

28 August 2011

Corporate Sustainability Report 2010

6.24

AC

Executive Summary

Company Description

Arca and Grupo Continental recently integrated into a new, more solid company known as Arca Continental (AC), opening the door to a wide array of value-creating opportunities that will strengthen our position as one of the foremost beverage and snack companies in Latin America, as well as one of the most important operations in the worldwide Coca-Cola System. The combination of both companies' strengths assures Arca Continental's leadership in the beverage market, consolidating the diverse brands we offer and generating greater opportunities to serve our consumers and customers. This merger of outstanding human capital and the very best practices will allow us to capitalize on far-reaching opportunities that will produce clear advantages for the market and our stockholders.

- Even though the culture of corporate sustainability is starting to consolidate in Mexico, it is remarkable that AC has not only fulfilled with the country's regulatory framework on this regard, but it is evident that its current practices reflect the company's commitment to comply with international criteria on these topics.
- AC's overall ESG¹ score is 6.24 (out of 10). The company's corporate governance performance is 6.10, whilst social responsibility and environmental practices have 7.15 and 5.46 respectively.
- On corporate governance, AC has below-the-average performance overall. Regarding disclosure, transparency and internal control practices, the result is remarkable. As of the rest of the principles, AC should focus on making public the *policies* for related party transactions and shall enhance the dissemination of the *board's* code of ethics, conflicts of interest and selection/remuneration schemes of its board members. Furthermore, both the existence of a controlling group (those with more than 50% of the shares) and the non-disclosure of the company's insolvency framework are reducing the company's evaluation.
- On social responsibility, it is evident that AC widely supports different communities and does follow-up on every project. Plus, the company informs about its employees benefits and the way the company enhances the quality of life of its workforce. Moreover, the company is committed to comply with marketing policies that are congruous to the company's code of ethics.
- As of the environmental practices, AC's performance is outstanding. Information is available through a well-structured sustainability report in both English and Spanish; still, it is not evident that a specific department is in charge of monitoring environment-related issues.

¹ Environmental, Social and Governance.

ESG 2010 Overall Performance

AC				
	Corporate Governance	Social Responsibility	Environmental Care	ESG
COMPANY'S SCORE	6.10	7.15	5.46	6.24
NATIONAL AVERAGE	6.05	2.99	3.61	4.22

Corporate Governance Overall

Score: 6.10

Principle 1. Ensuring the Basis for an Effective Corporate Governance Framework in the Country. 6.00

Principle 2. The Rights of Shareholders and Key Ownership Functions. 5.92

Principle 3. The Equitable Treatment of Shareholders. 6.00

Principle 4. The Role of Stakeholders in Corporate Governance; Related Party Transactions and Conflicts of Interest. 6.07

Principle 5. Disclosure, Transparency and Internal Control. 7.84

Principle 6. Board Structure and Responsibilities. 4.81

Social Responsibility Overall

Score: 7.15

Principle 1. Commitment to the principles and fundamental rights in labor relations.	4.53
Principle 2. Implementation of ethical values within and outside the organization.	9.09
Principle 3. Quality of life and personal development of employees.	7.54
Principle 4. Active participation with the community.	6.42
Principle 5. Collaboration between the organization, the State and society.	8.15

Environmental Practices Overall

Score: 5.46

Principle 1. Basic principles.	10.0
Principle 2. Transparency and disclosure.	1.60
Principle 3. Environmental performance.	4.80

Disclosures:

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Ratings guide:

Ratings on Corporate governance go from 0 (poorest score) to 10 (highest score). A ZERO (0) is assigned when no information is made public regarding a specific sub-principle. A THREE (3) is delivered when the company is not complying with the sub-principle but clearly states an intention of doing so. A FIVE (5) is awarded when insufficient information is disclosed (50%-1). An EIGHT (8) represents compliance in progress (50%+1). A TEN (10) is awarded to sub-principles that are fully complied with. This rating will not change over the next twelve months when an update is made.

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