



ARCACONTINENTAL



# RISING TO THE CHALLENGE

Executive Summary Integrated Annual Report 2020

# → Company Profile

[102,1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 202-10]

Arca Continental S.A.B. de C.V. produces, distributes and sells beverages under The Coca-Cola Company brands, as well as salty snacks under the Bokados brands in Mexico, Inalecsa in Ecuador, and Wise and Deep River in the United States. The organization's corporate headquarters are located in the city of Monterrey, in the state of Nuevo León, Mexico.

With an outstanding business track record of over 95 years, Arca Continental is the second-largest Coca-Cola bottler in Latin America, and one of the leading bottlers in the world. Within its Coca-Cola franchise, the company serves a population of over 123 million people in the northern and western regions of Mexico, as well as in Ecuador, Peru, in the northern region of Argentina, and the southwestern region of the United States. Arca Continental is listed on the Mexican Stock Exchange under the ticker symbol "AC."



## UNITED STATES

**8,757** ASSOCIATES  
**8** PRODUCTION CENTERS  
**61** DISTRIBUTION CENTERS

## MEXICO

**36,679** ASSOCIATES  
**23** PRODUCTION CENTERS  
**158** DISTRIBUTION CENTERS

## ECUADOR

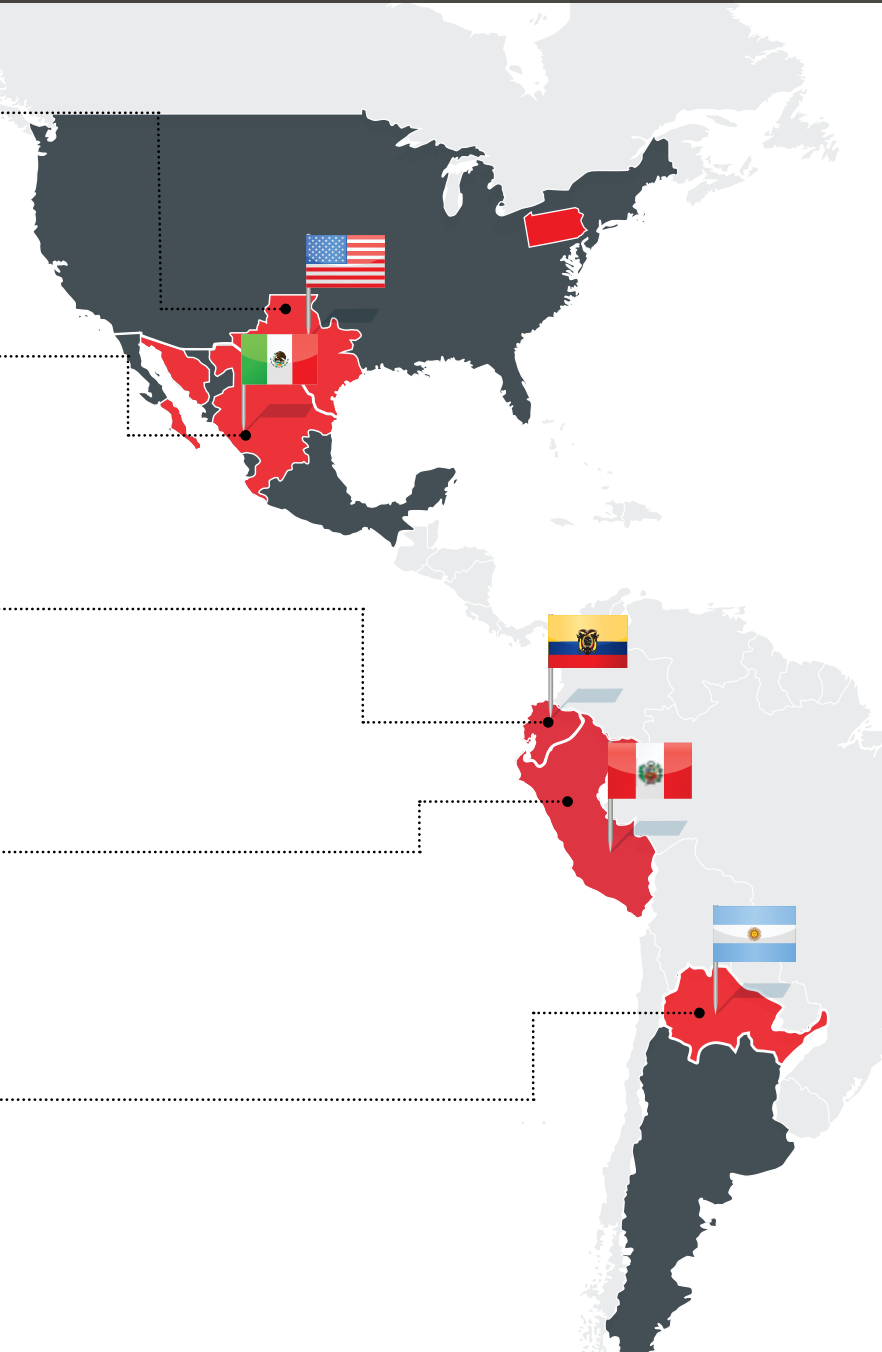
**9,394** ASSOCIATES  
**6** PRODUCTION CENTERS  
**69** DISTRIBUTION CENTERS

## PERU

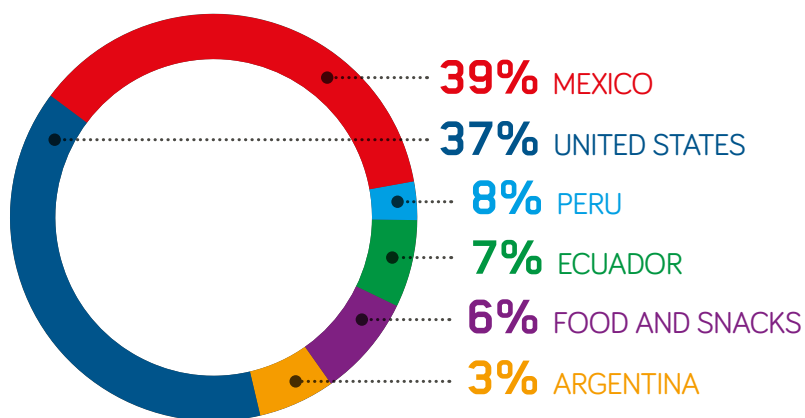
**5,016** ASSOCIATES  
**6** PRODUCTION CENTERS  
**67** DISTRIBUTION CENTERS

## ARGENTINA

**2,349** ASSOCIATES  
**3** PRODUCTION CENTERS  
**24** DISTRIBUTION CENTERS



## → Sales by country



→ **VOLUME:**  
**2,155**  
MILLION UNIT CASES

→ **TOTAL REVENUE:**  
**171,586**  
MILLION MEXICAN PESOS

[102-7, 201-1]

DIRECT ECONOMIC VALUE GENERATED	MILLIONS OF MEXICAN PESOS	MILLIONS OF US DOLLARS
Total Revenue	171,586	7,948
Financial Products	6,501	301
Sales of Assets	377	17
<b>TOTAL</b>	<b>178,464</b>	<b>8,266</b>

DISTRIBUTED ECONOMIC VALUE	MILLIONS OF MEXICAN PESOS	MILLIONS OF US DOLLARS
Sales Costs	94,881	4,395
Operating Expenses, including Salaries and Social Benefits	54,447	2,522
Taxes	5,427	251
Dividends	8,680	402
Interests	9,977	462
Community Investment	136	7
<b>TOTAL</b>	<b>173,548</b>	<b>8,038</b>

\*Average 2020 exchange rate = Ps. 21.59/US\$1

# Financial Highlights

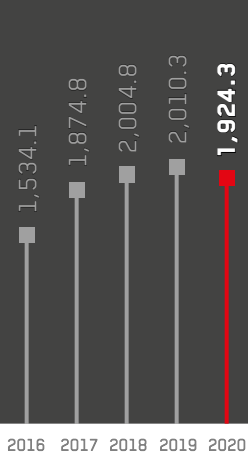
Figures in millions of Mexican pesos, except volume and data per share.

	2020	2019	VARIATION %
<b>Total Sales Volume (MUC: Million of Unit Cases)</b>	<b>2,154.8</b>	2,240.2	-3.8
<b>Net Sales</b>	<b>171,586</b>	165,041	4.0
<b>Gross Margin</b>	<b>45.3%</b>	44.9%	0.9
<b>Operating Income</b>	<b>21,472</b>	20,200	6.3
<b>Operating Margin</b>	<b>12.5%</b>	12.2%	2.2
<b>EBITDA<sup>(1)</sup></b>	<b>32,147</b>	30,404	5.7
<b>EBITDA Margin</b>	<b>18.7%</b>	18.4%	1.7
<b>Net Income</b>	<b>12,574</b>	11,744	7.1
<b>Total Assets</b>	<b>245,974</b>	238,447	3.2
<b>Cash</b>	<b>27,336</b>	22,051	24.0
<b>Total Debt</b>	<b>50,577</b>	53,261	-5.0
<b>Controlling Interest</b>	<b>116,854</b>	112,896	3.5
<b>Capital Expenditures</b>	<b>6,723</b>	11,568	-41.9
<b>PER SHARE DATA</b>			
<b>Net Income Per Share</b>	<b>5.82</b>	5.43	
<b>Book Value</b>	<b>66.23</b>	63.99	
<b>Dividends Paid</b>	<b>4.92</b>	2.30	
<b>Average Shares Outstanding (Thousands)</b>	<b>1,764,283</b>	1,764,283	

<sup>(1)</sup> Operating Income plus depreciation, amortization and non-recurring expenses.

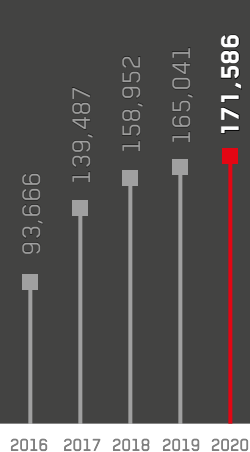
## Sales Volume (excluding jug water)

(MUC)



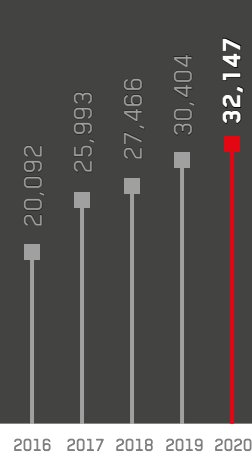
## Total Revenues

(millions of Mexican pesos)



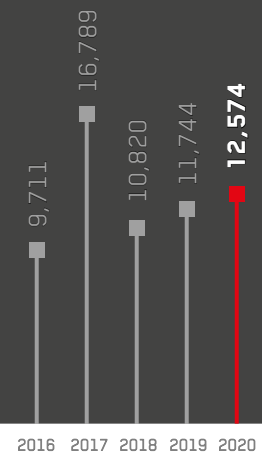
## EBITDA

(millions of Mexican pesos)



## Net Income

(millions of Mexican pesos)



# Sustainable Development

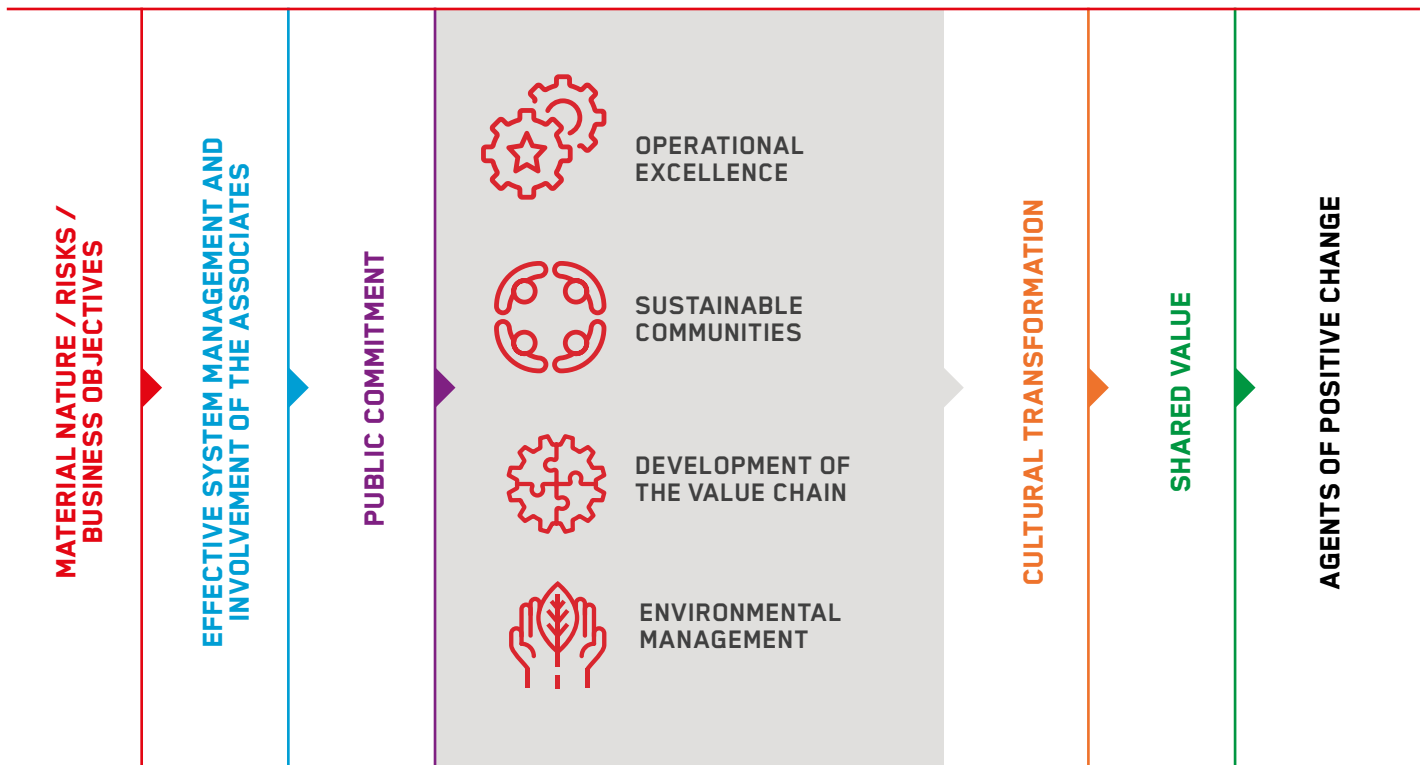


At Arca Continental, we understand that creating value for all our stakeholders is the basis for achieving sustained growth and a future of shared prosperity. The founders of the various companies that made up what is now Arca Continental, established a solid social and environmental commitment. Their vision has evolved in recent years, increasingly strengthening the integration of sustainability in the business strategy. We strive for everyone who has a relationship with the organization—associates, suppliers, customers, neighboring communities or beneficiaries of our programs—to act

as agents of positive change, so that together we can rise to the challenge to create a better future.

The integration of sustainability into the business strategy seeks to generate shared value through initiatives organized in four pillars: Operational Excellence, Sustainable Communities, Development of the Value Chain, and Environmental Management, as shown in the following diagram.

## ETHICAL BEHAVIOR, TRANSPARENCY AND SOLID CORPORATE GOVERNANCE



## ALLIANCES AND PARTNERSHIPS

Our sustainability actions are fully aligned with our business objectives, with which we seek to make Arca Continental a profitable, permanent, environmentally friendly company that develops in harmony with the society that surrounds us.

# ORGANIZATIONAL CULTURE

## → VISION

To be leaders in beverages and snack food consumption for every occasion in all the markets in which we participate, focusing on profitability and sustainability.

## → MISSION

To generate maximum value for our customers, associates, communities, and shareholders, satisfying our consumers' expectations at all times with excellence.

## → CULTURAL PRINCIPLES

In 2019, we defined and launched the company's cultural principles, which are the pillars supporting our goals, thus ensuring that we remain loyal to our essence as a socially responsible company.

Each company has its own interpretation of what is a cultural organization. For us, at Arca Continental, it is the sum of principles that rule our work and the way we work to attain our objectives. These principles determine how we interact, what we put focus on, how we make our decisions, how we react to change and which are the behaviors that we consider acceptable or unacceptable. In short, they represent our company's personality the fundamental concepts that unite us.

## → OUR VALUES

- Customer-centricity and vocation for service
- Integrity based on respect and justice
- Comprehensive human capital development
- Sustainability and social responsibility



# Message of the Chairman of the Board and the Chief Executive Officer

[102-10, 102-14, 102-15]

## TO OUR SHAREHOLDERS:

In one of the most challenging years in the history of Arca Continental, the company's workforce rose to the challenge of implementing a global plan to protect the health of its 62,000 plus associates and their families, while helping the community to face the unprecedented pandemic; of insuring the continuity of our operations and the survival of our customers in the face of the strict mobility restrictions and the consequent fall of the economic activity in the countries we serve; and, at the same time, of moving forward on the path of the several business strategies defined in our long-term vision, such as those related to digitalization, diversification and sustainability.

Thanks to the commercial execution capabilities, administrative discipline, customer centricity and focus on results we have developed over the years, as well as the commitment and professionalism that characterizes our associates, we were able to adapt to a new normal, to accelerate innovation projects, and to achieve consolidated results superior to what was expected with specific accomplishments in different markets and business aspects.

→ **100%**

of the energy used to operate the new beverage plant in Houston comes from renewable sources.



**JORGE HUMBERTO SANTOS REYNA**  
Chairman of the Board of Directors

**ARTURO GUTIÉRREZ HERNÁNDEZ**  
Chief Executive Officer

In this complex and challenging context, we reached the USD 90 million synergy plan for the United States, driven by the new beverage plant in Houston, Texas, which started operating in January of 2020. This plant will represent almost USD 30 million in yearly savings and efficiency in environmental indicators, since it operates 100% with energy from renewable sources, as well as improvements in security and attention to the market.

In 2020, as the Topo Chico brand evolved and grew internationally, The Coca-Cola Company entered the alcoholic beverages category in Latin America with Topo Chico Hard Seltzer. Arca Continental was worldwide pioneer in its distribution and marketing.



We met the goal of USD 90 million in synergies in the United States in three years.

We implemented new front labeling for foods and beverages on our products in Mexico, reiterating our commitment to transparency and consumer's health, as well as the unrestricted compliance with regulations in each nation we serve. We continue to evolve our products portfolio to meet consumer's needs, incorporating a larger variety of low or no calorie options.

We developed and strengthened Yomp! as a platform to increase the customer's competitiveness in the Traditional Channel in Latin America, reaching 8,700 customers, enables them to adapt to the needs of a digitalized, more demanding and interconnected market while continuing to deliver the closeness, trustworthiness and warmth of the neighborhood store.

In relation to sustainability, our determination to be an agent of positive change in the community has allowed us to make specific advances in the various indicators for water and carbon footprint, as well as in corporate ethics and governance. This was reflected in the progress of Arca Continental's evaluations by international indices such as the Dow Jones Sustainability Index and the FTSE4Good of the London Stock Exchange, among others.

In 2020, as a result of our actions, we achieved record sales of 169,314 million Mexican Pesos at the consolidated level, an increase of 4% against 2019, and a 5.7% growth in EBITDA, reaching MXP 32,147 million.

A correct pricing strategy focused on maintaining the sources of employment, the business profitability and products' competitiveness at the point of sale, together with a plan to optimize the operating expenses, allowed us to achieve a margin of 19%, an improvement of 30 base points in the EBITDA margin at the consolidated level.



In the same period, the accumulated Operating Income reached 21,472 million Mexican pesos, which represents 12.5% Operating Margin while Consolidated Net Income reached 12,573 million Mexican pesos, 7.1% more than in 2019.

In 2020, administrative and selling expenses reached MXP 54,448 million, an increase of only 4.1% and 32.2% as a percentage of Net Sales, thanks to a program developed as part of our efforts to mitigate the effects of the pandemic on our results.

The organizational efficiencies plan brought 2,319 million Mexican pesos in savings, demonstrating our operations' flexibility to align operating expenses with volume performance while executing despite of the harsh conditions.

Capital expenditures in 2020 reached 6,723 million Mexican pesos, 41.9% less than the previous year, in line with the efforts to protect the company's liquidity without impacting our production, distribution and execution capabilities.

## MEXICO

In Mexico, our operations reported revenue of 70,174 million Mexican Pesos, 3.1% more than the previous year, and an EBITDA of 16,844 million Mexican pesos, 7.4% higher than in 2019, in spite of a slight decrease in volume due to restrictions to mobility in the various states we serve.

Nevertheless, categories like colas, mineral waters, isotonic and dairy beverages registered positive results in volume, propelled by consumer's preferences together with the increase in coverage and, in the case of colas, the wide array of multi-serve and returnable presentations in the traditional channel.

Our focus on strengthening the traditional channel through numerous marketing and social initiatives proved to be effective, reporting 5.1% growth in the channel.

In line with the above, the "Safe Store" and "Open Kitchen, Local Kitchen" programs succeeded in reactivating over 90% of our customer base, as well as in attracting over 6,000 new customer requests.

We also improved our capabilities in the direct to home channel by digitalizing the business. We managed to close the year with over 70,000 new customers, 1.5 times more than in 2019, and a 23% sales increase.

Thanks to our adjustments in execution of point of sale, supported by tools like the suggested order, we achieved increases in the participation of value in NARTD by 1.2 percentage points.



→ **7.1%**

increase in  
Consolidated Net  
Income in 2020.

→ **3.1%**

sales increase in our  
operations in Mexico.

→ **70,000**

new customers in the Direct to  
Home model.



Our focus on strengthening the traditional channel through numerous marketing and social initiatives proved to be effective, reporting 5.1% growth in 2020.

## UNITED STATES

In the United States, we obtained an annual revenue of 66,380 million Mexican Pesos a 12.4% increase, as well as an EBITDA of 8,846 million Mexican pesos, a 20.3% increase.

Despite the challenging operating environment, we were able to expand our operating margin by 80 basise points, thanks to various initiatives to strengthen the price-packaging framework, combined with the disciplined savings plan in operating expenses and the continuity of the plan of synergies set in 2017.

The expansion of our digital capabilities has been key during the pandemic to increasing customer loyalty and satisfaction. We implemented the first mobile app of myCoke.com which offers new functionalities for improved customer satisfaction and increased the number of customers by 12.6% in comparison with 2019.

Likewise, we accelerated our execution in the eCommerce channel through Amazon, Walmart, Boxed, Sams and GoPuff, with a significant increase in sales compared to 2019.

Throughout 2020, we continued launching innovative products and brands in several categories, including AHA flavored carbonated water, Coke Energy in 4 flavors, Powerade Ultra and Powerade Water.



→ **20.3%**

increase in the EBITDA in  
the United States.

## SOUTH AMERICA

South America suffered the strictest mobility restrictions on the continent, as well as an adverse macroeconomic environment; yet, thanks to new execution initiatives in the market, we were able to serve our customers, thus mitigating the effects of the pandemic on the region's profitability.

Net Sales and EBITDA for the region reached 32,760 and 6,458 million Mexican peso respectively, lower than in 2019, derived from the sharp drops in volume due to the established restrictions.

Despite the great economic uncertainty, Argentina was the only operation in the region that reported a 1.4% volume increase in the year, thanks to the wide coverage of returnable products, combined

with an affordability strategy for consumers.

In Peru, we also deployed the "Safe Store" initiative with other associations to encourage reopening, benefitting over 21,000 customers in the traditional channel.

In addition, due to the strong restrictions, we reassigned routes to begin distributing to the Direct to Home channel, reaching over 3,000 customers in Peru and 9,000 in Ecuador.

We implemented new digital service models in the region to continue taking orders without making visits, through the AC Digital platform, where the active customer base has already risen by over 66,000.



### FOODS AND SNACKS

The strategies of the snack operations, focused on increasing coverage of our brands, opening new distribution centers, expanding product portfolio offerings and the improvement of digital execution capabilities in the market, all of which helped increase profitability.

As part of our strategy to build alliances that capitalize on the development of our distribution channel and widen our portfolio, while expanding distribution capabilities in new territories, Bokados started a pilot program to distribute Kellogg's products in the traditional channel.

Inalecsa, in Ecuador, began marketing of Tortolines in all its presentations, through Amazon's platform in the United States, to reach coverage in all 50 states.

Wise kept innovating its portfolio, launching products under the Bokados brand and taking advantage of the online consumer trends through Walmart and Amazon, where we reached a 78% growth over the year in that channel.

### SUSTAINABILITY AND SOCIAL RESPONSIBILITY

In 2020, the sustainability and social responsibility strategy was focused on the company's response to the COVID-19 health emergency, to meet the needs of the associates and communities, in matters of health, safety, hygiene, and economic reactivation.

Thanks to the efforts of our associates and the constant dialogue and alignment with the authorities and civil organizations, we focused our COVID-19 assistance on supporting the healthcare system, attending vulnerable groups, and protecting the small businesses of our value chain, by donating 2.7 million liters of hydration beverages, 50,000 food packs, 328,000 hygiene kits, 106,000 face shields, 60,000 face masks and 22,000 liters of sanitizing gel, as well as granting loans, training and support material for thousands of grocery stores.

We did all of this without losing sight of the long-term initiatives that allowed us to continue improving the efficient use of water, going from 1.607 liters of water per liter of beverage to 1.548 at the close of 2020, in consolidated terms—a 3.6% improvement. In energy, we went from 0.265 Mega Joules per liter of beverage to 0.256, at the same time as we reached 23.95% of recycled resin in our packaging.



In 2020, in response to the healthcare emergency, we focused our social help on supporting the healthcare system, attending vulnerable groups, and protecting the small businesses of our value chain.

→ **8,000**

associates participated as volunteers in different/several institutional initiatives in benefit of our communities.



We confirmed our adherence to the 10 principles of the United Nations Global Compact, as every year since 2006.

We significantly improved our position on the Dow Jones Sustainability Index, which ranks companies with the best results in environmental and social management and corporate governance. Likewise, we improved the evaluation by various stock indices such as the FTSE4Good of the London Stock Exchange, MSCI Sustainability Index and the Sustainability Index of the Mexican Stock Exchange, among others.

Although restrictions on mobility and group gatherings kept us from carrying out our traditional volunteering events in person, we achieved the participation of, on average, 8,000 associates in institutional initiatives to benefit the community, thanks to donations with which we benefited more than 17,000 individuals in the countries we serve.

**RIISING TO THE CHALLENGE**

Our team's commitment and determination to lead the change and overcome challenges allowed us to emerge stronger in a year like no other, ready to face new challenges in the 2021, mainly because of the subsequent effects of the pandemic on the economic activity.

We thank the Board of Directors for their support and guidance in difficult times, with the clear vision to protect our associates, support our communities and take care of the shareholders' investment.

We also thank The Coca-Cola Company for its continued collaboration, as well as our associates for their professionalism and talent, to adapt to changing conditions, take care of themselves and their families, customers, and consumers.

The goals that were met in 2020, the advances achieved during challenging circumstances, and the positive results recorded show our company's will to persevere on the path of innovation and excellence, to keep supporting the development of a fairer and more harmonious society.

In 2021, different situations and opportunities will come our way, testing our commitment to delivering our best. Therefore, we reiterate our commitment to innovation, strategic investment in the market, digitalization at points of sale and sustainability, in order to construct a better world together with our customers, suppliers, associates, consumers and the community.



**JORGE HUMBERTO SANTOS REYNA**  
Chairman of the Board of Directors

**ARTURO GUTIÉRREZ HERNÁNDEZ**  
Chief Executive Officer

# RISING TO THE CHALLENGE

## Prioritizing our associates

In the face of the pandemic, we focused our efforts on the protection of the associates' health, without neglecting the constant development of the long-term vision of the company.



## Improving the levels of excellence

The adaptation of the work and customer service environments to make them healthier and more resilient was incorporated into the continuous improvement of commercial execution, for producing with the same quality and efficacy, as well as of fostering innovation as a vehicle to reach excellence in all aspects of the operation.



## Generating shared value

Thanks to our associates' professionalism and commitment, we built a safe and healthy environment, fostering the economic continuity of thousands of small shopkeepers and suppliers in the markets we serve, and moving forward towards our sustainability goals, reiterating our determination to be an agent of positive change in the community.



# Prioritizing our Associates

We recognize that people drive the value of our organization, not only those that are part of our team but all those that surround us. Therefore, during a health crisis is when we reinforce our commitment to health, safety and the overall development of our associates. We took advantage of the tools at hand in order to operate safely while maintaining long-term programs that make possible the development of all those that comprise Arca Continental.



# Protecting Health and Encouraging the Development our Associates

We implemented actions and measure to offer our associates a safe and healthy work environment, while we continue encouraging their development through training and growth initiatives.

## TAKING CARE OF THE ASSOCIATES

**USD 6.5+ million** invested in the adaptation of workspaces to prevent COVID-19 transmission.

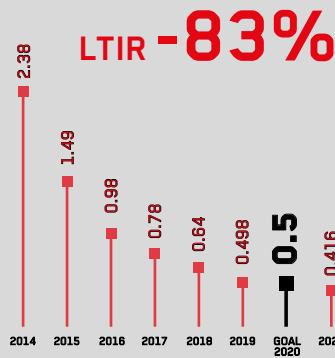
**50,000+ COVID-19 tests** done randomly and to possibly infected associates.



## ACHIEVEMENTS IN SECURITY

**0.416**

Lost Time Incident Rate (LTIR), which represents an 83% reduction in comparison with 2013 (LTIR 2.38).



Since the beginning of the pandemic, we implemented a plan that allowed us to migrate over 3,500 associates from support areas, to work remotely. Later, we migrated critical mission operations, such as the shared Contact Center and Service Center.

## PARTICIPATION IN THE SURVEY OF THE ORGANIZATIONAL CLIMATE SURVEY

→ **97%**  
56,745 associates answered the survey.

→ **89.8%**  
Over expressed a high level of commitment, +1.2% vs 2019.



# Taking Care of our Associates

**Arca Continental acted immediately in the face of the global COVID-19 pandemic.**

The company focused first on the health and safety of our associates. After, identifying the best international practices and protocols, we implemented measures to prevent transmission in our facilities and commercial activities, as well as to attend symptoms and support to the associates with COVID-19 and their relatives.

We quickly established protocols, so that the associates who did not need to be physically in the operation center could work from home and we prioritized investment in medical, personal protection and sanitizing equipment, as well as the readaptation of spaces.

In this section, we present some of the most relevant actions of the countries in the context of the COVID-19 pandemic.

## MEXICO

→ **6.5+ million** 

dollars invested in adapting and improving our facilities, focusing on the prevention of transmission and attention to our associates, and 38 doctors integrated to the business.

- We equipped the medical centers of our facilities with oxygen tanks, oximeters, concentrators, and PPE.
- 100% of the 87 inspections made by the authorities obtained satisfactory results.

→ **26,000**   
tests conducted

- **Constant monitoring of the associates' oxygenation with over 1,000 oximeters available in the work centers.**
- Personal follow-up with over 70,000 phone calls to associates or relatives in quarantine or in a situation of vulnerability.



## ECUADOR

**We installed six temporary medical centers, in addition to the 16 the operation in the country already had, especially equipped for the prevention and treatment of COVID-19 related symptoms.**

- Over 30 doctors, nurses and trained paramedics.

**Over 30,000 tests applied, both randomly and possible cases.**

- Periodic medical exams and temperature and oxygenation routine checks.
- Surveys to the associates as they enter the work site to carry out a precise follow-up and to prevent transmission in our operation centers.

## ECUADOR

- We developed and implemented an ergonomic and psychosocial preventive program for personnel in working from home. This program includes eight modules that identify risk factors at home and psychologically prepared the associates to carry out their activities from home.
- We reinforced breaks and calisthenics in our operation centers, so as to improve the associates' physical and psychological state.
- We reoriented physical activation and nutrition programs for associates who worked from home.
- We assigned a team of 3 doctors to practice Telemedicine, evaluating over 2,000 cases of associate with high transmission risk and/or confirmed as virus carriers.

## PERU

- We implemented strict entrance protocols in the facilities, temperature checks, adaptation of common spaces, and we installed disinfection zones for uniforms, which are washed and disinfected daily.
- We reinforce communication and education with webinars, learning capsules and leaflets, on health and safety related to the prevention of transmission for 100% of the associates.
- We carried out simulations of transmission and/or detection of positive cases on site to train medical personnel and paramedics.
- In personnel transports, we increased coverage and implemented sanitization protocols, PPEs and social distancing.

## UNITED STATES

→ **15+** new or adapted protocols



- We carried out an analysis to adapt the CCSWB operation centers, promoting social distancing and standardizing the protocols for cleaning and constant disinfection in the high-traffic areas, as well as personal hygiene and protection.
- We implemented a new deep-cleaning and sanitizing protocol.
- We developed routines to give specific follow-up to each suspicious or confirmed case of COVID-19, and quarantines whenever there were symptoms or suspicion.
- We developed contingency plans for the operations, considering five different scenarios for the pandemic's severity and/or governmental restrictions.
- We developed specific audits for COVID-19 with a team dedicated to case tracking.

## SUPPORT TO THE ASSOCIATES' EMOTIONAL HEALTH

From the start of the pandemic, we emphasized the emotional health in the face of the situation at hand, implementing various platforms of attention to provide psychological support.

In all the countries where we operate, we developed alliances with other organizations and companies to assist the associates and their families.

### ¡En Arca Continental te escuchamos y ofrecemos apoyo emocional!

La situación actual por la pandemia del COVID-19 ha generado en muchas personas ansiedad, estrés y depresión, entre otros, por lo que en el Centro de Contacto de Arca Continental, continuamos con el servicio confidencial de apoyo emocional con psicólogos profesionales para nuestros colaboradores y sus familias.



Llama a los nuevos números:  
**8000629700 y 8119321505**  
en un horario de 6:00 am a 10:00 pm  
de lunes a domingo.





# Talent Management

Throughout 2020 we adapted our trainings in order to give over 616,102 hours of courses to more than 52,000 associates.



One of our main objectives is to have the most talented people in our organization. That's why we work constantly in trainings that allow them to reach their full potential and develop in the best possible way.

This year was no different, we put all our efforts on digitizing our programs and give the best use to the technological tools at our disposal. We rose to the challenge by strengthening the professional development of our associates with the goal of keeping moving forward even in adverse conditions.

## SALES SCHOOL

A Sales School is the sum of different attributes which together serve as catalysts to align the development of associates with the strategy of the business. It is used as a:

- **TOOL** to meet the sales objectives of a the company, providing knowledge and developing the associates' skills through different methodologies and learning formats.
- **METHOD** to develop the organization's sales team, propitiating its formation and providing action guidelines.
- Set of **PROGRAMS** intended to develop commercial skills in the sales team. The critical path is mapped around the major business opportunities and initiatives.
- Project that guarantees the preparation of the sales force by aligning **STRATEGIES** and commercial tactics, and creates project teams that standardize processes and procedures.

- Team responsible for the effective implementation of the commercial **PROCESSES** in the Sales Area.

In addition to training the associates, the Sales School is a means to communicate the commercial strategy to the entire organization, to facilitate the standardization of work systems and procedures, to manage commercial knowledge, and to increase the level of the members' sense of belonging, among other things.

Arca Continental's Sales School makes it easier to identify and develop talented people, helps impact customers' key indicators and make Arca Continental's profitable, and therefore, indirectly, also the customers' operations.

## Technical School

Arca Continental has decided to use its Technical School as a means of communicating and implementing business strategies. The objective is to design and manage a learning and development plan that focuses on administrative and technical skills at work, depending on the specialty required.

### Some of the benefits offered by the school include:

- Knowledge management
- Development of specific skills
- Improved performance
- Impact on business indicators
- Support for strategy implementation

For key positions within the company, general training is provided in safety, quality, the environment, and profitability, based on 12 modules and 24 e-learning courses on technical abilities. Associates also receive technical training related to their functions, such as maintenance work, waste management, procedures for electrical work, and product integrity, among others.



→ The learning model is based on the “Learning by Doing” methodology in which the participant solves a business case. In order for the student to obtain the training certificate, is required academic accreditation and technical training.

## ACTUALIZÁNDONOS (UPDATING) PROGRAM

Arca Continental registered with three globally prestigious digital platforms through which we offer our associates tens of thousands of courses, videos, book summaries and, other learning tools, so that they can continue learning and develop, even while working remotely.

These platforms are compatible with our talent management systems and bring many benefits to our associates, such as being able to choose topics not related to their work, such as stress management and advice on how to be effective while doing home office, and to take their courses at the time and pace that works best for them, among others.

### PROGRAM RESULTS:

**Over 16,000** Arca Continental associates, almost 1 in 3, are registered on these platforms.

Almost **10 thousand courses or contents** were passed or completed during 2020.

**“Wellbeing, coordination and flexibility at home and at work”** or **“How to hack your mind and regain control over stress”** were the courses in highest demand, clearly with a mental health dimension.



## JOIN AC

Join AC is the name of our onboarding program.

The name stands for "Joining, Orientation, and Integration of New Associates at Arca Continental." In addition, it means to link, unite or connect, which is exactly what we seek to do with our new associates when they join our company.

The program's purpose is to ensure that our associates have the same experience when they join any of our businesses and that our new associates feel welcome and part of the team from the outset, sharing our culture and business strategy with our new hires.

### The objectives of this program are:

- To instill or eliminate short-term turn-over.
- To create a feeling of belonging among our new associates.
- To accelerate the productivity of our new associates.
- To ensure a positive experience during the onboarding process for both our new associates and their supervisors.



## ARCA CONTINENTAL LEADERSHIP SCHOOL

In 2019, AC Leaders - Escuela de Liderazgo Arca Continental was launched as a Leadership Program in collaboration with Harvard Business Publishing Corporate Learning. Offered to over 3,000 participants from all of Arca Continental's territories, it obtained excellent results in 2020 and is still available to our associates.



### Executive Leadership Program

→ **48** participants with 100% of participation.

### Essential Leadership Program

→ **3,058** participants with 84% participation.



# Improving Excellence Levels

While we take action to protect the health of associates, customers, health professionals and communities, we reinforce our commitment to excellence, through continuous improvement in operations to advance our vision and business mission, reaching the goals that we establish year after year.

We continue working to innovate and improve processes, ensuring compliance with the highest standards of quality in the industry.



# Quality, innovation and environmental stewardship

The continuous search to improve the quality of service to customers and consumers, investing in technology and developing new service models, boosted the results of the company, without neglecting the long-term environmental goals that we have set for ourselves.



## 100%+

OF THE WATER USED  
IN OUR PROCESSES  
IS RETURNED TO  
THE NATURE.



## CALORIC FOOTPRINT REDUCTION

- Over the past four years, calories in Coca-Cola Mexico's beverage portfolio have been reduced by more than 25% by modifying the formulas and reducing the amount of added sugar.
- In Mexico, we recently agreed, through the Mexican Beverage Industry (ANPRAC), to reduce the caloric content of our foods and beverages portfolio by 20% between 2018 and 2024.

## AC DIGITAL

# 100,000+

registered customers in the four Latin American countries, offering prospecting, ordering, communication and support alternatives to our Traditional Channel customers.



## INNOVATIVE PACKAGING

The returnable Universal Bottle is already in use in Argentina, Peru, and Ecuador and it began its implementation in Mexico during 2020. This is part of the efforts for the environment the company is making.



## UNDER THE TOPO CHICO BRAND, WE LAUNCHED:

### Topo Chico Twist

expanding our portfolio of low or no-calorie drinks.

### Topo Chico Hard Seltzer,

the first alcoholic beverage in the Coca-Cola System and in Arca Continental. We were the first bottler in Mexico to launch this product.



# Product Performance

We promote strategies that allow us to bring consumers their favorite products, working hand-in-hand with our customers. We pay attention to changes in consumer trends to offer a portfolio that adapts itself to healthy lifestyles, which allows us to continue to position ourselves as the preferred option in the market.

## MEXICO

Powerade

**+12.3%** vs PY

Topo Chico

**+10.1%**  
In volume vs PY

## ARGENTINA

**13%**  
In zero sugar mix



## ECUADOR

We started with the commercialization of Tortolines through Amazon in the United States in our presentations: salt, ripe, spicy, lemon and garlic. With this distribution, we will have coverage in all 50 states.



# Growth of the Beverage Business

In Mexico, the continuous improvement of commercial capabilities, dynamic segmentation, specialized service models (RTM 4.0) and the capitalization of market information using data analysis models, together with an innovative portfolio, drove the growth of the different categories of beverages in Mexico.



→ **1.2% growth** of the total portfolio.

→ **+5.7% in multi-serve presentations** due to affordability and commercial strategies.



→ **8.6% growth in dairy product sales.**

→ Firm steps are still being taken in the returnability strategy; in 2020 **33% was achieved in the mix of returnable products.**



# New products

Every year, we monitor consumer trends, listening to their needs and innovating our products to complement our portfolio.

## IN MEXICO:

- **We implemented the Universal Returnable Bottle** in AC Mexico, expanding the returnability of family-size presentations in Fruit-flavored Carbonated Drinks, Light Colas and Orangeades.
- **100% Juice** to complement the Juices and Nectars portfolio as we adopt a nutritional model that adapts itself to the consumers' varying needs.
- **Predator Energy**, is an affordable energy drink brand that reached 30% of coverage in the traditional channel.



## Under the Topo Chico brand, we launched:

- Topo Chico Twist**, expanding our portfolio of low- or no-calories beverages.
- Topo Chico Hard Seltzer**, the first alcoholic beverage in the Coca-Cola System and in Arca Continental. We were the first bottler in Mexico to launch this product.

## BOKADOS:

- **Prispas Embrujadas**
- **Topitos T**

## IN THE UNITED STATES:

We launched AHA, a flavored sparkling water, Coca-Cola North America's biggest brand launch in the last decade.

AHA is available in eight different sugar free and low calories flavors.

# Digitalization

We strengthened our digital capabilities through applications and systems that facilitate the operation of our associates, customers and consumers during the COVID-19 public health emergency.

We kept to our digitalization schedule, as a leading company in the field, aiming for our initiatives to transcend the current situation, understanding that many of the changes implemented will be permanent.

## AC DIGITAL

→ **100,000+**  
**Registered customers**  
in the four Latin American countries, offering prospecting, ordering, communication and support solutions in the Traditional Channel to our customers.

In order to better monitor and manage market activities, we strengthened the implementation of the AC Movil platform during the pandemic.

### IN MEXICO

→ **Over 80%**

of the sales force serving supermarkets, pharmacies and convenience stores in the country uses AC Movil.

Presence in

→ **Over 15**

cities in the north and center of the country.

### IN PERU

We consolidated the use of the application to recommend to each point of sale the product with the highest demand (suggested order), as well as to review its main management indicators.

**We accelerated our digitalization processes, strengthening our apps and platforms, thus allowing us to better serve our customers.**

### AC DIGITAL:

- Order taking
- Follow-up on deliveries
- Promotion help center
- Notification and receipt of complaints and inquiries

### REDESIGN OF COCA-COLA IN YOUR HOME

- Expansion from two to nine cities with web stores.
- Growth in registered customers from 6,000 to 30,000.

### IN UNITED STATES

Through myCoke and the myCoke Wallet feature, in partnership with Coca-Cola North America, we were able to increase customer loyalty and satisfaction by enhancing the experience with the contactless ordering process.

- Income growth of eCommerce in CCSWB of over 10%

With the consolidation of the Corporate eCommerce team, we doubled income for the segment vs 2019.



# Yomp!

Yomp! is an Arca Continental, 100% Mexican company with more than a decade of experience, dedicated to the growth, development and modernization of the traditional channel stores. We currently operate in the cities of: Monterrey, Guadalajara, San Luis Potosí, Saltillo, Mexico City, Aguascalientes, Chihuahua, Hermosillo, Mexicali, Ciudad Juárez, Torreón, Durango, Obregón and Culiacán. The main purpose of Yomp! is to empower the owners of "corner stores" (mom-and-pop stores). Therefore, we support them in their operation to buy in scale, improve their offerings, increase their sales, and be more efficient and competitive.

Some of the most outstanding 2020 results are:

- We reduced equipment rental in order to increase our customers profitability.
- We improved customer retention by 28%.
- In May 2020, we launched Yomp! Mobile with the aim of having a free platform on the market for our customers.
- To strengthen Yomp! Express, we opened two distribution centers in Monterrey and Guadalajara.

→ **8,000**  
Customers reached

Over  
→ **53%**  
Yomp! Premium  
income growth



# Environmental Commitment

[302-3, 305-4]

**WE MAINTAIN OUR COMMITMENT TO THE RESPONSIBLE USE OF WATER AND THE PRESERVATION OF SOURCES, AS WELL AS THE STRENGTHENING OF INFRASTRUCTURE FOR ACCESS TO VITAL LIQUID IN THE COMMUNITIES WHERE WE OPERATE.**

	<b>THE BEVERAGES STRATEGIES</b>	<b>2020 GOAL</b>	<b>2020 ACHIEVEMENTS</b>
<b>REDUCE OUR WATER FOOTPRINT</b>	Improve efficient water use	1.6 liters of water for each liter of beverage produced	1,548 liters of water for every liter of beverage produced
	Neutralize and conserve water sources	Replace 100% of the water used in the countries where we operate	100% of the water used in the countries in which we operate was replaced
<b>REDUCE OUR CARBON FOOTPRINT</b>	Reduce CO <sub>2</sub> emissions into the atmosphere	25.14 grams of CO <sub>2</sub> per liter of beverage produced, a 21.5% reduction in the carbon footprint compared to 2010: 32.04 grams of CO <sub>2</sub> per liter of beverage produced	23.5 g of CO <sub>2</sub> per liter of beverage produced
		Reduce by 11% the amount of energy (MJ) needed to produce a liter of beverage compared to 2010: 0.273 MJ per liter of beverage produced	0.257 MJ per liter of beverage produced
	Use of renewable energy sources	At least 30% of electricity consumed will come from renewable sources	34% of electricity consumption comes from renewable sources
<b>REDUCE OUR WASTE FOOTPRINT</b>	Increase recycling of waste generated	Recycle 90% of the waste generated at production centers	90% of waste generated was recycled
	Use of sustainable materials	Maximize the percentage of food-grade recycled PET, as well as BioPET in our packaging	26.93% utilization of food-grade recycled PET and BioPET on average

## CARBON FOOTPRINT

- REDUCTION OF CO<sub>2</sub> EMISSIONS INTO THE ATMOSPHERE
- USE OF RENEWABLE SOURCES OF ENERGY

## WATER FOOTPRINT

- IMPROVE EFFICIENT USE OF WATER RESOURCES
- NEUTRALIZATION AND CONSERVATION OF WATER SOURCES

## WASTE

- REDUCE WASTE GENERATION
- INCREASE RECYCLING OF WASTE GENERATED

## PACKAGING

- USE OF SUSTAINABLE MATERIALS
- REDUCTION OF MATERIALS

MANAGEMENT

PEOPLE

INFRASTRUCTURE

PRIMARY PROVIDERS

VALUE CHAIN

CUSTOMERS AND CONSUMERS

# Generating Shared Value

[203-1, 203-2]

We ensure that our actions generate shared value for the people surrounding us. Aware of global challenges, we design strategies that allow us to contribute to the integral wellbeing of the communities in which we operate. At the same time, we propell the economic development of the regions in which we operate through the achievement of positive results, maintaining our leadership in social, environmental and commercial aspects.



# We foster reopening and support our communities

Supporting the safe reopening of customers of the traditional channel was a priority during the pandemic, as well as support for communities, particularly the healthcare system and groups in situation of vulnerability.

## SUSTAINABLE COMMUNITIES

- Over 2.7 million liters of hydration to the healthcare sector and communities
- Over 60,000 face-masks
- Over 50,000 food boxes



6,000



runners completed the 2020 Powerade Monterrey Digital Marathon, the marathon with the largest number of runners in the country.

## STRENGTHENING THE VALUE CHAIN AS ARCA CONTINENTAL'S RESPONSE TO COVID-19

→ 300,000+ mom & pop stores benefited.

→ 200,000+ cleaning kits handed out.

→ 60,000+ protective screens.



## SOS PLAN

During the pandemic stores closed and unemployment increased, so at Arca Continental we provided advice to more than 13,000 retailers for the commercialization of our products. We advised them within 24 hours. We provided all the quick service tools, advice on business management, as well as some elements for business communication.



Over

4.6 MM USD

donated by Arca Continental for social causes through 119 foundations.



# Customer Support

## WE PROTECT OUR CUSTOMERS

We developed capabilities to ensure we are the best business partners for our customers, supporting them with infrastructure and training so that they could continue to operate despite mobility restrictions during 2020.

We stayed close to our customers, strengthening our relationship and driving together the economic revival of the countries where we operate through new plans to provide them with tools that would enable them, and the consumers, to have greater security in their interactions.

- **We promoted a number of initiatives that allowed mom&pop stores to operate under better conditions, during the pandemic while seeking economic revival.**

### Strengthening the Value Chain as Arca Continental's response to COVID-19.

→ **300,000+**  
Retailers benefited.

→ **200,000+**  
cleaning kits handed out.

→ **60,000+**  
protective screens.

## IN MEXICO

### “Open Store, Safe Store“ program, based on 3 pillars:

1. **Fulfillment of weekly routine visits and phone calls to support open stores and encourage the reopening of closed ones.**
2. **Support to retailers with the service of administration, safety and home delivery, providing visual and communication aids such as banners, information leaflets with prevention tips and a cleaning kit with disinfectants, masks and cleaning tools.**
3. **Final consumer with communication at the point of sale.**



During 2020, we developed the [mibodegaabierta.pe](https://mibodegaabierta.pe) platform, a free website where thousands of Peruvian grocery stores found tools to manage their business in a safe way. There, they were able to download materials, such as signaling, delimitation, information for carrying out promotions and implementing home deliveries.



**IN ECUADOR**

- **“My Safe Shop”** combined with different activities, sought to promote the reopening of shopkeepers by providing sanitization kits, effective communication and awareness campaigns on the role of the shopkeeper in the community and the importance of keeping their establishments open during the pandemic.
- Together with the local and National Government, the United Nations Development Program and the Coca-Cola Company, we implemented a comprehensive economic revival plan in neighborhood stores.

→ **+9,500**

Jobs generated nationally, contributing to the economy with over 160,000 operating neighborhood shops.

**IN THE UNITED STATES:**

- We implemented new models in the Self-Service and Convenience Stores channels through customer segmentation, new productivity standards and marketing roles. We will continue with this implementation in the rest of the regions, reaching 100% of CCSWB by the end of Q1 2021.

**IN PERU**

- **“My Open Store”** distributed messages that would allow consumers to be treated safely. In addition, new service models were implemented, such as Direct To Home Routes and the digitization of 4,000 customers, through the AC Digital platform.
- Like in Ecuador, through the Business School, we consolidated a model of Training for Store and Restaurant Owners to prepare our main business partners for the challenges of the new normal under a technological, administrative and competitive approach that allows them to succeed in their operations. We trained about 25,000 customers between the two operations.
- We implemented a Value to Market Segmentation (V2M) model with a value-oriented approach that will allow us to identify the customers business' with the most potential and improve growth trends from a life cycle perspective.



→ **270,000**  
Customers

supported by our Latin American operations through “My Open Store, My Safe Shop” and its “My Open Kitchen, My Safe Kitchen” with training so that they could create adequate conditions for their business operation in a responsible way during the pandemic, allowing consumers to feel safe in the business environment.





IN MEXICO:

**AS PART OF THE ACTIONS TO SUPPORT OUR CUSTOMERS DURING THE PANDEMIC**

- We accelerated the adoption of digital payments in the Straight Home channel in Mexico, reducing cash transactions between our sellers and consumers, contributing to better sanitary practices, with higher average tickets.
- We enabled an electronic wallet in Yomp! Express to facilitate grocery payment with contactless technology.

**IN ARGENTINA**

- **“Estemos Abiertos”** is a program created to support reopening of traditional channel stores, which in Argentina amount to 90% of our customers, that were affected by mobility restrictions and obligatory quarantines. In 2020, 770 million of Argentinian pesos were destined to reactivate the traditional channel. In addition, a digital training platform was created within the “Potenciá Tu Negocio” program, for customers to manage better their business during the pandemic.
- We were the first bottler to launch telephone pre-sales and also the first to return to face-to-face sales with strict security protocols.

→ **25%**

of all payments were made with alternate methods displacing cash transactions, credit card being the method of choice.



In Ecuador, Peru and Argentina, we sought to help our customers by enabling microcredits through third parties and developing alternative payment methods through QR technology.

## SUSTAINABLE COMMUNITIES

We reaffirmed our commitment to become agents of positive change in all the communities where we operate, working hand-in-hand with society and the government to provide support to those who needed it most during the pandemic.

We established a support strategy based on three pillars: support for the health system, communities in a situation of vulnerability and the value chain.

In addition, we maintained our efforts to continue collaborating with different organizations to strengthen the social fabric and promote the development of the community.

In Mexico

→ **106,000**

face-masks provided through PetStar, and in conjunction with the Mexican Coca-Cola Industry for hospital doctors dedicated to the care of COVID-19 patients.

### SUPPORT TO THE HEALTHCARE SECTOR:

**Hundreds of agreements**  
with Health Care Centers.

**Over 1.2 million liters**  
of water donation.

**Support in the transfer**  
of medical material.

**Over 10,000 liters**  
of alcohol / gel.

**Over 75,000**  
personal protection items.

**Equipment and supplies**  
for COVID-19 rooms.



The company also participated, as part of the Mexican Coca-Cola Industry, in the donation of artificial ventilators for the treatment of COVID-19 to the Mexican Foundation for Health (FUNSALUD).

**SUPPORT FOR GROUPS IN SITUATION OF VULNERABILITY::**

**Over 1.5 million** liters of hidration beverages to communities.

**60,000** reusable face masks.

**Over 50,000** food boxes.

**40,000 kits** of hygiene and protection material.

**12,000 liters** of hand sanitizer.



Through our packaging, we sent thanks to servers who have been on the first line of defense against COVID-19.



**IN ARGENTINA**

We adhered to the Principles for the Empowerment of Women of the Win-Win program implemented by UN Women and the International Labor Organization and funded by the European Union, focused on generating greater female economic empowerment through joint actions with the private sector. This included work to promote equity, both within the company and in the communities in which we are present.



**IN MEXICO**

We carried out communication campaigns in approximately 10,000 vending machines about healthcare measures to prevent COVID-19 transmission.

# Community Projects with Social Impact

## DONATIONS PROGRAM

At Arca Continental we have a Donation Policy and Manual that applies to all our operations. Our donations support civil society organizations, innovative people and leaders who develop projects aligned with our objectives and values. We understand that permanent social changes and reconstruction of the social fabric require time to consolidate, which is why we support long-term projects. We seek initiatives that will benefit as many people and communities as possible.



→ **100,000+**  
million Mexican pesos

were donated by Arca Continental to social causes through 119 foundations.



## VOLUNTEER PROGRAM VOLAR

The Arca Continental Volunteer Program (VOLAR) aims for both the company and its associates to join forces in favor of the community and caring for the environment.

This institutional program of Social Responsibility is carried out in a transversal way in all our operations in Mexico, Ecuador, Peru, Argentina and the United States, each one with its respective Volunteer Committee that executes the actions of the program and distributes the available resources. In 2020 we had a total of 28 committees made up of 296 associates who

participated in the Holidays with a Purpose program. They also provided support to communities that were affected by the COVID-19 pandemic and natural disasters, with donations in kind or in cash.

Given the situation arising from the COVID-19 pandemic, most of the actions related to our Annual Volunteer Day and Annual Sustainability Day were postponed, awaiting their reactivation when the health situation allows it.

## HOLIDAYS WITH A PURPOSE

Within the December celebrations held at Arca Continental, our associates donated new toys, which are given to children from communities in situation of vulnerability near our work centers.

→ **17,000**

people benefited with food boxes, medical supplies, and toys in communities in situation of vulnerability in Mexico, Ecuador, Peru, Argentina and the United States.



## DEVELOPMENT OF WOMEN

One of our strongest commitments is to support the development of women. We joined the Vision 2020 of the Coca-Cola Company with the goal of empowering five million women globally through different development programs.



### ANSPAC

As of 2020, the Asociación Nacional Pro-Superación Personal, A.C. (ANSPAC) of Arca Continental has been operating for over 31 years. The purpose of ANSPAC is to develop the wives, mothers and daughters of our associates through courses and workshops on moral and human training. It is a way to contribute to the strengthening of the family and promote the development of skills that allow them to improve their family economy.

In 2020, 1,480 women participated, divided into 38 units in Mexico and Ecuador, with the support of 220 instructors who taught the courses and workshops.

Due to the COVID-19 pandemic, this year we worked virtually, reaching more families, while, encouraging the participants to extend their knowledge of technology.

All in-person events were suspended, but in addition to the program, we undertook the task of contributing to society by making 39,000 face masks that were distributed to associates and the communities in Mexico. We also distributed 750 basic rescue food boxes and products of basic necessity to the communities near our operations in Mexico, a project that we will continue to develop during 2021.

Likewise, with the slogan **"My family, my strength"** the message was shared that a strong a united family enables each member to develop to their fullest potential.

# Board of Directors

## → JORGE HUMBERTO SANTOS REYNA (46) 1, C, P, E

Alternate: Samira Barragán Juárez de Santos

*Chairman of the Board of Directors since 2019.*

Chairman of the Board of Directors at AC Bebidas. Chief Executive Officer of Grupo SanBarr member of the Board of Directors of Regional S.A.B. de C.V. and Chairman of the Board of Directors of Regio Engordas, S.A. de C.V.. Also, Vice Chairman of the Board of Directors of the Mexican Red Cross of Monterrey. Member of the Executive Committee of the Consejo Nacional Agropecuario (CNA, or National Agriculture Board in Mexico). Previously, he was Vice Chairman of the Board of Directors of Arca Continental from 2007 to 2019. Former Chairman of the Board of Directors of Arca Continental South America. Former Chairman of the Board of the Consejo Estatal Agropecuario de Nuevo León, AC (Nuevo Leon State Agricultural Board), former President of the Asociación de Engordadores de Ganado Bovino del Noreste A.C. (Northeastern Mexico Beef Association). Former Treasurer of the Asociación Mexicana de Engordadores de Ganado Bovino (Mexican Beef Association); former President of the Unión Social de Empresarios de México en Monterrey, (USEM or Mexico Entrepreneurs Union - Monterrey). Former Board member of Grupo Procor, CAINTRA Nuevo León and Papas y Fritos Monterrey.

## → LUIS ARIZPE JIMÉNEZ (58) 1, P, E

Alternate: José Manuel Arizpe Narro

*Board Member since 2003 and Vice-Chairman of the Board of Directors since 2008.*

Member of the Board of Directors and Chairman of the Audit Committee of Grupo Industrial Saltillo, S.A.B. de C.V., Chairman of the Board of Directors of Saltillo Kapital, S.A. de C.V., Inversiones del Norte, S.A. de C.V., and Inmobiliaria BIRARMA, S.A. de C.V., Vice-Chairman of the Board of ITESM, Saltillo Campus, member of the Board of the Consejo Cívico de Instituciones de Coahuila (Civic Council of Institutions from Coahuila). He is also President of the Saltillo Diocese Tithing Committee and President of the Northern Federation of COPARMEX, as well as a member of the Advisory Board at Grupo Financiero Banorte Northern Region. Former President of the Coahuila Southeastern Chapter of COPARMEX and former Chairman of the Mexican Red Cross, Saltillo Delegation.

## → MANUEL L. BARRAGÁN MORALES

*Honorary Lifetime Chairman of the Board since 2019.*

Chairman of the Board from 2005 to 2019 and Board Member since 2001.

## → RODOLFO JOSÉ ARIZPE SADA (59) 1, P

Alternate: Emilio José Arizpe Narro

*Board Member since 2008.*

Board member of Centro Avemed, Museo del Desierto, Parque Maravillas and Caritas de Saltillo.

## → ALFONSO J. BARRAGÁN RODRÍGUEZ (35) 1, C

Alternate: Juan Manuel Barragán Treviño

*Board Member since 2019 and Alternate Board Member since 2014.*

He has Industrial and Information Technology Engineering degree from Tecnológico de Monterrey, is a graduate of the AD2 Senior Management Program from IPADE and has taken continuing education courses at MIT. He is Executive President of Eon Corporation and collaborate on the Boards of various commercial and technology companies in USA and Mexico. He has contributed to various international patents and participated in intellectual property licensing programs for several "Fortune 500" companies.

## → JUAN CARLOS CORREA BALLESTEROS (50) 2, C

Alternate: Adrián Jorge Lozano

*Board Member since 2016.*

He has been a member of the Executive Committee and of the Human Capital Committee of the Board of Directors at Arca Continental South America since 2010. He worked for 14 years at Ecuador Bottling Company, the Coca-Cola bottler in Ecuador, holding different positions, including COO and Corporate Vice-President during his last three years. He is currently Executive Vice-President at CorMa Holding Family Office. He has a Finance MBA from the University of Miami.

## → FELIPE CORTÉS FONT (79) 2, A

Alternate: Pau Cortés Valdés

*Board Member since 2013.*

He currently serves on the Boards of Grupo Promax, Arendal, Stiva and Ternium. Founding partner at Auric. He worked 28 years for Grupo Alfa, where, as Planning and Control Head he was part of the team leading the strategic and financial restructuring of the company. He also led the Petrochemical Division and was CEO

at Hylsamex. He was Director of the American Iron and Steel Institute and President of Canacero, Nuevo León Productivity Center, and the Latin American Institute for Iron and Steel. He got a BS degree from Massachusetts Institute of Technology.

→ **ALEJANDRO M. ELIZONDO BARRAGÁN (67) 1, P**

Alternate: Alberto Javier Elizondo Barragán

*Board Member since 2004.*

Former Alfa's Development Head, he has held several positions within Alfa's corporate, as well as in steel and petrochemical divisions for more than 43 years. He also serves on the Boards of Directors of Grupo Stiva, Axtel, and The Museum of Steel.

→ **FRANCISCO ROGELIO GARZA EGLOFF (66) 1, P**

Alternate: Manuel Gutiérrez Espinoza

*Board Member since 2019.*

Former Chief Executive Officer of Arca Continental from 2003 to 2018. Currently, he is also member of the Board of Directors of AC Food and Snacks Division, subsidiary of AC. He is President of Proval Consultores and member of the Board of Directors of Grupo Industrial Saltillo, Grupo Allen, Alpek, Banco Banregio, Ovniver, Ragasa and Proeza. Current President of Fundación UANL and Advisor to Escuela de Ingeniería y Ciencias (The School of Engineering and Sciences) at the Instituto Tecnológico de Monterrey, and Vice-President of CONCAMIN (Mexican Industrials Confederation). Former Chief Executive Officer of Sigma Alimentos, Akra, Petrocel-Temex and Polioles at Grupo Alfa, where he had a 26-year career. He has a Chemical Engineering Degree from the Instituto Tecnológico de Monterrey and completed Senior Management studies at IPADE.

→ **ROBERTO GARZA VELÁZQUEZ (64) 1, P, E**

Alternate: Miguel C. Barragán Villarreal

*Vice-Chairman of the Board of Directors since 2019.*

Member of the Board of Directors since 2001.

Shareholder at Industria Carrocera San Roberto, S.A. de C.V., as well as Board Member of Grupo Index, Afirme Grupo Financiero, and AMANEC, A.C.. He has been a member of the Grupo Autofin Monterrey Board of Directors since 2017.

→ **LUIS LAURO GONZÁLEZ BARRAGÁN (67) + 1, P**

Alternate: Rodrigo Alberto González Barragán

*Board Member since 2001.*

Chairman of the Board for UNIDOS and Grupo Logístico Intermodal Portuario, Terra Regia, Berel, CABAL, and Universidad de Monterrey. He served as Delegated Board Member at Procor.

→ **CYNTHIA H. GROSSMAN 1**

Alternate: Herman Goettsch Amigot

*Board Member since 2011.*

She was Chairman of the Board of Directors of Grupo Continental since 2000 and a Board Member since 1983.

→ **JOHNNY ROBINSON LINDLEY SUÁREZ (46) 1**

Alternate: Jose Roberto Gavilano Ramírez

*Board Member since 2018.*

He was CEO of Corporación Lindley from 2007 to 2014 and Chairman of the Board since 2013. He is the Chairman of the Board of Directors for Lindcorp since 2015. He holds a Degree in Business Administration, specializing in Marketing, from Bentley College. He also graduated from the OPM program at Harvard Business School in 2016.

→ **ERNESTO LÓPEZ DE NIGRIS (60) 2, A, C**

Alternate: Juan Carlos López Villareal

*Board Member since 2001.*

Member of the Board of Directors of Grupo Industrial Saltillo, where he also served as Co-Chairman of the Board of Directors and Operations. Additionally, he is a member of the Advisory Board at Teléfonos de México, as well as a Regional Counselor for Nafinsa and Grupo Financiero Banorte.

→ **MIGUEL ÁNGEL RÁBAGO VITE (65) 1, C, P, E**

Alternate: Roberto Martínez Garza

*Vice-Chairman since 2011.*

Current board member of Board of Directors at AC Beverages and AC Food and Snacks, subsidiaries of AC. Former CEO and Member of the Board of Directors of Grupo Continental, where he also held several other positions during more than 35 years with the company. He is a Certified Public Accountant and Auditor having graduated from the Universidad Autónoma de Tamaulipas.

→ **ALBERTO SÁNCHEZ PALAZUELOS (81) 1**

Alternate: Brett E. Grossman

*Board Member since 2011.*

He was President of Negromex, Grupo Novum, and Troy Grupo Industrial. He served on the Boards of Directors of BBVA Bancomer, Grupo Martí, Probusa, and Cityexpress Hotels, among others. He is currently President of ASP y Asociados, S.C., as well as member of the Boards of Procorp and Inmobiliaria CADU and is a member of the Advisory Boards at Purdue University and Instituto de Empresas de Madrid.

→ **DANIEL H. SAYRE (64) 2**

Alternate: Luis Burgueño Colín

*Board Member since 2018.*

Former President of the Western Europe and Japan Divisions at The Coca-Cola Company, and held several leadership positions at the Latin Center, Andean, and Mexico Divisions. He served on the Board of Directors of Grupo Continental from 2003 to 2006, and of Coca-Cola East Japan from 2012 to 2017. He has a Degree in Economics from Rice University and an MBA from the Kellogg School of Management.

→ **ARMANDO SOLBES SIMÓN (65) 2, A**

Alternate: José Luis Fernández

*Board Member since 2011.*

Former Board Member of Grupo Continental. He is currently Director of the Tampico Office of Banco Base, member of the boards of Promotora Turística Punta Bete, S.A.P.I. de C.V. and Vista Inn, S.A. de C.V., is an associate and member of the Boards at Bene Hospital del Centro Español de Tampico and Universidad IEST Anáhuac. He is also a member of the Regional Consulting Board of ITESM, Tampico Campus (ESTAC). He was Chairman of the Board and CEO at Central de Divisas Casa de Cambio for 23 years. He held several positions in the finance division of Grupo Cydsa, S.A.B. for eight years, and in external auditing services for Gossler, Navarro, Cenicerros y Cia. for three years.

→ **BERNARDO GONZÁLEZ BARRAGÁN (42) 1, C**

Alternate: Eduardo Manuel Treviño Barragán

*Board member since 2020.*

Alternate member of the board in 2019. Since 2011, he has been a professor of Accounting and Finance at the Universidad de Monterrey. He was a corporate finance analyst at Fitch Ratings covering the retail and housing sectors. He has formally covered the NARTD beverage industry for over 25 years. He holds a master's in Finance with a specialization in Economics and an MBA, both from EGADE Business School. He has obtained various certifications in the areas of finance and economics from the University of Edinburgh, London School of Economics and Political Science and the University of Essex in the UK. He has a Degree in Marketing from the Instituto Tecnológico y de Estudios Superiores de Monterrey.

→ **JESÚS VIEJO GONZÁLEZ (47) 1, P**

Alternate: Magda Cristina Barragán Garza de Viejo

*Board Member since 2007.*

He is Executive President of Trefilia Capital. Currently, he serves as Technical Secretary for the Nuevo León Strategic Planning Board and is a Board Member of the Universidad de Monterrey (UDEM), the John F. Kennedy School of Government, the Center for International Development at Harvard, and Grupo Topaz. He was Vice-President of Economic Research for Emerging Markets at Goldman Sachs and Chief Economist at Grupo Alfa. He holds a Degree in Economics from ITESM, and a Master's Degree in Public Policy from Harvard University. He also holds a PhD in Economics from Boston University.

→ **MARCELA VILLAREAL FERNÁNDEZ 1, C**

Alternate: Miguel Antonio Panetta Villareal

*Board Member since 2019.*

Former Board Member of Embotelladoras Arca from 2001 to 2010. Advisor at Tulane University's School of Public Health and Tropical Medicine, in the Encuentro Project. She was Board Member of Sistema Axis and Argos, and President of the El Paso Museum of Art.

→ **JAIME SÁNCHEZ FERNÁNDEZ**

(Non-member Secretary)

*Secretary of the Board of Directors since 2009.*

General Counsel of the company since 2011, and from 2008 to 2011 he served as Counsel of Embotelladoras Arca.

**LEGEND**

1. Patrimonial
2. Independent

**COMMITTEES**

- A. Audit and Corporate Practices
- C. Human Capital and Sustainability
- P. Planning
- E. Executive



# Executive Team

## → ARTURO GUTIÉRREZ HERNÁNDEZ (55)

*Chief Executive Officer*

Chief Executive Officer since 2019. Prior to that he was Deputy Chief Executive Officer. He has held several positions during his 20 years with the company, including Chief Operating Officer, Director of the Mexico Beverages Division, Human Resources, Planning, and Legal. He serves on several boards of international companies. He holds a Law Degree from the Escuela Libre de Derecho and a Master's Degree in Law from Harvard University.

## → GUILLERMO APONTE GONZÁLEZ (55)

*Executive Director Food and Snacks*

Formerly he served as CEO of Arca Continental South America. He worked for The Coca-Cola Company for more than 25 years in the Asia and Latin America divisions where he held the position of Chairman and CEO of Coca-Cola in the Philippines, General Manager for the Mexico Southern and Northern Regions, and General Manager for Colombia. He holds a Degree in Systems Engineering and Computer Engineering, as well as a specialization in Marketing, from the Universidad de los Andes, in Colombia. He also took courses on Executive Development at the University of Pennsylvania's Wharton School of Business

## → JOSÉ BORDA NORIEGA (52)

*Chief Commercial and Digital Officer*

Formerly the General Manager of Corporación Lindley, General Manager for Coca-Cola Central America, and Chief Operating Officer for Sparkling Beverages at Coca-Cola de México. He holds a degree in Industrial Engineering from the Pontificia Universidad Católica del Perú and an MBA from J.L. Kellogg School of Management.

## → JESÚS GARCÍA CHAPA (48)

*Executive Director Venture Capital*

Formerly the Deputy Financial Officer for Farmacias del Ahorro. He has ample experience in Mexico and abroad in areas such as logistics, finance, management, strategic planning, and IT. He holds a degree in Mechanical Engineering from ITESM, and a Master's Degree in Industrial Engineering and Management from Stanford University.

## → GUILLERMO GARZA MARTÍNEZ (53)

*Chief Public Affairs, Communications and Sustainability Officer*

Formerly held the position of Communications and Social Responsibility Director. He serves on several boards for industry-related local and international companies. He has over 30 years' experience in journalism, communications, social responsibility, and public affairs. He holds a Degree in Communications from the Universidad Regiomontana, a Master's degree in Science from ITESM, and post graduate executive studies from Boston College, Harvard University and IPADE.

## → ALEJANDRO GONZÁLEZ QUIROGA (59)

*Executive Director Latin America Beverages*

He has been with the company for more than 33 years holding several positions. He was Director of AC Beverages Mexico, Arca Continental South America, and Arca Continental Argentina. He was President of the Asociación de Embotelladores de Coca-Cola in Mexico. He holds a Degree in Business Administration from the Universidad Regiomontana and post-graduate certificates in Top Management from ITESM and IPADE.

**→ EMILIO MARCOS CHARUR (57)***Chief Financial Officer*

He was formerly Director of Mexico Beverage Operations and Director of the Complementary Businesses Division, besides heading the Treasury and Procurement areas. He holds a Degree in Industrial Engineering and Computer Systems from ITESM and an MBA from the University of Illinois.

**→ GABRIEL MENESES JONES (47)***Chief Human Resources Officer*

He worked for The Coca-Cola Company for 17 years, holding several leadership positions in Human Resources for Asia Pacific, Europe, North America, Mexico, Central America, and the Caribbean. He holds a Degree in Business Administration from ITESM, and post graduate studies in Human Resources from the London Business School.

**→ ALEJANDRO MOLINA SÁNCHEZ (53)***Chief Technical and Supply Chain Officer*

He is a member of the Activation Committee at the Global Supply Chain Board for the Coca-Cola System, for which he formerly served as President. He worked for Coca-Cola de México for more than 15 years in the Quality Control, Environmental Sustainability, and Supply Chain divisions. He holds a degree in Chemical Engineering from Universidad La Salle, and a postgraduate certificate in Supply Chain from the Instituto Tecnológico Autónomo de México (ITAM).

**→ ALEJANDRO RODRÍGUEZ SÁENZ (58)***Chief Strategic Planning Officer*

He formerly held the positions of Executive Director for Complementary Businesses, Director for Bokados, and General Manager for Topo Chico. He currently serves on the Boards of Andamios Atlas SA and Tonicorp. He has held several management positions at Alfa. He holds a Degree in Chemical Engineering and Computer Systems and an MBA from ITESM, and a post-graduate certificate in Top Management from IPADE.

**→ JAIME SÁNCHEZ FERNÁNDEZ (50)***General Counsel*

He is Secretary of the Board of Directors. Formerly Legal Director, Secretary of the Board of Directors and Legal Corporate Manager at Embotelladoras Arca prior to the merger with Arca Continental. He worked for Grupo Alfa as their corporate lawyer and practiced law independently. He holds a law degree from the Universidad de Monterrey and a Master's Degree in Law from the University of Michigan.

**→ JEAN CLAUDE TISSOT RUIZ (49)***President of Arca Continental Coca-Cola Southwest Beverages*

He formerly held the position of Chief Operating Officer at Coca-Cola Southwest Beverages and Chief Marketing Officer of Arca Continental. Previously, Mr. Tissot worked as an executive at The Coca-Cola Company for more than 15 years serving as General Director of Northern and Southern Mexico, and Central America Honduras and El Salvador, as well as director roles in Colombia, and at Warner Lambert for five years. He has a Bachelor's Degree in Business Administration from ICESI University in Colombia, and Master's degrees in Marketing and Finance from Colegio de Estudios Superiores de Administración, also in Colombia.



**ARCACONTINENTAL**