



**positivechange**




2009 Social Responsibility Report

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At Arca, we are convinced that a series of ethical practices, an open communication channel with stakeholders, innovation through sustainable technologies and a commitment for integral development to the communities we serve, contribute to the common welfare of the society and transform into reality the positive change we look for, to the inside and outside of the company. This change is what motivates us to continue working and trusting that our social responsibility model will continue to benefit all the groups with which we interact.

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

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As part of our commitment of transparency and the permanent communication with the different stakeholders we collaborate with, we submit to you our Social Responsibility Report 2009.

At Arca, we recognize the daily opportunity we have to make a positive difference through the offer of the best choice of products and services, but mainly through responsibly and actively participating in the integral development of the communities where we serve.

The year 2009 was full of challenges and presented a complicated macroeconomic environment in which we, at Arca, have faced from a healthy and strong financial position that allowed us to generate satisfactory results for our business and for our stakeholders.

We firmly believe that positive economic results must be based on a responsible operation sustained by the best social responsibility practices.

We consider this report especially relevant since, besides from incorporating new international standards and principles, in 2009 we defined its content with topics such as our economic, social and environmental performance, based on a dialogue with our stakeholders, which allowed us to discover, not only their expectations and identify our opportunities, but to also to define the materiality of the information contained herein.

Our efforts and initiatives to support the integral development of society and care of the environment are possible through the permanent communication with the groups we interact with and to our long-term commitment to the countries where we operate.

We have prepared this report based on the G3 guidelines set by the Global Reporting Initiative (GRI), with a B application level, which has been verified externally by a third party following the verification requirements established by GRI and through a strict monitoring process of the application of its indicators. As in our previous report, we express our permanent support and application of the principles of the Global Compact.

This actions in favor of our people, the community and the environment, have allowed Arca to be recognized, for the seventh consecutive year, as a Socially Responsible Company by the Mexican Center for Philanthropy, which also highlighted our Human Values Promotion program as a Best Social Responsibility Practice.

We thank our stakeholders, their commitment and involvement in our social responsibility actions. We recognize their participation in the feedback process that strengthens our continuous improvement, allows us to deepen our sustainable performance and solidifies even further our position as a business responsive to the needs of society as a whole.



Manuel L. Barragán Morales (left)  
Chairman of the Board of Directors  
Francisco Garza Egloff  
Chief Executive Officer



1.1, 1.2

We firmly believe that positive economic results must be based on a responsible operation sustained by the best social responsibility practices.

As the fundamental starting point and drive of our social responsibility efforts, we are grateful for the professionalism and solidarity of all our employees at Arca, who day after day renew their commitment of making the integral growth of our company and its communities, the cornerstone of our organizational culture.

At Arca, we continue working to benefit the communities we serve through the generation of social and economic development and the implementation of actions that positively impact our employees and their families as well as our suppliers, clients and shareholders, in a joint effort to develop an increasingly sustainable social and environmental surrounding.

Handwritten signature of Manuel L. Barragán Morales in black ink.

Manuel L. Barragán Morales  
Chairman of the Board of Directors

Handwritten signature of Francisco Garza Egloff in black ink.

Francisco Garza Egloff  
Chief Executive Officer

3.1, 3.2, 3.3, 3.5, 3.6, 3.7, 3.8,  
3.9, 3.10, 3.11, 3.13, 4.14



## About Our Report

The 2009 Social Responsibility Report is the company's fifth of this nature and represents a great opportunity to annually communicate to our stakeholders, and society in general, the efforts and initiatives that are made every day in search of a responsible performance through a more profitable and efficient operation.

### Methodology

The Global Reporting Initiative's (GRI) G3 version methodology was integrated to our report for the first time in 2008 in order to incorporate and monitor the performance indicators of the economic, social and environmental areas established by the GRI.

In compliance with the public commitment of continuous improvement established last year in the 2008 Social Responsibility Report, this year we have incorporated international standards, trying to contribute to the comparability, relevance, clarity and consistency of the information in compliance with the main objectives of the company.

This report makes clear the positive evolution of our social responsibility strategy by applying a deeper application of the GRI parameters and increasing the number of indicators covered to reach a B application level. The report also includes an external third-party verification which complies with GRI's requirements, which represents an additional step in the commitment to transparency towards our stakeholders.

Since 2005, Arca has been a member of the United Nations Global Compact, so for the third consecutive year we report our commitment to their 10 Principles.

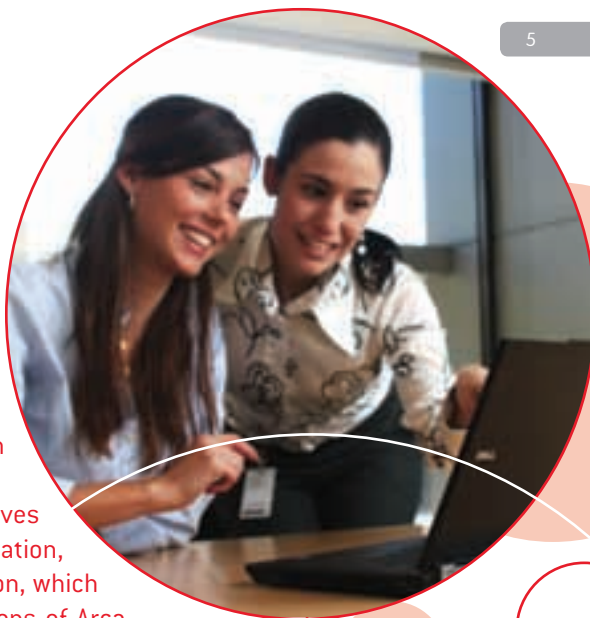
## Limits

This report covers the period from January to December of 2009. The data contained in the Company Profile section refers to all of the company and its three main business areas: Mexico Beverage Division, Arca Argentina Division and Other Businesses Division.

This time we have limited the information to our operations in Mexico; for this reason, some of our indicators might be affected in terms of comparability; however, this allowed us to go deeper into each one of the aspects included in the report.

The performance chapters include all the programs and initiatives implemented in 2009, as well as the quantitative results of their application, referring specifically to the operations of the Mexico Beverage Division, which represents 80% of our operations, and does not include the operations of Arca Argentina and Other Businesses, unless otherwise specified. This allows us to deepen the report's depth, materiality, sustainability and balance.

The environmental chapter of the report does not consider emissions generated by trucks leased for primary product distribution, nor the impact of energy consumption of refrigerators installed in the market.



## Content

An important progress compared to the previous report refers to the way in which the content was determined. In addition to the daily joint work and permanent communication with our stakeholders, in recent dates, a dialogue group took place in Monterrey, Mexico in which representatives of the different stakeholders attended: internal audience, suppliers, NGOs, academy, investors and customers. This valuable meeting, allowed us to define their concerns and expectations regarding their relationship with Arca.

Regarding the measurement and compilation techniques for the development of this report, the responsible areas were requested to submit the final data for each indicator, having been processed through internal controls, operational systems and audits, based on Arca's Social Responsibility Model, which will be detailed further in this report.

The company operates a Sustainability Committee which performs different functions; detects operations that can be improved, define objectives regarding sustainability issues; assure that the different areas compile the necessary information to report

results and verify them and learn, train, control and monitor the sustainability indicators that correspond to each area.

In regard to the environmental performance indicators, they are calculated based on standardized bases and equivalencies widely used through the Coca Cola system, which allow for further comparability.

The initiatives and programs that materialize Arca's Social Responsible performance are presented, as shown in the report index and according to the GRI methodology and show the performance of the company in three areas: economic, social and environmental. Included are a message from the Chairman of the Board of Directors and the Chief Executive Officer, a description of the report's scope, dialogue with stakeholders, corporate governance, company's profile, and then the chapters with performance indicators about our social, economic and environmental performance. We conclude the report with the GRI and Global Compact Index.

Due to the importance and relevance of our operations, there are programs that were created in 2008,

4.11, 4.13, 4.14, 4.15,  
4.16, 4.17, S05, S06






# Building a Positive Change

## Arca's Social Responsibility Model and Live Positively

Arca's Social Responsibility Model allows us to formalize actions in favor of the community and individuals, as well to align all efforts towards this common goal and the strategic objectives of the company. This model consists of a structure based on five fundamental pillars, which in turn support the global principles of Live Positively at The Coca-Cola Company.

This is an initiative of The Coca Cola Company that intends to reinvent and recreate our interaction with the planet, fostering a positive attitude and making sustainability an inseparable component of the way in which we work and live. Through a joint effort, Arca shares this philosophy in order to foster change in the world, and to ensure a better future for generations to come.

Arca's Responsibility Model	Live Positively
<p><b>Quality of Life:</b> To promote at Arca an open and inclusive work environment that will encourage and drive the company's and its employees' success.</p>	<p>An active and healthy life, the best place to work and emotional health.</p> 
<p><b>Integral development of the community:</b> Boost initiatives to improve the quality of life in the communities, contributing to economic development of our stakeholders with responsible and ethical practices, addressing their expectations.</p>	<p>Healthier products for every need in healthier communities that live in harmony with the environment.</p> 
<p><b>Care for the environment:</b> Protect and preserve the environment in every one of our actions, integrating and promoting sustainable development.</p>	<p>Climate, Water and Sustainable Packaging</p> 
<p><b>Business ethics:</b> Work in adhesion to moral and ethics laws and principles, transparently and complying with our commitments to the stakeholders.</p>	



To ensure long-term viability as a fundamental part of the business strategy, our social management is integrated and takes as its starting point the Arca Total Quality and Improvement System (CIMA), which centers around the competitive sustainability of the business core and on whose interaction model, specific improvement processes and indicators to address the expectations of our different stakeholders are established as well as to detect specific risks that might

affect the continuity of operations and model management in order to permanently enrich social responsibility actions as part of the Arca institutional culture.

This commitment of participation from all areas and its alignment with the strategic business plan, is based on a solid corporate governance with ethics and transparency principles fully linked to the inside and outside of the company, at all levels and in a clear and open way.

## Dialogue

*We acknowledge that working with our stakeholders is key to achieve a responsible performance that contributes to the integral development of society and to the preservation of natural resources. We work with them and for them in the search of common objectives for mutual benefits in a frame of ethics and transparency.*

The unbolt relationship and constant dialogue with stakeholders sustain Arca's Social Responsibility Model as well as the mission, values and strategic plans.

With the aid of social responsibility experts and industry leaders, we have determined eight stakeholder categories through a matrix analysis that measures

the influence level of each one and their perception with respect to key public aspects of the business.

Based on this information, we generate action plans that address the expectations of each group, promoting transparency, trust and a permanent and open dialogue.

## Arca's Stakeholders:

### Suppliers, clients and consumers

Expectations	<ul style="list-style-type: none"> <li>Product quality and safety</li> <li>Support for supplier development</li> <li>Collaboration, communication and information exchange</li> </ul>	<ul style="list-style-type: none"> <li>Ethical business practices</li> <li>Clear and truthful product label information</li> </ul>
Initiatives	<ul style="list-style-type: none"> <li>Application of the Coca-Cola Suppliers Principles Guide</li> </ul>	<ul style="list-style-type: none"> <li>Quality audits and evaluations</li> <li>Socio Distinguido and Amigo Seguro</li> </ul>
Communication method	<ul style="list-style-type: none"> <li>Permanent specialized section in webpage</li> <li>Transparency mailbox</li> <li>Meetings with Stakeholders</li> <li>Discussion of audits and evaluations</li> </ul>	<ul style="list-style-type: none"> <li>Submission of annual reports</li> <li>Permanent 1-800 consumer line</li> <li>Sampling, service and quality surveys</li> </ul>

### Academy and opinion leaders

Expectations	<ul style="list-style-type: none"> <li>Responsible advertising and marketing</li> <li>Development and Research of contents</li> </ul>	<ul style="list-style-type: none"> <li>Participation in forums related to business operation topics</li> </ul>
Initiatives	<ul style="list-style-type: none"> <li>Adhesion to the PABI Code</li> <li>Health and contents publications</li> </ul>	<ul style="list-style-type: none"> <li>Compliance of advertising and marketing laws and regulations</li> </ul>
Communication method	<ul style="list-style-type: none"> <li>Website</li> <li>Participation in panels and congresses</li> </ul>	<ul style="list-style-type: none"> <li>Transparency mailbox</li> </ul>

## Employees and their families

Expectations	<ul style="list-style-type: none"> <li>Respect for rights, freedoms and the Code of Ethics</li> <li>Inclusive and equal opportunity policies</li> </ul>	<ul style="list-style-type: none"> <li>Workplace health and safety</li> <li>Professional training and development</li> <li>Competitive wages and benefits</li> </ul>
Initiatives	<ul style="list-style-type: none"> <li>Value Deepening Program</li> <li>Revisions to the Code of Ethics</li> <li>Participation in the Movimiento Congruencia</li> <li>Application of the Coca-Cola Occupational Health and Safety System</li> </ul>	<ul style="list-style-type: none"> <li>Incident Management and Crisis Response System</li> <li>Training and development programs like the alliance with the INEA</li> <li>Family support programs such as Health Week</li> <li>Annual organizational climate surveys</li> </ul>
Communication method	<ul style="list-style-type: none"> <li>Internal information website</li> <li>Bi-monthly magazine</li> <li>Information bulletin boards</li> </ul>	<ul style="list-style-type: none"> <li>Safety and Hygiene Commissions</li> <li>Health and Safety Committee</li> <li>Bi-annual performance evaluation of middle and top management</li> </ul>

## Media

Expectations	<ul style="list-style-type: none"> <li>Responsible marketing and advertising</li> </ul>	<ul style="list-style-type: none"> <li>Real and transparent information</li> </ul>
Initiatives	<ul style="list-style-type: none"> <li>Adhesion to the PABI Code and compliance with advertising laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Bulletins, press release, webpage and annual reports</li> <li>Media department within the company</li> </ul>
Communication method	<ul style="list-style-type: none"> <li>Permanent specialized section on website</li> <li>Transparency mailbox</li> <li>Submission of annual reports</li> </ul>	<ul style="list-style-type: none"> <li>Press conferences</li> <li>Permanently open 1-800 consumer line</li> <li>Tasting, services and quality surveys</li> </ul>

## Non-governmental organizations

Expectations	<ul style="list-style-type: none"> <li>Participation and active support to the causes promoted</li> </ul>	
Initiatives	<ul style="list-style-type: none"> <li>Alliance with Asociación Pro Superación Personal (ANSPAC) for individual development social project</li> <li>Donations Committee within the company</li> </ul>	<ul style="list-style-type: none"> <li>Budget established for donations</li> <li>Strategic alliances for collaboration</li> </ul>
Communication method	<ul style="list-style-type: none"> <li>Social Responsibility Department</li> </ul>	<ul style="list-style-type: none"> <li>Specialized e-mails @e-arca.com.mx</li> <li>Social Responsibility Annual Report</li> </ul>

## Community

Expectations	<ul style="list-style-type: none"> <li>Collaboration and investment on development projects</li> <li>Responsible interaction</li> </ul>	<ul style="list-style-type: none"> <li>Care for the environment and adequate use of natural resources</li> </ul>
Initiatives	<ul style="list-style-type: none"> <li>Escuelas en Movimiento</li> <li>Maratón Powerade and the Coca-Cola Cup</li> <li>ECOCE</li> </ul>	<ul style="list-style-type: none"> <li>Arca Volunteer Program Volar</li> <li>Eco Clubs</li> <li>Misión Coca-Cola visits program</li> </ul>
Communication method	<ul style="list-style-type: none"> <li>Investment on social, educational and healthy lifestyle promotion programs</li> </ul>	<ul style="list-style-type: none"> <li>Community visits, as well as community visits to our facilities</li> <li>E-mail, 1 800 phone lines and website</li> </ul>

## Authorities and Government

Expectations	<ul style="list-style-type: none"> <li>Compliance with applicable laws, regulations and ordinances</li> <li>Organized and proactive participation in law and regulation matters</li> </ul>	<ul style="list-style-type: none"> <li>Timely payment of applicable taxes</li> <li>Responsible performance</li> </ul>
Initiatives	<ul style="list-style-type: none"> <li>Alliance with local authorities to resolve social and community problems</li> </ul>	
Communication method	<ul style="list-style-type: none"> <li>Department of public affairs within the company</li> </ul>	<ul style="list-style-type: none"> <li>Annual Report</li> <li>Website</li> </ul>

## Investors and shareholders

Expectations	<ul style="list-style-type: none"> <li>Profitability, growth and value generation, as well as payment of dividends</li> <li>Ethical corporate governance practices</li> </ul>	<ul style="list-style-type: none"> <li>Business management transparency and accountability</li> </ul>
Initiatives	<ul style="list-style-type: none"> <li>Corporate governance structure</li> </ul>	<ul style="list-style-type: none"> <li>Code of Ethics</li> </ul>
Communication method	<ul style="list-style-type: none"> <li>Quarterly financial reports and annual report</li> <li>Sustainability Report</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Shareholders Meeting</li> <li>Website</li> <li>Shareholder meeting</li> </ul>

## Affiliation to Associations

An important part of our management strategy is our participation in different national forums in which we are able to discuss the most relevant issues related to local economic, social and environmental matters. The company collaborates with many associations that regulate different aspects related to our operation and products, and which influence the definition of public policies, besides from submitting relevant topics to the authorities for their discussion and possible regulation.

Arca does not receive any significant financial assistance from governments except for taxing incentives given to technology projects through the Consejo Nacional de Ciencia y Tecnología (CONACYT). Also, no financial contributions are made to political parties or related institutions.

Arca currently participates in 49 Chambers and Associations.

Some of the chambers we currently belong to:

- Cámara de la Industria de la Transformación Nuevo León, CAINTRA
- Confederación de Cámaras Nacionales de Comercio, Servicios y Turismo (CONCANACO)
- Cámara Nacional de la Industria de la Transformación (CANACINTRA)
- Cámara Nacional de la Industria de Restaurantes y Alimentos Condimentados (CANIRAC)
- Confederación Patronal de la República Mexicana (COPARMEX)
- Asociación Neoleonesa de Abogados de Empresa A.C.
- Asociación Nacional de Abarroteros Mayoristas A.C.
- Asociación Técnica de Compensaciones A.C.
- Centro Mexicano para la Filantropía (CEMEFI)
- Instituto Mexicano de Ejecutivos de Finanzas A.C.



4.8



## Arca's Philosophy

### Mission

To be the leader in terms of sustainable growth and profitability in the beverage industry, snacks and other products in Latin America and in the US market, within a social responsibility frame with our people, community and environment.

### Vision

*Always with you to cheer up your life.*

Be part of the joyful moments in your life, any-place, anytime, always close to you, providing you with the best products and services.

Our vision is also a commitment to a reliable, positive and pleasant treatment for everyone that relates to and has contact with our company.

### Values

- Customer oriented
- Honesty and congruence
- Result-oriented
- Teamwork
- Professional development
- Innovation
- Social responsibility

## Corporate governance

Arca is committed to fulfill the law and adhered to the highest ethical and moral principles governing the performance of all the areas at all levels of the company. The structure of corporate governance allows and protects compliance with the best practices of business ethics.



4.1, 4.2, 4.3, 4.4,  
4.6, 4.7, 4.9, 4.10

The Mexican Stock Exchange Code of Corporate Best Practices sets the guidelines for Arca's corporate governance.

We have our own Code of Ethics that establishes the guidelines for the interaction between our employees and with the stakeholders around us, and which is reviewed and updated every two years to improve it. 100% of Arca's employees know the Code of Ethics and the company's philosophy, which is promoted and transmitted via different communication media such as the internal magazine Visión Arca, information bulletin boards, posters, website and publications in the internal portal, VIA (Ventana de Información Arca).

Arca's Board of Directors is comprised by 21 directors including the Chairman of The Board, one Honorary Chairman-for-life, three Vice-presidents, one Secretary of the Board and five Independent Directors. The Executive Committee is formed by three committees: Audit and Corporate Practices Committee, Evaluation and Compensation Committee and Planning and Finance Committee.

These committees, formed only by independent members, assist the Board in the identification and management of the risks and opportunities related to the company's operation and the subsequent decision-making and strategy definition. The executive committee acts as a governing body that ensures adherence to the internationally agreed rules and codes, the policies of conduct and the principles of transparency and corporate ethics generally accepted.

As part of the policies of transparency and of the corporate governance commitment, with adherence to the Code of Ethics the majority shareholders participate only as members of the Board of Directors and the company does not carry out operations with related parties,

avoiding conflicts of interest.

Each member of the Board is elected unanimously by the General Shareholders meeting without influence from the Board, based on their qualifications and professional experience, integrity and honesty, absence of conflicts of interests, knowledge of best corporate governance practices and alignment with the values and philosophy of the company.

In strict adherence to the highest standards of transparency and fostering the communication and open dialogue within the company, shareholders may let their recommendations be known to the Board of Directors through a quarterly telephone conference which they join in order to address their questions to the directors.

Arca's employees and the public in general have a tool through which they can communicate in a safe and anonymous way, any concerns, complaints or suggestions related to the application of the guidelines established by the company's Code of Ethics. This Transparency Mailbox may be accessed by phone at 01 800 000 2722 or through our website at [www.e-arca.com.mx](http://www.e-arca.com.mx). Comments are analyzed by an external consulting agency that evaluates the situation and issues a pertinent recommendation to the area defined for each case.

Procedures of the maximum governing body to monitor business management in the three areas of social responsibility are based on the monthly meetings of the Board and the Annual Shareholders meeting in which all the economic, social and environmental aspects of the company's actions are reviewed, including relevant risks and opportunities, as well as adherence to the company's laws and codes of conduct and principles. There is no method for the evaluation of the Corporate Governance body of the Board of Directors.

2.1, 2.2, 2.3, 2.4,  
2.5, 2.6, 2.7, 2.9



## Company Profile

Arca is a Mexican company dedicated to the production, distribution and sale of soft drink brands owned by The Coca-Cola Company and the Topo Chico brand, as well as of salted snacks and confectionery products of the Bokados brand. Arca is the second largest bottler of Coca-Cola products in Latin America, with operations in Mexico and Argentina.

Formed in 2001 after the merge of the three oldest bottling companies in Mexico, and currently based in Monterrey, Nuevo León in México, Arca has positively contributed to the country's economy through the generation of job opportunities and professional and community development, in permanent commitment to the respect for the individual and the environment.

Arca bases all its operations and efforts on a long-term strategy that will benefit and contribute to the generation of value for every one of its stakeholders and consequently, for the countries where it operates. Trading

in the Mexican Stock Exchange since 2001 under Embotelladoras Arca S.A.B. de C.V., Arca complies with the laws and regulations applicable to public companies of its nature and sector.

With the objective to have more efficient operations, and to offer the highest service to our clients and consumers, in 2008 we rearranged the corporate structure of Arca and which did not have changes in 2009. It is composed by three divisions:

- Beverage Division
- Arca Argentina Division
- Other Businesses Division



## Market Presence

Through operative productivity and efficiency, we have consolidated our expansion products. We serve a population of 25 million consumers in nearly 300,000 outlets with innovative products and services of the highest quality, always focused on satisfying our client's and consumer's needs.

### Mexico Beverage Division

Through well defined strategies for higher productivity, devising projects focused towards operational efficiency, we are positioned as the second most important bottling company in Mexico and Latin America. We are dedicated to the production and sale of drinks of the brands property of The Coca-Cola Company in the areas of Tamaulipas, Nuevo León, Coahuila, Chihuahua, Pacífico Norte and Pacífico Sur. We also distribute Jugos del Valle.



14,776  
employees

### Arca Argentina Division

We are currently focused on the establishment of initiatives for the efficiency of our operations, the expansion of our product portfolio, the improvement of our outlets execution, and the integration of the technological platform to Arca information systems. Divided in 3 operative regions: Región Norte: Salta, Jujuy and Tucumán; Región Sur: Catamarca, Santiago del Estero and the Rioja; Región Este: Formosa, Chaco, Corrientes and Misiones



2,053  
employees

### Other Businesses Division

Committed to constant improvement, and permanently focusing our efforts in the offer of new value propositions to our clients and consumers, with initiatives geared to make our processes more efficient; the launching of new brands and products aligned with market needs, based on strict quality control, and the opening of new territories, improving our service every day. The companies comprised in this Division are: Compañía Topo Chico, that produces and distributes Agua Mineral in Mexico; Bokados, with plants in Santa Catarina in Nuevo León and in Ciudad Obregón Sonora, both snacks and confectionary products, like Mazapán Azteca; Interex, distributor of mineral water Topo Chico, Topo Sabores and Bokados snacks in the most important cities in the United States; Planta Ciel Juventud, company dedicated to the production and sell of purified water in jug presentation and IPASA, a company that produces and distributes plastic boxes. Additionally, we handle the vending machines business, a channel with huge potential and growth.



2,207  
employees



# Positive value process



## 1. Suppliers

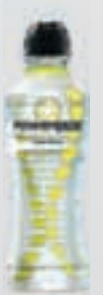
We understand sustainability as a wide value process; this is why we look to integrate our suppliers to our social responsibility principles and contribute to their development.

80% of purchases are to Mexican companies

## 2. Production

We are focused in integrating, measuring and controlling our efficiency and sustainability indicators in each of the areas and productive processes or the organization.

Mexico: 12 production plants  
9 plants certified with the Certificado de Industria Limpia (MCU)  
Argentina: 4 production plants





## 4. Client

We sustain a day to day value dialogue with our clients to be part of their growth and to contribute to the economic development of the communities we serve.

Mexico: 214,000 outlets  
 Argentina 94,000 outlets



## 5. Consumer

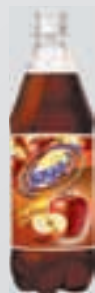
The reason of our daily activities is to be near our costumers offering them moments of joy as well as a wide range of innovative products that suit their needs.

Mexico: Population served  
 16 million  
 Argentina: Population served  
 9 million

## 3. Distribution Centers

We have established specific projects for optimization and efficiency of stores and distribution routes in order to diminish our environmental impact and to better serve the clients.

Mexico: 57  
 Argentina: 25





**At Arca we operate** in strict adherence to labor laws and regulations and our employees are treated with respect, equality and justice. It is clear that our actions regarding quality of life at the company must begin with the respect for human rights and a permanent search for opportunities of development, success and professional growth of our employees.



4.5, LA1, LA2, LA3, LA4, LA5, LA6, LA7, LA8, LA9, LA10, LA11, LA12, LA14



Principle 1 | 2 | 3 | 4  
5 | 6 | 10



Best Place  
to Work

The salary and benefit plan for our employees considers competitive salaries and benefits that are based on the labor market and job profile and responsibilities, regardless of gender and abiding by the legislation and rules established by the company.

Arca also provides a bonus plan for managers and directors which is granted on the basis of their performance evaluation and on previously defined objectives.

All of our unionized and non-unionized employees receive a fair and competitive salary determined by a wage and salary tabulator that does not take into account the worker's salary; it determines it according to the job profile and the competences of the employee, based on the corresponding laws. The lowest salary in the company is 2.5 times higher than the minimum salary on the area where we operate.

Our workers receive an attractive package of additional benefits above those required by labor law, including among others, a savings plan, disability subsidy, life insurance, Christmas bonus, vacation plan, market coupons, seniority bonus, and Sunday and holiday bonus. Also provided are health insurance, disability coverage, maternity or paternity leave, retirement fund, and in case of any restructuring of the company's operational processes; our internal policies require us to give a minimum of two weeks previous notice to our employees according to the collective bargaining agreements.

We currently have 10,398 unionized workers who may be under a definite or indefinite term contract, depending on negotiations with the local union and the type of work shift, which can be day, night or mixed. The rest of non-unionized company workers work during the day and management and top executive employees work under an open-term contract.

**Total employees listed by age group and gender**

Age	Women	Men
18 to 25	244	2,653
25 to 40	677	9,876
40 or over	122	3,952

\*Data includes Company, Mexico Beverage Division and Other Businesses Division.

As an inclusive company and supporting gender equality, in Arca we intend to increase the number of women being hired and its participation in the company, as well as that of other minorities and the disabled.

9.97%  
Employee turnover

15,072  
Employees  
in Mexico  
\*includes company



4.12, HR1, HR2, HR3, HR4, HR5,  
HR6, HR7, HR8, HR9, S03, S04



## 100% of employees

know the Code of Ethics.

In an effort to generate job opportunities for disabled individuals, the company actively participates in the Movimiento Congruencia which promotes equal opportunity and facility adaptations to make them accessible to people with disabilities.

### Rights, Freedoms and Values

Respecting individual rights is a fundamental pillar of the company's management.

*Arca's Code of Ethics includes the specific guidelines of behavior and interaction among employees and with stakeholders, who are informed of the Code to ensure its compliance in all operational areas.*

In regards to the subject of corruption, our Code of Ethics governs the guidelines of employee behavior as well as the sanctions and corrective measures in case of its violation. 100% of the personnel have been trained on the Code of Ethics and in 2009, there were no corruption-related incidents reported.

Arca is a company that promotes and abides by the United Nations Global Compact, which encourages companies to apply the ten universally accepted principles in the areas of human rights, labor standards, the environment and anti-corruption. Arca adhered to the Global Compact in 2005 and we continue to observe its ten principles in all our actions.

Regarding principles 3, 4, 5 and 6 of the Global Compact relating to the main freedoms and rights of workers, we support the freedom of association of our personnel and recognize that collaboration between the company and the union leads to better working conditions for our employees, thus, 59% of our total employees are covered by a collective bargaining agreement.

Arca develops an inclusive policy that fosters a framework of equality and fairness for our people. We seek to eliminate any form of labor and occupational discrimination and we declare that in 2009, the company registered no cases of discrimination by race, gender, religion, political views or social origin as defined by the International Labour Organization (ILO). There is no child, forced or compulsory labor within the company, and we will always prevent any action that violates these rights. In order to foster respect for the main freedoms of individuals, Arca promotes the Coca-Cola Suppliers Principles Guide which establishes the human rights issues that should be taken into account when considering our suppliers. Our main distributors and contractors are analyzed regarding subjects dealing with human rights



following the guide and Coca-Cola and based on the guide they are also certified. Arca asserts its commitment to the inclusion of human rights clauses in contracts with its largest suppliers.

### Health and Safety of the employee

Arca, has prioritized its management of risk prevention and the fostering of a culture of safety in the workplace that will control and minimize the risks associated with labor activities, always pursuing the integrity and well-being of our people. We recognize that we are compelled to ensure a safe environment for everyone around us, therefore a culture of health and safety is promoted in all our operations as well as compliance with all laws, rules and regulations regarding safety.

Our business units have Safety and Hygiene Commissions where 100% of the work force is represented and where joint work between personnel and the union leads to an open dialogue on the subject of risk prevention and industrial safety. The collective bargaining agreement and its internal regulation, safeguarded by labor authorities, also cover labor health and safety aspects. In regards to the NOM 19 Mexican standard set by the Secretaría del Trabajo y Previsión Social (STPS), the company has a Health and Safety Committee formed by management and our associates, in which 8% of them participate providing advice on these subjects.

Through the Coca-Cola Safety and Occupational Health System (SSO), we establish the standards and protocols for permanent control and training on health subjects and the procedures for contingency response.



In relation to our employees health, we assign time and resources to educational programs and activities that promote a healthy lifestyle and allows them to have a better quality of life. Arca has a Health Week Program that provides assistance to our employees

and their families which consists in education and advise on safety and health matters such as risk and control prevention and personal hygiene, vaccination campaigns, detection of chronic-degenerative diseases and start of obesity and hypertension treatment.

All of our plants carry out periodic emergency evacuation drills that allow spreading the procedures to be implemented in case of an emergency.

As an additional effort to prevent accidents, the company has an Incident Management and Crisis Response system (IMCR) that allows us to maintain a constant diagnosis of possible risk situations, determines a plan to prevent them, and minimizes the possibility of its occurrence.

We did not have fatal victims in 2009 due to labor accidents. In the event of such a situation, we apply the NOM 21 STPS-1994 standard (formats CM2A, CM2B), the IMSS (ST-7) and the Annual Statement of labor risk premium. We consider that there are no occupations which present a high risk of getting professional diseases.

In order to get our personnel to achieve a responsible performance, consistent with our values and Code of Ethics, we have set the commitment of including human rights subjects in training and induction courses of our safety personnel.

4.34%

Accident rate

18.33%

Rate of missed days  
due to non-professional  
illness

2.32%

Absenteeism rate

\*Data taken is based on 50 labor weeks of 40-hours per 100 employees. Thus, the rate is linked to the number of workers and not to the number of hours.

### Professional Development and Training

We are convinced that the main strength of the company is its people; therefore we are decidedly committed to developing their potential. We understand that motivation and constant improvement of our people translates in better results for Arca.

*We acknowledge that professional growth reflects on personal success as well as company progress; that is why encouraging, training and projecting our work team is a fundamental part of the human capital principles.*

The Deepening Values Program has the objective of promoting positive values that will foster integral human development of our personnel. This practice has been recognized as Best Practice in Corporate Social Responsibility in 2009 by the Centro Mexicano para la Filantropía (CEMEFI) in conjunction with Alianza para la Responsabilidad Social Empresarial (ALIARSE). As of this date 16,964 people have participated in this program which is transmitted to the internal community through our internal magazine Visión Arca, which includes stories related to situations being faced by our society and how to confront them with integrity and adherence to the highest human values.

In order to develop the abilities of our personnel, in 2008 we started the Arca Master's Program together with the Universidad Regio-Montana, which is taught on-line, and is designed to impart the specific competencies of our company in areas such as administration, logistics and marketing, among others.

Moreover, we have an E-learning training and education platform that applies the most up-to-date tools in Information Technology to train our personnel in different business processes as well as to bring the Arca team up to speed in the knowledge of the English language. Arca not only promotes company training through various programs and modes, but also offers scholarships for extramural education at middle or higher education centers.

We actively promote among adult associates the opportunity to conclude their elementary, secondary and high school education studies. For this purpose, Arca has worked in partnership with the Instituto Nacional de Educación para Adultos (INEA) to launch an adult education scholarship program inside the company. The investment has been permanent in all territories; from the start of the implementation of the initiative in 2009.,

With the purpose of providing fair and equal development opportunities and detecting opportunity areas that will allow us to contribute to the improvement of their professional development, we carry out performance evaluations of our people. 100% of area head managers and directors are evaluated every two years.



**Average hours of yearly education per employee;  
broken down by category.**

	Total employees	Training hours	Trained employees
Sales	7,247	217,315	6,262
Administrative	370	7,920	331
Production and Operative	6,921	281,532	6,049
Human Capital	614	26,699	572
Corporate	295	2,298	115

**14.8**  
million pesos  
invested on personnel training  
and development.

**7,829**  
courses and  
training programs  
for our personnel.



## A change for the communities

**It is our commitment** to invest time, experience, knowledge and resources to provide economic opportunities to improve the quality of live and foster the development of communities where we serve. Communication, dialogue and the shared responsibility with the community have allowed us to find sustainable solutions of mutual benefit.



Arca's programs of community collaboration can be divided into two subjects: projects for the promotion of active and healthy lifestyles, and the programs focused on addressing the specific needs of the community regarding education, integral development and general well-being.

### Active and healthy lifestyles

At Arca we worry about the health and quality of life of individuals, that is why we foster active lifestyles that will contribute to form healthier communities. By promoting sports and recreational activities as well as infrastructure support, we keep up a positive message on the importance of maintaining healthy lifestyle.

One of the most important initiatives regarding our effort to promote health in the communities is the Escuelas en Movimiento program, launched in 2008, which seeks to promote physical activity and good eating habits among children of the different territories where Arca operates.

The program includes the creation of polyvalent sports areas to facilitate the practice of physical education programs of every school. In Monterrey, Mexico, this program has been applied at 40 schools and has benefitted over 21,000 children.

In a partnership with the State Government the program was extended this year to the cities of Chihuahua and Cd. Juárez, Mexico, where 20 sport spaces were rehabilitated, benefiting more than 15,000 children. In addition, we have entered into agreements to equip sports facilities with infrastructure to extend the benefit of physical activity to the community in general.

As part of our efforts to promote sports in the communities, the Monterrey Maratón Powerade took place for the fourth consecutive year in 2009. On this occasion, the event had a recreational focus in order to promote community health in general through the permanent practice of physical exercise; 2,500 people participated in the race, making this marathon the third largest in Mexico.

For the first time in Mexico, the "Inscripciones de Valor" option was implemented for the marathon, a project that joined the Artists & Runners for Human Rights, Mexico Association (ARFHRM) to promote human rights in the communities.



EC8, S01



Principle 1



Healthy lifestyles  
and Community

## 60 sports facilities

benefiting more than 36,000  
children of elementary-school  
level with Escuelas  
en Movimiento.



## 85,000 youngsters

took part in the 2009 Coca-Cola Soccer tournament.

Due to the efforts and courage of the runners and the commitment of the marathon, 300,000 pesos were delivered to 15 charity associations which will go to different causes and will have a positive impact on people and communities.

As part of the efforts in favor of the promotion of health in children, we organized the Mini Maratón, a 4.2 km race that promotes physical exercise among children and family integration. This year we registered the participation of 2,500 runners.

It is important to point out that our efforts to promote an active and healthy lifestyle are also carried out inside the company, allowing the company to participate in the marathon with a team of company-sponsored runners.

As every year, Arca and The Coca-Cola Company organized the most important inter-school soccer tournament in Mexico to promote physical activity among kids between the ages of 13 and 15 in more than 5,000 schools.

During 13 years of this tournament, we have encouraged more than a million kids to adopt positive living habits through the practice of sports.

### Community programs

One of the most important components of the Arca Social Responsibility Model is the commitment of the company to the communities where it operates, through dialogue, permanent communication and the implementation of various programs of community support.

*In Arca we are focused in attending the expectations of the communities and in being their ally for development.*

For 23 years, Arca, through the Asociación Nacional Pro Superación Personal (ANSPAC), has supported the wives, mothers and daughters of our workers as well as families located in communities in the vicinity of our work centers. The activities carried out focus on integral development through courses on humanistic formation, lectures and handcraft training that might enable participants to work at home and receive additional family income. Currently, almost 1,000 people participate in the 22 ANSPAC centers we have.

As part of our commitment to reach out to our stakeholders, Arca has implemented visit programs that provide better mutual understanding and approachment to maintain a close relationship. Misión Coca-Cola consists of school visits to our plants for students and the general community to give them the opportunity of getting to know our work centers and our production processes.



The company has not identified any indigenous communities which could be affected by our operations, therefore, there were no incidents related to violation of indigenous peoples' rights in 2009. In Chihuahua, Mexico, Arca has built a close relationship with the indigenous communities of the Sierra Tarahumara, through the participation of associates of the region in volunteer activities that support specific needs of these groups.

The Voluntariado Arca program, created in 2004, has set an example of coordination and community outreach. In 2008 it was recognized as Best Practice in Corporate Social Responsibility by the CEMEFI, and in 2009 it had the participation of associates of all levels, benefiting a huge number of people.

This program provides our employees the possibility to carry voluntary contributions which are managed by each local Volar Committee in the different cities where we operate, and are applied to aid projects that they themselves define. In fulfillment of our commitment to social responsibility and our associates, Arca matches the accumulated volunteer contributions.

As part of this program, the Día del Voluntariado Arca is organized every year to strengthen our values, our thinking, and above all, our character and conduct.

As part of our culture of preservation and care for the environment, we promote programs among the communities where we operate; this year the volunteer activity was “Siembra un Árbol y Cosecha Agua” in which more than 2,500 volunteers participated. In 2009 we were able to plant more than 14,500 trees in our territories. Indisputably, this has been one of the most important social reforestation activities in our territories, carried out with the technical guidance of Pronatura Noreste ,A.C., a very respectable mexican institution on this matter.

Through the Eco Clubs we have managed to create an awareness of the importance of preservation of the environment in primary school students throughout Mexico by means of talks on the importance of caring for the environment. Likewise, these participating schools have established centers for collecting PET bottles within their own schools facilities.



## Social Responsibility at Arca Argentina Division

Arca Argentina Division has implemented important social responsibility initiatives and programs.

In education matters, the Futuro Cercano program provides scholarships for students with socio-economic problems in Formosa and at the same time, Junior Achievement Foundation supports entrepreneurship among elementary and high school students.

Regarding health matters and the promotion of active lifestyles, the Dale Juguemos program encourages children to maintain physical activity during their school recess. Furthermore, the Copa Coca-Cola soccer tournament also took place in Argentina with the participation of 48 teams. In addition, Children's Day and Worker's Day were celebrated with the families of our employees.

Among other activities, donations were made for victims of the flooding caused by a river in the city of Tartagal and on the other hand, an environmental care program was carried out in the province of Salta.

Due to these efforts, Arca Argentina Division received in 2009, the Martearena Foundation prize in the “Companies with strong social commitment” category.

**More than  
2,500 volunteers**

participated in the Día Anual del Voluntariado Arca

**14,500 trees**

planted in Arca's territories.



**Our leadership** is sustained on the value of our brands and the strategy of satisfaction of our clients' needs with quality products, tradition, prestige and always offering an excellent service.

service

Maintaining a permanent and open dialogue with clients and consumers through mechanisms of attention and response to their comments and needs is a priority to the company.



PR1, PR2, PR3, PR4, PR5,  
PR6, PR7, PR8, PR9



Benefits of  
our beverages

Responsibility of our products is specifically exerted on two fronts: clients and consumers. We are committed to our clients to act as their associates, understanding that their improvement, efficiency and development strengthen us and fulfill our social responsibility commitments. Towards our consumers we will continue offering traditional and prestigious quality products and an excellent service that satisfies their needs.

We distinguish ourselves for our meticulous and responsible performance in all aspects of our products' life cycle through efficient and sustainable processes and systems. Starting with production, introduction of new categories and presentations that complement the needs and lifestyles of consumers, to the advertising, labeling and display of nutritional information, we incorporate the best responsibility and sustainability practices.

## Towards our clients

Attention to our clients and the efforts for their improvement and development are the axis on which our relationship with them is sustained. We believe that transparent communication and support for their needs generates confidence in our products and services and foster positive, long-term relationships.

Confidentiality of our clients' information and data has always been a top priority for us; thus, in 2009 we have not had any complaints regarding violation of information confidentiality.

Some of the programs that have been developed in partnership with customers to support their growth and fostering best practices are:

### Route to Market (Ruta al Mercado RTM)

By aligning the knowledge, experience and effort of different areas of the company, we have consolidated an integral service strategy to address in a more efficient and close manner the needs of our customers. Every improvement in our distribution chain impacts our clients in a positive way, allowing them to make better use of their resources and attend their markets more effectively.

The new Route to Market strategy (RTM), is centered on client development through the use of specialized resources that will optimize promotion efforts, develop more productive routes and improve market execution.



**Benefits of RTM for our clients are:**

- Increases their satisfaction index
- Raises level of sales
- Develops the sales force by making it more specialized with clearly defined responsibilities and better tools for job performance
- Receive better market attention in time and manner as well as a better quality of service
- Improves their levels of performance.

**Cold Front (Frente Frío)**

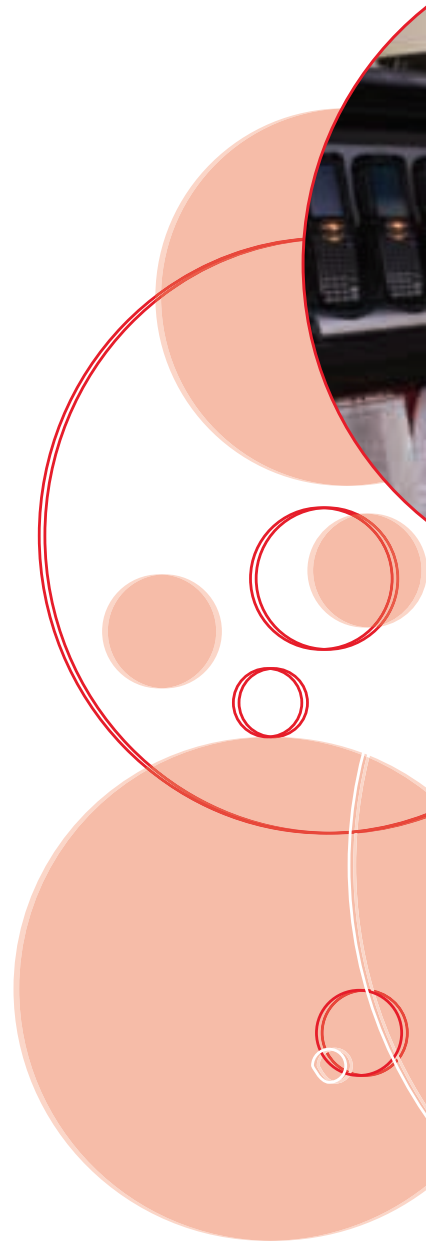
Through Cold Front, more than 25,000 refrigerators free of CFC's, with specialized technology to reduce energy consumption, were installed in the market. This is another way in which we carry out our commitment with the conservation of the environment; as well as our clients' expectations by offering them a cold, quality product.

**Distinguished Partner (Socio Distinguido)**

Arca has programs to support clients' growth, like the Socio Distinguido program, intended to Amigo Seguro program that facilitates them the the acquisition of liability insurance.

In order to strengthen our relationship with the clients and increase the degree of collaboration with them, the Socio Distingui-

do program is based on a Collaborative Model that leads to the development of strategic partners. This program pretends to develop micro-entrepreneurs by promoting their continuous improvement through training and motivation, while at the same time generating value for the company.





### Handheld

As an initiative to modernize, consolidate and make the production, storage and sales processes more efficient, the technological infrastructure was modernized with the “hand held” management system. This technology allows a better control of inventory levels and truck loads, and leads to timely and accurate deliveries to our clients.

The SIC telephone line constitutes a communication line for our clients through which we receive comments, complaints and suggestions that allow us to find out about their expectations and needs, and meet them in a better way.

### To the consumer

*At Arca, we understand that a fundamental part of our responsibility to make a positive difference in the country is based on the offer of better product alternatives to satisfy our clients' needs and expectations and the excellent service they deserve.*

### Responsible Marketing and Advertising

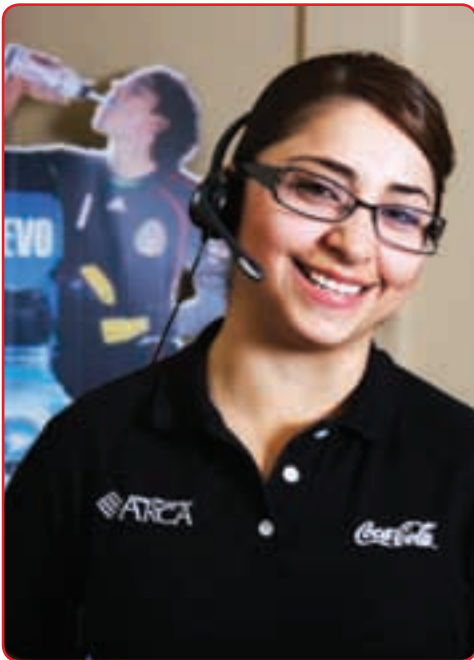
The strategy of communication and promotion of our products is based on adherence to applicable laws and codes, as well as on marketing responsible practices.

We are responsible for the content and quality of the information that consumers receive about our products. Abiding the World Health Organization's guidelines and showing our commitment to children's health, in 2008 Arca adopted the Code for Self-regulation of Advertising of Foods and Beverages aimed at child audiences (PABI Code), which establishes the specific guidelines for transmission of child-oriented advertising of foods and non-alcoholic beverages, seeking to promote healthy lifestyles.

The PABI Code suggests that all advertising spots abide by the following principles:



- Legality
- Honesty
- Decency
- Veracity
- Dignity
- Fair competition
- Health and well-being
- Childhood protection



The company is compelled to inform the consumer in a clear, open and truthful way about the contents of our products displayed in the packages and labels through detailed information that will allow the consumer to decide on its consumption.

To achieve a balanced diet, consumers need to know about the contents of every product they consume. Therefore, the Coca-Cola Company has started to include in the labels of its beverages, the Daily Nutrition Guides (DNGs), simple graphs that inform about caloric content, sugar, fat and sodium in every beverage.

Also included is the percentage for recommended consumption of these ingredients in a diet of 2,000 calories per day. The DNGs are already in Coca-Cola containers and will soon be present in all our products.

This labeling system is aligned with the recommendations of the Consejo Mexicano de la Industria del Consumo (ConMéxico).

Due to our responsible communication strategy and compliance with communication laws, the company did not register through 2009 violations of any regulation related to the supply or use of its products and services.

At Arca we believe that listening, informing and ensuring compliance of consumers' rights is one of the basic ethical pillars of service to Coca-Cola. To ensure this, we have a consumer service line that is printed in all of our packages. This line was established 8 years ago and has attended more than 2 million calls. The HOLA line is a centralized call system that collects data and generates complaint information. Each call has a response deadline of 2 to 7 days, depending on the actions needed for its attention.

Due to the information generated by the system, we are able to obtain data to provide better attention for our consumers, and to support every area to adapt their strategies to their main demands.



## Customer Health and Safety

At Arca we have detailed processes aimed at ensuring and monitoring the quality and harmlessness of our products. Permanent internal and external evaluations are performed covering the whole lifecycle of the product, from purchase and reception of raw materials, to production, storage and distribution to the costumers.

*Periodically, a random sampling of the product is performed and submitted for auditing to monitor compliance of quality levels and safety of the processes demanded by Coca-Cola.*

External evaluations are centered on an annual Compliance Audit of the The Coca-Cola Company, which verify that the specifications, regulations and requirements are complied in the operation. There is also an annual Risk Assessment Audit, carried out by Coca-Cola Mexico, which seeks to determine the risk level of processes and facilities that might affect the quality and harmlessness of the product.

Internally, the following monthly audits are carried out: Internal Quality and Safety Audits of processes to monitor compliance with ISO 22000, ISO 9001 and PAS 220 standards; TPM Audits to verify freshness and handling conditions of the product; Fountain Audits to verify all of the customers in terms of Quality, Safety and Hygiene.



Besides these evaluations, the Chihuahua plant is certified by an internationally third party (EQA) with clearance in the ISO 22000 standard, and we look forward to continue this process in 2010. At the moment a plant is certified, maintenance audits are performed every six months by the certifying body to ensure the continuity of the management system.

The quality of the water used in our products is a matter of paramount importance. Every year samples of source water and treated water are sent to the Entidad Mexicana de Certificación, certified external laboratories, where their physicochemical, microbiological and heavy metal attributes are monitored and certified to their compliance with the specifications established by the Secretaría de Salud] and the World Health Organization.

In 2009, no cases were registered of violations by the company of voluntary regulations or codes related to the impact of products and services on the health and safety of consumers.





**Care and preservation of the environment**, the continuous development of sustainable technologies and optimization of our processes will continue to be our long-term commitment.

reduce

Reduce, replace and innovate are priorities of Arca's environmental sustainability and of the culture of all who are part of this great company.



EN5, EN6, EN7, EN9, EN10, EN16, EN18,  
EN22, EN23, EN26, EN27, EN28, EN30



Principle 7 | 8 | 9



Environment

Our commitment to caring for the environment and the use of natural resources is shared by each and all of our stakeholders. This is a daily task and teamwork with our employees, clients and suppliers. We must reduce the company's environmental impact, and meet our short and long term goals for future generations. With an investment of over 32 million pesos in environmental projects only in 2009 we reassert our commitment to a sustainable operation of all our processes.

From our total of plants, nine have the Clean Industry certification, and 2 are, currently working in their action plan. All plants comply with the evaluation requirements of the Coca-Cola Quality System in regards to the environment.

At Arca we have an environmental strategy that guides our efforts towards three fundamental themes: water, climate and packaging.

## Water

Water is our main raw material, and we recognize it is a resource that is becoming more and more limited. Because of this, our greatest concern will continue to be its care and preservation in all the communities where we operate.

The three topics that form this strategy are:

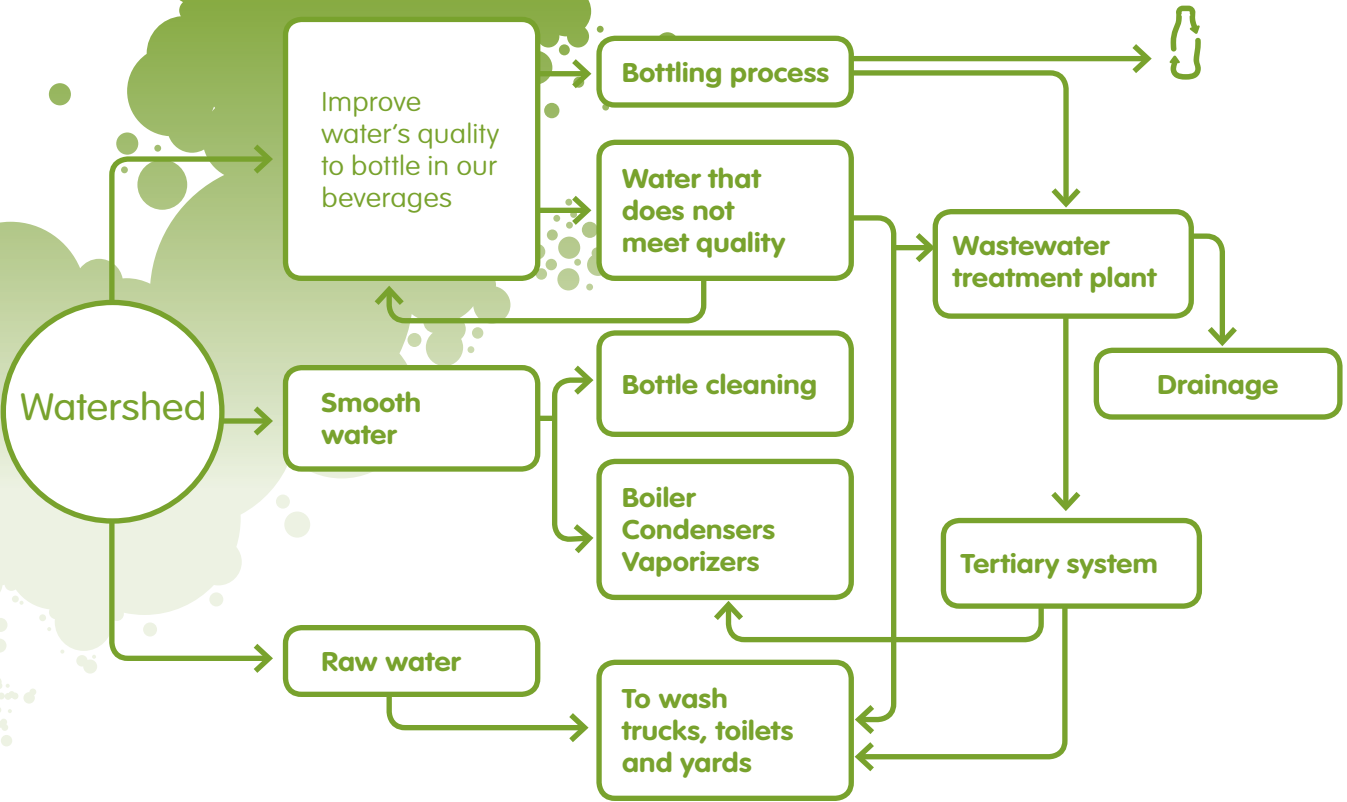
*To take care of this vital resource and as part of our sustainability strategic plan, we promote the Water Management Program, in all of our plants.*

- Reduce water consumption in the production of our beverages,
- Recycle water and promote savings and efficiency,
- Reuse wastewater and discharge water that complies with our environmental policy and that exceeds the standard requirements on the matter.

Aware of the vulnerability of water sources that supply our plants and the environmental risk linked to the shortage of the vital liquid, we have focused our efforts on reducing consumption of water as well as the preservation of our supply sources.

**17 million**  
**invested**

in projects  
for water care



**1,000,000 liters of water**

infiltrated per reforested hectares

In partnership with Coca-Cola and the World Wildlife Fund (WWF), in 2007 we launched the Water Source Vulnerability Protection (SVA) project in our territories. This project, along with the Source Water Protection Plan (SWPP), identifies the impact of our water supplies and seeks to mitigate it and take precautionary measures focused on preventing the depleting and contamination of the source.

The Coca-Cola Company and the bottling system, in alliance with Pronatura A.C., started in 2008 the Programa Nacional de Reforestación y Cosecha de Agua whose goal is to recover 25,000 hectares of forest at strategic sites of the country to foster continuity of the hydrologic cycle. Arca's participation in this program is part of the actions to protect and mitigate the impact on the water basins that supply our territories, and includes 17 states in Mexico where we operate.

In 2009, only in Arca territories, more than 1 million trees were planted in 1,082 hectares with native germplasm of each region, which increases the survival probabilities of the plant. In addition, soil conservation work was carried out in 1,080 hectares that contribute to the capture and infiltration of water into the subsoil, recharging the water tables and supplying the water basins.

**Reforested hectares**

State	2008	2009	Total
Baja California Sur	0	92	92
Chihuahua	0	200	200
Coahuila	15	360	375
Nuevo León	228	430	658

### Trees planted

State	2008	2009	Total
Baja California Sur	0	85,041	85,041
Chihuahua	0	290,000	290,000
Coahuila	15,000	291,000	306,000
Nuevo León	200,000	440,000	640,000

### Land work hectares

State	2009
Baja California Sur	90
Chihuahua	200
Coahuila	360
Nuevo León	430



To facilitate transportation of the plants to greenhouses, in 2009, two 4.5-ton trucks and a trailer were donated to Pronatura Noreste, A.C. to facilitate moving 300,000 plants and contributing to the fulfillment of the goals of the program.

Simultaneously and with the firm objective of developing more and more sustainable communities, this project bolsters local economies and seeks to minimize the pressure on forests. In this sense, we support two communities in Laguna de Sánchez, Nuevo León through environmental education and the construction and/or habilitation of a community greenhouse that will produce plants native to each region and provide production areas for the community.

*In the same way in which we reduce water consumption by source, we optimize its use in our production plants becoming more and more efficient.*

We also monitor the process by means of strict audit and measurement and control programs that are permanently carried out at 100% of our plants which helps improve efficiency in water usage.

Our program for rational use of water, led by the eleven water saving committees, has the main objective of directing all processes in our plants towards the reduction of water consumption in the production of our beverages. The program considers the implementation of new technologies that reduce its use in production processes, such as bottle washing with ionized air, the construction of wastewater treatment plants and the inclusion of tertiary and reverse osmosis systems. At the date of this report, ten of our Coca-Cola bottling plants have a wastewater treatment plant; two have tertiary treatment systems and one has filter retro-washing recovery and sludge purging.

Regarding wastewater, in 2009, we continued with water reuse programs in internal processes of our plants such as lawn watering, chilling, truck and vehicle washing, restroom flushing and boiler systems, generating savings in the consumption of water.

At the same time, we promote through constant training a culture of efficient and rational use of water among associates. 100% of production personnel were trained in 2009 on issues dealing with the care of the environment and water usage.

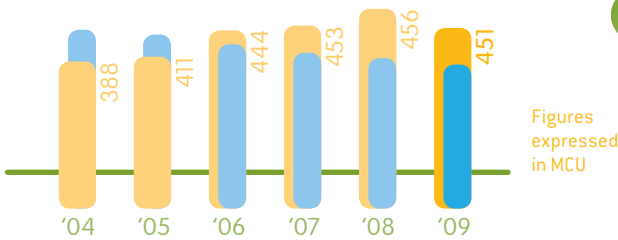
As part of our commitment and complying with Nom-002-SEMARNAT-1996, the water we discharge into the municipal sewage system is treated to eliminate contaminants that might affect other bodies of water.

## Reduce water consumption

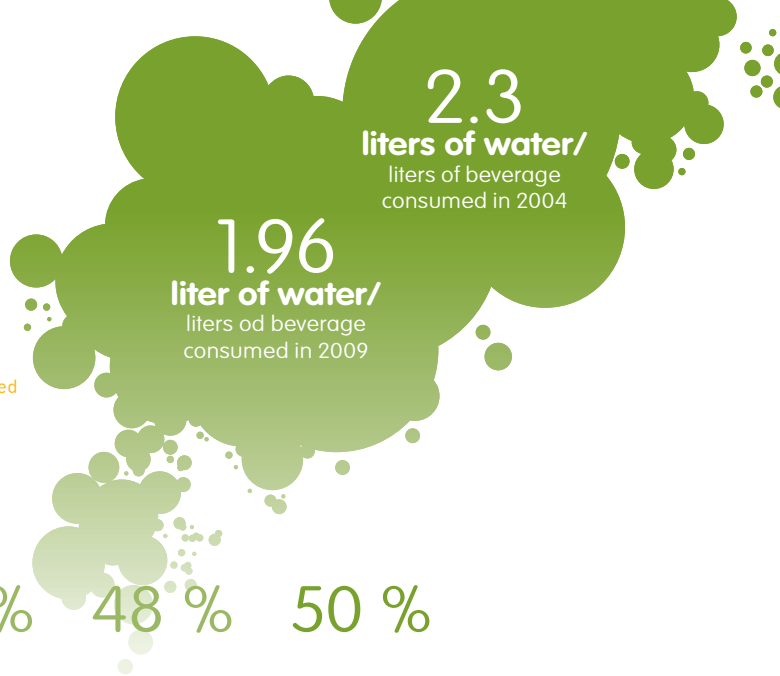
is our permanent commitment.



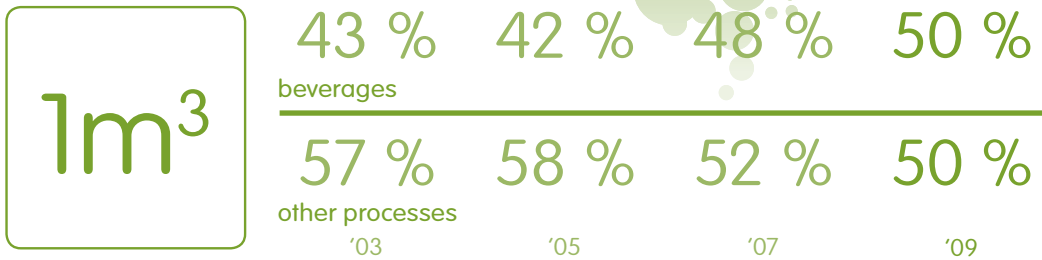
**Water consumption/ liter of beverage vs production**



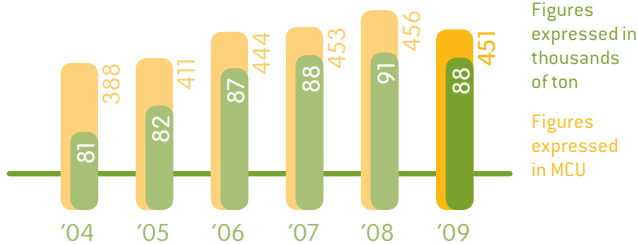
Figures expressed in MCU



**Efficiency ratio in water consumption by m<sup>3</sup>**



**Emitted Co<sup>2</sup> tons vs production**



Figures expressed in thousands of ton

Figures expressed in MCU

**8%** increment in CO<sup>2</sup> tons emitted

**20%** increment in production

In the last years we have accomplished our ambitious objectives to improve water and energy use showing a tendency of constant efficiency in time. In order to keep fulfilling our objectives, we will continue to implement audit and control systems, we will make important investments on reduction and reuse of water technology and we will innovate in the production processes.

**Energy saving**

**Investment on energy**

has entailed over 11 million pesos on monitoring and measurement, energy diagnosis and clean energy lamps.

Our business will continue to grow, but we cannot say the same about our emissions. We are committed to permanently reduce consumption of energy and emissions into the atmosphere.

On energy matters, efforts center on several initiatives aimed at reducing, replacing and innovating.

Through our energy efficiency programs and audits we carry out the necessary actions for rational and efficient use of energy in all our production plants, distribution centers and our distribution chain.

## Reduce

As part of our efforts to reduce energy consumption in the production processes, we have implemented monitoring and diagnosis of energy consumption and generated emissions. We have also designed the Programa Invernal de Ahorro to reduce energy consumption during the winter months by re-designing work shifts, reducing them from three to two. The program lasts from the last week of October until March, months during which high-energy consumption equipment is used during a shorter period of the day without reducing personnel or work teams. This program has managed to save 300,000 kw/hr per year.

Other initiatives and innovations that have allowed energy consumption and emissions reductions are:

- Innovation in the loading capacity of our trucks, which reduces the number of trips needed for the longer allocation of products.
- Use of electric forklifts at our warehouses and plants.
- Installation of high-efficiency motors at production plants.

Monitoring of fuel efficiency indicators allows us to detect opportunity areas and become more and more efficient in fuel consumption; example of this are the "Fully" configuration trucks and the "Drop and Hook" system aimed at reduction and optimization of transportation of the product to the distribution centers.

## Replace

We are committed to the expansion of our production and distribution centers through the use of new technologies that reduce energy consumption, substituting engines, pumps and lamps, for equipment that will use renewable sources for its operation.

In 2009, we carried out transitional initiatives towards the use of sources of renewable energy in administrative offices, production and distribution centers and the vehicle fleet and chillers, such as:

- Installation of energy-saving lighting
- Introduction of hybrid trucks in the distribution routes

## Innovate

Together with our suppliers, we have developed technologies that reduce energy consumption of our coolers and in turn, the greenhouse emissions into the atmosphere.

*Innovation in the way of doing things and the technology used in our operations has always been a constant that has allowed us to cut costs, optimize use of resources and minimize the environmental impact caused by our operations.*

A 100% of our coolers in the market are CFC-free and are fitted with energy saving devices that allowed in 2009, a reduction of more than 9 million kw-hr-año.

## We intend to maintain

the carbon footprint generated in 2004 until 2015.

## Our plants do not generate emissions

from direct energies.

Energy saving committees were created at four production plants as part of the process of awareness and efficient management of energy use; their main duties are:

- Organizing and carrying out periodic energy inspections.
- Integrating energy efficiency initiatives into the production and operation processes.
- Recognizing plant personnel for achieving goals of optimization and savings.

## Packaging and Waste

Our responsibility does not end with the production of quality foods and beverages; the nature of our packaging materials, as well as the information on the labels, is part of a responsible strategy that covers all aspects of our performance and products.

**33%**  
of our packages  
are returnable

**67%**  
of our packages  
are non returnable

For Arca, the development of lighter packaging is a priority, so we have invested 25 million pesos in this initiative. In 2005 we started the bottle-lightening plan through which, only in 2009, 2,500 tons of polyterephthalate ethylene resin has been saved.

In 2009, we initiated tests to add recycled materials to our PET bottles, through which we intend that by 2010, 5% of the total resin used will come from recycled materials, until reaching 15% over time.

We decidedly support all the initiatives promoted by ECOCE (Ecología y Compromiso Empresarial), a civil association of which we are founding members. Through the association we support the most important non-returnable PET bottle picking program in Mexico, with a nationwide scope. Thanks to the

ECOCE effort, 100,000 tons of PET were collected in 2009, representing only 22% of the universe of PET bottles in the market.

A company of our size, volume of operations and production level, generates an important volume of waste, which responsibly classified and handled may have a positive impact on the areas surrounding the production centers. At Arca, we constantly worry about handling waste in the best possible way to avoid damaging the environment.

Through reuse and recycling of the different materials used in our production processes, we have achieved an important reduction of waste, always abiding by the law and committed to the search for alternatives that will generate even more reductions.

### Solid waste recycled or reused (Tons)

Cardboard	Glass	PET	Aluminum	Twist cap
9,090	5,363	1,089	87	1,603
	Plastic	Metals	Wood	Other
	1,545	900	860	2,757

**8,566**  
tons of garbage were  
used as sanitary landfill

**381**  
tons of dangerous  
wastes were confined

**72.25%**  
of our water  
is recycled

**32,242**  
tons of  
solid waste

In 2009, we have not suffered any spoil derived from our operations, nor the company has been subject to any sanction or fine for non-fulfillment of an environmental rule.





## **Informe Report on the Independent Verification of the 2009 Social Responsibility Report of Embotelladoras Arca S.A. de C.V.**

### **Our work's scope**

The present independent verification consisted on a revision of the content and performance indicators presented in the Social Responsibility Report Arca 2009.

Our revision was based on the IASE 3000 standards and the Global Reporting's Initiative methodology, version 3.0 (GRI G3) for the preparation of sustainability reports.

### **Verification process**

The responsibility of Redes Sociales LT, S.A. de C.V. consisted on revising the document's content, for which a series of interviews were held to the diverse areas in Embotelladoras Arca who are related to the sustainability of the company and that actively participated in the report's elaboration.

Equally, diverse analytical procedures and revision tests were implemented for sampling, which we here describe:

- Analysis of gathering and information validation processes.
- Confirmation of the central indicators included in the Report.
- Meetings with personnel in charge of the Report's elaboration, in order to know the principles, business model, sustainability model, working ways and the management of programs related to sustainability.
- Consistency of the 2009 Report with the 2008 Report, in relation to indicators, program follow-up, information depth and increase of indicators.
- Verification of quantitative and qualitative information on the 2008 and 2009 Reports, based on the selection of GRI indicators.

## Conclusions

Based on our revision, we do have any reason to consider that:

- Arca's 2009 Social Responsibility Report has not been prepared based on the Global Reporting Initiative's framework for sustainability reports in the 3.0 version.
- The information contained in this Report, as well as the processes and actions related to the institution's sustainability, present significant errors.
- There is no evidence to believe that the information presents inconsistencies between the 2008 and 2009 Reports.

The revision process shows that Embotelladoras Arca presents and communicates the selected performance indicators in a balanced and timely manner in this Report.

Arca's 2009 Social Responsibility Report was prepared in accordance to the Global Reporting Initiative's framework for the elaboration of sustainability reports, version 3.0 (G3), with an application level B+.

## Recommendations

As a result of our revision, we provide the following recommendations:

- Systematize the information gathering process
- Improve even more the measurement of the social impact of its business and philanthropic activities.

Mtra. Lourdes Yáñez  
Redes Sociales

# Principles of the United Nations Global Compact

- Principle N° 1.** Businesses should support and respect the protection of internationally proclaimed human rights.
- Principle N° 2.** Businesses should make sure that they are not complicit in human rights abuses.
- Principle N° 3.** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- Principle N° 4.** Businesses should support the elimination of all forms of forced and compulsory labor.
- Principle N° 5.** Businesses should support the effective abolition of child labor.
- Principle N° 6.** Businesses should support the elimination of discrimination in respect of employment and occupation.
- Principle N° 7.** Businesses should support a precautionary approach to environmental challenges.
- Principle N° 8.** Businesses should undertake initiatives to promote greater environmental responsibility.
- Principle N° 9.** Businesses should encourage the development and diffusion of environmentally friendly technologies.
- Principle N° 10.** Businesses should work against corruption in all its forms, including extortion and bribery.

## Quality Principles of GRI Reports

### Balance

The report should reflect the positive and negative aspects of the performance of the company to allow a reasonable evaluation of its general performance.

### Comparability

The information should be selected, gathered and communicated in a consistent manner. The information should be presented in a way that will allow stakeholders to analyze organizational changes over time, as well as in relation to other organizations.

### Accuracy

Information in the report must be accurate and sufficiently detailed as to allow the different stakeholders of the organization to evaluate the performance of the reporting organization.

### Timeliness

The information should be presented in a timely manner and following a periodic schedule that will allow the stakeholders to take decisions based on adequate information.

### Clarity

The information should be presented in a way that is easy to read and understand by the stakeholders who will be using the report.

### Reliability

The information and procedures followed in the preparation of the report must be gathered, registered, compiled, analyzed and presented in a way that will allow its examination and that establish the materiality of the information.

### Definition of Materiality in a Report

The information contained in the reports must cover the aspects and indicators that reflect the significant social, environmental and economic impact of the organization or those which might substantially influence the evaluations and decisions of the stakeholders.

The way to decide about relevant matters that should be included in the report is through a materiality matrix that defines what are the social, environmental, and economic impacts of the activities of the organization and how they influence the decisions and evaluations of stakeholders.

# GRI Index

	GRI Indicator	Page		GRI Indicator	Page
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Countries of operation	2.5	12	Memberships in associations and organizations	4.13	9
Nature of legal form	2.6	12	Stakeholder groups engaged	4.14	4, 5
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<b>Report parameters</b>					
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Reporting cycle	3.3	4	Ratio of entry level wage compared to local minimum wage	EC5	17
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Mechanism to communicate with shareholders	4.4	11			
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 Primary Indicator

 Additional Indicator

# Prizes and Awards received in 2009

- Socially Responsible Company by the Centro Mexicano para la Filantropía (CEMEFI) for the sixth consecutive year.
- Best Practice in Social Responsibility to the Deepening Values Program awarded by CEMEFI in the category of company quality of life.
- State Quality Prize to the Matamoros, México plant.
- Clean Industry Certification for 9 plants.



We keep the commitment of promoting a sustainable culture among all who collaborate with us. We are aware we must continue working in an efficient way in order to obtain a positive change on a long basis in all the impacts that our business can have on our people, neighbors, business partners, the communities and the environment.

Contact for issues related  
to this report:

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