
BIODIVERSITY



Biodiversity

At Arca Continental, we recognize the critical importance of biodiversity and its significant impact on our business continuity. Biodiversity refers to the variety of life on Earth, including plants, animals, and ecosystems. It encompasses the intricate web of interactions and interdependencies that sustain life and provide essential services, such as water recharge and terrestrial ecosystems related to water.

Water, being a fundamental resource for our operations, relies heavily on healthy and functioning ecosystems. The natural processes and services provided by ecosystems, such as forests acting as water catchments, play a vital role in preserving and replenishing water resources, including groundwater basins. Biodiversity acts as a safeguard for water availability and quality, ensuring the sustainability of our operations and the well-being of communities.

The preservation and sustainable management of biodiversity are crucial for our business and the communities we serve. As a responsible and forward-thinking company, we understand that our long-term success is intricately linked to the health and resilience of ecosystems. By actively protecting and promoting biodiversity, we contribute to the preservation of vital ecological functions and the services they provide, ultimately benefiting both our business and society at large.

That is why Arca Continental commits to:

Enhance Biodiversity Resilience

- Promote sustainable land use practices to enhance a deforestation-free approach in our operations.
- Implement sustainable water management practices to preserve ecosystems and ensure the availability and quality of water resources.

Strengthen Biodiversity Transparency and Effective Governance

- Conduct regular and systematic evaluations to assess the status of biodiversity across our operations and ensure the integration of biodiversity management approaches.
- Foster partnerships and collaborations with relevant stakeholders to actively contribute to biodiversity conservation efforts.

Plan Dynamically for Biodiversity Mitigation and Adaptation

- Develop and implement mitigation plans to reduce our dependence on biodiversity and minimize our impact on ecosystems, integrating strategies for sustainable resource use and preserving ecosystem services.

Our action toward Biodiversity

Our potential impacts on biodiversity primarily stem from water extraction, which may affect watersheds and can place additional stress on the catchment ecosystem service. Additionally, our waste generation can conceivably contribute to soil contamination. Both these factors play a significant role in the negative impact we may have on biodiversity. It is crucial for us to address these issues and implement sustainable practices to mitigate the potential effects of our operations on the environment and protect biodiversity for future generations.

Therefore, our approach to protect natural capital is based on 2 pillars:

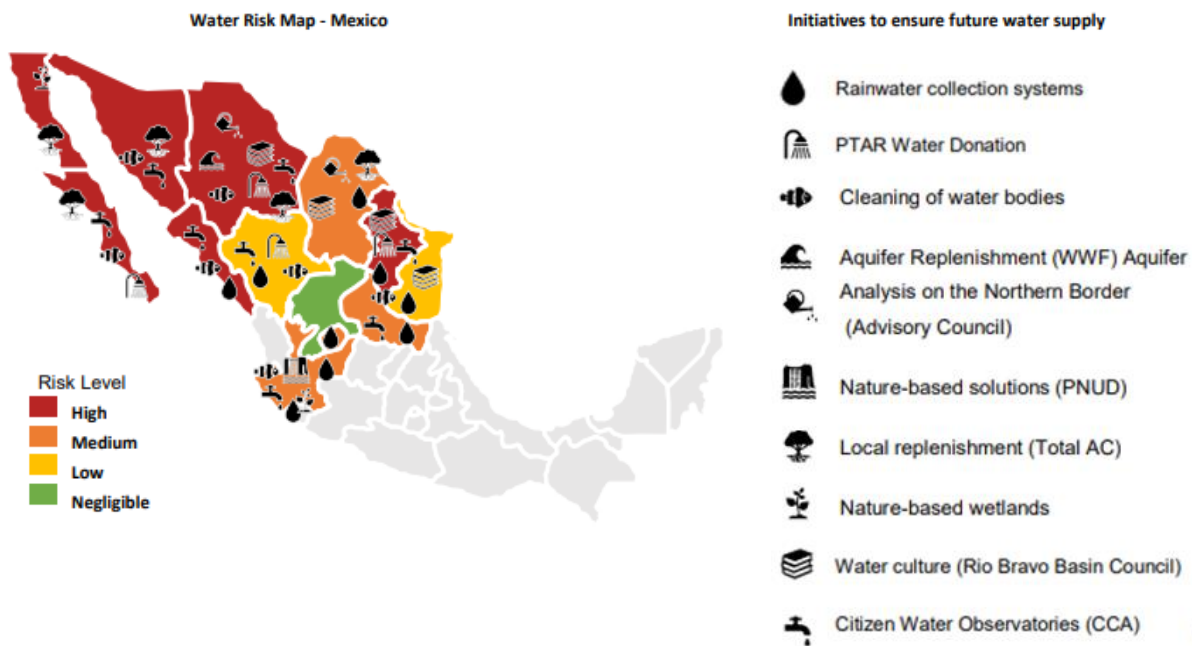
Water stewardship

Waste management

Water stewardship

At Arca Continental, we recognize that water stewardship plays a crucial role in biodiversity conservation. As a company committed to creating value for our stakeholders and ensuring long-term sustainability, we understand the vital importance of water for the preservation of ecosystems and the well-being of biodiversity. Water scarcity poses a significant threat to ecosystems and biodiversity across the countries where we operate. Chronic risks such as water scarcity are projected to increase in the coming years, especially in high water stress locations where four of our production centers are situated. Without a strong governance framework and collaborations, water scarcity will become an inevitable reality. In Mexico, where 87.5% of the territory is affected by drought, addressing water scarcity becomes a critical priority.

To address these challenges and uphold our commitment to water stewardship, we have implemented a range of initiatives and strategies. These initiatives aim to ensure responsible and efficient water use, minimize our water footprint, and contribute to the preservation and restoration of water-dependent ecosystems. Through collaborative efforts with our stakeholders, we strive to protect biodiversity and support the sustainability of water resources. The following are some of the key initiatives we undertake to uphold our water stewardship commitment:



1. Source Vulnerability Analysis (SVA)

What is it?

A Source Vulnerability Assessment (SVA) is a comprehensive analysis conducted to identify the dependency on catchment ecosystem services and understand the impact our operations have on the watershed. At Arca Continental, we perform SVAs for 100% of the watersheds where we operate. These assessments allow us to assess the risks associated with water scarcity by examining factors such as water stress levels and mapping. We utilize tools like the Aqueduct water stress mapping tool developed by WRI (World Resources Institute) to gather valuable insights. The information obtained from SVAs and water stress mapping informs the development of our Source Water Protection Plans (SWPPs). These plans enable us to implement proactive measures to safeguard our water sources and mitigate potential risks. While the SVAs have indicated a growing trend towards water scarcity, we have not experienced any significant impacts on our facilities. Regular assessments and monitoring are crucial in ensuring the continued resilience and sustainability of our water resources.

How does it relate to biodiversity?

A Source Vulnerability Assessment (SVA) plays a crucial role in understanding the interconnectedness between water resources and biodiversity conservation. By assessing the dependency on catchment ecosystem services through SVAs, we gain insights into the vulnerabilities and risks that water scarcity poses to both water sources and biodiversity. This analysis helps us identify the potential impacts our operations may have on the ecological integrity of catchment areas and the associated biodiversity. By recognizing the intricate relationship between water and biodiversity, we can develop targeted strategies within our Source Water Protection Plans (SWPPs) to mitigate these risks and protect vital habitats. Through proactive measures informed by SVAs, we aim to ensure the availability and quality of water resources, contributing to the preservation of biodiversity and the well-being of ecosystems in the regions where we operate.

2. Water Funds and other collaborations

What is it?

Water Funds are collaborative mechanisms that bring together various stakeholders in a watershed to preserve the ecosystem services provided by catchments and aquatic ecosystems. These funds involve partnerships between public and private entities, civil society organizations, local communities, and water users to collectively invest in conservation, restoration, and sustainable management practices within the watershed. The aim is to protect water resources, enhance water quality, mitigate the risks of natural disasters, and ensure the long-term availability of water for both human needs and the preservation of biodiversity. Currently, we participate in "Fondo Ambiental Metropolitano de Monterrey" (FAMM), and we are annual contributors to the "Consejo Consultivo de agua" (CCA). The Water Advisory Council is a civil society organization recognized by the National Water Law as a space where concerned citizens, renowned water experts, scientists, academics, social organizations, and major water users come together to analyze, evaluate, and promote comprehensive solutions.

How does it relate to biodiversity?

Water Funds play a crucial role in biodiversity conservation. By preserving the ecosystem services provided by catchments and protecting aquatic ecosystems, Water Funds contribute directly to the preservation and restoration of biodiversity. Watersheds and their associated habitats support a wide range of plant and animal species, including endangered and threatened ones. By investing in conservation measures, such as reforestation, habitat restoration, and sustainable land management practices, Water Funds help maintain the integrity of these ecosystems and provide vital habitats for biodiversity. Furthermore, the protection of water resources through Water Funds ensures the availability of clean water, which is essential for the survival and well-being of various species. By engaging stakeholders and fostering collaboration, Water Funds contribute to the sustainable management of water resources, creating a positive impact on both human communities and the diverse array of species that depend on healthy aquatic ecosystems.

3. Alliance for Water Stewardship (AWS) Audit

What is it?

The AWS audit is a comprehensive assessment conducted by the Alliance for Water Stewardship (AWS) to evaluate an organization's water management practices. It involves a thorough examination of various aspects related to water use, conservation, and the overall impact on water resources. The audit process involves on-site inspections, data collection, and stakeholder engagement to assess compliance with the AWS Standard, which sets internationally recognized criteria for sustainable water management. The audit evaluates factors such as water governance, water balance, water quality, and the organization's efforts to protect and restore water-related ecosystems. By undergoing the AWS audit, we gain insights into our water stewardship performance, areas for improvement, to demonstrate our commitment to responsible water management and biodiversity conservation.

How does it relate to biodiversity?

Arca Continental's initiative of partnering with the Alliance for Water Stewardship (AWS) goes beyond water management and extends to the conservation of biodiversity. By engaging with AWS, we recognize the interconnectedness between water resources and the health of ecosystems and biodiversity. The AWS audit process helps us assess the impact of our operations on biodiversity and identify opportunities to protect and restore habitats, promote sustainable land use practices, and conserve wildlife.

Through this initiative, we aim to integrate biodiversity considerations into our water stewardship efforts, contributing to the preservation and enhancement of biodiversity in the regions where we operate.

Waste management

Arca Continental is deeply committed to sustainable waste management practices (to read more about this particular criteria click [here](#)), recognizing their significant impact on biodiversity conservation. We understand that effective waste management plays a crucial role in minimizing environmental degradation and protecting the delicate balance of ecosystems. Aligned with our values and sustainable business model, we have implemented a range of initiatives to reduce our environmental footprint and promote a circular economy approach to waste. Through the implementation of sustainable packaging principles, we aim to eliminate single-use plastic packaging, increase the use of reusable and recyclable materials, and incorporate recycled content into our packaging. Additionally, we actively collaborate with local partners, authorities, NGOs, and communities to develop and promote collection and recycling schemes that minimize plastic waste generation, particularly in areas of high environmental or cultural value and those located near water bodies. By adopting these measures, we strive to contribute to biodiversity conservation and create a cleaner and healthier environment for all.

Several proactive initiatives have been implemented to mitigate biodiversity risks through effective waste management practices, including:

1. PetStar

What is it?

1. The PetStar initiative is a groundbreaking project dedicated to the collection and recycling of PET packages. Owned by companies of the Mexican Coca-Cola Industry and led by Arca Continental, it operates the largest food grade PET recycling plant in the world. PetStar's sustainable business model promotes a circular economy by integrating bottle collection with the incorporation of new packaging made from recycled content. This comprehensive approach generates value in three dimensions: social, environmental, and economic. Through partnerships and inclusive collection models, PetStar supports social mobility, promotes the rights of waste pickers, and ensures a child labor-free supply chain. Moreover, by collecting billions of bottles annually, PetStar significantly reduces plastic waste and greenhouse gas emissions, making a positive impact on the environment.

How does it relate to biodiversity?

From a biodiversity perspective, the PetStar initiative plays a crucial role in waste management that directly relates to the conservation of natural ecosystems. By effectively collecting and recycling PET packages, PetStar helps prevent plastic waste from entering and polluting fragile habitats, including areas of high environmental or cultural value and those near bodies of water. These ecosystems are often home to a diverse range of species and are vital for maintaining biodiversity. Through its actions, PetStar mitigates the negative impacts of plastic pollution on wildlife, protecting their habitats and reducing the risk of entanglement, ingestion, or other harmful interactions with plastic waste. By promoting collection and recycling schemes in these areas, PetStar actively contributes to minimizing the generation of plastic waste and preserving the integrity of biodiversity-rich environments. The initiative sets a commendable example of how waste management practices can be aligned with biodiversity conservation, creating a sustainable future for both ecosystems and human society.

2. Biodiversity Conservation through Plastic Waste Reduction

What is it?

Biodiversity-Friendly Packaging Collection and Recycling Schemes focuses on promoting collection and recycling schemes in collaboration with authorities, NGOs, and the community to minimize the generation of plastic waste in areas of high environmental or cultural value, megadiverse regions, or areas close to bodies of water. To comply with the guidances and regulations at a local level, we have implemented packaging collection and recycling programs that help preserve biodiversity. This initiative also aims to prevent plastic waste from polluting sensitive ecosystems and endangering wildlife. It highlights the importance of adopting sustainable waste management practices that prioritize biodiversity conservation and support the overall health of natural environments.

How does it relate to biodiversity?

This target focuses on promoting collection and recycling schemes in areas of high environmental or cultural value, megadiverse regions, and areas near bodies of water. By actively reducing plastic waste generation in these areas, the initiative aims to protect and preserve biodiversity. By preventing plastic pollution, it helps safeguard ecosystems, wildlife, and their habitats, contributing to the overall conservation of biodiversity. This target plays a crucial role in ensuring the long-term sustainability and well-being of our planet's diverse ecosystems and the species that depend on them.

3. Sustainable Packaging Assessment for Biodiversity Protection

What is it?

Our Sustainable Packaging Assessment aims to evaluate the environmental impacts of materials and processes throughout the life cycle of single-life or single-use primary packaging. The objective is to compare these packaging options against economically viable alternatives that can increase circularity. By conducting these assessments, we can identify packaging solutions that minimize harm to ecosystems, species, and their habitats. This assessment focuses on economic value creation, although it incorporates circularity considerations into packaging decision-making, promoting sustainable practices that contribute to the protection and conservation of biodiversity.

How does it relate to biodiversity?

This initiative focuses on determining the environmental impacts of materials and processes related to single-life or single-use primary packaging in each step of their integration to our supply chain. The assessment evaluates the potential impact of packaging materials and how a circular alternative may diminish our impact on ecosystems, species, and their habitats. By implementing these assessments and adopting environmentally friendly packaging practices, the initiative contributes to the protection and conservation of biodiversity. This target highlights the commitment to biodiversity preservation by incorporating it into the decision-making process of packaging design and production.

Adopting a comprehensive approach that encompasses both water stewardship and waste management is crucial for promoting biodiversity conservation. Water stewardship initiatives ensure responsible water usage, protection of aquatic ecosystems, and preservation of water quality, all of which are vital for supporting diverse species and habitats. Concurrently, effective waste management practices, including recycling and minimizing plastic waste generation, contribute to reducing pollution and its detrimental impacts on biodiversity. By integrating these pillars into our environmental strategies, we can work towards a sustainable future that safeguards precious ecosystems, preserves species diversity, and promotes the well-being of both wildlife and human communities. Embracing these practices not only benefits biodiversity but also contributes to the overall health and resilience of our planet.