



ARCACONTINENTAL

# High performance



# greater commitment

2011 SOCIAL RESPONSIBILITY REPORT

# ARCA CONTINENTAL

## Organizational Culture

### VISION

To be leaders in food and beverage 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 stockholders, satisfying our consumers' expectations at all times with the highest quality products and services.

### VALUES

#### **Focus on the Customer and Vocation for Service**

We are committed to meeting the needs of our customers and consumers, driven by our vocation and constant desire to satisfy and surpass their expectations with world-class service.

#### **Integrity Based on Respect and Justice**

Our commitment to the truth is unwavering. As a result, what we do is consistent with what we think and say. We take care of the assets and resources of the company, its associates and the community. We acknowledge and endorse diversity as a distinctive feature of our times.

#### **Comprehensive Human Capital Development**

We foster an atmosphere of great motivation, productivity and recognition which drives us towards success, and support our people's professional aspirations and personal goals, encouraging them to determine through their own actions how far they want to grow. At Arca Continental, opportunities for growth and development are a direct outcome of our results.

#### **Sustainability and Social Responsibility**

We are totally convinced that we play a role in changing our environment. Consequently, in our daily activities we assume the commitment of "meeting the needs of the present without compromising the ability of future generations to meet their own needs," guided by a form of Corporate Governance that leads us on a permanent quest to achieve a better quality of life for everyone.

### Contents

**1** Contribution to Sustainable Development / **2** Message from the Chairman of the Board and Chief Executive Officer  
**4** Sustainability Strategy / **6** Stakeholders / **8** Our Company / **10** Growing to Be Better / **28** Protecting the Environment  
**38** Promoting Economic Development / **42** Corporate Governance / **46** Corporate Citizenship  
**47** Prizes and Awards / **48** About this Report / **50** GRI Index / **54** Global Contract Index / **56** Verification Letter

# Contribution to Sustainable Development

INSTITUTIONAL SUSTAINABILITY PLATFORM	RESULTS	2011
INCOME	Economic value generated <sup>(1)</sup> (millions of Mexican pesos)	45,028*
	Economic value distributed <sup>(1)</sup> (millions of Mexican pesos)	45,647*
	* 2011 audited data	
HUMAN CAPITAL	Direct employment	38,172
	Number of participants in Annual Volunteer Day	4,500
	Schools in Motion Program – Schools supported	10
	Schools in Motion Program – Students benefitted	7,000
	Investment in active, healthy lifestyle programs (millions of Mexican pesos)	22.5
	Number of associates participated in training	30,947
	Investment in training (millions of Mexican pesos)	27.8
PRODUCTIVITY	Micro-entrepreneurs and retailers supported	172,800
	Micro-entrepreneurs and retailers trained	5,394
PLANET	Environmental investment <sup>3</sup> (millions of Mexican pesos)	96
	CO <sub>2</sub> emitted by production processes (tons)	183,646
	NO <sub>x</sub> emitted by production processes (tons)	9,368
	SO <sub>x</sub> emitted by production processes (tons)	154
	Reduction in energy consumption in production processes (GJ)	80,682
	Waste generated (tons)	61,310
	Percentage of waste recycled	79.76%
	Consumption of reused water	15.5%
	Water use efficiency (liters water/liters beverage)	1.85
Trees planted in our territories (millions of trees)	3.3	
PARTNERS	Investment in local sponsorships (millions of Mexican pesos)	96.32
	Percentage of purchases from local suppliers	98%
PORTFOLIO	<b>Beverages:</b>	
	Number of brands	39
	Number of products	44
	<b>Snacks:</b>	
	Number of brands	23
Number of products	104	

1. DIRECT ECONOMIC VALUE IN MILLIONS OF MEXICAN PESOS, GENERATED AND DISTRIBUTED, INCLUDING REVENUE, EMPLOYEE REMUNERATION, DONATIONS AND OTHER INVESTMENTS IN THE COMMUNITY, NON-DISTRIBUTED BENEFITS AND PAYMENTS TO CAPITAL SUPPLIERS AND GOVERNMENTS.
2. TOTAL INVESTMENT IN TRAINING FOR ASSOCIATES AND RETAILERS BY MEXICO BEVERAGES.
3. ENVIRONMENTAL MANAGEMENT AND PREVENTION COSTS, IN RELATION TO GREEN PURCHASES, WATER, ENERGY, EMISSIONS, WASTE TREATMENT, CERTIFICATIONS AND PROTECTION, AMONG OTHERS (MEXICO BEVERAGES ONLY).

# Message

from the Chairman of the Board and Chief Executive Officer

*At Arca Continental, we fully appreciate the opportunity we have been given to make a positive difference to our environment on a daily basis, through specific actions aimed at generating a shared wellbeing and contributing to the comprehensive development of the communities we serve.*



**FRANCISCO GARZA EGLOFF**  
Chief Executive Officer

**MANUEL L. BARRAGÁN MORALES**  
Chairman of the Board

In 2011, after consolidating the historic merger of Embotelladoras Arca and Grupo Continental to create a new, more competitive company, we began a process of integration that included the standardization of our Social Responsibility and Sustainability Model, deploying it across all our workplaces, in keeping with the broader scope of every area of the organization.

The model forms part of the Arca Continental Comprehensive Quality and Improvement System, and as such is incorporated as an integral component of our business activities and organizational culture, guaranteeing its control and long-term feasibility.

For the seventh consecutive year, this report was written on the basis of the guidelines of the Global Reporting Initiative (GRI). In 2011, the commitment of the company's diverse areas led to an over 60% increase in the number of indicators covered; this year, we included a supplement for companies in the processed-food sector and the principles of the United Nations Global Compact. We were evaluated overall by an external organization, which assessed our application of the GRI reporting framework as level "B".

The achievements described in this report include the progress we made in 2011 to enhance the quality of life and comprehensive development of our human capital; to preserve natural resources and protect the environment; and to form proactive alliances in order to achieve the sustainable growth of the communities in which we operate.

One of the mainstays of Arca Continental's organizational culture is the professional and personal growth of its associates, a value that helps to promote an atmosphere of great motivation, productivity and recognition, which, in turn, drives us towards success and enables us to offer continuous development opportunities for the people who make up this great company.

We continue to strengthen our actions in this area in order to consolidate our company as a better place to work, including our focus on the Great Place to Work Program, in which several of our operations are now certified.

A major initiative that facilitates the involvement of all our people in the company's decision-making and development is our Participative Management Program, through which teams of associates from all organizational areas proposed during 2011 more than 500 suggestions for improving our processes and approximately 150 new projects. These suggestions produced concrete results and significant savings in such areas as water resource management, operational efficiency, energy consumption, security and quality.

Since one of Arca Continental's strategic priorities is to operate under the highest sustainability standards, we have reinforced the strategies that constantly lower the environmental impact of our direct and value-chain production, distribution and marketing activities.

Our most important 2011 achievements include a 765 thousand cubic meter reduction in water consumption in our processes despite an increase in production volume.

We also implemented innovative projects to optimize our product distribution and supply models, such as increasing the load capacity of our transportation units, using clean fuels and renewable energy sources, and enhancing the efficiency of our delivery routes. These are just some of the actions that, together, have helped to reduce atmospheric CO<sub>2</sub> emissions.

By remaining focused on fulfilling our 2020 Vision, in partnership with The Coca-Cola Company, we have made great strides forward in our commitment to giving back to nature 100% of the water we use in our processes, through timely improvements to our operations and a widespread reforestation and water-harvesting program implemented in conjunction with Coca-Cola and Pronatura, A.C. In 2011, this program resulted in the planting of 3.3 million trees across approximately 8,400 acres of our territories, an endeavor that will contribute significantly to the collecting and filtering of water into the subsoil in several different regions of Mexico.

Another environmentally-friendly action implemented in conjunction with The Coca-Cola Company and other peer bottlers was the acquisition of PetStar, Mexico's largest PET recycling company, which boasts leading-edge technology and an annual capacity to convert 30,000 tons of disposable plastic bottles into 22,000 tons of high-quality, food-grade resin at a competitive cost.

Being socially responsible with our communities is a value that all members of this organization and their families share and realize through diverse activities during the year. These include Annual Volunteer Day, which, in 2011, enjoyed the active participation of 4,500 associates and their families who planted more than 2,000 trees, restored

public spaces and cleaned more than 10 miles of river banks and beaches in our territories.

Arca Continental is also engaged in promoting active, healthy lifestyles, particularly among children and young people, through programs such as "Schools in Motion", which to date has resulted in the construction of 73 sports areas with first-rate facilities in state schools in Nuevo León, Coahuila and Chihuahua, benefitting over 60,000 children.

In 2011, we continued to implement, together with the Nuevo León State Departments of Health and Education, the Health for Learning Program, which seeks to encourage elementary school students to eat healthily. This partnership led to the "State Catalog of School Food, Beverages, Breakfasts and Snacks", a guide that shows school directors, parents and food vendors in schools beverage, breakfast and snack options that offer children a healthy, balanced diet consistent with their specific energy requirements.

In 2011, the diverse community-outreach and environmental-protection actions undertaken by Arca Continental were recognized by the Mexican Center for Philanthropy for the ninth consecutive year with its Socially Responsible Company Award. Additionally, the Mexican Stock Exchange included our company in its new Sustainability Index, which considers the best practices in this field.

We appreciate the enthusiasm and participation of all our associates in each community support initiative and proposal, and the support of The Coca-Cola Company in every community wellbeing program.

We should also like to express our gratitude and appreciation to our stockholders and the Board of Directors for their trust, and to all the organizations who have worked with us to achieve our social responsibility and sustainability goals.

We are fully aware that the new dimension of Arca Continental entails a greater responsibility to contribute to the comprehensive development of our society. As a result, we have redoubled our efforts and would like to reiterate our ongoing commitment to collaborating in the construction of increasingly sustainable communities.



ING. FRANCISCO GARZA EGLOFF  
Chief Executive Officer



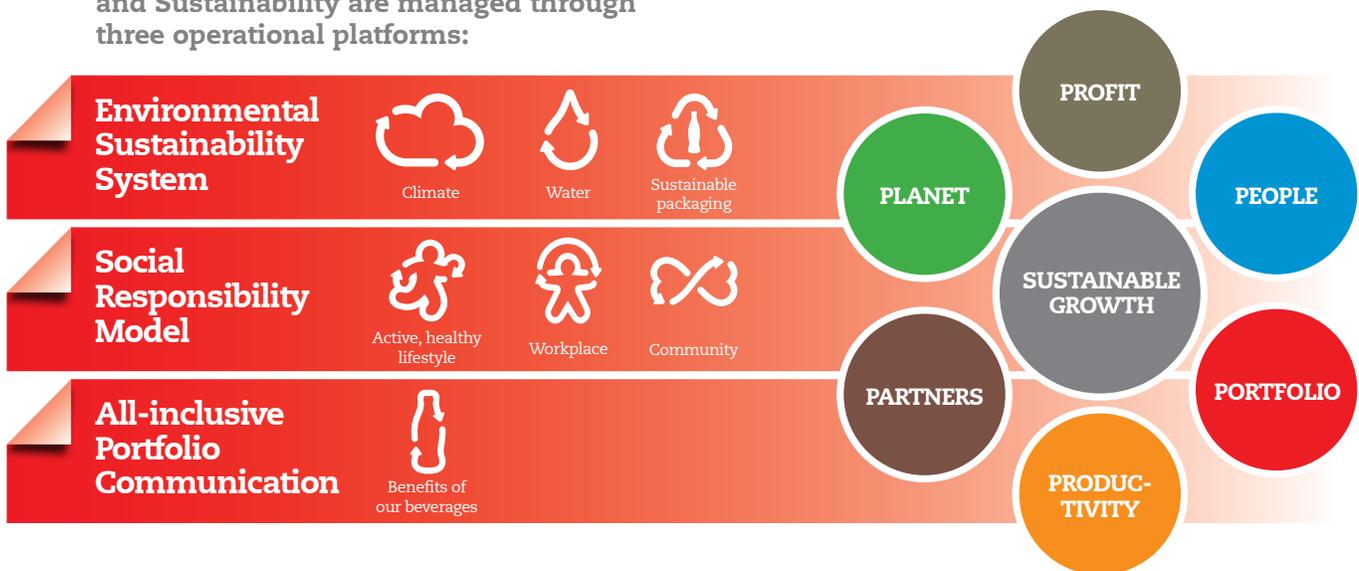
LIC. MANUEL L. BARRAGÁN MORALES  
Chairman of the Board

# Sustainability Strategy

*Arca Continental's solid Social Responsibility and Sustainability Model, which forms part of its Comprehensive Quality and Improvement System, is a fundamental aspect of the company's organizational culture and business management.*

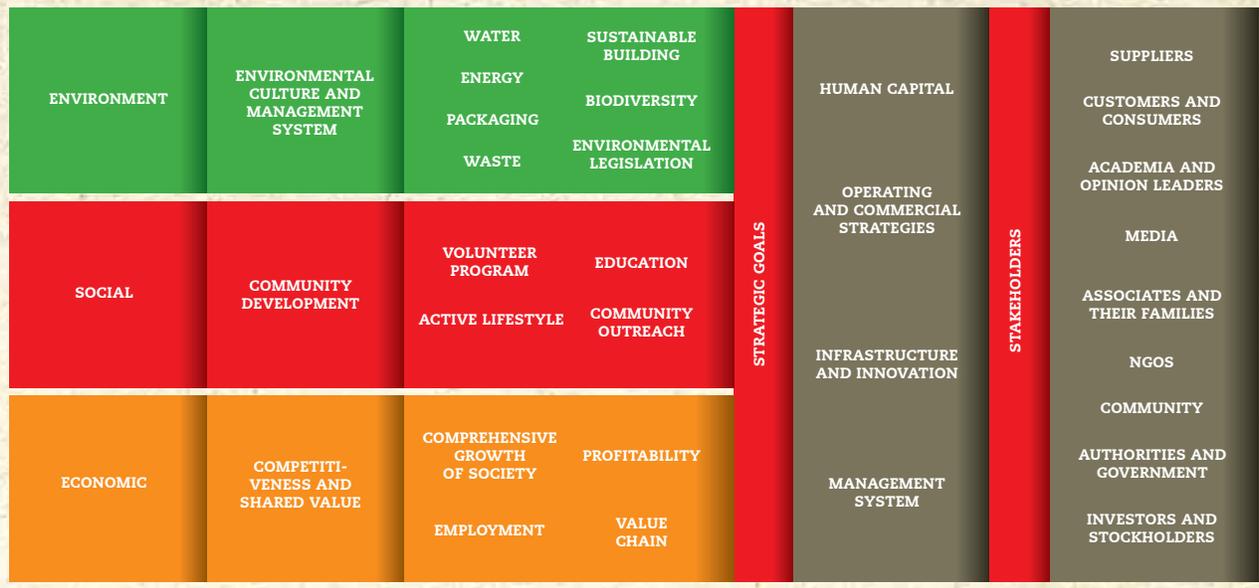
*The Social Responsibility and Sustainability Model facilitates the strategic alignment, management and control of our actions, including those that target environmental protection and community wellbeing.*

**At Arca Continental, Social Responsibility and Sustainability are managed through three operational platforms:**





# ARCA CONTINENTAL'S SOCIAL RESPONSIBILITY AND SUSTAINABILITY MODEL



# Stakeholders

## CONSUMERS

- 24-hour 1-800 line
- Satisfaction, service and quality surveys

## CUSTOMERS

- Meetings
- 24-hour 1-800 line
- Satisfaction, service and quality surveys

## SUPPLIERS

- Dedicated section on webpage
- Transparency inbox
- Discussion of audits and evaluations
- Submission of annual reports

## ACADEMIA AND OPINION LEADERS

- Website
- Participation in forums and conferences
- Transparency inbox
- One-on-one sessions

## MEDIA

- Dedicated section on webpage
- Transparency inbox
- Submission of annual reports
- Press conferences
- 1-800 line
- One-on-one sessions

## METHOD OF COMMUNICATION

- Product quality and safety
- Clear, accurate information on labels

- Product quality and safety
- Customer development
- Collaboration, communication and information exchange
- Ethical business practices

- Ethical business practices
- Supplier development
- Sharing of social responsibility practices
- Environmental protection and conservation

- Responsible advertising and marketing
- Research and development of content
- Participation in forums on company-related topics

- Responsible advertising and marketing
- Timely, accurate information

## EXPECTATIONS

- Portfolio expansion

- Distinguished Partner and Safe Friend
- Service models (RTM)
- Portfolio expansion
- Compliance with advertising laws and regulations

- Application of the Coca-Cola Supplier Guiding Principles Handbook
- Quality audits and evaluations

- Observance of the PABI Code (Self-regulation of Advertising of Food and Non-Alcoholic Beverages Targeting Children and Young People)
- Publications on the content of our products and the integral wellbeing of our consumers
- Compliance with advertising and marketing laws and regulations
- Institute of Health Beverages

- Observance of the PABI Code and compliance with advertising laws and regulations
- Bulletins, press releases, website and annual reports
- Media liaison area within the company

## INITIATIVES

*We are in constant contact with our stakeholders, with a long-term vision of sustainability under a perspective of respect, mutual benefit and joint responsibility.*

ASSOCIATES AND THEIR FAMILIES	NON-GOVERNMENT ORGANIZATIONS	COMMUNITY	AUTHORITIES AND GOVERNMENT	INVESTORS AND STOCKHOLDERS	COCA-COLA IN MEXICO
<ul style="list-style-type: none"> <li>• Internal information portal</li> <li>• Bi-monthly magazine</li> <li>• Message boards</li> <li>• Safety and Hygiene Committees</li> <li>• Safety and Health Committee</li> <li>• Transparency inbox</li> <li>• Report for collaborators</li> <li>• EQAPs</li> </ul>	<ul style="list-style-type: none"> <li>• Area of Social Responsibility</li> <li>• Email: <a href="mailto:rs@arcacontal.com">rs@arcacontal.com</a></li> <li>• Annual Social Responsibility Report</li> </ul>	<ul style="list-style-type: none"> <li>• Investment in projects for social and educational issues and to promote a healthy lifestyle</li> <li>• Visits to the community and by the community to company workplaces</li> <li>• E-mail, 1-800 line and website</li> </ul>	<ul style="list-style-type: none"> <li>• Public relations area</li> <li>• Annual report</li> <li>• Electronic page</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly financial reports and annual report</li> <li>• Social Responsibility Report</li> <li>• Annual Stockholders' Meeting</li> <li>• Electronic page</li> <li>• Board meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Periodic meetings</li> <li>• E-mails</li> <li>• Roundtables</li> <li>• Mexican Coca-Cola Industry's Annual Sustainability Report</li> </ul>
<ul style="list-style-type: none"> <li>• Respect for rights and freedoms, application of the Code of Ethics</li> <li>• Inclusion and gender equality policies</li> <li>• Occupational health and safety</li> <li>• Professional training and development</li> <li>• Competitive salaries and benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Active participation in, and support for, different causes</li> </ul>	<ul style="list-style-type: none"> <li>• Collaboration and investment in development projects</li> <li>• Responsible interaction</li> <li>• Environmental protection and appropriate natural resource management</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with applicable laws, regulations and standards</li> <li>• Orderly, active participation in regulatory and normative topics</li> <li>• Timely payment of applicable taxes and contributions</li> <li>• Responsible performance</li> </ul>	<ul style="list-style-type: none"> <li>• Profitability, growth and value generation, and dividend payment</li> <li>• Ethical corporate governance practices</li> <li>• Transparency in the company's management and accountability</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with product and customer-service quality standards and with all other corporate policies</li> <li>• Alignment and compliance with the Living Positively sustainability platform</li> </ul>
<ul style="list-style-type: none"> <li>• Human Values Consolidation Program</li> <li>• Review of the Code of Ethics</li> <li>• Participation in the Congruence Movement</li> <li>• Application of the Coca-Cola Occupational Health and Safety Program</li> <li>• Incident Management and Crisis Resolution System</li> <li>• Training and Development Programs, alliances with INEA (National Institute for Adult Education), e-Learning and Arca Continental master's degree</li> <li>• Annual organizational climate surveys</li> <li>• Annual performance evaluations for senior and middle management</li> </ul>	<ul style="list-style-type: none"> <li>• SumaRSE</li> <li>• ANSPAC, Asociación Pro Superación Personal, A.C.</li> <li>• Committee for donations within the company</li> <li>• Set budget for donations</li> <li>• Strategic collaboration alliances</li> </ul>	<ul style="list-style-type: none"> <li>• Schools in Motion</li> <li>• Mini-marathon</li> <li>• Powerade Marathon</li> <li>• Coca-Cola Cup</li> <li>• ECOCE</li> <li>• Volunteer Program</li> <li>• Eco-Clubs</li> <li>• Visits to Coca-Cola Mission Program</li> </ul>	<ul style="list-style-type: none"> <li>• Alliances with local authorities to solve social and community issues</li> <li>• Participation in Associations and Chambers</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate governance structure</li> <li>• Code of Ethics</li> <li>• Risk Identification and Corporate Image and Reputation Committees</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability diagnostic</li> <li>• Active participation in the Industry's Sustainability Committee</li> <li>• Coca-Cola Cup</li> <li>• Reforestation and clean water campaigns</li> <li>• Promotion of sports and physical activity</li> </ul>

# Our Company

Arca Continental is the **second** largest bottling company in Latin America and one of the most important worldwide. It serves a market of over **53 million** people in northern and western Mexico, as well as in Ecuador and the northern region of Argentina. **814,000** points of sale. **31** plants.

*Arca Continental's operations are based on strategies that focus on increasing productivity and efficiency, with the aim of meeting our consumers' needs and supplying food and beverages of the highest quality for each and every lifestyle and occasion.*



	MEXICO BEVERAGES	SOUTH AMERICA (ECUADOR AND ARGENTINA)	BOKADOS	TOTAL ARCA CONTINENTAL
Volume (MUC)	854.2	271	-	1,125
Sales (millions of Mexican pesos)	32,165	11,463	1,170	44,798
Plants	22	7	2	31
Associates	29,595	5,830	2,747	38,172
Points of sale	406,000	273,000	135,000	814,000

## Arca Continental's corporate structure comprises three major business units:

### Mexico Beverages

With well-defined strategies focused on increasing productivity and implementing projects to enhance the efficiency of our operations, we are positioned today as the second largest bottling company in Latin America and one of the most important worldwide. We produce and sell The Coca-Cola Company brand beverages in the northern and western regions of Mexico and also distribute Jugos del Valle juices and own brands, such as Topo Chico sparkling water.

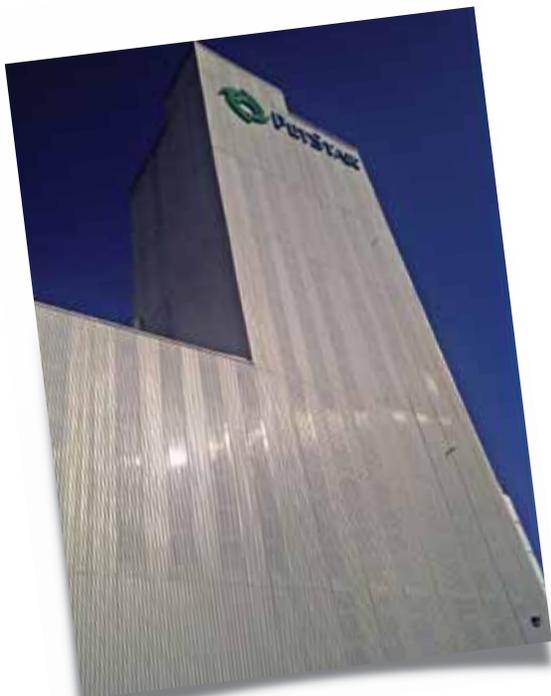
### South America

We focus on launching initiatives to perform our operations with excellence, expand our product portfolio, and enhance our point-of-sale execution with leading-edge information systems. This territory consists of Arca Continental Argentina, which is divided into three operational areas: the Northern Region, the Southern Region and the Eastern Region, and Arca Continental Ecuador.

### Complementary Businesses

Our commitment to continuous improvement ensures that we focus our efforts on offering our customers and consumers new value proposals. We constantly implement initiatives to make our processes more efficient; launch new brands and products in keeping with market needs, backed by strict quality controls; open up new territories; and improve our services.

The companies comprising the Complementary Businesses operating unit are: Bokados, with plants in Santa Catarina, Nuevo León, and Ciudad Obregón, Sonora, both of which produce snacks and candy, including Mazapán Azteca, a peanut-based candy; Interex, the distributor of Topo Chico sparkling water, Topo flavored water, Bokados snacks and other brands of snacks, as well as Salsas Trechas sauces, in the most important cities in the United States; and IPASA, a plastic crate manufacturing and distribution company. We also operate a vending-machine business, a channel that has grown significantly over the past few years.



## Consolidating our Growth

This year we completed the merger between Embotelladoras Arca and Grupo Continental to form a new, more competitive company with a stronger market leadership position, which was reflected in significant upturns in sales volumes and revenue in the territories in which we operate, Mexico, Argentina and Ecuador.

Today we are one of the world's largest Coca-Cola bottling companies, but, more significantly, we are a better company in every way, with high performance in everything we do, particularly in our customer and consumer service.

We are convinced that being bigger is just a means to being better and are focused on achieving this quickly and efficiently.

In 2011, we also acquired the shares representing the capital stock of PetStar, S.A. de C.V. (PetStar), a polyethylene terephthalate (PET) recycling company that was a subsidiary of Promotora Ambiental, S.A.B. de C.V. (BMV ticker symbol: PASA). As part of the commitment of the Coca-Cola System in Mexico to producing packaging that uses a maximum amount of recycled material, The Coca-Cola Company, together with an important group of peer bottlers, will join forces with this firm to advance towards our sustainability goals and underscore our commitment to protecting the environment. PetStar uses leading-edge technology to process approximately 30,000 tons of post-consumption PET per year and convert them into approximately 22,000 tons of food-grade recycled PET resin, which can be used as an input for new containers for the food and beverage industry.

Additionally, on March 1, 2011, we acquired the company Sr. Snacks, increasing Arca Continental's Bokados customer and product portfolio and creating synergies in the different areas of operation. Sr. Snacks is located in La Mirada, California, and covers routes in California, as well as in some regions of Nevada.

Sr. Snacks offers 12 different brands of Mexican-style snacks, under brand names such as La Abeja and Sí Señor, with annual sales totaling seven million dollars.



GROWING

# to be be

Teams collaborating in  
the Participative Management Program:

Resulting in over

500, 1,149

improvements to our processes

ttter

*As a successful company, we are committed to continue implementing actions that promote positive change among our associates, customers, suppliers and the communities in which we participate, in order to contribute to their wellbeing as we partner to generate shared value and promote sustainable development in our territories.*

We promote the all-round development

of our

# asso

*At Arca Continental, our associates, the driving force behind our success, are key factors in the company's excellent results. We, therefore, seek to create a work environment in which they can develop in every way.*

## Associates per region

**29,595** Mexico Beverages

**5,830** South America

**2,747** Complementary Businesses





# ciates

Our business philosophy envisions our associates as the company's leading asset. Throughout our history, we have been committed to their integral wellbeing and that of their families, offering them better opportunities for professional development and a healthy, respectful work environment.

We are quite certain that our actions in the area of quality of life in the company must be based on an observance of human rights and the constant pursuit of the success and comprehensive growth of our employees, as well as improved productivity and efficiency for the organization. We should particularly like to mention the participation of our associates in the Participative Management Program, in which they share decision-making to improve their respective work areas and teams. In 2011, 1,149 teams, made up of a total of 12,882 associates, participated in this

program, generating over 500 proposals to improve our processes and completing 143 projects. These efforts led to significant achievements in reducing water and energy consumption, and in security and environmental protection, thus saving the company over 10 million pesos in costs.

MEN		WOMEN	
2011	BY AGE GROUP	2011	
11,276	Under 30	708	
8,278	31 - 40	230	
3,260	41 - 50	53	
5,312	Over 51	478	

Note: Mexico Beverages Division only

## 38,172 total number of associates

### TYPE OF CONTRACT

21,627 union members\*  
16,545 non-union members

### TYPE OF EMPLOYMENT

36,419 full-time  
1,753 part-time

\* The company's policy is fully open to the creation and development of unions and, as a result, almost 61.5% of Arca Continental's associates in Mexico are covered by a collective labor contract. Close company-union ties help us to reach mutually beneficial agreements based on respect, collaboration and responsibility. Our principles reject any form of forced labor or the hiring of minors.

Almost **9,000** courses

Over **862,000** associate training hours

## Training hours

ASSOCIATE CATEGORY	HOURS
<b>Non-managerial staff</b> (Production, Distribution and Sales Force)	<b>476,545</b>
<b>Administrative personnel</b>	<b>382,045</b>
<b>Managers / Assistant directors</b>	<b>3,787</b>
<b>Directors</b>	<b>151</b>

Mexico Beverages and Complementary Businesses

## PROFESSIONAL DEVELOPMENT AND TRAINING

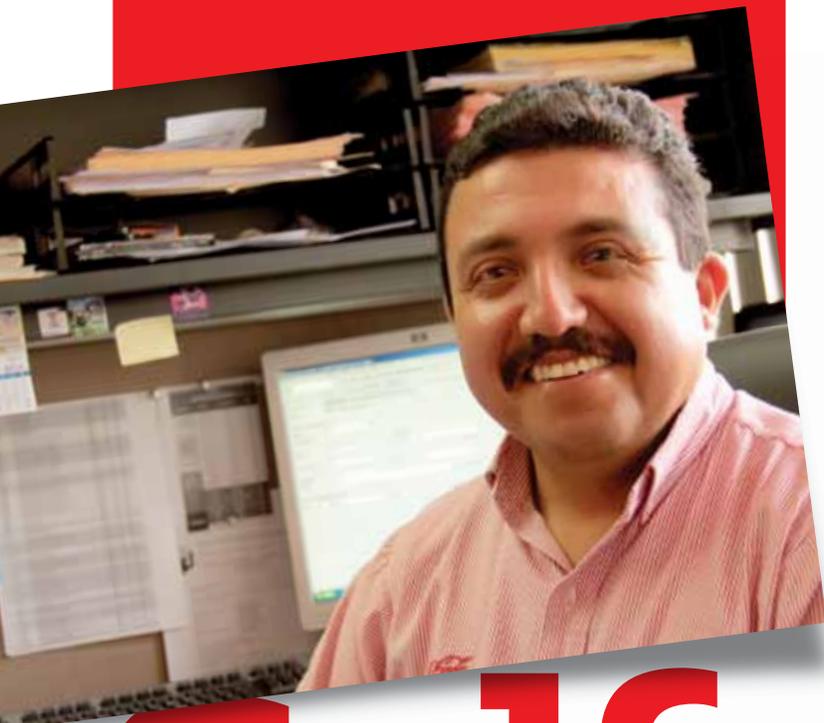
At Arca Continental, we offer our associates the necessary training and permanent updating to enhance the knowledge and skills that are key factors for competitiveness and sustainability.

In 2011, we evaluated our Institutional Development Program in order to consolidate its functionality in accordance with the company's new needs. The evaluation led to a scheme in which associates can identify, develop and strengthen –according to their roles and functions– the ongoing training programs that will allow them to enhance their personal and professional potential.

We have implemented a number of programs to fortify our development plans, such as in-person workshops on leadership styles and courses about leadership, communication and integration. The continued success of the Arca Continental Master's Degree Program is particularly noteworthy. This initiative allows our people to improve their skills, which are then reflected in the enhancement and optimization of the company processes in which they participate. In 2011, a total of 21 executives completed their master's degree and, in the same year, 21 new executives started the program. In the second half of 2012, 25 executives will become the third generation of graduates.

Additionally, associates can enjoy training and instruction through our e-learning platform, which uses the latest IT tools to teach them about different business processes, as well as offer English classes.

One of Arca Continental's most outstanding goals is the overall development of our personnel, which is why we look beyond their professional competencies to the fundamental aspects of their personal growth. This can be seen in our Human Values Consolidation Program, which promotes the positive axiological aspects of comprehensive human development and seeks to improve the quality



# Self-impr



## Our Employee Remuneration and Benefits Plan

contemplates competitive salaries and benefits, in accordance with the labor market and the profile and responsibilities of each position, regardless of gender and in compliance with current legislation and company policies.

of life of our people and their families, both at home and in the work environment. In 2011, we invested over one million pesos, which directly benefitted over 1,400 associates and their families. To date, more than 21,250 people from Mexico Beverages and Complementary Businesses have participated in this program.

In 2011, the company invested over 26 million pesos in more than 9 thousand courses, which translates into approximately 862 thousand training hours.

Another way in which we help our associates reach their potential is by awarding academic scholarships for secondary and higher education. In 2011, Arca Continental awarded 122 scholarships, 36 for secondary school and 86 for high school. In conjunction with the National Institute for Adult Education (INEA), we also supported those members of our team who wished to complete their elementary studies. The program has been very well accepted, with primary education indices reaching 97% at some locations.

With regard to personnel performance evaluations, the company has implemented the "360 Degree Methodology", through which we measure associates' performance on the basis of the competencies required for the effective execution of their specific functions and responsibilities. This evaluation is conducted every two years and is used to institute training and development programs for personal and professional growth. In 2011, we evaluated 100% of our corporate personnel and other associates in both Argentina and Mexico.

## EQUAL OPPORTUNITIES

We categorically reject discrimination and are striving to hire more women in our work centers and increase their participation in the company's decision-making processes. We seek to eliminate discrimination in any form and in 2011 there was not a single incidence of discrimination registered at Arca Continental.

One of our actions in favor of equal opportunities is the alliance we have made with the Congruence Movement to support the social and professional integration and development of the handicapped. By the end of 2011, 160 special needs employees were working at our company.

Arca Continental has an equal-opportunity recruitment system with transparent hiring processes that are adapted to the needs of each position, with the permanent objective of attracting and retaining talent. We have implemented a program called "Human Talent Retention" in order to increase productivity and retain our best people, increasing their competencies and offering them a personal and professional development program within the company.

The company's procedures for hiring top executives locally include a recruitment policy and a succession plan that gives priority to internal personnel. At the end of 2011, 99% of senior management comprised local people from the communities in which we operate.



# overement

## BENEFITS AND COMPENSATION

Our employees' remuneration and benefit plan is governed by equal opportunity criteria regardless of gender and takes into consideration talent, responsibility, competencies and achievements. The plan involves competitive salaries and fringe benefits from the market perspective and in compliance with the law. With regard to salaries, the lowest wage in the company is at least 2.0 times the minimum wage corresponding to the operational zone.

Associates from all the business units have the right to an attractive package of additional benefits that go beyond those required by law. For each peso of salary, an additional 30% is paid in benefits, the most outstanding of which are: our savings and investment plan, disability allowance, life insurance, Christmas bonus, grocery allowance, vacation premium, recognition for seniority, Sunday premium, vacations and holidays. Our people are also offered major medical health insurance, disability coverage, maternity leave and a pension fund. Since we know that finding a balance between work and family is so important, we have introduced several programs focused on physical and social wellbeing, emphasizing actions that foster the integration, promotion and encouragement of healthy lifestyles. We also organize a broad range of recreational and leisure activities on special dates, such as Epiphany, Children's Day, Mother's Day and Christmas, for our employees and their families. In 2011, over 73,000 people, including associates and their families, participated in the recreational and leisure programs the company organized (Mexico Beverages and Complementary Businesses).

An additional benefit consists of the "Bottle Cap of Honor", a program that offers academic merit scholarships to our associates' children for any academic level from elementary school through higher education. In 2011, more than 3,000 students were awarded a scholarship from this program.

The company's pension plan is fully compliant with Mexican Federal Labor Law and encourages our associates to save so that they will have sufficient resources for their retirement. The plan comprises three individual subaccounts: employee contributions, in which the associate decides how much to contribute every month throughout the year; company contributions based on the savings plan selected by the employee and his or her seniority; and contributions from the Personnel Retirement Plan which pays 100% of their retirement benefits and, in particular cases, makes payments for death, permanent or total disability, resignation, and justified or unjustified dismissal.



Over **73,000** people, including associates and their families, took part in the company's recreational and leisure programs in 2011.

Almost **17,000** associates participated in our health and safety programs.

Accident rate **3.8%**

Absenteeism rate **0.24%**

Lost workday rate **0.85**

Turnover percentage **15%**

Mexico Beverages and Complementary Businesses

## HEALTH AND SAFETY

Arca Continental has an Occupational Health and Safety System to protect and promote its associates' health and wellbeing. This System stipulates the standards for our control protocols and permanent training in health issues and in contingency response procedures, seeking to mitigate any situations that might have a negative effect on the business or the environment.

Our work centers have Safety and Hygiene Committees that represent 100% of the associates who participate in health and safety programs at work.

As an additional accident prevention measure, the company has implemented an Incident Management and Crisis Resolution System which makes it possible to analyze any risk potential, determine the best prevention methods, and minimize the possibility of their occurrence.

With regard to our associates' health, every year we allocate human and material resources to educational programs and activities that promote an active, healthy lifestyle. In 2011, we offered numerous training courses on serious disease control, benefitting over 7,900 associates and 285 of their family members. We also organized Health Week, a welfare program that seeks to educate, train and advise associates and their families on topics related to safety, health, disease prevention and risk control, personal hygiene, vaccination campaigns, detection and high blood pressure. These programs boasted the participation of 16,774 people in 2011.

## Health Week

We hold this event every year to advise our associates and their families about safety, health and disease prevention issues, with the support of specialized institutions.



World-class, superior service  
for all our

# customer

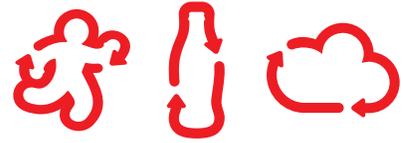
*Our customers are our most important partners in the success of our business. As a result of our ties with them, our brands are permanently available to millions of consumers.*



## Safe Friend Program

This program makes it easy to obtain accident insurance.





# rs

14,000 retailers participated in the **134** courses we offered to help them to grow their sales and generate savings in their businesses.

Our customer service and efforts to drive its improvement and development are the cornerstone of our company-customer relations. We learn about their perceptions and needs in relation to the service we offer through effective communication channels, thus generating greater confidence in our products and promoting positive, long-term relationships. In order to consolidate a shared development, Arca Continental offers its customers the Distinguished Partner Program, a collaboration model that seeks to develop micro-entrepreneurs through the offering of training courses on such topics as business administration, sales support mechanisms and motivation. All these initiatives, financed by the company, seek to improve the quality of the service our customers offer to consumers. Some of the most noteworthy programs during 2011 were:

## COLD FRONT

The aim of this program is to offer the end consumer cold beverages; to this end, in 2011, we reached our goal of installing more than 47,000 CFC-free refrigerators. We now have more than 340,000 cooling units installed in the market, of which 62% operate with specialized energy-saving technology. This program allows us to offer the product quality consumers demand, expand our coverage and, at the same time, fulfill our commitment to environmental protection.

## ROUTE TO MARKET (RTM)

Route to Market (RTM) is a work strategy for continuously evaluating our distribution model to cater to the market dynamics, acknowledging the diversity of service requirements and positioning us to make any changes needed to offer more efficient distribution routes, reduce costs and achieve complete customer satisfaction.

## SIC TELEPHONE LINE

The SIC Telephone Line is a communication channel through which our customers can present their comments, complaints and suggestions, allowing us to appreciate their expectations and needs and serve them in the best possible way. Information and data confidentiality is, and always has been, a priority for us and in 2011 there were no complaints of any kind in relation to this issue.

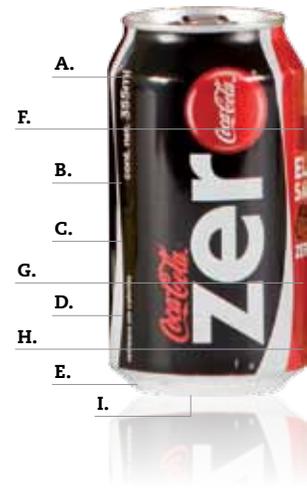




*The purpose of our daily activities is to be close to our consumers, offering them positive moments and accompanying them with a broad product range.*



- A. Net contents
- B. Ingredients
- C. Country of origin
- D. A 355ml serving provides 0.7 cal.
- E. Best-by date
- F. Toll-free number for customer service and nutritional information
- G. Official name
- H. Name and fiscal domicile
- I. Production batch



**Our value approach to customers translates into five principal actions:**

## 1. EXTENSIVE PRODUCT PORTFOLIO

We understand that our consumers' expectations and needs are continuously changing, which is why we provide an extensive product portfolio with 44 products across more than 39 Coca-Cola Company brands. This comprehensive offer includes: water, flavored water, teas, juices, energy drinks, isotonic beverages, vitamin beverages, coffee and sodas, with low-calorie beverages accounting for 45% of these products.

Bokados offers 23 brands of snacks and candy, such as: peanuts, sunflower and pumpkin seeds, flour-based snacks, fruit-based candy, peanut-based candy (Mazapán) and Mazapán combined with Oreo cookies. 45% of our snacks are low-fat, low-sodium and low-calorie products, including low-sugar candy, giving us a broad portfolio that meets our consumers' diversity of preferences.

The success of our business is based on satisfying the consumers' changing demands and offering more low-calorie and natural-ingredient options that contribute to their wellbeing and health.

## 2. CONSUMER SERVICE

Maintaining an open, constant dialogue with our consumers is one of our main priorities, which is why we have implemented a number of mechanisms for providing

Satisfying our

# CONSUMER

We promote sports and exercise as part of a healthy lifestyle.



consumer service and responding to their comments and requirements.

At Arca Continental, listening, informing and assuring we meet our consumer's rights is one of the fundamental pillars of our consumer service.

Our contact line serves to collect data and generate information on complaints and grievances, helping us to enhance our service and adapt the strategies of all our business areas to the customers' leading demands.

As a result of our responsible communication strategy and compliance with communication laws, during 2011 the company complied with all standards related to the supply or use of its products and services.

### 3. PRODUCT LABELING

Our policy of providing clear, accurate, open information about our products' ingredients on their packaging and labels, including the data needed to make an informed decision on their consumption, is part of our commitment to our consumers and their wellbeing.

In order to achieve a balanced diet, consumers need to be informed about the ingredients in the products they eat and drink. Therefore, The Coca-Cola Company is including on its labels Daily Diet Guides (DDGs), which are simple graphs of the calorie, sugar, fat and sodium content of its products. The graphs also include the percentage of the recommended daily intake of each ingredient for a diet of 2,000 calories per day. DDGs can already be found on Coca-Cola bottles and cans and will soon be printed on all our products. This labeling system is aligned to the recommendations of the Mexican Council for the Consumption Industry (ConMéxico).

In the case of Bokados, each product's labeling contains nutrition information and, moreover, many of its products comply with the guidelines for the distribution and sale of food in elementary schools.

### 4. SALES AND RESPONSIBLE MARKETING

The communication and promotion strategy for our products is based on an adherence to applicable laws and codes, which is why we take responsibility for the content and quality of the information on our products that reaches consumers.

Consistent with World Health Organization (WHO) guidelines, demonstrating our commitment to the health of Mexico's children and in our quest to promote healthy lifestyles, in 2008 Arca Continental adopted the PABI Code (Self-regulation of Advertising of Food and Non-Alcoholic Beverages Targeting Children and Young People), which provides specific guidelines for the minor-oriented advertising of food and non-alcoholic beverages.

### 5. ACTIVE, HEALTHY LIFESTYLES

In accordance with the guidelines for the sale of sugared beverages in schools, we have developed a special portfolio for school consumption, known as ECOES, targeting elementary school children.

This type of action reaffirms our conviction and social commitment to being an agent of positive change in the regions in which we operate.

To this end, we offer a variety of options to meet the tastes and preferences of our consumers and provide the necessary information to promote sports and exercise together with a healthy, balanced diet.

We are partnering with diverse state and national organizations and authorities to promote healthy eating habits.



**mers'** tastes and preferences

# United through the value chain to be better

*We buy 98% of our raw materials from domestic suppliers.*

We are aware of the importance of forming strategic relationships with our suppliers to assure Arca Continental's success in the marketplace. We work hard to strengthen our new and current suppliers' management processes, sharing our Code of Ethics with them, and in the case of strategic suppliers, the Coca-Cola Supplier Guiding Principles Handbook.

The latter document explains what we expect from our partner-suppliers, sets out the company's essential values, describes compliance evaluations and audits, and explains the social responsibility principles that govern our commercial activities. Some examples are: respect for human rights, freedom of association, the prohibition of child and forced labor and worker abuse, zero discrimination, safe and healthy workplaces, proper working hours, salaries in compliance with the law, and, last but not least, environmental protection.

The Supplier Guiding Principles Handbook reaffirms our commitment to the development of relationships based on integrity, respect for human rights, diversity of customs and cultures, and compliance with current legislation.

The principles in Spanish can be consulted at: <http://www.thecoca-colacompany.com/citizenship/pdf/SupplierSGPOplementationGui-deSPANISH.pdf>.

We implement responsible practices in the value chain, establishing ethical, transparent, unbiased, environmentally-friendly commercial processes.



Committed to

# COM

*We seek to promote community wellbeing and progress through a broad range of programs that contribute to the all-round development of our neighboring communities.*

Our commitment to society is one of the most important aspects of Arca Continental's Social Responsibility and Sustainability Model. The company's social efforts aim to fulfill two key objectives:

1. To promote social responsibility as part of our organizational culture, by implementing programs, generating alliances and evaluating results.
2. To integrate the Social Responsibility and Sustainability Model into our business strategy and, in this way, comply with applicable national and international standards.

### **PROMOTING SOCIAL RESPONSIBILITY**

In order to promote sustainable development, Arca Continental is committed to investing human and material resources to generate value in the communities in which we operate. To this end, we have built mutually beneficial alliances with members of the community, authorities and diverse social organizations. In 2011, the following programs were particularly noteworthy:

### **ANSPAC**

We have worked with the National Association for Personal Improvement (ANSPAC) for 21 years, helping the wives, mothers and daughters of our associates to grow by offering educational programs in ethics and human values and developing new knowledge and training tools to help them to improve their family finances.

These programs have been very well accepted and are currently operational at 24 ANSPAC Arca Continental units. Women who live in the surrounding communities have also been invited to participate.

In 2011, over 2 million pesos were invested in this initiative and 1,200 women took the basic and advanced courses. Additionally, we introduced a pilot program at the Guadalupe Plant called Young ANSPAC, which focuses on the ethical and social development of young people between 13 and 16 years of age. This year's 80 participants were all our associates' children.



# community

development

# More than 4,500 volunteers participated in the Annual Volunteer Day



## Volunteer Program

This program was created seven years ago with the objective of encouraging the company's associates to donate money, time and skills to benefit specific social organizations in our operating territories.

The program's operations and management are carried out by volunteer committees at each business unit.

Apart from each committee's local activities, there are also five annual institutional community participation and outreach activities in each territory, including the Annual Volunteer Day, which strengthens our values, our way of thinking, but, above all, our mindset and actions.

Resources come from voluntary contributions from the associates at each business unit. These contributions are deducted from their salaries and deposited in a company savings account. Arca Continental gives one peso for each peso donated by the committees to the different causes.

### ACTIVITY

### DESCRIPTION

### BENEFICIARIES 2011

#### Children's Day

Collection of toys among our associates, as well as diverse activities involving the volunteers, the children and their families.

Over 20,000 children.

#### Christmas with Meaning

Christmas Eve celebration, bringing joy to underprivileged children with gifts of new toys donated by associates from all our territories in Mexico.

Over 8,400 toys were collected and distributed to more than 7,500 children.

#### Donations to Charities and Foundations

Monetary and material donations.

More than 35 million pesos plus in-kind donations were handed out.

#### Annual Volunteer Day

The 2011 Annual Volunteer Day included reforestation activities and the restoration of public spaces, such as parks and schools. The Clean Water Campaign for diverse bodies of water was also put into practice.

15 schools and 10 parks were remodeled and over 2,480 trees planted. 4,581 volunteers, including our associates, their families and members of the community, collected more than 11 tons of garbage along more than 10 miles of river banks and beaches in our territories.



## Responsibility in Face of Natural Disasters

The company has always been ready to help the community in the event of natural disasters and, when necessary, joins forces with non-profit organizations such as the Red Cross, Civil Protection and other local organizations that are experts in relief efforts.

### NATURAL DISASTER ASSISTANCE IN 2011:

STATE	BENEFICIARY	ASSISTANCE PROVIDED
Durango	Villagers in the Durango Region	3 tons of rice, lentils and beans, as well as 4,500 liters (over 150 thousand fluid ounces) of bottled water
Nuevo León	Families affected by Hurricane Alex	Through the Red Cross: Pasta, instant soups, flour, cooking oil, long-life milk, tuna fish, beans, cream, salads, powdered beverage mixes, baby wipes, powdered detergent and stock cubes

## Promoting Active, Healthy Lifestyles

In addition to our community actions and as part of the responsibility resulting from our leadership in the food and beverage market, Arca Continental has assumed the commitment of working to achieve the promotion of active, healthy lifestyles.

### Schools in Motion

The Schools in Motion Program promotes a culture of general physical wellbeing in an effort to address the problems of obesity that are rife in Mexico. The program's objective is to prevent and combat some of the related public health problems by: a) restoring sports spaces so that children have a place to play and exercise; b) supporting physical activity programs that modify sedentary behavior; and c) creating awareness among students and parents about the importance of healthy eating habits and of doing exercise. In 2011, this program was implemented in 10 public schools in Saltillo, Coahuila, benefiting over 7,000 boys and girls. Since the program's inception, we have constructed sports areas in 73 schools in the states of Nuevo León, Coahuila and Chihuahua, directly benefitting more than 60,000 pupils.



In 2011, 3,108 runners registered for the Powerade Marathon, surpassing its previous record by 4%.



### Powerade Marathon

As part of our initiatives to promote sports and encourage more people to adopt healthy lifestyles, for the sixth consecutive year we organized the Arca Continental Powerade Marathon in the city of Monterrey in conjunction with the Nuevo León State Runners Association.

3,108 runners participated in this race, surpassing by 4% the race registration record set in 2010 and making this the marathon with the most participants in the history of Nuevo León and third on a national level. The event was particularly successful in that 900 athletes from 24 Mexican states took part, which translated into significant revenues for the city.

For the second year in a row, we awarded the “Valuable Runner Trophy” to the participant who managed to collect the most money to be donated to a charity institution. Luis Puente, the trophy winner, collected over 50,000 pesos, which was donated to ARENA, an institution that supports autistic children. Furthermore, the Pheidippides Award was presented to Dulce María Rodríguez, a Mexican athlete whose performance in the Olympic, Pan-American and Central-American Games and World Championships has been outstanding.

In order to promote physical activity and a healthy lifestyle among Mexico's children, within the framework of this event, we organized a Mini Marathon, a 2.6-mile race to promote exercise for children and family time. More than 1,200 people, mostly children and teens, participated in this year's Mini Marathon.

### Health for Learning (SPA)

In partnership with the Nuevo León State Government, the State Departments of Education and Health and other companies from the food and beverage industry, we signed a pledge to contribute to promoting healthy eating habits to improve the health of elementary school pupils.

One of the first fruits of this alliance is the State Catalog of School Food, Beverages, Breakfasts and Snacks, the purpose of which is to offer school directors, school food vendors and parents nutritionally balanced options for meals, especially breakfasts, beverages and snacks for children and young people.

### Coca-Cola Cup

Together with Coca-Cola de México, we continued to support the most important inter-school tournament in the country. For 14 consecutive years, this event has generated a hotbed of talent, fostering teamwork and promoting an active, healthy lifestyle among young people. Since the tournament's inception, a total of more than one million 13 to 15 year olds have participated in over 6,000 schools.





# Human Rights

*Respect for human rights leads to the construction of solid communities from which to drive economic growth and the development of society.*

Arca Continental operates in accordance with ethics and business standards that respect human, civil, political, economic, social and cultural rights. We offer our key audiences an environment of mutual respect, free from any form of harassment and discrimination, with equal opportunities and fair treatment. Our values reflect our commitment to being good corporate citizens and to acting in a socially responsible manner in our neighboring communities.

Arca Continental's investments are guided by our policy of respect for human rights, even though our investment agreements do not contain specific clauses related to this issue.

In 2006, we incorporated the Coca-Cola Supplier Guiding Principles Handbook into the company's contractual conditions, providing specific clauses for social responsibility required from our value chain. In this way, every purchase implicitly involves respect for human rights, the rejection of the use of child labor, the abolition of every type of discrimination and forced labor, and compliance with other guidelines that promote the freedom of humankind (see the section on suppliers). During 2011, no disciplinary measures were needed against any of our suppliers for human rights violations and no complaints were received from third parties in relation to the issue.

With regard to human rights training, we should like to reiterate that our business culture fully complies with human rights and so far a specific training program

for this subject matter has not been deemed necessary. However, on a daily basis, we strive to educate our people and make them aware of topics such as gender diversity, inclusion of the handicapped and sexual harassment, among many others.

Arca Continental values and takes formal complaints about human rights violations, discrimination or related topics very seriously. There are no complaints on record for Arca Continental relating to incidents of child exploitation, violations of the rights of indigenous groups, proven cases of forced labor or nonconsensual exploitation, or any other human-rights related violation.



We respect and evaluate the impact of all our operations on Human Rights.



PROTECTING THE

# environ



Rise in water use efficiency

5.4%

More than

96 million

18

Mexican pesos invested in caring for the environment

Plants with Clean Industry Certification

# ment

*Caring for the environment is a strategic part of our business activities. We always seek to operate in harmony with nature by evaluating and developing programs that minimize the environmental impact and make us more efficient.*

# Sustainab

*At Arca Continental, we are committed to achieving environmental excellence as a priority in the daily operation of our business. Environmental management is a guiding principle in our determination to be good corporate citizens and is a component of our business strategy as we seek to achieve operational efficiency, reduce costs and generate lasting value.*

We aim to run our business in a way that will protect and preserve the environment and, therefore, are committed to integrating the principles of environmental management into our business decisions and processes. We operate with systems that ensure that we comply with the law and minimize environmental risks in all our regions. An example of this is our Environmental Management System based on the ISO 14000 standard.

Our focus on good environmental practices and innovation has gained us the leadership position in areas where we can have a greater influence. We set annual environmental

goals and objectives which are agreed upon by the Board of Directors and the CEO, helping us to drive the continuous improvement of our environmental efficiency and performance as a fundamental component of our business strategy.

Our strategy to reduce the direct effects involved in the production and distribution of food and beverages is contained in a sustainability model which contemplates seven key factors, focusing on prevention and the efficient use of natural resources through human capital, effective management and infrastructure.

## ENVIRONMENTAL SUSTAINABILITY MODEL



## PREVENTION / EFFICIENT USE

**HUMAN CAPITAL**  
Development of an environmental culture

**INFRASTRUCTURE**  
Through technological innovation

**MANAGEMENT**  
Environmental Management System

### Environmental Policy

We are committed to caring for and improving the environment, to complying with current laws and the other requirements to which the organization subscribes in the area of environmental sustainability, and to using our natural resources rationally and efficiently.

# ility

To assure prevention and the efficient use of resources, we included in Arca Continental's Environmental Management System the implementation of a continuous, specialized environmental training program for our people and even some of the strategic suppliers who are closely linked to our operations and product distribution. In these training programs, participants are taught at each operational center in order to identify areas of opportunity to improve the efficiency of our processes and fulfill the proposed objectives. It is important to note that associates who are

responsible for strategies and operations receive a bonus linked to their meeting predetermined indicators and levels of performance in this area.

Our Environmental Management System is certified, thus assuring strict quality control and compliance with prevailing environmental legislation. Most of our plants have earned Clean Industry Certification and the last two plants are in the process of obtaining this recognition.

KEY FACTOR	FOCUS		GOAL FOR 2015
Water	Optimize water consumption and minimize wastewater discharge	↓	Ratio 1.5 L/Lb
Energy	Reduce and control atmospheric emissions	↓ ↑	175,000 tons CO <sub>2</sub> 30 Lb/kwh
Packaging	Reduce and optimize the use of packaging	↓ ↑	5% lighter 25% recycled resin
Waste	Reduce and dispose of industrial and hazardous waste	↓ ↑	Reduction of hazardous materials 85% recycling
Sustainable Construction	Minimize the environmental impact of the construction of our worksites	↑ ↑	Social commitment and work environment Operational savings
Biodiversity	Protect the flora, fauna and bodies of water at the sites where we operate	↑	Ecosystem Reforestation
Environmental Legislation	Comply with the environmental legislation, standards and regulations stipulated by the law	↑ ↓	100% legal compliance 0 Violations and \$0.00 in Fines

# water

## Actions aimed at improving the efficient use of water during 2011:

### KEY ACTIVITIES

- Commitment of personnel from the plants
- Implementation of monitoring and follow-up systems
- Improvement in processes and installations

### BEST PRACTICES:

- Development and training in the efficient use of water
- Setting up of the Water Saving Committee
- Leak detection program
- Corporate Scorecard
- Optimization of water consumption in washers and cooling systems
- Dry and wet lubrication
- Water storage towers for irrigation



*We are committed to returning to our communities and to nature the amount of water we use in beverage production.*

Water is the most important ingredient in the production of our beverages and is a crucial factor in the business's sustainability. As a result, we are aware of our obligation to use this vital liquid responsibly and to form alliances that will allow us to raise local communities' awareness of the importance of water and to keep them informed.

### Our water stewardship proposal focuses on three principles:

**Reducing** our water use index while increasing unitary production volume, in order to achieve a 26% improvement in the index by 2012 in relation to 2004.

**Recycling** the water we use in our operations, returning 100% of our wastewater to the environment at a level of quality that assures biodiversity development.

**Replacing** the water used in the production of our beverages, by participating in local water-source conservation projects and supporting community programs.

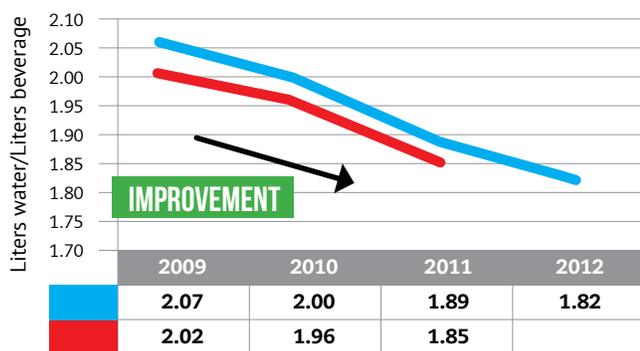
2011 saw a 5.4% improvement in our water use index compared to the previous year, which is equivalent to saving 27 million cubic feet of water or the average consumption of more than 28,800 families in a home with four family members.

### TOTAL WATER CONSUMPTION COMPARED TO PRODUCTION

	2009	2010	2011
<b>Water used</b> (m <sup>3</sup> )	13,240,483	13,075,264	13,343,083
<b>Beverage production</b> (m <sup>3</sup> )	6,560,530	6,670,769	7,197,836

Additionally, in an alliance with Coca-Cola de México and the WWF, we consolidated a project called “Source-water Vulnerability Assessment”.

### LITERS WATER/LITERS BEVERAGE



● Water indicator goal ● Liters water/Liters beverage Indicator

### REDUCING WATER

The aim of our Rational Water Use Program is for us to focus on reducing water consumption in all the processes at our plants by implementing new technologies in the production processes, such as washing bottles with ionized water, and the inclusion of tertiary systems and reverse osmosis with sacrificial anodes.

Another initiative we have implemented in this area is a constant training program that promotes a culture of saving water and using it rationally among our associates. To date, 100% of our production personnel have been trained in topics related to environmental protection and water usage.

These actions have enabled us to reduce our water-use indicator by 5.4% year-over-year.

INDUSTRIAL WATER			
	2009	2010	2011
Wastewater (m <sup>3</sup> )	6,679,953	6,404,495	6,145,247

### RECYCLING WATER

With regard to our water reuse initiatives, 17 of our bottling plants have a wastewater treatment plant, three with a tertiary treatment system and one with filter backwash water recovery and sludge removal. As a result of these actions, in 2011 15.5% of our water consumption was reused in processes such as watering gardens, cooling, washing the vehicle fleet, conveyor belts, sanitary services, boilers and the installation of water silos.

### REPLACING WATER

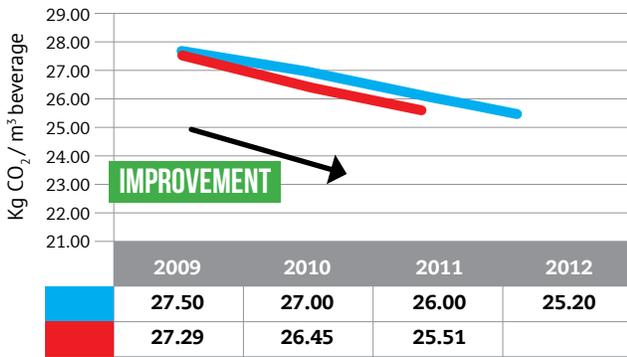
Participating in important local projects allows us to come closer to our objective of returning the water we use to the community and to nature. To this end, in 2007 we formed an alliance with Coca-Cola de México and the World Wildlife Fund (WWF) to launch a project called “Source-water Vulnerability Assessment (SVA)”. This project identifies the impact of our water use in order to mitigate it by taking precautionary measures to ensure that this resource is not depleted and sources are not polluted. As a result of this initiative, we can now identify and assess replacement projects for the benefit of the community.

At Arca Continental, we are committed to protecting and mitigating the impact of our operations on the watersheds that supply our territories. To this end, we have established, in partnership with Coca-Cola de México, the Bottling System and Pronatura, A.C., the National Reforestation and Water Harvesting Program, which seeks to recover more than 60,000 acres of Mexican woodland to foment the continuity of the water cycle. In 2011, 3.3 million trees were planted over a total area of 8,400 acres in Arca Continental’s territories alone.



# energy

## EMISSIONS INDEX (KG CO<sub>2</sub>/M<sup>3</sup> BEVERAGE)



● Objective ● CO<sub>2</sub> emissions index

*We seek to be the leading beverage enterprise in energy efficiency and climate change mitigation.*

The optimization of energy use depends on operational efficiency in the production and distribution of our food and beverages. To this end, we make ongoing investments to lower our electricity consumption through a variety of initiatives aimed at reducing, replacing and innovating at our work centers.

## REDUCING ENERGY

Our efforts to reduce energy use in our production processes include monitoring and analyzing their energy consumption and emissions. We have also implemented a “Winter Energy Savings Program”, reducing the number of shifts from two to three during the winter months to lower energy consumption.

Other initiatives and innovations that have resulted in a decline in energy consumption and in emissions include significant innovation in our trucks’ load capacity, reducing the number of necessary trips for long-haul product transportation; the use of electric forklifts in our warehouses and plants; and the installation of high-efficiency motors in our production facilities.

By monitoring fuel performance indicators, we have been able to detect areas of opportunity and increase our oil consumption efficiency. Examples of this include the “Full” configuration and “Drop-and-Hook”

## Actions targeting energy conservation and efficiency during 2011:

### KEY ACTIONS

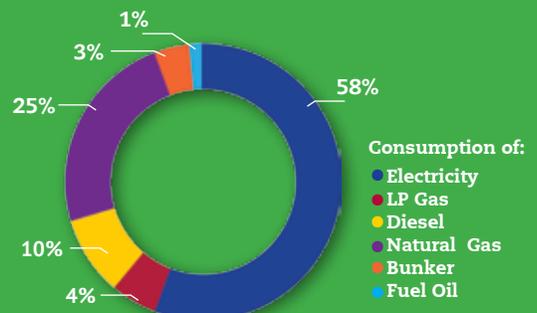
- Taking part in energy saving programs
- Reducing energy consumption in operations during peak hours (cost of energy)
- Investing in energy saving technology
- Implementing monitoring and follow-up systems

### BEST PRACTICES

- Energy Saving Committee / Demand Control Strategy
- Energy efficiency course
- Energy analysis/balance (load profile for each piece of equipment)
- Energy consumption reduction plan
- Program to replace old motors and air conditioning units
- Reengineering of cooling and compressed air systems
- Change to energy-saving lighting

## DIRECT ENERGY CONSUMPTION (GJ)

YEAR	LP GAS	NATURAL GAS	DIESEL	FUEL OIL	BUNKER
2009	66,656	269,627	375,616	19,740	42,575
2010	66,355	221,918	392,377	18,145	41,933
2011	67,092	167,759	436,024	17,424	49,082



# We saved 80,682 GJ of energy in 2011, which represents a 4.4% reduction compared to 2010.

system, which are designed to reduce and optimize product transportation to distribution centers, and the monitoring and analysis of the electrical installations at all our plants and offices.

## REPLACING ENERGY

In 2011, we implemented a variety of initiatives to introduce new technologies that reduce energy consumption, replacing motors, pumps, lighting and evaluating renewable energy sources (wind power). We also continued with our environmental analyses, monitoring and control, evolving to green facilities and evaluating technologies to reduce fuel consumption.

## INNOVATING TO BECOME MORE ENERGY EFFICIENT

Our goal is to integrate clean energy from renewable sources into our processes by 2015, in order to reduce atmospheric emissions reflected as tons of CO<sub>2</sub>.

In partnership with our suppliers, we have developed technologies that reduce the consumption of energy in our refrigerators and, consequently, greenhouse gas emissions. 100% of Arca Continental refrigerators in the market are CFC free and 63% of them are equipped with energy-saving devices. This led to an almost 3% year-over-year reduction in energy consumption in 2011.

Other initiatives that allowed us to optimize our operations and save energy during the year were:

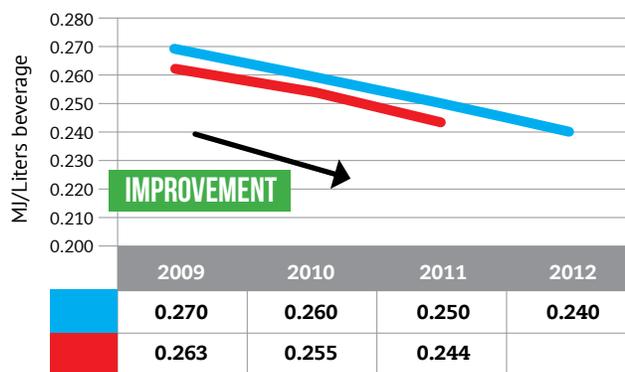
- Testing CO<sub>2</sub> as a refrigerant gas
- Using fuel-efficient, four-cylinder vehicles
- Purchasing forklifts that run on natural gas

We have joined the fight against climate change, which we see as one of the key issues in our business strategy. Consequently, we seek to increase the efficiency of all our operations by using climate protection processes, resource conservation and renewable raw materials.

We are working internally and with our haulage contractor partners to improve the efficiency of our vehicles by servicing and upgrading our fleet of vehicles, evaluating the acquisition of hybrid vehicles and reducing fuel consumption through enhanced route-to-market logistics.

INDIRECT ENERGY CONSUMPTION (GJ)		
2009	2010	2011
949,824	959,870	1,016,901

## USE OF ENERGY (MJ/LITERS BEVERAGE)



● Objective ● MJ/Liters Beverage

Production grew 7.9% and, with our greater energy efficiency, we reduced our CO<sub>2</sub> emissions by 6,759 tons year-over-year.



# Packaging

*Our product packages are made of recyclable materials.*

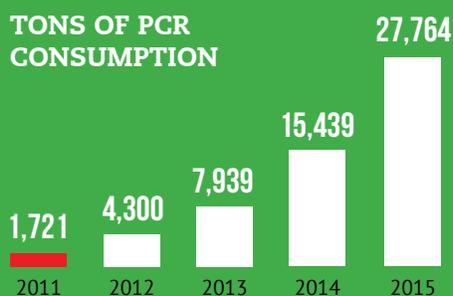
We work together with Coca-Cola de México to improve our packaging, constantly seeking new technologies for lightweighting, recycling and reuse.

In 2011, we invested 25 million pesos in lightweighting our packaging, which translated into savings of 1,161 tons of PET (polyethylene terephthalate) resin.

During the year, we acquired PetStar, a PET recycling company and subsidiary of Promotora Ambiental. This acquisition will move us forward towards our sustainability goals and underscores our environmental protection commitment. PetStar uses leading-edge technology to process almost 30,000 tons of post-consumption PET per year and transform them into approximately 22,000 tons of food-grade recycled PET resin, which can be used as an input for new containers in the food and beverage industry.

In 2011, our Mexican operations used 1,721 tons of post-consumption resin (PCR) to manufacture non-refillable PET (NR PET) bottles, equivalent to 2.17% of our total resin consumption in NR PET bottles (79,449 tons). By 2015, we hope to be using approximately 28,000 tons of PCR, which will represent over 30% of our total consumption of resin in NR PET bottles.

## TONS OF PCR CONSUMPTION



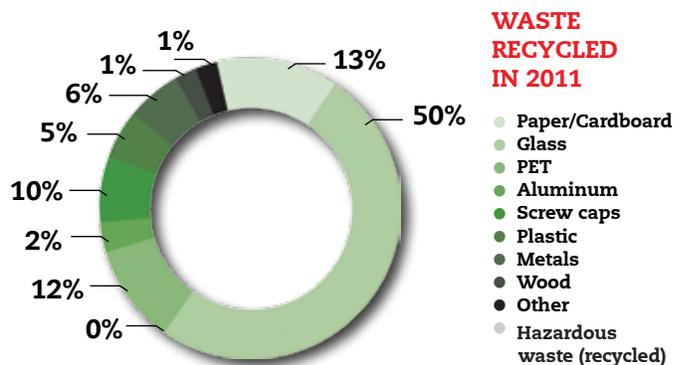
We recycle 80% (48,898 tons) of the waste in our operations.

## Waste and Recycling

Through the appropriate channeling of waste and diverse initiatives for recycling materials used in the production processes, we have managed to reduce waste significantly, acting always in accordance with current legislation and constantly looking for alternatives to generate even greater reductions.

### WASTE AND RECYCLED WASTE PERCENTAGE

Year	Recycled Waste	Confined Waste	Solid Waste	Recycled Waste (%)	Objective (%)
2009	45,421,506	12,080,957	57,502,462	78.99	78.0
2010	46,343,454	12,505,394	58,848,849	78.75	79.0
2011	48,898,704	12,411,887	61,310,591	79.76	79.5



### RECYCLED WASTE BY WEIGHT (KG)

YEAR	PAPER/CARDBOARD	GLASS	PET	ALUMI-NUM	SCREW CAPS	PLASTIC	METALS	WOOD	OTHER	HAZARDOUS WASTE
2009	10,559,939	21,597,579	3,496,935	132,991	603,151	4,075,900	1,689,699	2,550,656	491,758	222,897
2010	5,961,189	24,064,461	4,396,097	52,393	514,962	4,000,863	1,975,763	4,463,265	637,631	276,832
2011	6,327,348	24,605,451	5,817,903	48,219	737,751	4,844,076	2,405,663	3,173,958	639,069	299,266

# Environmental Legislation

Our company, like every social organization, forms part of a global community that exists in every location where we operate. It is our responsibility to ensure our compliance with all the environmental standards and laws that lead to the conservation of the balance between our business system and the communities to which we belong.

In 2011, none of the products used in our operations were spilt and we received no sanctions or fines for non-compliance with environmental regulations.

## 2012 CERTIFICATION PLAN

	ISO 9001	ISO 14001	OHSAS 18001
Insurgentes	2nd 6 mths.	2nd 6 mths.	
Guadalupe	2nd 6 mths.	2nd 6 mths.	
Topo Chico	2nd 6 mths.	2nd 6 mths.	
Matamoros	1st 6 mths.	1st 6 mths.	2nd 6 mths.
Chihuahua	1st 6 mths.	1st 6 mths.	2nd 6 mths.
Juárez	2nd 6 mths.	2nd 6 mths.	
Hermosillo	1st 6 mths.	1st 6 mths.	2nd 6 mths.
Mexicali	1st 6 mths.	1st 6 mths.	2nd 6 mths.
Culiacán	2nd 6 mths.	2nd 6 mths.	
La Favorita	2nd 6 mths.	2nd 6 mths.	
Zapopan	2nd 6 mths.	2nd 6 mths.	
Aguascalientes	2nd 6 mths.	2nd 6 mths.	
Las Trojes	2nd 6 mths.	2nd 6 mths.	

# Biodiversity



Our biodiversity protection efforts include the maintenance of freshwater bodies to guarantee the conservation of thousands of species that are endemic to the territories in which we operate, as well as soil conservation work that contributes to the collection and infiltration of water to the subsoil, thus replenishing groundwater and conserving catchment areas.

We promote a green culture among our associates and their families with initiatives to clean up bodies of water and our Annual Volunteer Day, as well as many other projects. Through such efforts, this year more than 4,500 people participated in reforestation activities, planting more than 13,000 trees over 31 acres. Our actions to clean up bodies of water produced over 25,000 lbs. of garbage from more than nine miles of beaches and almost two miles of riverbanks.

Additionally, we are currently collaborating and participating with institutions that specialize in conservation activities in order to preserve the flora and fauna in our territories.

# Sustainable Construction

We have established green design and construction standards and indicators related to energy efficiency and environmental impact mitigation for all the new office construction, extension and/or remodeling projects at our business units. The criteria we have implemented focus on: saving water, energy efficiency and protecting the atmosphere, the use of renewable energies, air quality and respecting local biodiversity.



PROMOTING ECONOMIC

# desarrollo



We provide more than

**38,000**  
direct jobs

**pmment**

*Our sustained growth in domestic and international marketplaces has positioned us to play a leading role in the economic and social development of the communities in which we operate.*





*Arca Continental drives its market leadership by upholding its commitment to product quality and customer service. These values have allowed the company to evolve since its foundation as a regional bottling company to its current position as a major player with an ongoing investment strategy and profitable participation in international markets.*

*The diversification of the company's operations has produced excellent results through new vehicles of value creation closely related to its core beverage business.*

**SIGNIFICANT SUSTAINABILITY INDICATORS**

CONCEPT	YEAR 2011
Created direct economic value	\$ 45,028
Distributed economic value	\$ 45,647

(Figures in millions of Mexican pesos)

## Tax Payment

We are committed to fulfilling our obligation to pay taxes and as a result our tax contributions reached 4,288 million pesos\* in 2011. This responsibility constitutes a source of income for the government and translates into the general development and wellbeing of Mexico's citizens.

\* Mexico Beverages and Complementary Businesses



# Ethics



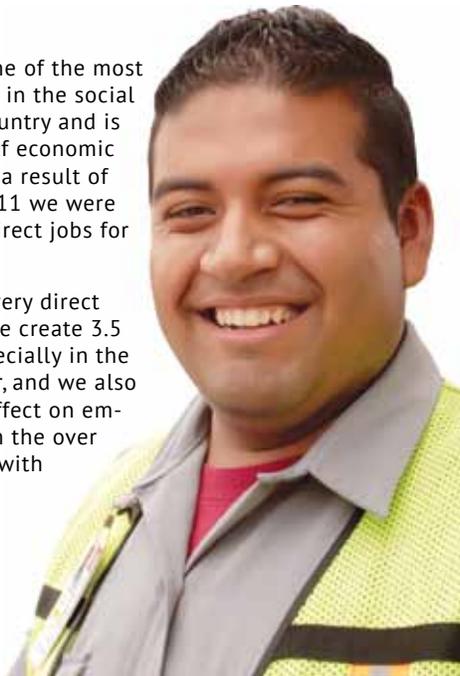
## INVESTMENT

In 2011, Arca Continental's capital expenditures totaled \$2,895 million pesos, which translated into a significant demand for a very broad variety of goods and services, through the acquisition of new refrigerators, our investment in projects to optimize resources and enhance production activities at our plants, construction, vehicle purchases and, in general, the procurement of raw materials, such as glass, sugar and peanuts.

## EMPLOYMENT

Employment is one of the most important factors in the social wellbeing of a country and is the cornerstone of economic development. As a result of our growth, in 2011 we were able to provide direct jobs for 38,172 people.

In addition, for every direct job we provide, we create 3.5 indirect jobs, especially in the small store sector, and we also have a positive effect on employment through the over 31,470 suppliers with whom we work.



For every direct job we provide, we create 3.5 indirect jobs, especially in the small store sector.

*Our Code of Ethics is the foundation of our company and the guide for our behavior in every setting in which we operate.*

Our Code of Ethics governs our internal labor relations as well as those with our stakeholders, and all our associates and members of the Board of Directors are fully conversant with the main guidelines of the Code. The document is updated every two years with the active participation of the Board of Directors and the Management Committee, thus ensuring a swift, timely response to an increasingly demanding social setting.

In this document, the company draws on the basic principle of obeying the law and applicable regulations in all the countries in which we operate, establishing and regulating associates' behavior with regard to acts of extortion, corruption and fraud, and favoring transparency and compliance with free market rules; rejecting bribery, corruption or any type of contribution that seeks to gain business advantages; and respecting the rules of free competition.

Our Code of Ethics is disseminated continuously through diverse internal media, such as our internal magazine, posters, our website, message boards and the intranet portal, as well as through courses in the topic. In addition, each new associate is given a copy of the Code of Ethics.

In terms of marketing ethics, we stopped targeting children under the age of twelve with our advertisements many years ago, thus respecting the right of parents and tutors to choose what they believe is best for their children.

Our Transparency Inbox is available online at: [www.arcaontal.com](http://www.arcaontal.com) and through **01 800 000 2722**, where any behavior that violates the Code of Ethics can be reported. Such reports are analyzed by an external consulting company, which evaluates and makes concrete recommendations to the corresponding areas.

# Corporate Governance

*Our solid Corporate Governance practices assure that the company performs optimally, meets its objectives and addresses stakeholders' expectations in the best possible way*

Our Corporate Governance is aligned with the Code of Best Corporate Practices of the Mexican Stock Exchange and is based on our Code of Ethics.

There are 20 directors and the same number of alternate directors on the Board. Five of the directors and alternate directors are independent. Board members are extremely knowledgeable and experienced in a wide variety of topics, such as business, finance, production, economics, the environment, logistics, etc. They are elected by the General Stockholders' Meeting, after being nominated by a group of stockholders on the basis of their career, results, experience, integrity, honesty and consistency with the company's values and philosophy.

Our board members are aware of their fiduciary obligations and, when adopting resolutions, they observe the applicable legal provisions in relation to any conflicts of interest that may arise.

As emoluments, in the period that has just ended, the members of the board of directors received \$21,100 pesos for each session attended.

The following committees support the Board of Directors in the fulfillment of its duties:

- **Executive**
- **Audit and Corporate Practices**
- **Evaluation and Compensation**
- **Planning and Finance**



## AUDIT AND CORPORATE PRACTICES COMMITTEE

The Audit and Corporate Practices Committee is made up entirely of independent board members who are responsible for the following activities:

### Corporate Practices:

- a) Express an opinion to the Board of Directors on matters that are their responsibility in accordance with the applicable legislation.
- b) Request the opinion of independent experts if deemed necessary for the proper performance of their duties or when so required by the applicable legislation or general provisions.
- c) Convene Stockholders' Meetings and ensure that the points they consider to be of importance are included in the agenda of said meetings.
- d) Support the Board of Directors in the formulation of the reports referred to in Article 28 (twenty-eight), Section IV, Subsections d) and e) of Mexican Stock Market Law.
- e) Carry out all other activities stipulated in the applicable legislation or contemplated in the company's statutes.

### Audit:

- a) Express an opinion to the Board of Directors on matters that are their responsibility in accordance with the applicable legislation.
- b) Evaluate the performance of the firm that provides external auditing services and analyze the reports and opinions formulated and signed by the external auditor. For this purpose, the committee may request the presence of the aforementioned auditor when necessary, regardless of the fact that the committee must meet with the external auditor at least once a year.
- c) Discuss the company's financial statements with the people responsible for formulating and reviewing them and, consequently, recommend whether or not the Board of Directors

should approve them.

- d) Inform the Board of Directors of the status of the internal control system and the internal audit of the company and of the businesses that it controls, including any irregularities that might have been detected.
- e) Form the opinion referred to in Article 28 (twenty-eight), Section IV, Subsection c) of Mexican Stock Market Law, based on the external auditor's report, among other factors, and submit it for the consideration of the Board of Directors and for its subsequent presentation at the Stockholders' Meeting.
- f) Support the Board of Directors in the formulation of the reports referred to in Article 28 (twenty-eight), Section IV, Subsections d) and e) of Mexican Stock Market Law.
- g) Oversee that the operations referred to in Articles 28 (twenty-eight), Section III, and 47 (forty-seven) of Mexican Stock Market Law are conducted in compliance with the provisions stipulated therein and with the policies derived from the same.
- h) Request the opinion of independent experts if deemed necessary for the proper performance of their duties or when so required by the applicable legislation or general provisions.
- i) Require the relevant directors and other employees of the company or of the businesses that it controls to present reports related to the generation of the financial information and/or of any other type of information they deem necessary for the execution of their functions.
- j) Investigate any possible violations of which they are aware regarding operations, operating guidelines and policies, the internal control system and internal audit, and the accounting records, either of the company itself or of the businesses that it controls. For this purpose, the committee must examine the documentation, records and any other verifying evidence, to the degree and extent deemed necessary for conducting said oversight.



*The solid ethical basis of the Board of Directors is founded on Corporate Governance, Risk Control and Social Responsibility guidelines.*

- k) Receive observations made by stockholders, board members, relevant directors, employees and, in general, any third party regarding the matters referred to in the previous subsection, and carry out any actions considered to be appropriate in relation to said observations.
- l) Request periodic meetings with any relevant directors, as well as the submission of any type of information related to the internal control and internal audit of the company or of the businesses that it controls.
- m) Inform the Board of Directors of any major irregularities detected in relation to the performance of their duties and, where appropriate, of the corrective actions adopted or propose actions to be taken.
- n) Convene Stockholders' Meetings and ensure that all relevant points are included in the agenda of said meetings.
- o) Oversee that the Chief Executive Officer fulfills the agreements of the Stockholders' Meetings and of the company's Board of Directors in accordance with the instructions given, if applicable, by the Stockholders' Meeting or the aforementioned Board of Directors.
- p) Oversee the creation of mechanisms and internal controls that will make it possible to verify whether the actions and operations of the company and of the businesses that it controls comply with applicable standards and also implement methodologies that enable the review of the fulfillment thereof.
- q) Carry out all other activities stipulated in Mexican Stock Market Law or contemplated in the company statutes, in keeping with the functions assigned to the committee in the aforementioned law.

## **EVALUATION AND COMPENSATION COMMITTEE**

The functions of this committee are to:

- a) Evaluate and submit to the Board of Directors the guidelines to ensure that the company has adequate compensation and human resource policies.
- b) Propose to the Board of Directors the criteria for selecting the company's CEO and senior officers.

- c) Submit recommendations to the Board of Directors on the evaluation of the company's CEO and senior officers.
- d) Periodically review the executives' compensation schemes and make recommendations on the structure and amount of the remuneration for the company's top executives.
- e) Check that the hiring conditions for top executives and payments for withdrawal from the company comply with the guidelines of the Board of Directors.
- f) Periodically inform the Board of Directors about the committee's activities.
- g) Perform any other function that the Board of Directors may entrust to the committee.

## PLANNING AND FINANCE COMMITTEE

The Planning and Finance Committee has the following duties:

- a) Evaluate and, if applicable, present the investment policies (capital or debt) proposed for the company and its subsidiaries by the CEO and subsequently submit them to the Board of Directors for approval.
- b) Evaluate and, if applicable, present the company's and its subsidiaries' financing (capital or debt) policies as proposed by the CEO and subsequently submit them to the Board of Directors for approval.
- c) Evaluate and, if applicable, propose the company's dividend policies.
- d) Evaluate and, if applicable, propose the general guidelines for determining the company's strategic plan.
- e) Give an opinion on the premises of the annual budget and propose them to the Board of Directors for approval.
- f) Follow up on the application of both the budget and the strategic plan.
- g) Identify the possible risk factors for the company and evaluate the policy for managing them.
- h) Analyze and present to the Board of Directors for its authorization proposals related to the following matters: (i) reforms or addenda to the company statutes; (ii) the issue, placement or amortization of company shares; (iii) mergers

and other business combinations that involve the company or its subsidiaries; and (iv) investments of the company or its subsidiaries that go beyond the limits of the CEO's authorization.

- i) Carry out any other action(s) entrusted to the committee by the Board of Directors.

As of January 1, 2005, the company adopted the policy of not conducting transactions with related parties who form part of its control group, with the exception of those cases considered strictly necessary for strategic purposes and/or that could have a significant effect on the company's results and operations. For any transaction with said party(ies), the CEO must request the authorization of the Chairman and Deputy Chairman of the Board of Directors, meeting as the Executive Management Committee, and explain the aspects that make said transaction necessary, as well as its bases and timeframe. In such cases, the transaction in question must also be presented to the Audit and Corporate Practices Committee for approval. The total amount of the transactions carried out with related parties in 2011 was less than 0.01% of the company's total sales.

Moreover, the company's Risk Committee Coordination upholds the continuity of the business and its sustainability and ensures that the possible operating and financial risks are duly monitored and attended to by the specific areas of the company. This coordination presents periodic reports to the Audit and Corporate Practices Committee.

The Board of Directors supervises the company's economic, social and environmental sustainability.

For further information on the Board of Directors and its senior officers, please consult [www.arcaontal.com](http://www.arcaontal.com).

# Corporate Citizenship

*We actively participate in diverse associations, union meetings, events and conferences to promote the healthy development of our industry from a perspective that goes beyond merely business interests.*

This can be seen in the creation of the SumarSE Network in which we participate as the co-founder company. This partnership of companies seeks to create a front against the difficult situation faced by the people of the state of Nuevo León and to promote the sustainable development of society by joining forces to implement and promote high-impact social programs in synergy with all sectors of the community.

The following is a list of the associations and chambers in which we participate:

- **Nuevo León Chamber of Industry**
- **Confederation of the National Chambers of Commerce, Services and Tourism**
- **Mexican National Chamber of Industry**
- **National Chamber of the Prepared Food and Restaurant Industry**
- **Confederation of Employers of the Mexican Republic**
- **Asociación Neolonesa de Abogados de Empresa, A.C.**
- **Asociación Nacional de Abarroteros Mayoristas, A.C.**
- **Asociación Técnica de Compensaciones, A.C.**
- **Centro Mexicano para la Filantropía, A.C.**
- **Instituto Mexicano de Ejecutivos de Finanzas, A.C.**
- **Snack Food Association**



# Main Prizes and Awards in 2011

<b>PRIZE OR AWARD</b>	<b>GIVEN BY</b>	<b>CONSISTS OF</b>
<b>IPC Sustainable Index</b>	Mexican Stock Exchange (BMV)	Incorporation of Arca Continental, S.A.B. de C.V. into the IPC Sustainable Index, which comprises companies listed on the BMV that implement international best practices in the areas of social responsibility, environmental management and corporate governance.
<b>Transparency in Corporate Sustainability Index (ITSC)</b>	IPADE	Arca Continental is a member of the first ITSC in Mexico. This index assesses elements such as corporate governance, strategic vision, stakeholder relations, management and communication with measurable indicators for the comprehensive integration and reporting of the organization's sustainable practices.
<b>Socially Responsible Company Seal (ESR)</b>	CEMEFI	For the ninth consecutive year, Arca Continental was recognized as a Socially Responsible Company.
<b>Food Safety System Certification</b>	Food Safety System Certification 22000	Guadalupe Plant Food Defense System in which the implementation and control of the plant's supervision and vulnerability were reviewed.
<b>Recertification as a Tobacco-Free Company</b>	Mexican Department of Health	Hermosillo Plant Río Verde Distribution Center
<b>"A Great Place to Work" Award "The Best Places to Work in Mexico and the Northeast Region" Award</b>	"A Great Place to Work" Institute Mexico	Coahuila Zone, Border Zone and Chihuahua Recognized as a great place to work.  Industrial de Plásticos Arma, S.A. de C.V.
<b>State Safety Prize 2011; Outstanding Achievement Prize</b>	STPS	Tecomán Distribution Center Awarded to companies that reduce their Accident Rate by 25% in relation to the average for the two years prior to the year in which they compete.
<b>Recognition for Participation in the Environmental Leadership Program</b>	SEMARNAT and Non-profit Association	Chihuahua Plant Mexicali Plant SEMARNAT, in coordination with the Sustainable Environmental Development Association, awards this recognition to companies that encourage their suppliers to participate in a 40-hour course on the development of Eco-Efficiency Techniques in order to reduce the environmental impact of their operations.
<b>Clean Industry</b>	PROFEPA	PROFEPA Tapatitán, Las Trojes, Zapopan, Culiacán, Insurgentes, Guadalupe, Mexicali, Juárez, Topo Chico, Zacatecas and Coyotes Honors companies that participate voluntarily in the program and comply with the Action Plan resulting from an Environmental Audit. At present, all our plants have earned, or are in the process of earning, Clean Industry Certification.
<b>Recognition for Contributions to the Environment</b>	Nuevo León Department of Sustainable Development	Bebidas Mundiales (Nuevo León Zone)

# About this

*In order to assure the transparency of our economic, social and environmental performance, we have duly disclosed the stances, commitments and actions that Arca Continental has adopted and implemented after consolidating its merger process. This year, we are presenting our seventh consecutive Sustainability Report, but our first as an integrated company.*

This report was formulated using the GRI G3.1 version of the Global Reporting Initiative (GRI) methodology. This guide is a generally accepted international tool for reporting on organizations' sustainability performance and seeks to guarantee the quality of the information disclosed and to facilitate its measurement and comparison. Because of the merger, we have not presented comparative elements to evaluate performance, except in relation to the environment since our two companies work under the same environmental performance system and we can therefore comparatively measure and evaluate events in this area.

Arca Continental is ranked in category "B" of the diverse GRI application levels. It is worth noting that in a year of increasing transparency, the number of indicators reported rose 64% in relation to the previous year and the company underwent an external verification process. This report also includes indicators for the Processed Food Sector Supplement.

Additionally, this report on Arca Continental's social responsibility practices includes indicators from the Sustainability Index proposed by the Mexican Stock Exchange (BMV) and the principles of the Global Compact. The tool "Making the Connection" was used to link the GRI indicators and the Global Compact principles.



# Report

This document presents the most relevant aspects of the company's operations with regard to the area of social responsibility for the period from January 1st through December 31st, 2011. The data contained in the "Our Company" section refer to the entire company and its three main business areas: Mexico Beverages, South America and Complementary Businesses.

The social and economic performance data refer to the operations of Mexico Beverages, which represents almost 80% of the company's total operations. This year, we included a brief description of the social performance practices of our Bokados brand in the report. South America operations were not included.

With regard to social performance, figures from previous years corresponded solely to the company Arca, before the merger. With regard to the environment, for the first year ever, the information from the three business areas has been combined on bases that are comparable to previous years.

The information reported is complemented by an annual financial report, which describes Corporate Governance practices and the risks identified for the business's sustainability.

In relation to content, the Area of Corporate Communication and Social Responsibility defined the materiality of the report, with the methodological support of McBride SustainAbility. The report emphasizes the topics that are key for the company's sustainability, analyzing those indicators that reflect significant economic, social and environmental impact and that might have a substantial influence on our stakeholders' evaluations and decisions.

We are in constant communication with our stakeholders through the different media. This interaction has allowed us to understand their concerns and what they expect from their relationship with Arca Continental. As a result, we changed some of the chapter headings of the report in order to provide greater clarity in its structure and the information it contains. We also included a special chapter on Human Rights, to clearly state the company's commitment to this issue, and sought to present the information within the broad-ranging sustainability context of the industry.

Measurement and data collection techniques for this report included requesting the refined data for each indicator from the corresponding departments. This data has been processed through internal controls, operating systems and audits, on the basis of the Social Responsibility and Sustainability Model. Environmental indicators were calculated on bases standardized with those of the Coca-Cola de México System to ensure their comparability.

If you require further information or if you have any comments or suggestions related to this report, please write to Guillermo Garza, Director of Corporate Communication and Social Responsibility, or Rosario Aguilar, Head of Social Responsibility, at the e-mail address [rs@arcacontal.com](mailto:rs@arcacontal.com).



# GRI Index

INDICATOR / DESCRIPTION	INFORMATION	PAGE	INDICATOR / DESCRIPTION	INFORMATION	PAGE
<b>STRATEGY AND ANALYSIS</b>					
1.1 Statement from the most senior decision-maker of the organization	Complete	2-3	3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	Complete	9, 48-49
1.2 Description of key impacts, risks, and opportunities	Complete	2-7, 30-31	3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Complete	9, 48-49
<b>ORGANIZATIONAL PROFILE</b>			<b>GRI Content Index</b>		
2.1 Name of the organization	Complete	Portada	3.12 Table identifying the location of the Standard Disclosures in the report	Complete	52-53
2.2 Primary brands, products, and/or services	Complete	1, 9, 20	<b>Assurance</b>		
2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	Complete	9	3.13 Policy and current practice with regard to seeking external assurance for the report	Complete	56
2.4 Location of organization's headquarters	Complete	9	<b>CORPORATE GOVERNANCE</b>		
2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Complete	8-9	4.1 Governance structure of the organization	Complete	42
2.6 Nature of ownership and legal form	Complete	41	4.2 Indication as to whether the Chair of the highest governance body is also an executive officer	Complete	2
2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Complete	8-9	4.3 For organizations that have a unitary board structure, statement of the number and gender of members of the highest governance body that are independent and/or non-executive members	Complete	42
2.8 Scale of the reporting organization (employees, total capitalization, products, services, etc.)	Complete	1, 8-9	4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Complete	42-45
2.9 Significant changes during the reporting period regarding size, structure, or ownership	Complete	9	4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives	Complete	42
2.10 Awards received in the reporting period	Complete	47	4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided	Complete	42-45
<b>REPORT PARAMETERS</b>			4.7 Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees	Complete	42
3.1 Reporting period for information provided	Complete	48-49	4.8 Internally developed statements of mission or values, codes of conduct, and relevant principles	Complete	2da. de forros
3.2 Date of most recent previous report	Complete	48-49	4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	Complete	42-45
3.3 Reporting cycle	Complete	48-49	4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	Complete	42-45
3.4 Contact point for questions regarding the report or its contents	Complete	49	<b>Commitments to External Initiatives</b>		
3.5 Process for defining report content <ul style="list-style-type: none"> <li>• Determining materiality</li> <li>• Prioritizing topics within the report</li> <li>• Identifying stakeholders the organization expects to use the report</li> </ul>	Complete	4-7, 49	4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization	Complete	6-7, 9, 17, 30, 45
3.6 Boundary of the report	Complete	48-49	4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	Complete	1, 6-7
3.7 Statement of any specific limitations on the scope or boundary of the report	Complete	48-49	4.13 Memberships in associations	Complete	46
3.8 Basis for reporting on joint ventures	Complete	9, 48-49			
3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	Complete	48-49			

INDICATOR / DESCRIPTION	INFORMATION	PAGE	INDICATOR / DESCRIPTION	INFORMATION	PAGE
<b>Stakeholder Engagement</b>			<b>EN6</b> Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives		
<b>4.14</b> List of stakeholder groups engaged by the organization including: employees, other workers, and their unions	Complete	6-7	<b>EN7</b> Initiatives to reduce indirect energy consumption and reductions achieved	Complete	34-35
<b>4.15</b> Basis for identification and selection of stakeholders with whom to engage	Complete	6-7	<b>Water</b>	Complete	19, 34-36
<b>4.16</b> Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder groups	Complete	6-7	<b>EN8</b> Total water withdrawal by source	Partial	32
<b>4.17</b> Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	Complete	6-7	<b>EN9</b> Water sources significantly affected by withdrawal of water	Complete	
<b>ECONOMIC PERFORMANCE</b>			<b>EN10</b> Percentage and total volume of water recycled and reused	Complete	33
<b>EC1</b> Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	Partial	40	<b>Biodiversity</b>		
<b>EC2</b> Financial implications and other risks and opportunities for the organization's activities due to climate change	Complete	9, 34-35	<b>EN11</b> Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Complete	24, 33, 37
<b>EC3</b> Coverage of the organization's defined social benefit plan obligations	Complete	16	<b>EN12</b> Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Complete	24, 33, 37
<b>EC4</b> Significant financial assistance received from government	Complete	NA	<b>EN13</b> Habitats protected or restored	Complete	24, 33, 37
<b>Market Presence</b>			<b>EN14</b> Strategies, current actions, and future plans for managing impacts on biodiversity	Complete	33, 37
<b>EC5</b> Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	Complete	16	<b>EN15</b> Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Complete	NA
<b>EC6</b> Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	Complete	1, 22	<b>Emissions and Waste</b>		
<b>EC7</b> Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	Complete	15	<b>EN16</b> Total direct and indirect greenhouse gas emissions by weight	Complete	34-35
<b>EC8</b> Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Complete	1, 8	<b>EN17</b> Other relevant indirect greenhouse gas emissions by weight	Complete	34-35
<b>EC9</b> Understanding and describing significant indirect economic impacts, including the extent of impacts	Complete	1, 19, 22	<b>EN18</b> Initiatives to reduce greenhouse gas emissions and reductions achieved	Complete	24, 35-37
<b>ENVIRONMENTAL PERFORMANCE</b>			<b>EN19</b> Emissions of ozone-depleting substances by weight	Complete	35
<b>EN1</b> Materials used by weight or volume	Complete	36	<b>EN20</b> NOx, SOx, and other significant air emissions by type and weight	Complete	1
<b>EN2</b> Percentage of materials used that are recycled input materials	Complete	36	<b>EN21</b> Total water discharge by quality and destination	Complete	32
<b>Energy</b>			<b>EN22</b> Total weight of waste by type and disposal method	Complete	36
<b>EN3</b> Direct energy consumption by primary energy source	Complete	34	<b>EN23</b> Total number and volume of significant spills	Complete	37
<b>EN4</b> Indirect energy consumption by primary source	Complete	34	<b>EN24</b> Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Complete	36
<b>EN5</b> Energy saved due to conservation and efficiency improvements	Complete	34-35	<b>EN25</b> Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	Complete	

# GRI Index

INDICATOR / DESCRIPTION	INFORMATION	PAGE	INDICATOR / DESCRIPTION	INFORMATION	PAGE
<b>EN27</b> Percentage of products sold and their packaging materials that are reclaimed by category	Complete	36	<b>LA15</b> Return to work and retention rates after parental leave, by gender	No information	
<b>Compliance</b>			<b>HUMAN RIGHTS PERFORMANCE</b>		
<b>EN28</b> Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Complete	37	<b>Human Rights</b>		
<b>Transport</b>			<b>HR1</b> Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	Complete	27
<b>EN29</b> Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	Partial	35	<b>HR2</b> Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening and actions taken	Complete	27
<b>EN30</b> Total environmental protection expenditures and investments by type	Complete	1, 30-37	<b>HR3</b> Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Complete	27
<b>SOCIAL PERFORMANCE</b>			<b>HR4</b> Total number of incidents of discrimination and corrective actions taken	Complete	27
<b>LABOR PRACTICES AND DECENT WORK</b>			<b>HR5</b> Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	Complete	13, 27
<b>Employment</b>			<b>Child Labor</b>		
<b>LA1</b> Total workforce by employment type, employment contract, and region, broken down by gender	Complete	12-13	<b>HR6</b> Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Complete	13, 27
<b>LA2</b> Total number and rate of new employee hires and employee turnover by age group, gender, and region	Partial	17	<b>Forced Labor</b>		
<b>LA3</b> Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations	Complete	16	<b>HR7</b> Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Complete	13, 27
<b>Labor/Management</b>			<b>Security Practices</b>		
<b>LA4</b> Percentage of employees covered by collective bargaining agreements	Complete	13	<b>HR8</b> Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	Partial	27
<b>LA5</b> Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	Complete	13	<b>Indigenous Rights</b>		
<b>Health/Safety</b>			<b>HR9</b> Total number of incidents of violations involving rights of indigenous people and actions taken	Complete	27
<b>LA6</b> Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Complete	17	<b>Evaluation</b>		
<b>LA7</b> Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities, by region and by gender	Partial	17	<b>HR10</b> Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	Complete	27
<b>LA8</b> Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Complete	17	<b>Remediation</b>		
<b>LA9</b> Health and safety topics covered in formal agreements with trade unions	Complete	17	<b>HR11</b> Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	Complete	27
<b>Training/Education</b>			<b>SOCIAL PERFORMANCE</b>		
<b>LA10</b> Average hours of training per year per employee by gender, and by employee category	Partial	14	<b>Local Communities</b>		
<b>LA11</b> Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Complete	14-15	<b>SO1</b> Percentage of operations with implemented local community engagement, impact assessments, and development programs	Complete	23-26
<b>LA12</b> Percentage of employees receiving regular performance and career development reviews	Complete	15	<b>Corruption</b>		
<b>Diversity/Equality</b>			<b>SO2</b> Percentage and total number of business units analyzed for risks related to corruption	Complete	15, 41
<b>LA13</b> Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Partial	13, 15			
<b>LA14</b> Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Complete	16			

INDICATOR / DESCRIPTION	INFORMATION	PAGE
<b>SO3</b> Percentage of employees trained in the organization's anti-corruption policies and procedures	Complete	15, 41
<b>SO4</b> MSO4 Actions taken in response to incidents of corruption	Complete	15, 41
<b>Public Policy</b>		
<b>SO5</b> Public policy positions and participation in public policy development and lobbying	Complete	6-7, 20, 26, 46
<b>SO6</b> Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	Complete	NA
<b>Anti-competitive Behavior</b>		
<b>SO7</b> Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Complete	
<b>Compliance</b>		
<b>SO8</b> Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Complete	
<b>SO9</b> Operations with significant potential or actual negative impacts on local communities	No information	
<b>SO10</b> Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	No information	
<b>PRODUCT AND SERVICE RESPONSIBILITY PERFORMANCE</b>		
<b>Customer Health and Safety</b>		
<b>PR1</b> Life cycle stages in which health and safety impacts of products and services are assessed for improvement	Complete	20-21
<b>PR2</b> Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	Complete	21
<b>Product and Service Labeling</b>		
<b>PR3</b> Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Complete	21
<b>PR4</b> Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Complete	21
<b>PR5</b> Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Complete	20-21
<b>Marketing Communications</b>		
<b>PR6</b> Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Complete	20-21
<b>PR7</b> Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	Complete	21
<b>PR8</b> Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Complete	
<b>Compliance</b>		
<b>PR9</b> Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Complete	

INDICATOR / DESCRIPTION	INFORMATION	PAGE
<b>FOOD PROCESSING SUPPLEMENT</b>		
<b>FP1</b> Percentage of purchased volume from suppliers compliant with company's sourcing policy	Complete	22
<b>FP2</b> Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard	No information	
<b>FP3</b> Percentage of working time lost due to industrial disputes, strikes and lock-outs, by country	Complete	
<b>FP4</b> Nature, scope and effectiveness of any programs and practices (in-kind contributions, volunteer initiatives, knowledge transfer, partnerships and product development) that promote access to healthy lifestyles; the prevention of chronic disease; access to healthy, nutritious and affordable food	Complete	20-21
<b>FP5</b> Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards	Complete	
<b>FP6</b> Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fat, sodium and added sugars	Complete	20-21
<b>FP7</b> Percentage of total sales volume of consumer products, by product category, that contain increased nutritious ingredients like fiber, vitamins, minerals, phytochemicals or functional food additives	Complete	20-21
<b>FP8</b> Policies and practices on Communications to consumers about ingredients and nutritional information beyond legal requirements	Complete	20-21
<b>FP9</b> Percentage and total animals raised and/or processed, by species and breed type	No information	
<b>FP10</b> Policies and practices, by species and breed type, related to physical alterations and the use of anaesthetic	No information	
<b>FP11</b> Percentage and total of animals raised and/or processed, by species and breed type, per housing type	No information	
<b>FP12</b> Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments, by species and breed type	No information	
<b>FP13</b> Total number of incidents of non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling, and slaughter practices for live terrestrial and aquatic animals	No information	

# Global Compact Index

PRINCIPLES	GRI INDICATORS	PAGE
<b>HUMAN RIGHTS</b>		
1. Businesses should support and respect the protection of internationally proclaimed human rights within their area of influence.	HR1-9	27
2. Businesses should make sure that neither they nor their subsidiaries are complicit in human rights abuses.	HR1-2, HR8	27
<b>LABOR</b>		
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	HR5, LA4, LA5	13, 27
4. Businesses should uphold the elimination of all forms of forced and compulsory labor.	HR7	17,27
5. Businesses should uphold the effective abolition of child labor.	HR6	13,22,27
6. Businesses should uphold the elimination of discrimination in respect to employment and occupation.	HR4, LA2, LA13, LA14	15,27
<b>ENVIRONMENT</b>		
7. Businesses should support a precautionary approach to environmental challenges.	4.11, EC2, EN26, SO5	6-7, 9, 30, 47
8. Businesses should undertake initiatives to promote greater environmental responsibility.	EN2, EN5, EN10, EN22, EN26	29-37
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	EN2, EN5, EN10, EN26	29-37
<b>ANTI-CORRUPTION</b>		
10. Businesses should work against corruption in all its forms, including extortion and bribery.	SO2-SO6	15, 41

Application level of the report	C	C+	B	B+	A	A+
<b>Basic Content</b>	Profile information according to G3 <b>Product</b>	Disclosure on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	External report verification	Disclosure on all the criteria listed in Level C as well as: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	External report verification	Reports on a minimum of 10 performance indicators and at least one from each dimension: Economic, Society and Environmental
	Management approach according to G3 <b>Product</b>	Not necessary		Information about the management approach for each indicator category		Reports on a minimum of 10 performance indicators and at least one from each dimension: Economic, Society and Environmental
	Performance indicators according to G3 and performance indicators according to the sector supplements <b>Product</b>	Reports on a minimum of 10 performance indicators and at least one from each dimension: Economic, Society and Environmental		Reports on a minimum of 20 performance indicators and at least one from each dimension: Economic, Environmental, Human Rights, Labor Practices, Society and Product Responsibility		Reports on each central G3 indicator and on the supplement sector indicators, in accordance with the principle of materiality, either by a) Informing about the indicator or b) Explaining the reason for its omission

# GRI Reporting Principles

## **BALANCE**

The report should reflect positive and negative aspects of the organization's performance to enable a reasoned assessment of overall performance.

## **COMPARABILITY**

Issues and information should be selected, compiled and reported consistently. Reported information should be presented in a manner that enables stakeholders to analyze changes in the organization's performance over time, and could support analysis relative to other organizations.

## **ACCURACY**

The reported information should be sufficiently accurate and detailed for stakeholders to assess the reporting organization's performance.

## **TIMELINES**

Reporting should be made on a regular schedule such that information is available in time for stakeholders to make informed decisions.

## **CLARITY**

Information should be made available in a manner that is understandable and accessible to the stakeholders using the report.

## **RELIABILITY**

The information and processes used in the preparation of a report should be gathered, recorded, compiled, analyzed and disclosed in a way that could be subject to examination and that establishes the quality and materiality of the information.

## **REPORTING MATERIALITY DEFINITION**

The information in the report should cover topics and indicators that reflect the organization's significant economic, environmental, and social impact, or that would substantively influence the assessment and decisions of stakeholders. Relevant topics and indicators that merit inclusion in a report are determined by a materiality matrix that determines those that may reasonably be considered important for reflecting the organization's economic, environmental and social impact, or influencing the decisions of stakeholders.

# UN Global Compact Principles

## **PRINCIPLE 1**

Businesses should support and respect the protection of internationally proclaimed human rights.

## **PRINCIPLE 2**

Businesses should make sure that they are not complicit in human rights abuses.

## **PRINCIPLE 3**

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

## **PRINCIPLE 4**

Businesses should uphold the elimination of all forms of forced and compulsory labor.

## **PRINCIPLE 5**

Businesses should uphold the effective abolition of child labor.

## **PRINCIPLE 6**

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

## **PRINCIPLE 7**

Businesses should support a proactive, preventive approach to environmental challenges.

## **PRINCIPLE 8**

Businesses should undertake initiatives to promote greater environmental responsibility.

## **PRINCIPLE 9**

Businesses should encourage the development and diffusion of environmentally friendly technologies.

## **PRINCIPLE 10**

Businesses should work against corruption in all its forms, including extortion and bribery.

# Verification Letter

REDES SOCIALES



## Report on the independent review of the Social Responsibility Report High Performance, Greater Commitment by Arca Continental.

### Scope of our work

The present independent verification consists of a review of the contents and performance indicators presented in the Social Responsibility Report *High Performance, Greater Commitment* by Arca Continental. Our review is based on the standards (IASE) and methodology of version 3.1 (GRI G3.1) of the Global Reporting Initiative for the preparation of sustainability reports.

### Verification process

The responsibility of Redes Sociales LT, S.A. de C.V. consisted of reviewing the contents of the document. To this end, interviews were conducted with personnel from different areas of the institution who had participated in the drafting of the report. Various analytical procedures and sample review tests were also carried out, as outlined below:

- Verification of the key indicators included in the report.
- Consistency of the 2011 Report in comparison with the 2010 Report, with regard to the indicators reported, program follow-up, depth of information and increase in indicators.
- Verification of the quantitative and qualitative information of the 2009, 2010 and 2011 reports on the basis of a selection of GRI indicators.
- Follow-up on the recommendations made in previous verifications.

### Conclusions

On the basis of our review, we can assert that:

- *High Performance, Greater Commitment* by Arca Continental Social Responsibility Report 2011 has been prepared in accord with the Guide for drawing up Sustainability Reports of the Global Reporting Initiative, version 3.1 (GRI G3.1).
- There is no indication that the information contained in this report, whether in the case of the indicators reviewed or the

account of the institution's sustainability processes and actions contains errors.

The review process demonstrates that the performance indicators selected for verification are presented and communicated in the present report in a balanced and timely manner.

The Social Responsibility Report *High Performance, Greater Commitment* by Arca Continental has been prepared in accord with version 3.1 (G3.1) of the GRI Guide for drawing up Sustainability Reports, with a level of application graded B+.

### Recommendations

As a result of our review, we should like to make the following recommendations:

- A more in-depth disclosure of the Corporate Governance structure and actions.
- Enhancement of voluntary work.
- A more detailed description of the indicators relating to Labor Practices and the Adequacy of the Working Conditions.
- Increase in the measurement of environmental indicators, in particular emissions.

Lic. Martha Amaya Noguez  
Redes Sociales en LT S.A. de C.V.

The external verification of the contents of the Sustainability Report constitutes a review that can in no way be understood as an audit report, since we assume no responsibility for the internal control and management systems and processes by which the information was obtained. The self-declaration of the level of application in accord with version 3.1 (G3.1) of the GRI Guide is the responsibility of Arca Continental, S.A. de C.V.

As part of the OS network of GRI, Redes Sociales en LT, S.A. de C.V. can participate in the verification process of sustainability reports of any institution required of it.



Arca Continental is committed to contributing to the creation of a better future that promotes economic prosperity and social development, conserving and protecting the environment. We view sustainability as a commitment that we drive through our daily actions with the objective of achieving a positive change in our community, in the marketplace and on our planet.

For further information related to this report, please contact:

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