate the environment week had a significant impact on all the employees. With the message: "Learning that Transcends Time is That Which is Acquired by Feeling Part of a Just and Noble Cause," discussions, debates, educational games and contests were held during the week.

The activities aimed at raising awareness on environmental care and were mainly focused on water protection and waste management. The price received by the contest winners was a family dinner to share the cause in their home, thus sharing knowledge. Finally, on June 5th a visit to the plant was organized for children and grandchildren of employees, where videos on environmental care were shown, talks were held and a plant tour was conducted.

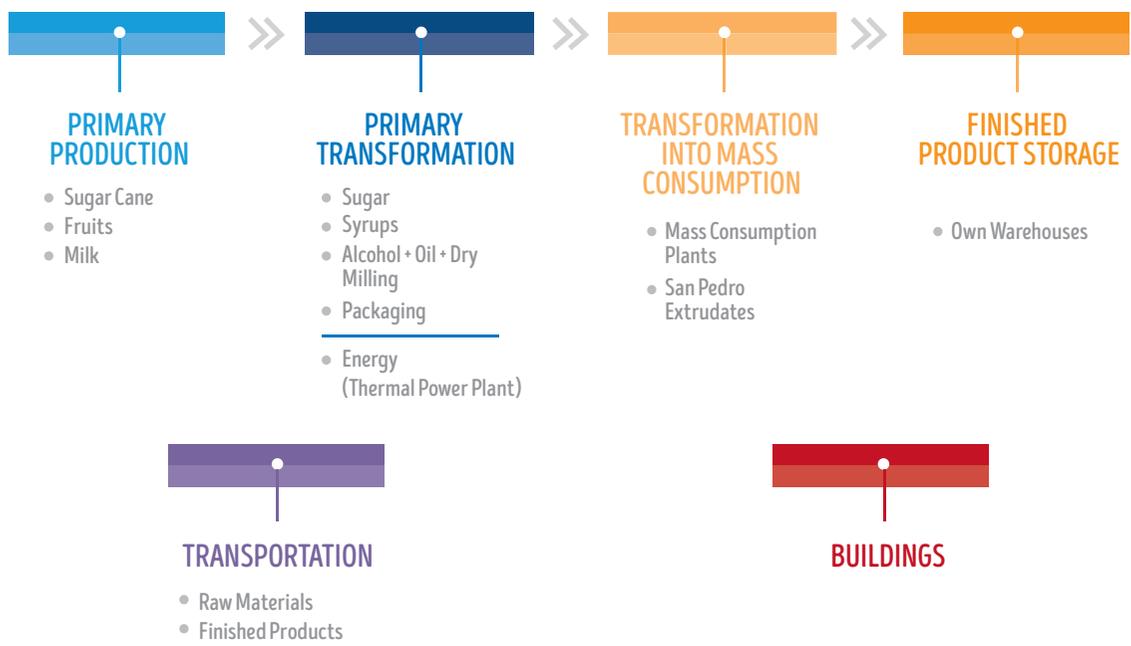
ENVIRONMENTAL PERFORMANCE MEASUREMENT

Arcor Group has a set of indicators that make it possible to know the evolution of the different aspects of environmental management. Some of these indicators are included in the Sustainability Scorecard.

To arrange the indicators, they were grouped in five concepts related to the value chain so as to facilitate the compared assessment and follow-up. Said concepts are: primary

production (relating to agricultural activities), primary transformation (agro-industry) transformation into mass consumption and storage (manufacture of food products for consumers), storage (own warehouses of finished products) and transport (it includes transportation of raw materials and finished products).

ENVIRONMENTAL PERFORMANCE MEASUREMENT BASED ON THE VALUE CHAIN CONCEPT





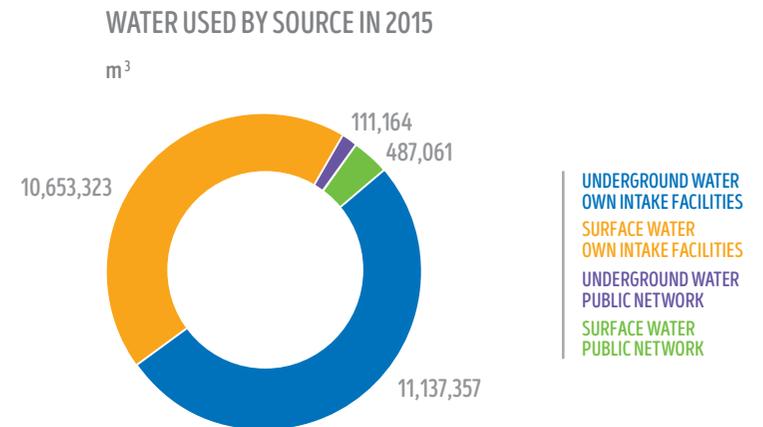
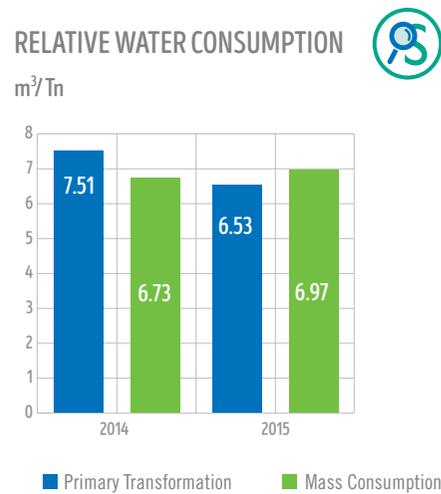
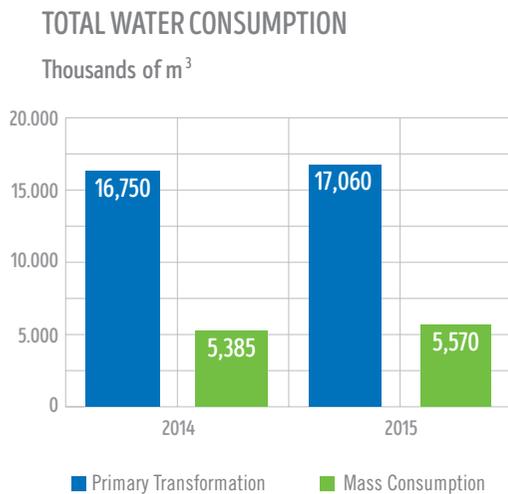
WATER

Water consumption is one of the key performance indicators. This indicator describes the total amount of water used, including all sources and uses, and is measured in cubic meters used/production during the same period. Total water used in 2015 was 22,782,000 m³, coming, mostly, from own duly authorized water intake facilities (97.2%), with only 2.8% of water coming from public distribution systems.

77,185 m³. All arrangements have been made to systematically collect data related to water use in farms.

Moreover, this year, 89 initiatives for the rational use of water were included in the operating plans of the Group's businesses.

With regard to data related to primary production, water used in dairy farms in 2015 was



RECOVERY OF STEAM LOSSES TO BOIL WATER BRAGANÇA PAULISTA PLANT, ARCOR DO BRASIL

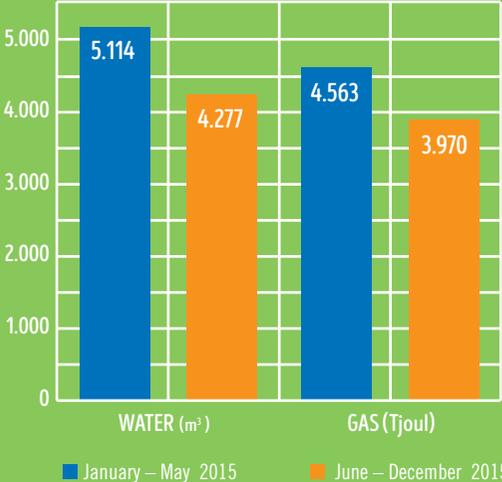
At the manufacturing plant of products containing chocolate located in Bragança Paulista there is a water circuit at 45°C to maintain transport pipes and storage tanks for chocolate and oils at the necessary temperature for fluidity. Originally, water in this circuit was heated by steam at 3 Kg/cm².

Within the framework of the Company's Sustainability Policy, a project was developed to economize and optimize the use of steam to preheat water at 45°C, leveraging the steam energy that was channeled into the atmosphere.

For this purpose, a heat exchanger, a condensate recovery tank and a condensate return pump were installed, thus modifying the water circuit at 45°C. Total investment was R\$ 26,000.

Thanks to this improvement, water consumption at the plant was reduced by 16%, an average of 500 m³ of water saved per month. In addition, a 13% reduction in the use of natural gas was achieved by recovering wasted energy. This improvement meant an average saving of R\$ 12,500 per month in the cost of water and gas.

WATER AND GAS SAVING AT
THE BRAGANÇA PAULISTA PLANT



REDUCTION OF WATER CONSUMPTION – LA CAMPAGNOLA VILLA MERCEDES

The Villa Mercedes plant manufactures sweets, marmalades and juices. The marmalade production line (jar line 2) accounts for 22% of the water used at the plant, which, in 2013, amounted to 8.34 m³/ton.

The improvement group created to deal with the issue identified that some of the highest consumption rates were recorded at the pulp unpacking and manufacturing stages, during which processes water consumption was not controlled. In these operations, three pumps are used in sectors identified as critical because they used 6,120 liters of water per hour.

To improve the situation, the diameter of the water-delivery pipe to the pumps was reduced, actuators were installed and their opening was automated, graduated nozzles and

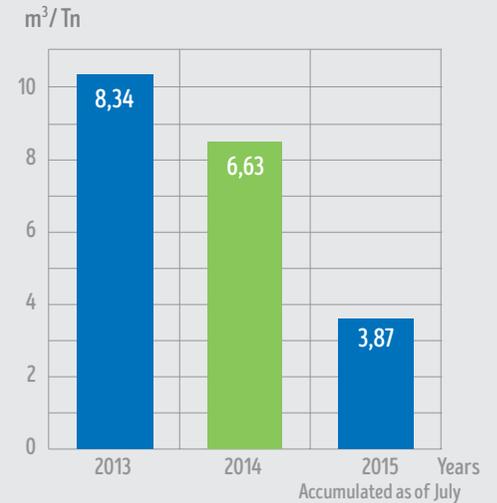
flow meters were implemented and a major campaign was conducted to raise awareness among employees. Thanks to these efforts, water use by the production line was reduced by 75%.

Taking into account the cost of water and of the treatment of the effluents resulting from the operations under study, the reduction represents an annual saving of approximately ARS 600,000.

More in-depth activities were carried out regarding the removal of sulfites from quince and in jar line 1, achieving in this case a 92% reduction in water use.

Thanks to all these actions the plant reduced its annual water consumption by 45,660 m³, as compared to 2013, and achieved annual savings of approximately ARS 1,000,000.

WATER CONSUMPTION



ELECTRIC POWER AND FUEL



The energy used by the Group is measured by two indicators: electric power and fuel consumption (liquid, gaseous and solid).

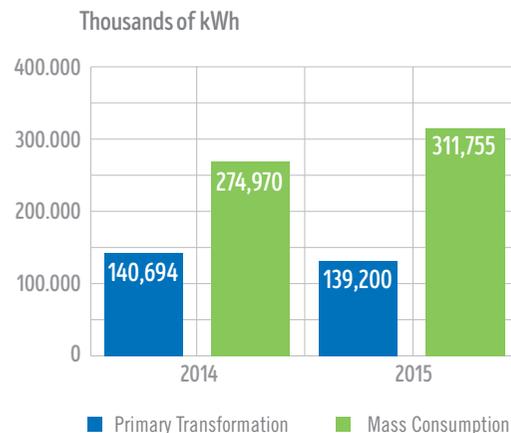
Electric power used at the plants comes from renewable and non-renewable sources, depending on the power grid of the countries or regions where each facility is located.

In Brazil, the total amount of electric power purchased for the five plants comes from hydroelectric sources, and that used at Mundo Dulce in Mexico comes from wind sources and is provided thanks to the agreement with Bimbo Group. In Argentina, at the Jose Gai power generation plant of La Providencia sugar mill, in Tucumán, energy was generated from bagasse (renewable fuel), which is obtained as a residue during sugar cane processing.

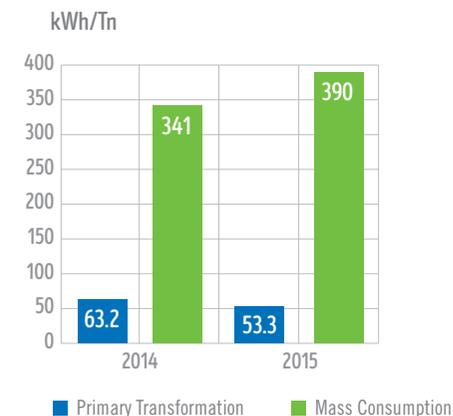
In this way, 39% of total electric power used in 2015 by the Group came from renewable sources.

Fuel used at the facilities is essentially, natural gas, bottled gas, gas oil, fuel oil and biomass. In 2015, biomass (renewable source fuel) accounted for 33% of the total fuel used by Arcor Group.

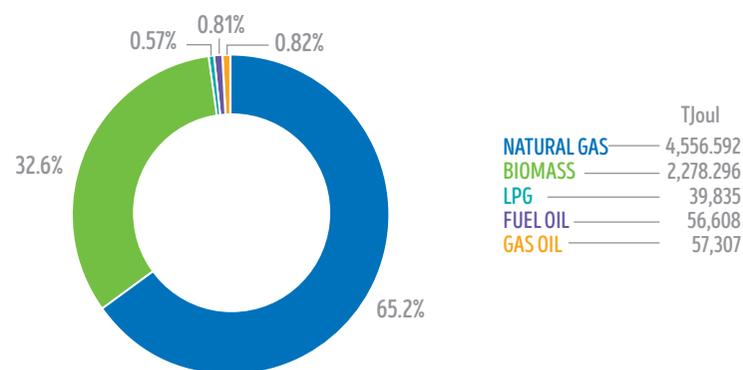
TOTAL ELECTRIC POWER CONSUMPTION



RELATIVE ELECTRIC POWER CONSUMPTION



FUEL CONSUMED BY TYPE



IMPROVEMENT OF THE ENERGY EFFICIENCY OF OVENS – BAGLEY VILLA DEL TOTORAL

99.76% of the fuel used at the plant in Villa Totoral is natural gas, and it is mainly used for baking cookies.

When addressing, by systematic work, the problem, it was noted that there was no gas consumption mapping per line at the plant. Therefore, the Company had to conduct a preliminary global analysis that included training, the creation of a measurement protocol, the installation of flow meters and conducting initial measurements. This global analysis revealed that gas consumption has no direct relationship with the production volume, and that the type of product directly affects the gas consumption associated with the amount of water to be removed for each product. Line 1, in which crackers are made, was the one with the highest gas consumption, though not the most productive, and work was focused on that line.

Taking into consideration energy balance and energy efficiency principles, the Group quantified energy consumption distribution and identified the operations that led to energy loss: extractions, oven grid and walls.

The immediate contingent action was to clean and adjust burners to ensure proper combustion. At a later stage, an in-depth analysis of energy losses, their causes and the requirements to eliminate or minimize them was conducted with the support of experts and by using statistical tools.

All the actions undertaken can be summarized in three categories:

- Extraction closing
- Preheating of injected air
- Insulation of grid return and repair of leakages

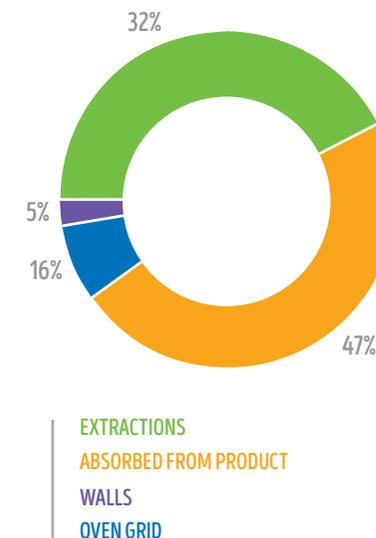
These actions, which meant an investment of ARS 19,000, contributed to reduce natural gas consumption per ton produced at the line by 8%, representing a net decrease of gas of more than 10% (from 124 m³/h in 2014 to 111 m³/h in 2015).

This improvement represented:

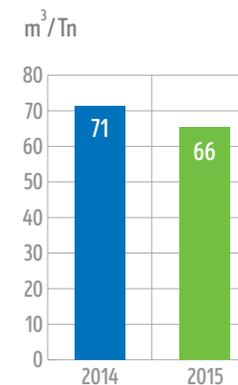
- Savings of 84,500 m³ gas/year
- Savings of ARS 260.000/year, which is equivalent to 32 production days
- A decrease of 165 Tn CO² eq/year

The methodology applied and the learnings derived from the work carried out is being replicated in the other lines of the plant, and the same will be done in all the business' and Group's ovens.

OVEN L01 - SERRANAS SANDWICH
Distribution of Energy Consumption



OVEN L01 - NATURAL GAS CONSUMPTION

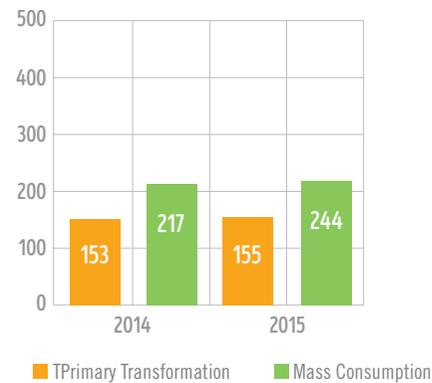


EMISSIONS

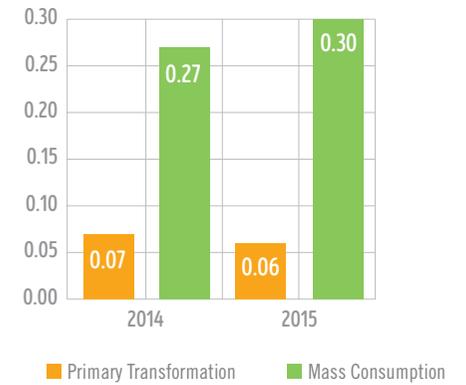
 The GHG emissions indicator is monitored and calculated based on the electrical energy and fuel consumption values taken as source data. This indicator is an approximate amount of GHGs directly released by fuels used for production and service and, indirectly, by combustion of the fuels used for the generation of the electric power used at the plants.

One of the sources of GHG emissions is the burning of fuel for the transport of finished products. The amount of GHG emitted during transport is calculated based on the kilometers travelled and the amount of fuel used. In addition, work has been made as regards the optimization of the storage capacity, thus reducing the number of trips. Thanks to the actions undertaken in 2015, a reduction of 840,000 km driven was achieved, which accounts for lower fuel consumption (370,000 fewer liters) and lower GHG emissions (987 ton CO₂ eq).

GHG EMISSIONS
Thousands of Tn CO₂ eq



GHG EMISSIONS
Tn CO₂ eq/ Tn



GREENHOUSE GAS (GHG) INVENTORY

Arcor Group's GHG Inventory project includes from the definition of the tool to be used to the collection, analysis and periodic update of information, including training of people directly engaged. A GHG Inventory is part of a management system which goal is to assess, control, limit and verify the amounts of GHG released and removed in the organization's processes. It makes it easy to identify opportunities to reduce emissions, also resulting in energy and financial savings.

This project has been implemented at all the Group's plants in Argentina and Chile, and at other non-industrial operations, applying a method of its own that includes the main guidelines used internationally (PAS 2050 specification and GHG Protocol) and that implies an update every three years.



ARCOR GROUP'S GHG

Percent Distribution by Scope



Scope 1: Direct Emissions and Removals

Scope 2: Indirect Emissions from the Generation of Electricity and Other Services

Scope 3: Other Indirect Emissions and Removals

GHG PERIOD - 2013-2015

	Tn CO ₂ eq/year
Primary Production	34.113
Primary Transformation	676.535
Transformation into Mass Consumption	166.378



EFFLUENTS AND WASTE

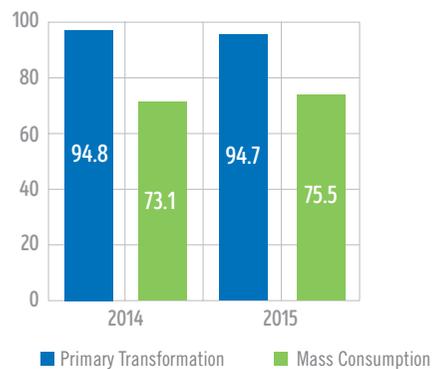
Arcor's environmental management prioritizes pollution prevention and as part of that, the minimization of the generation of liquid effluents and solid waste.

Liquid effluents generated are controlled as needed, in accordance with the type of treatment available at each plant. Solid waste is managed favoring recycling and reuse.

The indicators used to monitor waste management are: total waste, hazardous waste, recycled or reused waste and waste managed by type and by treatment methods.

RECYCLED WASTE

% With Regard to Total Waste Generated



TYPES OF SOLID AND SEMISOLID WASTE		TREATMENT	AMOUNT OF WASTE MANAGED IN 2015 (Tn)
HAZARDOUS WASTE	Empty Packages	(Alternative Fuel) Reuse	16
		Other Uses	4,5
	Used Oil	Alternative Fuel	35
		Other Uses	114
	Solids with Oil or Solvents	Alternative Fuel	42
		Other Uses	1,304
Waste from Solvents	Alternative Fuel	59	
	Other Uses	60	
RECYCLABLE WASTE	Cardboard	Reused	17,865
		Recycled	33,264
	Metallic	Recycled	2,212
	Organic	Animal Feeding	22,155
		Composting	116,447
		Other Uses	3,867
	Plastic	Reused	512
		Recycled	2,910
	Glass	Reused	0
		Recycled	173
Wood	Reused	1,788	
	Other Uses	3,588	
SIMILAR TO HOUSEHOLD		Burial	24,833

COMPOSTING - LUJÁN COMPLEX

At the Company's Complex in Luján, province of Buenos Aires, there are three production plants for the manufacturing of corrugated cardboard boxes, POP displays and film printing.

The Complex has a cafeteria used daily by 70 to 120 employees from Monday to Friday. In a survey, it was found that 45 kg of organic matter waste were generated daily. Such waste was disposed of in the city's landfill.

In 2015, a composting project was started using the organic waste generated at the cafeteria. The goal of the project was to contribute to environmental care by reducing the amount of waste sent to landfills, raising awareness among the plant's employees and promoting good waste segregation practices.

A specialized company provides advice on and monitors the project, which included a campaign to inform and train employees and the installation of two composters with 900 Kg capacity each.

To date the first composting cycle has been completed, with excellent results. The amount of waste the Company sends to landfills was reduced by 6.5% (2,518 kg), recovering 100% of the organic waste produced in the cafeteria. The material obtained will be used in the Complex gardens.



ENVIRONMENTAL MANAGEMENT AND PRODUCTION EFFICIENCY - PACKAGING BUSINESS

In 2015, the Packaging Business worked on several improvement projects, two of which follow the same principle: increasing efficiency in all aspects, thus eliminating defective product returns.

Converflex, Villa del Totoral

At this packaging film printing plant, work was conducted in relation to returns due to defective wrappers for “cold twist” chewy candies. Said product accounted for 21% of returns due to defects in 2014.

The material produced to wrap chewy candies is a complex structure made of polypropylene film, printing inks, cold seal adhesives, varnish and antistatic film, in accordance with the design requested by the customer.

The work group conducted a detailed analysis of the situation, which included, in addition to analyzing the problem and its causes, working together with the customer to assess material functionality through testing with filling machines and sampling for analysis.

Thus, based on the knowledge gained, the Company developed an action plan, which included, among its main measures, the following: a new product structure design, stirring systems, feeding and automatic level control if inks, adhesive and varnish, a system to reduce the formation of foam and solids during adhesive application and a control system of the environmental conditions at the facilities (constant temperature and humidity throughout the year).

Cartocor Luján

Cartocor plant in Luján, province of Buenos Aires, manufactures cardboard packages for Arcor Group's businesses and third parties.

An improvement team worked on the return of cardboard boxes due to defect, as some of the packaging layers came unstuck. The number of events related to the same complaint reflects a chronic defect in a product with a high delivery frequency (200,000 trays per week) manufactured for the plant's main customer.

By following Arcor Group's improvement methodology, work was done to understand the situation, analyze the problem and identify root causes, and corrective actions were defined and carried out (minor changes in operation, establishment of new working environmental parameters, minor changes in the facilities for adhesive preparation and staff training).

Results

In both cases there were no more returns for defects in the products under study, which, in addition to eliminating economic losses, means increased customer satisfaction and successful implementation of eco-efficiency principles, resulting in improvements by:

- Adequate use of raw materials and supplies
- Reduction in electric power consumption
- Reduction in water consumption (in the case of Cartocor Luján)
- Reduction in waste generation and materials to be reprocessed
- Reduction in transport and the subsequent generation of GHG emissions

MAIN DATA OF HIGHLIGHTED CASES

	 Villa del Totoral	 Luján
	Film for chewy candies	Cardboard boxes for third parties' products
RETURNS 2014	37 Tn	118 boxes (January to July)
Economic Losses due to Returns	USD 281,000	ARS 975,000 (January to July)
Investments Made to Overcome this Issue	USD 20,000	ARS 2,000
RETURNS 2015	0,2 Tn	0 box (January to June)



COMMUNITY

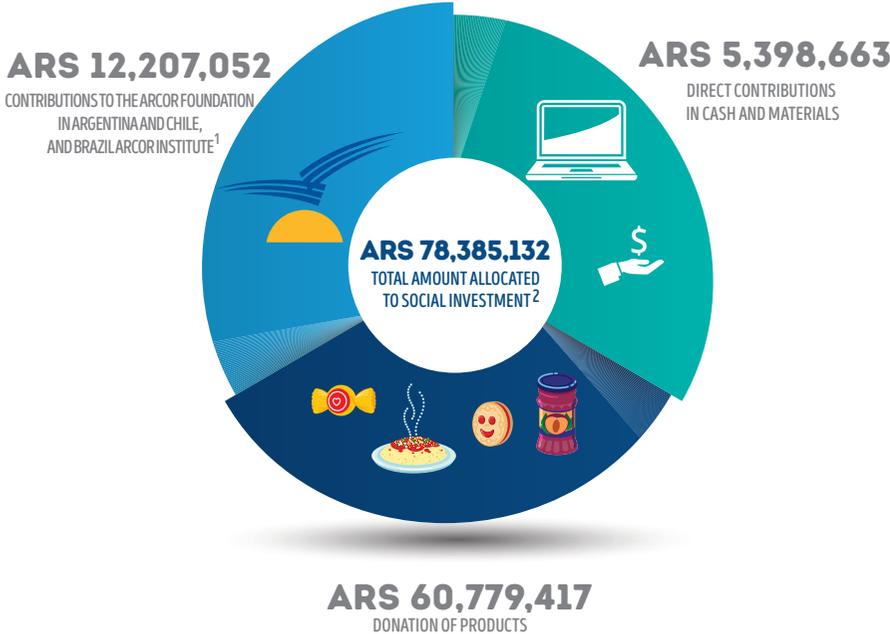
COMPREHENSIVE DEVELOPMENT OF COMMUNITIES

Since the very beginning, Arcor Group's founders have understood that the Company would grow together with the community. Since then, the Group has worked in the belief that it is a significant and responsible player in every place where it is present. For that purpose, it

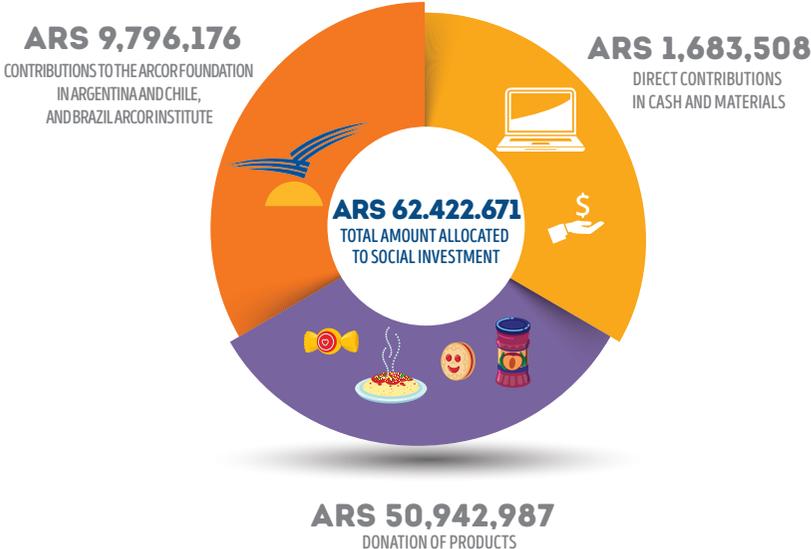
has professionalized its community relations and its social investment strategies, developing a gradual, comprehensive and systematized process that conceives the Company as a partner and co-responsible participant with regard to the development of society.

This year the Group consolidated the Company's social investment strategy with the creation of Arcor Foundation in Chile, reinforcing its commitment to promoting and contributing towards the children's rights.

SOCIAL INVESTMENT 2015



SOCIAL INVESTMENT 2014



¹ This amount is the monetary contribution made by Arcor Group to Arcor Foundation in Chile and Argentina and Brazil Arcor Institute. The contributions made by the Company to cover infrastructure, staff and operating costs of the three organizations are not considered. The funds concerning alliances and the total amount transferred by each of them are not considered as well.

² Figures are stated in Argentine pesos.



COMMUNITY IMPACT MANAGEMENT

In 2015, Arcor continued taking actions aimed at the comprehensive development of the communities in the towns where its operating bases are present, devising strategies for impact management in each community.

Within this framework, the Company continued planning and implementing its operating plans and carrying out community actions through 19 Community Relations Committees locally consolidated at the industrial plants and distribution centers in Argentina and Chile. These actions were supplemented the corporate projects in which several areas of the Company are involved.

Furthermore, a major milestone achieved this year was the progress made in the development of a methodology to assess impacts of the Company-community relation where the Group's facilities are located. This methodology consists of two components: a perception study and a matrix of economic, environmental and social Impacts.

IMPACT PERCEPTION STUDY

In order to know the perception the communities and certain Arcor's stakeholders have about the Company-community relation, a qualitative study was conducted in 12 communities, which comprised 16 Group's operation bases located in the Argentine provinces of Córdoba, Catamarca, Tucumán, San Juan, Mendoza, San Luis and Buenos Aires.

Within this framework, through 21 focus groups and 112 in-depth interviews to several referent individuals across social, economic, environmental and political fields, the media, employees' relatives and neighboring residents, Arcor sought to know what the community knows about the Company; which impacts they suppose are occurring and their appreciation of such impacts. This provided insight on the strengths and opportunities for improvement of the relationship with the community to create focused mid-term strategies and work plans.

MATRIX OF ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACTS

The company-community impact matrix was designed to facilitate the collection and log of homogeneous and comparable information that allows managing Arcor's potential impacts on the local development of the communities where it operates.

The matrix includes the sphere of influence of the Company's own operations and addresses those effects caused directly or indirectly by Arcor's presence in each location through 100 quantitative and qualitative, economic, social and environmental indicators. That way, the Company seeks to know the expected and unexpected impacts and the Company's negative or positive effects on the community, and to proactively manage risks and opportunities that are identified.



PARTICIPATION AND DIALOGUE

As part of the Community relation strategy, the local committees participate actively in different dialogue forums such as local management and development tables. For instance, the following examples are worth mentioning: Regional Employment Board in Jesús María, Management Table for the Community in Recreo, Cultural Network in the area neighboring Bagley's Plant in the city of Córdoba, Business Table in Tucumán, and Network of Organizations and Companies of the Port of Mar del Plata, among others.

Also, the Group continues contributing to the environmental and social enhancement of the communities where it is present, through the provision of technical and financial resources to make improvements related to infrastructure and utilities. For instance, the following is worth noting: opening and cleaning of drainage gutters; construction of bike trails; extension of new roads, forestation of areas neighboring the industrial facilities; and cleaning and maintenance of public spaces. In turn, these projects foster the engagement of neighborhood associations, schools, sports clubs and other neighborhood organizations.



"Based on the company-community impact matrix and the perception study conducted this year, in 2016, the Company will continue training Community Relations teams to incorporate the new work methodology as the tool of choice of local committees for analysis and decision-making, prioritizing action plans focused on the key impacts and areas of concern identified in the communities close to the Company."

• **MONICA CAMISASSO** •
Community Relations Manager at Arcor Group

CORPORATE PROJECTS

During the year, Community Relations, Human Resources, Logistics, Supplies, Quality, Maintenance, MAHPI areas and Arcor Foundation worked together to consolidate several projects and widen their scope. Among them, the following are worth noting: the Responsible Inclusive Purchases and Sustainable Agriculture Programs, the Project on Work Inclusion of Persons with Disabilities, and the Relationship with Technical Schools Program.

Donations Program

Through the donation of products and materials, Arcor Group strengthens the labor of social organizations and institutions that work with children and adolescents in different towns and municipalities of Argentina, Chile and Brazil.

Donations of products are channeled through non-governmental organizations that work at national level in the three countries: Food Bank, *Cáritas*, *Movimiento de los Sin Techo* (Homeless Movement), *Manos Abiertas* (Open Hands), Child and Youth Network of Cerrillos and Lo Espejo and *Programa Mesa Brasil* (Brazil Table Program).

Visits to Plant Program

Every year, the Group's plants open their doors to the community as part of the Company's strategies of dialogue with different stakeholders, with the majority of visits being from children and young people interested in getting to know the productive processes and the aspects related to quality, environmental, technological and logistics management.

In 2015, 1,711,600 kg of products were donated to over 3,000 organizations that will benefit more than 500,000 people in 31 communities in Argentina, Brazil and Chile.

This initiative also contributes to strengthening the bonds with neighbors and stands as an educational tool very valuable for visitors. In 2015; over 15,000 people visited Arcor Group's different plants.



SER PARTE (BEING A PART) ENVIRONMENTAL TRAINING PROGRAM

Through this initiative Arcor seeks to promote the active practice of caring for and protecting the environment and expand the environmental capital of the communities where the Company conducts operations. For such purpose, the Company's employees organize environmental education workshops for children who are students of 4th and 5th grade in primary schools close to the operational facilities.

The topics are aligned with the commitments of Arcor's Sustainability Policy on the rational use of water, energy efficiency and good practices in waste handling; and contents are delivered through playful activities.

The Program also includes visits by children and teachers to the Company's industrial plants in order to disseminate and share Arcor's environmental management.

The children that participated in the program in this first 2-year cycle were awarded an "environmental promoter" diploma. These certificates were given during the community events for the closure of the Ser Parte (Being a Part) Program held in each town. Moreover, at each event, an environmental care proposal was presented for its implementation in schools, neighborhoods, and communities.

REGIONAL SOCIAL INVESTMENT IN CHILDHOOD

Contributing so that education may be a tool of equal education opportunities for childhood is the mission guiding the work at the Arcor Foundation in Argentina and the Brazil Arcor Institute.

With this same spirit, the Arcor Foundation in Chile was created in June 2015, an organization that formalizes the actions and initiatives that have already been carried out in such country. Thus, Arcor Group consolidates the Company's social investment strategy in the region, reinforcing its commitment to promoting and contributing towards the children's rights, as it has been doing since 1991 with the Arcor Foundation in Argentina and since 2004 with Brazil Arcor Institute.

Working in favor of children's rights, these three entities encourage and support projects focused on education, with two focal points as a priority: early childhood and active life promotion, which are supplemented by other initiatives that foster educational opportunities, create training processes, and look to place the issue in the social agenda, thus moving all the participants engaged: family, school, the State, grassroots organizations and companies.



.....

"Since the creation of Arcor Foundation in Chile in 2015, Arcor Group's social investment strategy has been consolidated at regional level, reaffirming its commitment to continue promoting and contributing towards the children's rights in the region; an issue that has become strategic for the Company since the Corporate Sustainability Committee approved the Policy on Commitment towards the Children's Rights."

.....

• SANTOS LÍO •

Manager at Arcor Foundation

REGIONAL SOCIAL INVESTMENT IN CHILDHOOD IN 2015

Arcor Foundation Argentina

83
SUPPORTED
PROJECTS

84,498
PARTICIPATING
CHILDREN

19
PROVINCES
COVERED

110,490
ADULTS WORKING ON
CHILDHOOD ISSUES

ARS 7,751,034
INVESTED

ARS 20,353,640
MOBILIZED

Brazil Arcor Institute

36
SUPPORTED
PROJECTS

12,040
PARTICIPATING
CHILDREN

26 MUNICIPALITIES
IN 7 BRAZILIAN STATES

22,055
ADULTS WORKING ON
CHILDHOOD ISSUES

ARS 3,706,263
INVESTED (R\$ 1,334,292)

ARS 14,453,409
MOBILIZED (R\$ 5,203,373)

Arcor Foundation Chile

In its first six months of operation

8
SUPPORTED
PROJECTS

849
PARTICIPATING
CHILDREN

7 DISTRICTS IN
SANTIAGO'S MUNICIPALITY

506
ADULTS WORKING ON
CHILDHOOD ISSUES

ARS 754,480
INVESTED (CLP 53.891.401)

ARS 1,144,560
MOBILIZED (CLP 81.754.290)

ACTIVE LIFE PROMOTION

As part of the commitment to active life and healthy nutrition included in Arcor's Sustainability Policy, the Group carries out social investment initiatives to promote active life in children in the region.

Two strategic guidelines inspire the actions carried out in this regard: fostering environments for movement, and training in and dissemination of the importance of an active lifestyle.

Within this framework, the Company seeks to promote:

- The Relationship with Our Own Body:** knowing, listening to and respecting ourselves. Choosing active life by making a conscious choice.
- Movement with Others:** I recognize and respect the body of others. Through physical activity I interact with others and create new bonds.
- Moving in Different Environments:** Physical movement is an opportunity to interact with nature. Knowing, exploring and protecting places.

In 2015, the Group continued developing initiatives that promote active life in Argentina, Brazil and Chile, consolidating the *Escuela en movimiento* (School in Motion) Program (PEM, as per its initials in Spanish), holding public lectures and supporting training and communication efforts to continue raising awareness about the importance of the issue.





PROGRAMA ESCUELA EN MOVIMIENTO

The *Escuela en movimiento* (School in Motion) program consolidated its regional development with over 120 projects supported by Brazil Arcor Institute, Arcor Foundation Argentina and Arcor Foundation Chile in 38 communities in these countries.

Escuela en movimiento (School in Motion) is the Company's first regional social investment program and is intended to carry out school initiatives to promote the active life through motion. Coordinated jointly between the Arcor Foundation in Argentina, Brazil Arcor Institute and the Arcor Foundation in Chile, it is carried out through three action lines: mobilization of stakeholders, training and support to school projects.

In 2015, the Group worked, on one hand, on supporting ongoing projects. On the other, the third edition of the program was conducted in Argentina, Brazil and Chile, inviting schools from new locations to submit projects.

In connection with the 2015 call to participate in the program, the Company developed alliances with the education authorities of each location, and carried out activities in collaboration with them. As a result, the approved new

projects launched several initiatives to promote active life at schools:

- 20% of initiatives proposed to refurbish existing spaces or create new ones
- 40% of initiatives set up new break time activities
- 15% of initiatives focused on the time dedicated to sports practice and active games
- 25% of the projects included walks, camps, all-day games, learning alternative sports, and developing motor skills to climb and jump.

RESULTS OF THE 2015 CALL FOR PEM PROJECTS

COUNTRIES	PARTICIPATING TOWNS	ALLIANCES CREATED	MAIN RESULTS
 Argentina	<p>Province of Buenos Aires: Salto, San Pedro, San Nicolás, Luján, Tigre, Malvinas Argentinas, Mar del Plata.</p> <p>Province of Entre Ríos: Paraná.</p>	General Department of Culture and Education of the province of Buenos Aires; General Council of Education of the province of Entre Ríos.	<ul style="list-style-type: none"> • 35 approved projects. • 200 primary schools teachers trained in active life. • 80 teachers from schools with approved projects were trained in project financial management. • 11,642 children covered.
 Brazil	<p>State of Minas Gerais: Contagem.</p> <p>State of Pernambuco: Cabo de Santo Agostinho; Escada and Ipojuca.</p>	Municipal Secretariat of Education of Contagem; Secretariats of Education of Cabo de Santo Agostinho, Escada and Ipojuca municipalities.	<ul style="list-style-type: none"> • 10 approved projects. • 16 ongoing projects. • 626 teachers participated in 18 training sessions. • Training in procedures for developing projects with practical and thought-provoking activities.
 Chile	Lo Espejo	Agreement with the Municipality of Lo Espejo.	<ul style="list-style-type: none"> • 15 municipal schools invited to submit projects. • 23 teachers took part in 3 training sessions in active life promotion. • 2 ongoing projects. • 349 children covered.

In turn, throughout the year, the Group continued following up the projects from the previous 2013 and 2014 editions. In Piracicaba, Brazil, the first program's closing session was carried out, with the attendance of representatives of municipal education departments and of the 13 schools that implemented projects. Also, 18 training sessions covering project management and active life were provided to 626 teachers.

In Argentina, the Group provided support to the 14 projects started in the province of San Juan, through technical assistance and a training workshop entitled "*Jugando en movimiento*" (Playing in Motion). Also, several workshops were conducted to support the 21 projects that are being implemented in the province of Buenos Aires, including activities to take photographs of the social and educational

projects on childhood and others focused on reviewing the strategies to promote active life and movement.

PUBLIC LECTURES

With the aim to create a place for meeting and dialogue, in 2015, Arcor Foundation in Argentina and Arcor Foundation in Chile organized public lectures on active life promotion as an opportunity for childhood.

“La vida activa, oportunidad para una niñez en movimiento” **(Active Life: An Opportunity for a Childhood in Movement) (Argentina)**

In conjunction with Universidad Tres de Febrero and Fairness for Childhood, a meeting was held in which experts from Argentina, Brazil and Chile shared experiences related to the promotion of active life through public and private policies, at school and within community and local environments.

“Moviéndonos por una infancia activa” (Let’s Move for an Active Life) (Chile)

With the participation of 100 elementary and preschool teachers from the city of Santiago, this conference was held in alliance with Integra Foundation and the Physical Activity, Sports and Health Sciences School of the Universidad de Santiago de Chile, in which Arcor Foundation presented the regional magazine *“Cuerpo en movimiento”* (Body in Motion).

TRAINING OF ACTIVE LIFE PROMOTERS PROGRAM

This initiative was carried out with the aim of raising awareness among preschool teachers of the importance of active life, movement and active play, and providing theoretical and practical tools to give a new meaning to spaces and educational practices in kindergartens. In alliance with Integra Foundation, six training sessions were conducted attended by 25 teachers and educators from 19 kindergartens located in five districts of the City of Santiago, Chile.

ACTIVE LIFE PROMOTION

For the second consecutive year, Brazil Arcor Institute sponsored the *Salón del Humor* (Humor Show) in Piracicaba. The show is part of the 42nd International Humor Show and aims at disseminating graphic humor among public schools. This year the Institute promoted the dissemination of information on the importance of movement for an active and healthy life, and sponsored the awards given to the winners of the different categories. 10,000 leaflets with the slogan “Life in Motion” were distributed, including information on the importance of active life for the comprehensive development of children, coloring pictures and word games. The protection of the children’s right to play and move was also disseminated through the *“Jugando con los ojos del niño”* (Playing through Kids’ Eyes) campaign, developed based on six videos inspired by the work and illustrations of Francesco Tonucci, Italian educationalist.

SPECIAL SUPPLEMENTS: ***“ACOMPañARLOS A CRECER EN MOVIMIENTO”*** (ACCOMPANY THEM TO GROW IN MOTION)

In 2015, Arcor published special supplements intended for the general public on the importance of promoting active life for a comprehensive healthy childhood development. The proposal focused on taking up the challenge of finding and promoting opportunities, moments and places that would combine different experiences relating to physical movement and games to foster active life, in accordance with children’s abilities at their different developmental stages. These supplements were published in leading newspapers of Argentina, including: Los Andes (Mendoza), La Voz del Interior (Córdoba), UNO (Entre Ríos), UNO (Santa Fe), La Capital (Rosario), and the national technical journal, Tercer Sector.

OTHER PUBLICATIONS TO PROMOTE ACTIVE LIFE

In addition to the special supplements in the leading newspapers of Argentina, in 2015, Arcor Foundation published the following to promote the issue: "Body in Motion" Regional Themed Magazine in Writing No. 10, "Kids in Motion" Supplement developed in conjunction with "Tercer Sector" magazine; and "Body Movement Practices for Young Children," a report prepared in alliance with the Municipality of Córdoba on movement practices in nursery schools and game proposals for children.

EARLY CHILDHOOD

Early childhood³ is an essential period to make the children's rights effective. As it is the most important stage in the human being's development, it provides a single opportunity to work enriching children's experiences, positively impacting on future social and cultural processes.

With this in mind, Arcor works to support initiatives at two levels of intervention: On the one hand, promoting and enriching the debate among leaders from organizations, different sectors and all levels of the State, reflecting upon the situation and how Latin American states



ensure the effective exercise of rights from politics and legislation. Within this framework, a range of initiatives at regional level were developed, including the *Sistema de Información de Primera Infancia* (SIPI) (Early Childhood Information System) and the early childhood thematic group of RedEAmérica.

On the other hand, working on the relationship between local space and early childhood, since it is in that space where the vital experience of children takes place and the political interventions of the different levels and players that enforce, or not, their rights, converge. The

regional program seeks to ensure that all interventions place children as legal persons and that the local environment is revalued as space where the Government and the civil society take part as guarantors and jointly liable for protecting and making their rights effective.

230 people trained under the regional early childhood program.

³ At Arcor Group we define early childhood as the period from birth up to eight years of age.

COUNTRY	GOALS	DESCRIPTION	RESULTS
 <p>ARGENTINA <i>Infancia Primero</i> (Childhood First)</p>	<p>Contribute to the training of the teachers that accompany children during their early childhood, creating educational opportunities that promote children learning and comprehensive development, and involving families and the community in their role as educational agents and teachers.</p>	<p>The proposal of this program is to take into account the specificities of the social, cultural and political context in which educational processes are developed to achieve quality education at the preschool level. Through municipal early childhood plans, the role of the municipality is rethought, taking children as a compass for change, expanding the spaces and resources destined to the care of young children, arranging and aligning existing initiatives, and addressing specific problems.</p>	<ul style="list-style-type: none"> • Alliance with the Municipalities of San Martín and Junín of the province of Mendoza. • Development of an initial education program for nursery school teachers. • 70 teachers attended two classroom and six virtual sessions, conducted through the Educational Portal of Arcor Foundation.
 <p>BRAZIL <i>Primero la Infancia</i> (Childhood First)</p>	<p>Contribute to the development of the Municipal Children Education Plans and carry out actions in the field of early childhood.</p>	<p>The first phase of the program sought to contribute to the strengthening of early childhood education in the municipal plans of the three municipalities of Pernambuco: Camaragibe, Cabo de Santo Agostinho and San Lorenzo Mata. The goal of the second phase is to contribute to the participatory development of the Pedagogical Political Project (PPP) in the area of early childhood education.</p>	<ul style="list-style-type: none"> • Alliance with the C&A Foundation. • 3 training sessions with 150 participants. • Technical assistance to define the guidelines for early childhood education in the educational plan of three municipalities in the State of Pernambuco.
 <p>CHILE <i>Infancia Primero</i> (Childhood First)</p>	<p>Contribute to improve developmental and educational conditions for children from 0 to 8 years old, by strengthening educational opportunities for early childhood at local level.</p>	<p>The program is for grassroots organizations, kindergartens and community foundations that with their proposals seek to help improve developmental and educational conditions for children. During this first stage, work is done alongside the network of community centers comprised of community kindergartens across eight districts in the Greater Santiago area.</p>	<ul style="list-style-type: none"> • Alliance with the Inter-American Foundation (IAF). • 6 projects submitted by 7 kindergartens have been approved. • 10 preschool teachers have been trained in a project formulation workshop.

SISTEMA DE INFORMACIÓN DE PRIMERA INFANCIA (SIPI) (EARLY CHILDHOOD INFORMATION SYSTEM)

The purpose of SIPI is to systematize and disseminate information on early childhood in Latin America, by organizing public information produced by the states, and preparing reports on different indicators that are available in the www.sipi.siteal.org website.

Developed by IIPE UNESCO Buenos Aires and the Organization of Ibero-American States for Education, Science and Culture, through the SITEAL Project, it is supported by Arcor Foundation and UNICEF, and promotes the creation of Comprehensive Protection Systems to monitor the respect for the rights of children at early childhood in Latin America. For that purpose, it works on the updating and enlargement of the regulations, policies and statistics base of the countries in the region; the drafting of documents to account for the level of respect for the rights of children at early childhood in Latin America; and to be a reference forum among specialized public.

This is year; the study named “Investment in Early Childhood in Latin America: Methodological Proposal and Analysis in Selected Countries of the Region” was published. The study proposes to ensure adequate public budgets for children and adolescents in Latin America and the Caribbean. A range of materials were provided to the social networks that contribute to disseminating the document, and the Events micro site was launched with a webinar discussing the scope of the International Convention on Children's Rights.

BODY MOVEMENT PRACTICES IN YOUNG CHILDREN

In order to know and understand Movement Practices in Young Children attending nursery schools in the city of Córdoba, a research project was conducted in eight nursery schools, working on three areas of research: practices and material and symbolic conditions. To that

end, open questionnaires were administered to 3-to-4-year-old children (eight groups) and closed questionnaires were administered to parents (317), teachers (45), headmistresses (8) and assistants (21), and in-depth interviews were conducted with eight mothers and eight female teachers. The study was conducted by Perspectiva Social (NGO) together with the Preschool School Division of the Municipality of Córdoba and coordinated by Ivana Rivero, M.D, from the Research and Training in Physical Education Division of the Universidad Nacional de Río Cuarto. Research findings were included in a brochure and presented to teachers, directors and authorities of the nursery schools involved, and to the families.

PROGRAMA DE CAPACITACION DOCENTE CONTINUA: INICIANDO EL CAMINO A LA ALFABETIZACION (ONGOING EDUCATION PROGRAM: STARTING THE PATH TO LITERACY):

As part of the Agreement entered into by the General Council of Education of the province of Entre Ríos (Argentina), CONICET and Arcor Foundation in 2015, the ongoing education program for kindergarten and preschool teachers was maintained. Designed as part of the initiative for the promotion of linguistic and cognitive development in kindergartens, 150 teachers in the province received training this year through Arcor Foundation's virtual learning platform.

AMIGOS DEL MAR (SEA FRIENDS) PROGRAM

The goal of this initiative is to educate school children on environmental care, providing tools to educators, and teaching materials to schools, and facilitating the work of teachers through the Teachers' Guide available in Brazil Arcor Institute's site. This year, Arcor Brazil supported the Second Sea Week, celebrated on the coast of São Paulo with 8,000 participants engaging in environmental education activities, conferences and the traditional release of sea turtles.

INITIATIVES THAT FOSTER EDUCATIONAL OPPORTUNITIES FOR CHILDREN

The programs developed around the topics of early childhood and active life promotion are supplemented by other initiatives that focus on fostering the creation of educational opportunities for children in the region. The most outstanding achievements in 2015 are shown below.



Childhood and Culture: Paths for Learning by Doing

This proposal seeks to transform the relationship of children and young people with cultural practices, promoting not only access to cultural goods and services but also cultural participation through workshops and artistic groups. Together with the Municipality of San Martín in the Province of Mendoza, in 2015, Arcor conducted a workshop for reflection and planning attended by 40 participants, and a forum of expression and interactive games open to the community was organized to share cultural activities aimed at children and young people. It was attended by 400 persons.

Comunidades educadoras (Educating Communities) Program

This initiative seeks to support projects that contribute to the creation and strengthening of social and educational spaces and conditions favorable for the emergence of play, incorporating a variety of artistic and cultural experiences. It is carried out by Arcor Foundation and Arcor Group, together with the Company's industrial plants, as local partners, and the Argentine Caminando juntos Foundation. This year, the Company launched the new edition of the program in the city of San Luis, three projects were approved, work teams were trained and progress continued to be made with the projects launched in 2014.

Community Strengthening Program

As part of this program and in alliance with the Community Relations Committee of Arcor Complex in Arroyito and the Municipality of the City of Arroyito, technical and financial support is provided to the “*Mi voz, mi barrio*” (My Voice, My Neighborhood) project. In 2015, a training workshop on photographic and audiovisual recording of childhood topics was conducted for organizations and institutions that directly and indirectly are in contact with children and young people in this city.

EduCómetro

This tool was created by Arcor Foundation to comprehensively measure the educational opportunities a community offers children and adolescents, taking into consideration childhood as focus. It is implemented in coordination with different local participants, including direct consultation processes with children and adolescents, through focal groups in the communities where the tool is applied. In 2015, work was carried out in the town of General Deheza in Alliance with Gastaldi Foundation, and the processes initiated last year in Colonia Caroya, Jesús María and Recreo were completed. Also, the Group continued working on “Comunidad de aprendizaje, municipios aprendiendo junto a EduCómetro” (Learning Community, Municipalities Learning Together with *EduCómetro*), a forum where 18 participating municipalities exchanged tools and experiences.

Barómetro de la Deuda Social de la Infancia (Barometer of Social Debt in Childhood)

In 2015, the report entitled “Situación de la infancia en el quinto año del período del Bicentenario” (Situation of Childhood in the Fifth Period of the Bicentennial) was published by Universidad Católica Argentina with the support of Arcor Foundation Argentina. Bulletin No. 2 was also published: “Oportunidades para el juego en movimiento. Niños, niñas y adolescentes entre 5 y 17 años en la Argentina urbana” (Opportunities for Games in Movement.

Children and Adolescents Aged 5 to 17 Years Old in Urban Argentina.

Children and National Cinema

Together with the Academy of Motion Picture Arts and Sciences of Argentina and Hoyts Cinema, Arcor Foundation organized an activity to strengthen children’s bond with national cinema. After being moved by the film “*El inventor de juegos*” (The Game Maker), more than 200 students from the city of Córdoba met with Nicolás Lidijover, director of the second unit of the film by Juan Pablo Buscarini.

Contale a Recreo (Tell Recreo): Meeting and Socio-cultural Participation Spaces

Based on the use of the *EduCómetro* tool during the 2010-2011 period in Recreo, Catamarca, the strengths and weaknesses of formal and non-formal social and educational environments in this community. Within this framework, Arcor developed a proposal to recognize and help promote forums in which children and young people can participate and meet. In 2015, workshops were organized and attended by 20 adults and 50 young persons, going into detail about the most significant problems detected, and planning actions in accordance with the areas of interest of children and young people.



Na Mão Certa (On the Right Track) Program

As part of this program developed in alliance with the World Childhood Foundation to improve the situation of children and adolescents who are victims of violence, abuse and sexual exploitation, in 2015, Brazil Arcor Institute and Arcor Brazil took part in several activities to raise awareness on the issue. Among said activities, we can mention the regional workshop conducted in Campinas, São Paulo, the awareness raising actions organized by social organizations on the National Day to Combat Sexual Abuse and Exploitation of Children and Adolescents, and replicated at the Group's plants on the National Trucker Day; and participation in an annual meeting to address the issue of companies and Human Rights.



Fairness for Childhood

This Latin American initiative is carried out by Arcor Foundation in alliance with New School University, UNICEF, CINDE, UNDP, CIESPU and CRIN. It seeks to become a forum for the interaction of participants who work for children's rights in the region, generate relevant information on childhood and promote the exchange and strengthening of networks as regards the issue. In 2015, 10 digital monthly newsletters were issued, the regional seminar on the measurement of the living conditions of children was carried out, and we participated in several conferences and networks on the issue, among other activities.

“Participando por nuestros derechos” (Participating for our Rights)(Participating for our Rights)

Also this year, the results of a participative diagnosis for the design of policies and social-community projects conducted by the Council for Childhood and Adolescence of the City of Alta Gracia, Córdoba, with the support of Arcor Foundation Argentina, and the Municipality of this city were presented.



For further information about the activities and publications carried out by the Arcor Foundation in Argentina and Chile, and by the Brazil Arcor Institute, visit the institutional websites: www.fundacionarcor.org, www.fundacionarcor.org/chile and www.institutoarcorbrasil.org.br.

ABOUT THIS REPORT

The 2015 Sustainability Report is the eleventh report prepared by Arcor Group to provide all stakeholders with transparent and systematized information on its economic, social and environmental performance.

The information included covers all of the Company's operations, and any limitations with regard to its scope are included throughout the Report. This Report discloses the progress

made concerning the sustainable management of the business during calendar year 2015, including, for comparison purposes, indicators corresponding to the previous period.

Below there is an explanation about the process developed to determine the contents of the Report, through the application of recognized international guidelines and the analysis of the most relevant issues for the Company and its stakeholders.

INTERNATIONAL GUIDELINES

Arcor Group's 2015 Sustainability Report was prepared following the guidelines and indicators proposed by the Core option of the Global Reporting Initiative (GRI) G4 Guidelines. Specific indicators of the food processing sector supplement that are relevant to the Company's operations were also taken into consideration.

Additionally, the Report follows the reporting recommendations of ISO 26000 Standard on Social Responsibility, and discloses the aspects required by the United Nations Global Compact's Communication on Progress (COP) Advanced Level.

Also, for the second consecutive year, Arcor Group has included Children's Rights in its Sustainability Report, using the guidelines set out by UNICEF, which relate Business Principles to the GRI G4 Guidelines.

Lastly, although there is no External Assurance for the Report, many of the processes disclosed have been certified by independent third parties under renowned international standards (Please refer to the list of certifications and awards of the facilities included after the GRI Content Index).

MATERIALITY ANALYSIS

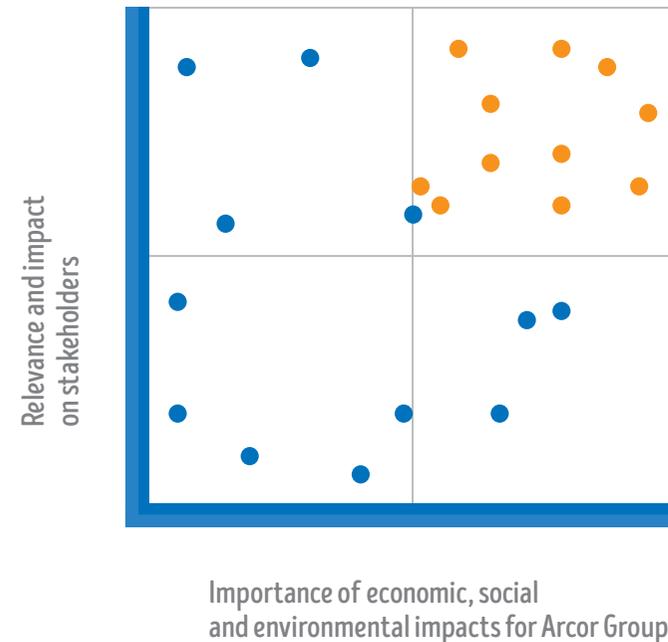
This year Arcor determined the strategic planning process for the 2016/2020 period, reviewing Arcor's material sustainability issues and its key audiences, and defining priorities for the next period.

These material sustainability issues have been identified, prioritized and validated based on a process that included the following:

- **Interests of Stakeholders:** Stakeholders' vision was incorporated through interviews with the members of the Company's highest management, a self-diagnosis workshop with key referents from different areas, and activity conducted with third-party sustainability specialists to delve deeper into global trends and, in particular, consumers' expectations.
- **Analysis of the Sustainability Context in the Industry:** Based on in-depth research, the major sustainability trends were assessed and the challenges, risks and opportunities for the business were analyzed, including the evolution of this issue in the world, in Latin America and in the food industry.
- **Prioritization and Validation of Significant Issues:** Based on these inputs, a strategic planning workshop was conducted together with the Sustainability Committee to determine the pillars of the 2016-2020 Sustainability Strategy and action plan components.

Thanks to the 2016-2020 Strategy planning process, some of the issues specifically related to sustainable identity, operational continuity and demand growth will be of particular importance in the years ahead.

PRIORITIZATION OF SIGNIFICANT ISSUES



Priority sustainability issues for Arcor Group are as follows:

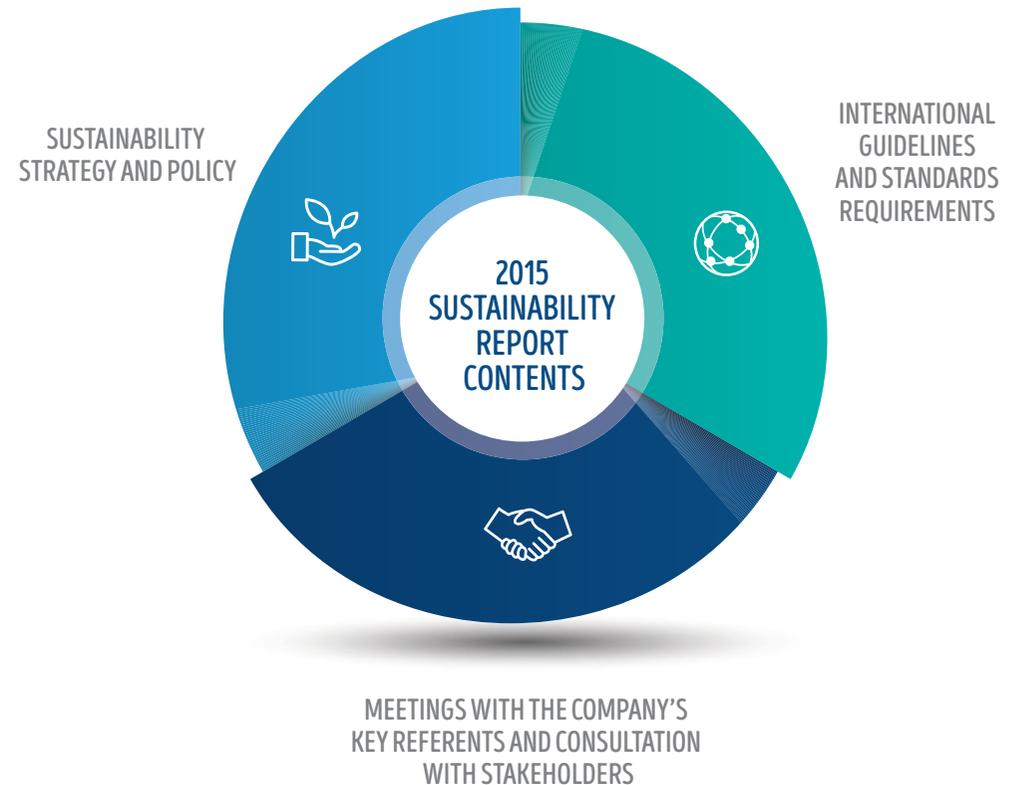
- Rational use of water.
- Energy efficiency and minimizing impact on the global climate change.
- Rational use of packaging.
- Respect for and protection of human and labor rights.
- Active life and healthy nutrition.
- General commitment to sustainable development (awareness, sustainable chain value, community relations).

DETERMINATION OF REPORT CONTENTS

The material aspects of the Global Reporting Initiative (GRI) G4 Guidelines for Arcor Group arise from sustainability key issues for the Company and its stakeholders, reflected in the Group's sustainability policy and strategy.

The contents of the 2015 Sustainability Report were defined taking into consideration GRI's Materiality, Inclusivity, Sustainability Context and Stakeholders Engagement principles, through a process that included the following stages:

- Identification: Based on the issues reflected in Arcor's sustainability policy and strategy, the G4 Guidelines aspects were analyzed and those that are material and should be included in the report were determined.
- Prioritization: At the meetings held with Arcor Group's key referents, the progress made in 2015 and the requirements of the international standards applied were analyzed, considering their impact both inside and outside the organization. In turn, the expectations aroused in the consultation forums with different Company's publics during the year, and the specific consultation on the Sustainability Report with journalists and Unicef Argentina were taken into account.
- Review and Validation: The Report was internally reviewed and validated by Arcor Group's Sustainability Committee and submitted to the highest management authority in the Company. Moreover, before the Report's next drawing up process, opportunities for improvement shall be analyzed, taking into consideration the opinions and reviews of different stakeholders.



ASPECTS OF THE GRI G4 GUIDELINES RELEVANT FOR ARCOR GROUP

SPECIFIC COMMITMENT OF ARCOR'S SUSTAINABILITY POLICY	PRIORITY LINE	ASPECTS OF THE GRI G4 GUIDELINES DIRECTLY RELATED	BOUNDARIES
Rational Use of Water	<ul style="list-style-type: none"> • Reduction in consumption • Reuse and recycling • Pollution control at source • Treatment of effluents 	EN Water EN Effluents and waste	Employees, Community, Governance and Company.
Energy Efficiency and Minimizing Impact on the Global Climate Change	<ul style="list-style-type: none"> • Reduction in consumption and emissions • Reuse • Replacement • Use of materials 	EN Materials EN Energy EN Emissions	Employees, Community, Governance and Company.
Rational Use of Packaging	<ul style="list-style-type: none"> • Reduction in use • Material replacement • Material recycling 	EN Materials EN Effluents and waste EN Products and services	Employees, Community, Governance and Company.
Respect for and Protection of Human and Labor Rights	<ul style="list-style-type: none"> • Work environment conditions • Hiring conditions • Inclusion and diversity • Communication/Work environment management 	LA Employment LA Occupational health and safety LA Training and education LA Diversity and equal opportunity LA Equal remuneration for women and men LA Supplier assessment for labor practices HR Non-discrimination HR Freedom of association and collective bargaining HR Child labor HR Forced or compulsory labor	Employees, Suppliers, Customers, Community.
Active Life and Healthy Nutrition	<ul style="list-style-type: none"> • Food safety • Product composition • Products with special characteristics • Healthy lifestyle habits • Responsible Advertising and Communication 	PR Customer health and safety PR Product and service labeling PR Marketing communications PR Compliance FP Healthy and affordable food	Employees, Consumers, Community, Governance and Company.
General Commitment to Sustainable Development	<ul style="list-style-type: none"> • Sustainable management • Awareness, promotion and training • Community relations 	EC Economic performance EC Indirect economic impacts EC Procurement practices HR Investment HR Security practices HR Supplier human rights assessment SO Local communities SO Supplier Assessment for Impacts on Society	Shareholders, Employees, Suppliers, Customers, Consumers, Community, Governance and Company, Opinion Leaders.

DIALOGUE ON THE SUSTAINABILITY REPORT

In keeping with the commitment to dialogue to improve the information provided by Arcor Group to its stakeholders, in 2015 two specific consultation events were held regarding the 2014 Sustainability Report.

The first event was directed to press and media specialized in sustainability, and aimed at receiving feedback on the report.

The second event was a specific consultation with officers of Unicef Argentina to analyze the inclusion, for the first time, of Children's Rights and Business Principles in Arcor Group's 2014 Sustainability Report.



IMPROVEMENTS TO THE 2015 REPORT

Arcor Group is grateful for the valuable contribution made by the stakeholders who took part in the consultation processes and that will help provide feedback for the continuous improvement in the Company's sustainability reporting.

Many of the recommendations offered have been included in the 2015 Sustainability Report, and we will continue working on these recommendations in the future.

In general, the 2015 Sustainability Report includes the following aspects that respond to the expectations arising from the consultation sessions with journalists:

- Highlights of each of the commitments of Arcor Group's Sustainability Policy at the beginning of the Report.
- Testimonials from the Company's employees in every chapter.
- Interview with the CEO of the CEADS to present Arcor Group's Sustainability Strategy in the broadest context of sustainability.
- Specific reference to the global sustainability agenda included in the Message from the Company's President.
- Main sustainability strategic challenges included in the Message from the Corporate Sustainability Manager.
- Identification of the Sustainability Scorecard indicators with a specific symbol.
- Design of a 4-fold brochure version of the Report to provide summarized key information to all stakeholders.

In specific reference to the Children's Rights and Business Principles, the following aspects have been included:

- Inclusion of a specific chart on the new Policy on Commitment towards the Children's Rights that shows the cross-functional integration of the issue in the Company in line with the Children's Rights and Business Principles.
- A closer examination of the mechanisms to report claims related to childhood through the Ethics Line and the Consumer Service (SAC).
- Information about the in-house training process regarding the new Policy on Commitment towards the Children's Rights.
- Inclusion of all the efforts aimed at promoting active life and healthy nutrition.
- Publication of the main progress made by the Nutrition Platform working group, including the policy for the reduction of trans fats and sodium content and the process carried out.
- Information on the inclusion of a specific section relating to the communication and marketing in the Policy on Commitment towards the Children's Rights.

GRI CONTENT INDEX

Arcor Group’s 2015 Sustainability Report was prepared following the “core” option in compliance with the “in accordance” criterion of GRI G4 Guidelines.

The table below shows the responses to the requirements of GRI G4 Guidelines under the “core” option; and, additionally, some contents required for the “comprehensive” option are included. In turn, it shows the relation with the requirements of ISO 26000 Standard, Children’s Rights and Business Principles and the United Nations Global Compact’s Communication on Progress (COP) Advanced Level.

Arcor Group’s 2015 Sustainability Report was not subject to External Assurance.

References:

- MEF 2015: Information included in Arcor Group’s 2015 Annual Report available at www.arcor.com.

- The contents that comply with the 21 criteria of the United Nations Global Compact’s Communication on Progress (COP) Advanced Level are shown in green.

- e: Contents reported that exceed the mandatory requirements for the core option of the GRI G4 Guidelines.

- Children’s Rights and Business Principles: The Business Principle number related to the GRI G4 Guidelines is indicated in this column, and any additional information to be reported is included in this column.

- FP: The guidelines of the Food Processing Sector Supplement are identified throughout the table with the acronym FP, standing for “Food Processing”.

- All the notes included in the table can be found at the end of the table.

GRI G4 GUIDELINES - GENERAL STANDARD DISCLOSURES			
GENERAL STANDARD DISCLOSURES	PAGE / ANSWER	CHILDREN’S RIGHTS AND BUSINESS PRINCIPLES	ISO 26000 CLAUSE
STRATEGY AND ANALYSIS			4.7, 6.2, 7.4.2
G4-1: Statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization’s strategy for addressing sustainability.	3		
G4-2: Description of key impacts, risks and opportunities.e	3-7, 29-36, 41	1-Describe the main impacts and risks associated to children’s rights and the actions taken to address them.	

GRI G4 GUIDELINES - GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURES	PAGE / ANSWER	CHILDREN'S RIGHTS AND BUSINESS PRINCIPLES	ISO 26000 CLAUSE
ORGANIZATIONAL PROFILE			6.4.2, 6.4.3, 6.4.4, 6.4.5, 6.8.5, 7.8
G4-3: Name of the organization.	9		
G4-4: Primary brands, products and services.	13-20		
G4-5: Location of the organization's headquarters.	11		
G4-6: Number of countries where the organization operates.	9-12		
G4-7: Nature of ownership and legal form.	11, 37		
G4-8: Markets served.	9-20, 83		
G4-9: Scale of the organization.	10-20, 22, 46		
G4-10: Breakdown of the organization's employees.	46, Note 1, Note 2	3-Breakdown of young workers.	
G4-11: Percentage of total employees covered by collective bargaining agreements.	46		
G4-12: Description of the organization's supply chain.	73-82		
G4-13: Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	23-25, Note 3		
G4-14: Description of whether and how the precautionary approach or principle is addressed by the organization.	21, 26-36, 41, 62-67, 69-81, 86-87, 92-93, 94-108, 111-113, 151	1-Describe how the above-referred precautionary principle is addressed with regard to preventing damages concerning children.	
G4-15: Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	40, 41, 92-93, 124-126, 127	1-Report the Principles as reference framework.	
G4-16: National/international associations and advocacy organizations to which the company belongs.	40		
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			5.2, 7.3.2, 7.3.3, 7.3.4
G4-17: List of all entities included in the organization's consolidated financial statements or equivalent documents.	MEF 2015: 44-47		

GRI G4 GUIDELINES - GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURES	PAGE / ANSWER	CHILDREN'S RIGHTS AND BUSINESS PRINCIPLES	ISO 26000 CLAUSE
G4-18: Process for defining the report content and the Aspect Boundaries.	127-130, 41	1-Describe the material aspects and boundary in relation to elements regarding children's rights.	
G4-19: List of all the material Aspects identified in the process for defining report content.	127-130, 41		
G4-20: Material aspect boundaries within the organization for each material Aspect.	127-130, 41		
G4-21: Material aspect boundaries outside the organization for each material Aspect.	127-130, 41		
G4-22: Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Note 4		
G4-23: Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Note 5		
STAKEHOLDER ENGAGEMENT			5.3
G4-24: List of stakeholder groups engaged by the organization.	40-41	1-Describe the children as stakeholders, including participation and consultation. Indicate whether the company consults with stakeholders groups or children's rights experts, such as public authorities, civil society, or human rights organizations, etc. 9 – Describe the consultations relating to children's rights as part of the policies for emergency situations and to the processes included in contingency plans.	
G4-25: Basis for the identification and selection of stakeholders with whom to engage.	40-41, 46-49, 69, 73, 83, 86, 111-113, 116		
G4-26: Organization's approach to stakeholder engagement.	31, 40-41, 59, 60, 86-88, 111-113, 120, 131-132		
G4-27: Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	31, 41, 60, 86-88, 111-113, 131-132		
REPORT PROFILE			7.5.3, 7.6.2
G4-28: Reporting period for information provided.	127		
G4-29: Date of most recent previous report.	127		
G4-30: Reporting cycle.	127		
G4-31: Contact point for questions regarding the report or its contents.	152		

GRI G4 GUIDELINES - GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURES	PAGE / ANSWER	CHILDREN'S RIGHTS AND BUSINESS PRINCIPLES	ISO 26000 CLAUSE
G4-32: "In accordance" option the organization has chosen, GRI Content Index for the chosen option, and reference to the External Assurance Report.	127		
G4-33: The organization's policy and current practice with regard to seeking external assurance for the report.	127		
CORPORATE GOVERNANCE			6.2, 7.4.3, 7.7.5
G4-34: Governance structure of the organization, including committees.	37-39		
G4-35: Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees. e	34, 38		
G4-36: Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body. e	34, 38		
G4-37: Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. e	38, MEF 2015: Report on the Degree of Compliance with the Code of Corporate Governance II.1.3, VI.1		
G4-39: Whether the Chair of the highest governance body is also an executive officer. e	Note 6		
G4-42: Highest governance body's and senior executives' roles in the development, approval and updating of the organization's purpose, value or mission statements, strategies, policies and goals related to economic, environmental and social impacts. e	34, 38, MEF 2015: Report on the Degree of Compliance with the Code of Corporate Governance II.1.1.7		
G4-43: Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics. e	34, MEF 2015: Report on the Degree of Compliance with the Code of Corporate Governance II.1.1.9		
G4-46: Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics. e	38, MEF 2015: Report on the Degree of Compliance with the Code of Corporate Governance II.1.1.8, II.1.4, III.2, III.4		

GRI G4 GUIDELINES - GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURES	PAGE / ANSWER	CHILDREN'S RIGHTS AND BUSINESS PRINCIPLES	ISO 26000 CLAUSE
G4-47: Frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities. e	31, 34, 38		
G4-48: Highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered. e	129		
G4-49: Process for communicating critical concerns to the highest governance body. e	38, MEF 2015: Report on the Degree of Compliance with the Code of Corporate Governance II.1.3		
G4-51: Remuneration policies for the highest governance body and senior executives. e	34, 38, MEF 2015: Report on the Degree of Compliance with the Code of Corporate Governance VII.1		
G4-52: Process for determining remuneration. e	34, 38, MEF 2015: Report on the Degree of Compliance with the Code of Corporate Governance VII.1		
G4-53: How stakeholders' views are sought and taken into account regarding remuneration. e	34, 38, 60-61, MEF 2015: Report on the Degree of Compliance with the Code of Corporate Governance VII.1		
ETHICS AND INTEGRITY			4.4, 6.6.3
G4-56: The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	25-28, 41	<p>1-Describe how children's rights fit into the commitments, policies or codes of conduct and/or references to Principles.</p> <p>4 – Describe the code of conduct on children protection or any other principle or policy the organization has to ensure the protection and safety of children at all the organization's activities and facilities.</p>	
G4-57: Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines. e	28, 41, Note 7	1-Report on the number of requests for advice for the benefit of an ethical and legal behavior, and the number of reports of unethical or illegal behaviors related to children's rights, and how they have been addressed.	
G4-58: Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines. e	28, 41, Note 7		

GRI G4 GUIDELINES - SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECT	DISCLOSURES ON MANAGEMENT APPROACH AND INDICATORS	PAGE / ANSWER	REASONS FOR OMISSION	CHILDREN'S RIGHTS AND BUSINESS PRINCIPLES	ISO 26000 CLAUSE
ECONOMIC					
Economic Performance	Management Approach	22, 29-34, 110			
	G4-EC1: Direct economic value generated and distributed. FP: Specify the amount spent on the programs and practices to which the food processing sector is uniquely suited for contributing.	22, 110			6.8.1-6.8.2, 6.8.3, 6.8.7, 6.8.9
	G4-EC4: Financial assistance received from government. e FP: <i>Governmental support for agriculture, biofuels and food production.</i>	Note 8			
Indirect Economic Impacts	Management Approach	46-49, 69-85, 110-126			
	G4-EC7: Development and impact of infrastructure investments and services supported.	73-85, 110, 114-126		10 – Describe the impacts on children derived from investments made in infrastructure and services rendered.	6.3.9, 6.8.1-6.8.2, 6.8.7, 6.8.9
	G4-EC8: Significant indirect economic impacts, including the extent of impacts. e	48-49, 69, 70-85, 110-114		10- Describe the indirect economic impacts on children's rights.	6.3.9, 6.6.6, 6.6.7, 6.7.8, 6.8.1-6.8.2, 6.8.5, 6.8.7, 6.8.9
Procurement Practices	Management Approach FP: <i>Inform the sustainable procurement strategy.</i>	73-81			
	G4-FP1: Percentage of purchased volume from suppliers compliant with company's sourcing policy.	73-81			
ENVIRONMENTAL					
Materials	Management Approach	32-33, 96, Note 9 y 10			
	G4-EN1: Materials used by weight or volume. FP: <i>Identify raw materials used.</i>	96, Note 9	Arcor Group is adjusting its indicators to meet GRI requirements so as to be able to report this indicator completely in the future.		6.5.4
	G4-EN2: Percentage of materials used that are recycled input materials. e	Note 10			6.5.4

GRI G4 GUIDELINES - SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECT	DISCLOSURES ON MANAGEMENT APPROACH AND INDICATORS	PAGE / ANSWER	REASONS FOR OMISSION	CHILDREN'S RIGHTS AND BUSINESS PRINCIPLES	ISO 26000 CLAUSE
Energy	Management Approach	32-33, 98, 102-103, Note 11			
	G4-EN3: Energy consumption within the organization.	102			6.5.4
	G4-EN4: Energy consumption outside of the organization. e	Note 11			6.5.4
	G4-EN5: Energy Intensity e	102			6.5.4
	G4-EN6: Reduction of energy consumption. e	103			6.5.4, 6.5.5
	G4-EN7: Reductions in energy requirements of products and services. e	102-103			6.5.4, 6.5.5
Water	Management Approach	32-33, 95, 98-101			
	G4-EN8: Total water withdrawal by source.	99			6.5.4
Emissions	Management Approach	32-33, 98, 104-105			
	G4-EN15: Direct greenhouse gas (GHG) emissions. (Scope 1)	104-105			6.5.5
	G4-EN16: Energy indirect greenhouse gas (GHG) emissions. (Scope 2) e	105			6.5.5
	G4-EN17: Other indirect greenhouse gas (GHG) emissions. (Scope 3). e	105			6.5.5
	G4-EN18: Greenhouse gas (GHG) emissions intensity. e	104			6.5.5
	G4-EN19: Reduction of greenhouse gas (GHG) emissions. e	104			6.5.5
	G4-EN20: Emissions of ozone-depleting substances (ODS). e	Note 12			6.5.3, 6.5.5
Effluents and Waste	Management Approach	95, 98, 106-108, Note 13			
	G4-EN23: Total weight of waste by type and disposal method.	106			6.5.3
	G4-EN24: Total number and volume of significant spills. e	Note 13			6.5.3

GRI G4 GUIDELINES - SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECT	DISCLOSURES ON MANAGEMENT APPROACH AND INDICATORS	PAGE / ANSWER	REASONS FOR OMISSION	CHILDREN'S RIGHTS AND BUSINESS PRINCIPLES	ISO 26000 CLAUSE
Products and Services	Management Approach	32-33, 41, 95-108			
	G4-EN27: Extent of impact mitigation of environmental impacts of products and services.	32-33, 41, 95-108		7-Report the degree of mitigation of environmental impact of the products and services on children.	6.5.3, 6.5.4, 6.5.5, 6.7.5
SOCIAL PERFORMANCE: LABOR PRACTICES AND DECENT WORK					6.4.1-6.4.2
Employment	Management Approach	46-49, 61, Note 2, Note 14 y Note 15			
	G4-LA1: Total number and rates of new employee hires and employee turnover by age group, gender and region.	Note 2, Note 14		3-Recognize young workers as an age group.	6.4.3
	G4-LA2: Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation. e	49, 61		3-Describe the particular benefits that promote children's rights.	6.4.4, 6.8.7
	G4-LA3: Índices de reincorporación al trabajo y de retención tras la baja por maternidad o paternidad, desglosados por sexo. e	49, 61, Note 15		3-Describe the particular benefits that promote children's rights.	6.4.4
Occupational Health and Safety	Management Approach	62-67			
	G4-LA5: Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Note 16, Note 2		3-Breakdown by age group, including young workers	6.4.6
Training and Education	Management Approach	50-57			
	G4-LA9: Average hours of training per year per employee by gender, and by employee category.	51, Note 2		3-Breakdown by age group, including young workers.	6.4.7

GRI G4 GUIDELINES - SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECT	DISCLOSURES ON MANAGEMENT APPROACH AND INDICATORS	PAGE / ANSWER	REASONS FOR OMISSION	CHILDREN'S RIGHTS AND BUSINESS PRINCIPLES	ISO 26000 CLAUSE
Training and Education	G4-LA11: Percentage of employees receiving regular performance and career development reviews, by gender and by employee category e	51, Note 2		3 – Breakdown by age group, including young workers.	6.4.7
Diversity and Equal	Management Approach	32-33, 37, 39, 46			
	G4-LA12: Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	37, 46, Note 2, Note 17		3-Recognize young workers as an age group.	6.2.3, 6.3.7, 6.3.10, 6.4.3
Equal Remuneration for Women and Men	Management Approach	32-33, 49, 61			
	G4-LA13: Relación entre salario base de los hombres con respecto al de las mujeres, desglosado por categoría profesional y por ubicación de operaciones significativas.	61, Note 18, Note 2		3 – Recognize young workers as an age group.	6.3.7, 6.3.10, 6.4.3, 6.4.4
Supplier Assessment for Labor Practices	Enfoque de gestión	74-78, 81			
	G4-LA14: Percentage of new suppliers that were screened using labor practices criteria.	74-76		1 and 2 – Describe how children's rights have been included in the criteria.	6.3.5, 6.4.3, 6.6.6, 7.3.1
SOCIAL PERFORMANCE: HUMAN RIGHTS					4.8, 6.3.1-6.3.2
Investment	Management Approach	28, 31, 33-34, 41, 55, 69, 81, 83			
	G4-HR2: Total hours of employee training in human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	28, 41, 55		1-Breakdown by training in children's rights given.	6.3.5
Non-discrimination	Management Approach	28, 32-33, 46-49, 74-76, 81, 83-84, 92			
	G4-HR3: Total number of incidents of discrimination and corrective actions taken.	Note 19, Note 2, Note 7		1-Describe the incidents related to children's rights. 3 – Breakdown to include young workers.	6.3.6, 6.3.7, 6.3.10, 6.4.3

GRI G4 GUIDELINES - SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECT	DISCLOSURES ON MANAGEMENT APPROACH AND INDICATORS	PAGE / ANSWER	REASONS FOR OMISSION	CHILDREN'S RIGHTS AND BUSINESS PRINCIPLES	ISO 26000 CLAUSE
Freedom of Association and Collective Bargaining	Management Approach	46, 74-78, Note 20			
	G4-HR4: Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	74-78, Note 20, Note 2		3-Describe significant risks to the right to exercise freedom of association and collective bargaining of young workers and measures taken.	6.3.3, 6.3.4, 6.3.5, 6.3.8, 6.3.10, 6.4.5, 6.6.6
Child Labor	Management Approach	32-33, 74-78, 81, 126			
	G4-HR5: Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	74-78, 81, 126, Note 2		2 – Describe risks and measures taken. 3 – This indicator includes the risk for incidents of young workers exposed to hazardous work.	6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.3.10, 6.6.6, 6.8.4
Forced or Compulsory Labor	Management Approach	32-33, 74-78, 81, Note 21			
	G4-HR6: Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	74-78, 81, Note 21		2-Describe significant risks for incidents of forced or compulsory labor that affect children, and the measures taken.	6.3.3, 6.3.4, 6.3.5, 6.3.10, 6.6.6
Security Practices	Management Approach	81			
	G4-HR7: Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.	81		8-Breakdown by training that includes children's rights.	6.3.4, 6.3.5, 6.6.6
Supplier Human Rights Assessment	Management Approach	32-33, 41, 74-78, 81			
	G4-HR10: Percentage of new suppliers that were screened using human rights criteria.	41, 74-78, 81		1 and 2 – Describe how children's rights have been included in the criteria.	6.3.3, 6.3.4, 6.3.5, 6.6.6

GRI G4 GUIDELINES - SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECT	DISCLOSURES ON MANAGEMENT APPROACH AND INDICATORS	PAGE / ANSWER	REASONS FOR OMISSION	CHILDREN'S RIGHTS AND BUSINESS PRINCIPLES	ISO 26000 CLAUSE
SOCIAL PERFORMANCE: SOCIETY					
Local Communities	Management Approach	110-126			
	G4-S01: Percentage of operations with implemented local community engagement, impact assessments, and development programs.	110-126		7-Breakdown by local community engagement, impact assessments, and development programs that include considerations related to children's rights and the use and acquisition of land. 10 – Describe the environment and the impact of the local community engagement on children's rights.	6.3.9, 6.5.1-6.5.2, 6.5.3, 6.8
Supplier Assessment for Impacts on Society	Management Approach	41, 74-78, 81			
	G4-S09: Percentage of new suppliers that were screened using criteria for impacts on society	41, 74-78, 81		10-Describe how children's rights are included in the criteria.	6.3.5, 6.6.1-6.6.2, 6.6.6, 6.8.1-6.8.2, 7.3.1
Healthy and Affordable Food	FP Management Approach: Nature, scope and effectiveness of any programs and practices that promote access to healthy lifestyles; the prevention of chronic disease; access to healthy, nutritious and affordable food; and improved welfare for communities in need.	32-33, 89-92, 115-121			
SOCIAL PERFORMANCE: PRODUCT RESPONSIBILITY					
Customer Health and Safety	Management Approach FP: Include assessment of significant environmental and social impact across the life-cycle stages.	70-72, 89-91, 95-108			

GRI G4 GUIDELINES - SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECT	DISCLOSURES ON MANAGEMENT APPROACH AND INDICATORS	PAGE / ANSWER	REASONS FOR OMISSION	CHILDREN'S RIGHTS AND BUSINESS PRINCIPLES	ISO 26000 CLAUSE
Customer Health and Safety	G4-PR1: Percentage of significant product and service categories for which health and safety impacts are assessed for improvement. <i>FP: Report the procedures used to ensure health and safety and the results attained.</i>	70-72, 89-91		5-Specify categories of products or services with impacts on children's rights.	6.7.1-6.7.2, 6.7.4, 6.7.5, 6.8.8
	G4-PR2: Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes. e	Note 22		5-Report incidents of non-compliance specifically concerning children's rights.	4.6, 6.7.1-6.7.2, 6.7.4, 6.7.5, 6.8.8
	G4-FP5: Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards. e	70-72			
Product and Service Labeling	<i>Management Approach FP:Policies and practices on communication to consumers about ingredients and nutritional information beyond legal requirements.</i>	86-88, 92-93, Note 23			
	G4-PR3: Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements. <i>FP: Refer to the use of logos as well as information that does not appear on packaging.</i>	92-93, Note 23		5-Explain whether the organization's procedures for product and service information and labeling require information concerning children's rights, for example, the safe use of the product or service by children.	6.7.1-6.7.2, 6.7.3, 6.7.4, 6.7.5, 6.7.9
	G4-PR4: Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes. e	Note 24		5-Report incidents of non-compliance specifically concerning children.	4.6, 6.7.1-6.7.2, 6.7.3, 6.7.4, 6.7.5, 6.7.9
	G4-PR5: Results of surveys measuring customer satisfaction. e	86-88			6.7.1-6.7.2, 6.7.6

GRI G4 GUIDELINES - SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECT	DISCLOSURES ON MANAGEMENT APPROACH AND INDICATORS	PAGE / ANSWER	REASONS FOR OMISSION	CHILDREN'S RIGHTS AND BUSINESS PRINCIPLES	ISO 26000 CLAUSE
Marketing Communications	Management Approach <i>FP: Consider all types of marketing communications (social networks, promotions at schools, etc.) and vulnerable groups (children and adolescents, pregnant women, vulnerable individuals).</i>	92-93			
	G4-PR7: Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes.	Note 25		6-Report incidents related to marketing and advertising targeted at children.	4.6, 6.7.1-6.7.2, 6.7.3
Compliance	Management Approach	70-72, 86-91, Note 26			
	G4-PR9: Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Note 26		6-Report fines for violations of children's rights.	4.6, 6.7.1-6.7.2, 6.7.6

NOTES

Note 1

EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER*

	2015		2014	
	MEN	WOMEN	MEN	WOMEN
Permanent	14,169	4,232	14,224	4,186
Temporary	1,380	895	1,007	467

*Only the Company's own active staff is considered. Permanent: active hired employees plus active temporary employees. Temporary: own temporary employees.

Note 2

Arcor Group does not hire employees under 18 years and, therefore, the “young workers” category is not reflected in the Company’s staff. The only exception to the above has to do with students from secondary schools who are not of legal age, concerning their “Internships for Secondary Schools”, which are regulated by the Argentine Internship Law (*Ley de Pasantías en Argentina*) and the corresponding provincial laws.

Note 3

In addition to the milestones for the year reported in the initial chapter, Luis Pagani, president of Arcor Group, has been reappointed as the Company’s CEO.

Note 4

Clarifications of the restatement of information from previous reports are specified in footnotes to the tables of indicators throughout the Report.

Note 5

The Materiality Analysis was reviewed based on the strategic planning process for the 2016-2020 period, defining some relevant topics to be studied in-depth that did not imply any significant changes to the scope and aspect boundaries in comparison to previous reports.

Note 6

The Chairman of the Board of Directors is the Company’s CEO.

Note 7

In 2015, there were no reports or incidents concerning children’s rights.

Note 8

In 2015, Arcor Group did not receive financial assistance from governments.

Note 9

In 2015, Arcor Group used 887,976 tons of raw materials and byproducts for the manufacture of its products (sugar, syrups, cereals, fruits, vegetables, fats and oils, dairy products and cocoa-related products), and 94,217 tons of packaging material (paper, cardboard and wood, plastic, glass, metal, tetra and multilayer).

Note 10

Arcor Group has two business units that have set an example of the use of recycled materials and that are highly valuable:

1) Cartocor Arroyito – Paper plant: 100% of paper is manufactured from paper and cardboard scrap; in 2015, 52,251 tons were used.

2) La Providencia Sugar Mill, Rio Seco, Tucumán: 94% of bagasse was used as fuel for boilers (398,392 tons.) The remaining 6% was used by a third party for paper manufacturing (22,560 tones.) 100% of the cachaza (sugar cane fluid) generated was used in own fields as soil improvement (38,636 tons).

Due to the nature of the food industry and for food safety reasons, it is unfeasible to use recycled raw materials for the manufacturing of products.

Note 11

The calculation of the carbon inventory makes it possible to know energy consumption by levels: scope 3 of the inventory corresponds to the transportation of raw materials, supplies and products, and to waste transportation. In 2015, fuel consumption for transportation purposes was 18,098,800 liters of gas oil.

Note 12

Arcor Group does not use ozone-depleting substances.

Note 13

In 2015, no significant accidental spills were recorded.

Note 14

NEW EMPLOYEES HIRED				
	MEN 2015	WOMEN 2015	TOTAL 2015	TOTAL 2014
UNDER 30 YEARS	650	276	926	1.043
Argentina	99	53	152	82
Brazil	276	85	361	589
Chile	18	9	27	46
Peru	1	0	1	0
Mexico	245	124	369	299
Rest of the World	11	5	16	27
BETWEEN 30 AND 50 YEARS	322	195	517	609
Argentina	56	18	74	58
Brazil	162	80	242	324
Chile	12	6	18	58
Peru	0	0	0	5
Mexico	81	87	168	144
Rest of the World	11	4	15	20
OVER 50 YEARS	11	0	11	10
Argentina	3	0	3	2
Brazil	4	0	4	5
Chile	2	0	2	3
Peru	0	0	0	0
Mexico	2	0	2	0
Rest of the World	0	0	0	0

STAFF TURNOVER*				
	MEN 2015	WOMEN 2015	TOTAL 2015	TOTAL 2014
UNDER 30 YEARS	17,9%	6,2%	24,1%	23,9%
Argentina	4.9%	1.4%	6.3%	5.0%
Brazil	23.8%	8.9%	32.7%	36.7%
Chile	24.9%	1.3%	26.2%	21.6%
Peru	4.7%	0.0%	4.7%	28.6%
Mexico	49.0%	18.9%	67.9%	61.5%
Rest of the World	17.6%	16.2%	33.8%	25.3%
BETWEEN 30 AND 50 YEARS	5,2%	2,3%	7,5%	8,4%
Argentina	2.6%	0.7%	3.3%	3.7%
Brazil	8.6%	6.3%	14.8%	17.7%
Chile	10.6%	1.2%	11.8%	8.6%
Peru	6.7%	0.7%	7.4%	9.9%
Mexico	15.3%	10.7%	26.0%	30.5%
Rest of the World	10.7%	2.8%	13.5%	23.0%
OVER 50 YEARS	5,6%	1,5%	7,1%	6,9%
Argentina	5.5%	1.6%	7.1%	7.0%
Brazil	4.7%	3.0%	7.7%	9.0%
Chile	5.8%	0.0%	5.8%	3.0%
Peru	0.0%	0.0%	0.0%	0.0%
Mexico	23.5%	5.9%	29.4%	12.5%
Rest of the World	13.3%	0.0%	13.3%	41.2%

* Calculated as total annual voluntary and involuntary terminations of own hired staff over total staff as of December 31, 2015 and 2014, respectively.

Note 15

The policies that envisage the right to maternity or paternity leave are applied to 100% of Arcor Group's own staff.

NUMBER OF EMPLOYEES WHO REQUESTED MATERNITY OR PATERNITY LEAVE				
	MEN 2015	WOMEN 2015	TOTAL 2015	TOTAL 2014
Adoption Leaves	0	0	0	1
Maternity Leaves	-	117	117	149
Paternity Leaves	517	-	517	476
Extended Maternity Leaves	-	199	199	160
TOTAL	517	316	833	786

% OF EMPLOYEES WHO RETURNED TO WORK AFTER HAVING TAKEN MATERNITY OR PATERNITY LEAVE				
	MEN 2015	WOMEN 2015	TOTAL 2015	TOTAL 2014
	98.3%	93.4%	96.4%	95.2%

EMPLOYEES WHO CONTINUED HOLDING THEIR POSITIONS AFTER 12 MONTHS*				
	MEN 2015	WOMEN 2015	TOTAL 2015	TOTAL 2014
Adoption Maternity Leaves	-	0	0	0
Adoption Paternity Leaves	1	-	1	1
Maternity Leaves	-	135	135	144
Paternity Leaves	441	-	441	449
Reduced Workday for Maternity Reasons	-	143	143	154
TOTAL	442	278	720	748

* The indicator has been calculated with 2014 population that took maternity leave and that after 12 months are still in the Company.

RETENTION RATE AFTER PARENTAL LEAVE

MEN 2015	WOMEN 2015	TOTAL 2015	TOTAL 2014
92.7%	90.0%	91.6%	91.7%

Note 16

As part of Arcor's Sustainability Policy and the Comprehensive Management System Policy, the Environment, Health and Industrial Protection (MAHPI) area, as well as the medical departments, reach 100% of employees with regard to health, hygiene and safety.

Note 17

Arcor Group's Board of Directors (including regular and alternate members), by:

- Gender: male (61.5%), female (38.5%)
- Age: under 30 years old (0%), between 30-50 years old (15.4%), over 50 years old (84.6%)

% OF EMPLOYEES BY AGE 2015	UNDER 30 YEARS OLD	BETWEEN 30 AND 50 YEARS	OVER 50 YEARS OLD
Director	0%	0.12%	0.11%
Manager	0.03%	1.38%	0.36%
Head	0.26%	2.84%	0.49%
Analyst/Supervisor	3.72%	8.50%	1.28%
Assistant/Worker	20.26%	48.77%	11.87%

Note 18

Salaries are determined based on position and performance, regardless of gender and geographic location.

Note 19

In 2015, eight inquiries or reports were made through the Ethics Line, all related to labor practices. None was related to discrimination.

Note 20

As part of its commitment to the United Nations Global Compact, and pursuant to what is included in Arcor's Sustainability Policy and the Code of Ethics and Conduct, the Group respects freedom of association and effectively acknowledges the right to collective bargaining. The Company promotes voluntary trade union association, and 80.5% of the staff is under collective bargaining agreements. In 2015, there were no incidents at the Company's major centers and suppliers that would put these rights at stake.

Note 21

As part of its commitment to the United Nations Global Compact, and pursuant to what is included in Arcor's Sustainability Policy and the Code of Ethics and Conduct, the Group is committed to the elimination of all types of forced or compulsory labor, including those types that affect children. In 2015, there were no incidents at the Company's major centers and suppliers that would put these rights at stake. In the cases of outsourced operations and suppliers having significant risk for incidents of forced or unregistered labor, measures to prevent their occurrence have been adopted.

Note 22

In 2015 there were no significant incidents derived from non-compliance with regulations concerning the impacts of products and services on customers' health and safety, or particularly related to children's rights.

Note 23

Arcor Group works to provide consumers with more detailed information on the nutritional and functional properties of its products, helping them make decisions aimed at a healthy lifestyle. For such purpose, it continues including the GDA (Guide of Daily Amounts) scheme to the labeling of its containers; and it indicates, in most of the cases, the origin of ingredients such as vegetable oils, jelly, lecithin, starch, etc., not only because regulations sometimes require so, but also to advice sensitive consumers or particular populations. In turn, Arcor markets food products that are accompanied by toys, and it includes a symbol in the packaging label that shows the age group at which the product is targeted and a caution caption.

Note 24

In 2015 there were no significant incidents derived from non-compliance with regulations and voluntary codes concerning information and labeling of products and services, or particularly related to children's rights.

Note 25

In 2015 there were no significant incidents of non-compliance with regulations and voluntary codes concerning marketing communications, such as advertising, promotion and sponsorship, or else related to marketing and advertising targeted at children.

Note 26

In 2015, there were no significant incidents due to non-compliance with regulations concerning the provision and use of products and services of the organization, or else for violations of children's rights.

CERTIFICATIONS AND AWARDS 2015

COMPANY	PLANT	LOCATION	CERTIFICATIONS / AWARDS ⁽¹⁾⁽²⁾						
			ISO 14001	OHSAS 18001	ISO 9001	FOOD SAFETY STANDARDS	FSC	TPM AWARD	
ARCOR	Powders to prepare desserts	Complejo Recreo, Catamarca	●	●	●	BRC			
	Gummy candies		●	●	●	BRC			
	Bakery products	Complejo Arroyito, Córdoba	●	●	●	BRC			
	Hard candies		●	●	●	BRC		1 2	
	Milk candies		●	●	●	BRC			
	Chewing gums and wafers		●	●	●	BRC			
	Wet milling Plant 1		●	●	●			1	
	Wet milling Plant 2					BRC			
	Thermoelectric power plant		●	●					
	Distribution center		●	●					
	Dairy farm 1		Arroyito, Córdoba	●	●				
	Dairy farm 2		Arroyito, Córdoba	●	●				
	Dairy farm 6	Arroyito, Córdoba	●	●					
	Candies	Complejo Lules, Tucumán	●	●	●	BRC		1 2	
	Wet milling		●	●	●			1	
	Silos	Complejo San Pedro, Buenos Aires	●	●	●			1	
	Corn dry milling		●	●	●			1	
	Oil		●	●	●			1	
	Alcohol		●	●	●	BRC		1	
	Sugar mill	Rio Seco, Tucumán	●		●				
Chocolates	Colonia Caroya, Córdoba	●	●	●	BRC		1 2		
Chocolates, candies and chewing gums	San Luis, San Luis	●	●	●	BRC		1		
Distribution center	Talar de Pacheco, Buenos Aires	●	●						

Notes:

1. IS1. ISO 14001: Environmental Management, OHSAS 18001: Occupational Health and Safety Management, ISO 9001: Quality Management
 Food Safety Standards:HACCP: Hazard Analysis and Critical Control Points AIB: American Institute of Baking, BRC: British Retail Consortium Global Standard - Food, GMP: Good Manufacturing Practices
 FSSC 22000: Food Safety System Certification, FSC: Forest Stewardship Council, TPM Award (Total Productive Maintenance, by the Japan Institute of Plant Maintenance):

(1) Award for Excellence in the Implementation of TPM (1st Level) consistente con el TPM (2° Nivel), Award for Excellence in Consistent TPM Commitment (2nd Level)

2. In orange the ones obtained in 2015.

CERTIFICATIONS AND AWARDS 2015

(1)(2)

COMPANY	PLANT	LOCATION	CERTIFICATIONS / AWARDS					
			ISO 14001	OHSAS 18001	ISO 9001	FOOD SAFETY STANDARDS	FSC	TPM AWARD
ARCOR DO BRASIL	Candies and chewing gums	Río das Pedras, San Pablo, Brazil	●		●	BRC		①
	Chocolates and candies	Braganca Paulista, San Pablo, Brazil	●		●	BRC		①
ARCOR DE PERÚ	Candies and chewing gums	Chancay, Perú				HACCP		
BAGLEY ARGENTINA	Cookies and crackers	Córdoba, Córdoba	●	●	●	BRC		
	Cookies and crackers	Salto, Buenos Aires	●	●	●	BRC		
	Cookies and crackers	Complejo Villa del Totoral, Córdoba	●	●	●	BRC		①
	Cookies and crackers	Villa Mercedes, San Luis	●		●	BRC		
BAGLEY DE BRASIL	Cookies and crackers	Campinas, San Pablo, Brazil	●		●			①
	Cookies and crackers	Contagem, Mina Gerais, Brazil	●		●	BRC		①
CARTOCOR	Paper	Complejo Arroyito, Córdoba	●	●			●	① ②
	Corrugated cardboard	Complejo Arroyito, Córdoba	●	●	●		●	① ②
	Corrugated cardboard	Complejo Luján, Buenos Aires	●	●	●		●	①
	POP	Complejo Luján, Buenos Aires			●			
	Corrugated cardboard	Paraná, Entre Ríos	●	●	●		●	① ②
	Corrugated cardboard	Rancagua, Chile			●			
COVERFLEX	Film printing	Complejo Villa Mercedes, San Luis	●		●	FSSC 2000		
COVERFLEX ARGENTINA	Film printing	Complejo Villa del Totoral, Córdoba	●	●	●			① ②
	Printing cylinders	Complejo Villa del Totoral, Córdoba	●	●	●			
	Film printing	Complejo Luján, Buenos Aires	●		●	FSSC 2000		①
DOS EN UNO	Plant 1	Santiago, Chile				GMP		
	Plant 2	Santiago, Chile	●		●	BRC		①
LA CAMPAGNOLA	Fruit pulp	San Rafael, Mendoza			●	HACCP		
	Canned vegetables and fruits	San Martin, Mendoza			●			
	Canned fish	Mar del Plata, Buenos Aires	●	●	●			
	Jams and marmalades	Complejo Villa Mercedes, San Luis	●	●	●	BRC		①
	Canned tomatoes	Rawson, San Juan	●	●	●	BRC		
MUNDO DULCE	Chocolates, candies and chewing gums	Toluca, México			●	BRC		

Notes:

1. IS1. ISO 14001: Environmental Management, OHSAS 18001: Occupational Health and Safety Management, ISO 9001: Quality Management

Food Safety Standards:HACCP: Hazard Analysis and Critical Control Points AIB: American Institute of Baking, BRC: British Retail Consortium Global Standard - Food, GMP: Good Manufacturing Practices

FSSC 22000: Food Safety System Certification, FSC: Forest Stewardship Council, TPM Award (Total Productive Maintenance, by the Japan Institute of Plant Maintenance):

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2. In orange the ones obtained in 2015.

The Sustainability Report is available at Arcor Group's corporate website www.arcor.com

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