

# INTEGRAL VISION

## SHARED VALUE



**ARCACONTINENTAL**

Arca Continental's success has been based on achieving goals that are set with a holistic vision of the business, combining financial and operational objectives with a commitment to generating shared value, caring for the environment and supporting the comprehensive development of associates and the community. Our actions are guided by a strong set of principles and values that are the essence of our organizational culture.

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# ORGANIZATIONAL CULTURE

## OUR 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.

## OUR 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.

## OUR VALUES

### Focus on Customer Service

We are committed to meeting the needs of our customers and consumers, driven by our 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 value and endorse diversity as a distinctive feature of our times.

### Comprehensive Associate Development

We strive to foster an atmosphere of motivation, productivity and recognition which drives us towards success. We support our associate's professional aspirations and personal goals, and encourage them to actively participate in their own growth and development plans. At Arca Continental, opportunities for growth and development are a direct outcome of our strong business performance.

### 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.

# CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

## INSTITUTIONAL SUSTAINABILITY PLATFORM

## CONCEPT

2012

### COMPREHENSIVE DEVELOPMENT OF OUR EMPLOYEES AND THE COMMUNITY

• Direct jobs	39,070
• Indirect jobs <sup>(1)</sup>	156,280
• Number of employees trained <sup>(2)</sup>	34,889
• Investment in training (millions of pesos)	\$32.3
• Number of participants in Annual Volunteer Day	6,000
• Schools in Movement program – Number of schools supported	11
• Schools in Movement program – Number of students benefited	7,500
• Investment in programs that promote active and healthy lifestyles (millions of pesos)	\$ 49.7
• Investment in social programs (millions of pesos)	\$ 58.6

### ENVIRONMENTAL MANAGEMENT

• Investment in the environment (millions of pesos)	\$114
• Consumption of recycled resin at the PetStar plant (tons)	5,954
• Plants with Clean Industry certification	19
• Reduction of energy consumption in production processes (gigajoules)	54,997
• Percentage of residues recycled	81.75%
• Percentage of water recycled	10.6%
• Efficiency in water use (liters of water/liters of beverage)	1.77
• Trees planted in our territories (millions)	6

### COMPETITIVENESS AND SHARED VALUE

• Investment in fixed assets (millions of pesos) <sup>(3)</sup>	\$ 3,408
• Taxes paid (millions of pesos)	\$ 2,442
• Generated economic value (millions of pesos) <sup>(4)</sup>	\$ 56,429
• Distributed economic value (millions of pesos) <sup>(5)</sup>	\$ 44,404
• Retained economic value (millions of pesos) <sup>(6)</sup>	\$ 12,025
• Micro-entrepreneurs and retailers supported <sup>(7)</sup>	183,793
• Micro-entrepreneurs and retailers trained (Mobile Classroom + Siglo XXI)	10,111
• Investment in local sponsorship (fairs, exhibitions, samplings, sporting, cultural, and entertainment events) (millions of pesos)	\$ 115.86
• Percentage of purchases from local suppliers <sup>(8)</sup>	98%

(1) CALCULATING FOUR INDIRECT JOBS FOR EACH JOB CREATED

(2) BEVERAGE DIVISIONS IN MEXICO, ECUADOR AND ARGENTINA

(3) TOTAL INVESTMENT IN ASSETS, NOT INCLUDING THE PURCHASE OF BOTTLES

(4) GENERATED ECONOMIC VALUE = NET SALES + FINANCIAL INCOME + SALES OF ASSETS

(5) DISTRIBUTED ECONOMIC VALUE = PAYMENTS TO SUPPLIERS + SALARIES AND BENEFITS + COMMUNITY INVESTMENT + TAXES + DIVIDENDS + PAYMENT OF INTEREST AND PRINCIPAL + OTHER PAYMENTS

(6) GENERATED ECONOMIC VALUE MINUS DISTRIBUTED ECONOMIC VALUE

(7) THE SUPPORT CONSISTS OF BUSINESS DEVELOPMENT ACTIONS: TRAINING, PAINTING OF FAÇADES, SUPPLY OF REFRIGERATION EQUIPMENT AND FURNISHINGS

(8) ONLY THE MEXICAN BEVERAGE DIVISION

# A MESSAGE

from the Chairman of the Board and the CEO

With a clear vision focused on profitable and sustainable growth, we at Arca Continental are committed to generating shared value to promote the comprehensive development of employees, customers, suppliers, consumers, shareholders, and the communities we serve.

The year 2012 was very significant for the company, as we succeeded in moving forward our sustainability and social responsibility strategy, through a plan to bring policies, processes, and best practices into line and to advance in the streamlining of operations in all our territories through the Arca Continental Integral Quality and Improvement System.

With the aim of consolidating this strategy, we have strengthened our focus on the creation of shared value in all the company's activities, through a comprehensive, 360-degree vision based on constant dialogue with our various stakeholders.

This holistic focus will allow us to reinforce what we have achieved so far and gradually to incorporate other elements that address market trends and prepare us for the sustainability challenges of the future.

Thus, we have aligned the strategies of our beverage operations in Mexico, Argentina, and Ecuador with the Arca Continental Social Responsibility and Sustainability Model. This operational framework allows us to institutionalize our endeavors in the areas of environmental management, social development, and portfolio communication, channeling them toward a common goal.



**Francisco Garza Egloff**  
CHIEF EXECUTIVE OFFICER



**Manuel L. Barragan Morales**  
CHAIRMAN OF THE BOARD OF DIRECTORS

This report has been drawn up for the fifth year in a row in accordance with the guidelines of the Global Reporting Initiative (GRI). Thanks to the commitment of different areas of the company, the number of performance indicators covered has increased by more than 63%, including the supplement for companies in the processed foods sector and the principles of the United Nations Global Compact. The entire report has been evaluated by an external agency that has given us a compliance grade of "B+" and certification of compliance with the GRI level of application.

Among the most important achievements of the past year was the strengthening of the company's corporate governance and the management of sustainability and social responsibility. The scope of the Compensation Committee of the Board of Directors was expanded and it was restructured as the Committee of Human Capital and Sustainability. This will allow, among other things, an enhanced integration of the company's business strategy with its sustainable development goals.

One of Arca Continental's most important commitments is the promotion of active, healthy lifestyles in local communities. In 2012, in collaboration with the Runners' Association of Nuevo León, we organized the seventh Powerade Marathon, which attracted a record participation of 3,500 runners from 24 different states in Mexico. Other sporting programs included the Coca-Cola Cup, Mexico's most important inter-school soccer tournament.

In order to encourage physical activity among children, we continued the Schools in Movement program in 2012. This benefited ten public schools in Saltillo, Coahuila, by providing first-rate sporting infrastructure, sports equipment, and healthy nutrition programs. We also built a multiuse sporting ground at a primary school in Villaldama, Nuevo León.

In 2012 we increased our contribution to the National Reforestation and Rainwater Harvesting Program, in a joint effort with the Coca-Cola System in Mexico, setting ourselves the goal of salvaging the aquifers of the territories in which we are located by planting almost six million trees over an area of some 5,500 hectares.



**Francisco Garza Egloff**  
CHIEF EXECUTIVE OFFICER

Another action undertaken to promote sustainability was our investment to double the capacity of PetStar, the food-grade PET recycling plant we operate with The Coca-Cola Company and a group of important Mexican bottlers.

Through an investment of US\$34 million, by the middle of 2013, PetStar will have the capacity to remove two billion PET bottles from the environment annually. It will process them and convert them into 44,000 tons of recycled food-grade PET resin, becoming one of the largest PET recycling plants in the world.

Our sustainability efforts to mitigate the environmental impact of our operations have also translated into significant savings of water and energy, improved handling of waste, and a reduction in greenhouse gas emissions.

A good example is the "Rainmaker" program, implemented in collaboration with The Coca-Cola Company at the plant in Hermosillo, Sonora. The integration of state-of-the-art technologies has optimized water use, reducing consumption by 35% and earning the plant the Global Grand Winner distinction of the International Water Association.

The actions of our volunteers also produced solid results in 2012, reflecting the commitment of our employees to social solidarity. The Annual Volunteer Day achieved a record participation of more than 6,000 associates, their family members, and members of the community in reforestation, cleaning, and rehabilitation activities in 14 schools, 11 parks, and 12 public spaces, the collection of 12 tons of garbage, and the planting of 8,000 trees.

These and other activities detailed in the following chapters of this report have earned Arca Continental a range of honors and distinctions, including certification by the CEMEFI, for the tenth year in a row, as a Socially Responsible Company and the inclusion of the company, for the second consecutive year, in the Sustainability Index of the Mexican Stock Exchange.

Our focus on different strategies of sustainability and social responsibility has been a fundamental element in the growth of Arca Continental. With the support of our associates, Board of Directors, shareholders, and the communities we serve, we will continue to strengthen our commitment to society and the environment.



**Manuel L. Barragan Morales**  
CHAIRMAN OF THE BOARD OF DIRECTORS

# COMPANY PROFILE



We provide beverages and food of the highest quality through efficient production and commercial infrastructure. We seek to satisfy all our stakeholders within a framework of shared and sustainable value.

## ARCA CONTINENTAL NORTH AMERICA

**1,071** MILLION UNIT CASES  
**\$42,843** NET SALES  
(MILLIONS OF PESOS)

### MEXICO

**22** BOTTLING PLANTS  
**3** SNACKS PLANTS  
**115** BEVERAGE DISTRIBUTION CENTERS  
**41** SNACKS DISTRIBUTION CENTERS  
**550,000** POINTS OF SALE

### UNITED STATES

**2** SNACKS PLANTS  
**1** SAUCES AND TOPPING PLANT  
**9** DISTRIBUTION CENTERS  
**90,000** POINTS OF SALE

## ARCA CONTINENTAL SOUTH AMERICA

**282.4** MILLION UNIT CASES  
**\$13,426** NET SALES  
(MILLIONS OF PESOS)

### ECUADOR

**3** BOTTLING PLANTS  
**2** SNACKS PLANTS  
**32** BEVERAGE DISTRIBUTION CENTERS  
**16** SNACKS DISTRIBUTION CENTERS  
**214,000** POINTS OF SALE

### ARGENTINA

**3** BOTTLING PLANTS  
**24** BEVERAGE DISTRIBUTION CENTERS  
**94,000** POINTS OF SALE



# CORPORATE STRUCTURE

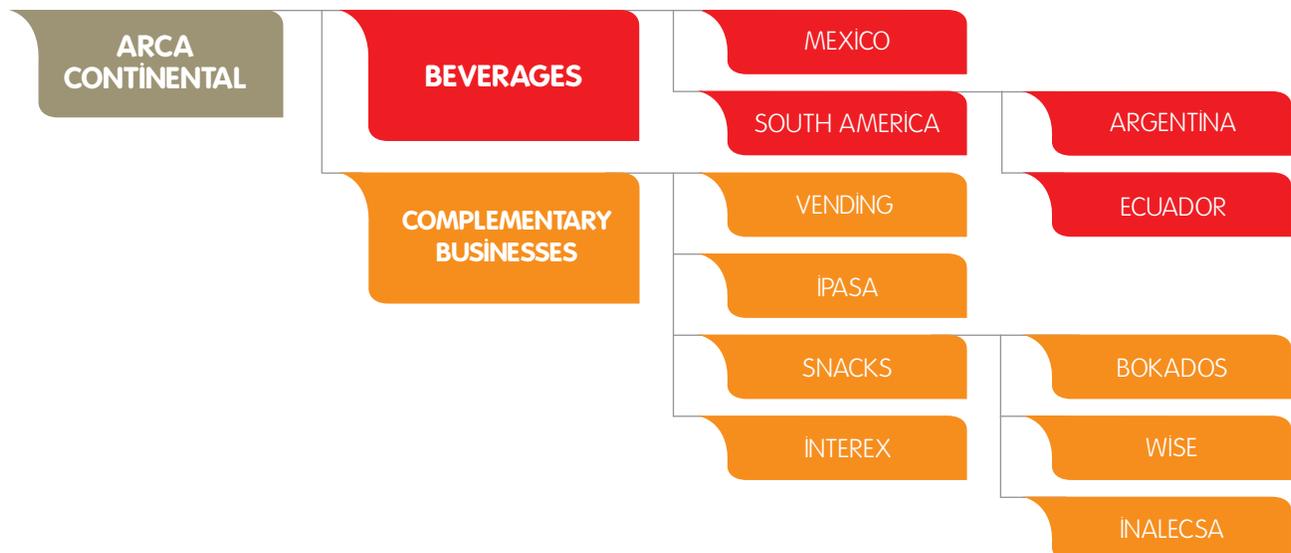
Arca Continental is a company engaged in the production, distribution, and sale of non-alcoholic beverages of brands owned by The Coca-Cola Company and of salted snacks under the brands Bokados in Mexico, Inalecsa in Ecuador, and Wise in the United States. With more than 86 years of experience in the sector, Arca Continental is the second-largest Coca-Cola bottler in Latin America and one of the largest in the world. Through its Coca-Cola franchise, the company serves more than 53 million people in northern and western Mexico, Ecuador, and northern Argentina. Arca Continental trades on the Mexican Stock Exchange (Bolsa Mexicana de Valores) under the ticker symbol "AC."

At the end of the 2012, Arca Contrinental completed the acquisition of two important snacks companies: Wise in the United States and Inalecsa in Ecuador. Both of these have solid reputations in their respective countries and handle widely recognized brands. Their acquisition will strengthen Arca Continental as a vehicle for the creation of value and profitable growth.



Our solid corporate structure, strategy, and human capital translate into operational efficiency and excellent market performance.

## OUR BUSINESSES



# CORPORATE GOVERNANCE

OUR SOLID **CORPORATE GOVERNANCE PRACTICES** ENSURE THAT THE COMPANY PERFORMS OPTIMALLY, MEETS ITS OBJECTIVES, AND ADDRESSES ITS STAKEHOLDERS' EXPECTATIONS IN THE BEST POSSIBLE WAY.

- As of January 1, 2005, Arca Continental adopted the policy of not conducting transactions with related parties who form part of its control group, with the exception of those cases that are considered strictly necessary for strategic purposes and/or that may have a significant effect on results and operations.
- At Arca Continental, we do not hire relatives of shareholders within a third degree of consanguinity.

The Corporate Governance of Arca Continental is guided by the company's own Code of Ethics and by the Code of Better Business Practices of the Mexican Stock Exchange. It draws on the company's own experience and the solid practices of different corporate cultures which have enriched the daily work of our company. This amalgam has resulted in a solid and efficient governance culture.

Our Board of Directors is appointed by the General Ordinary Shareholders' Meeting and is made up of twenty directors and their respective alternates. A quarter of our directors are independent and are chosen on the basis of factors such as experience, results, integrity, honesty, and concurrence with the company's values and philosophy.

Our directors have wide experience and skills in a variety of areas, including economics, finance, business, the environment, logistics, distribution, and marketing. The Board of Directors is assisted in its functions by the following Committees:

- **Executive**
- **Audit**
- **Corporate Practices**
- **Human Capital and Sustainability**
- **Planning and Finance**



The Audit and Corporate Practices Committees are made up entirely of independent board members. The functions of the different committees are as follows:

### **Corporate Practices Committee**

- a) To express an opinion to the Board of Directors on matters falling within their competence, in accordance with the applicable legislation.
- b) To request the opinion of independent experts, when deemed necessary for the proper performance of their duties or if so required by applicable legislation or general provisions.
- c) To convene Shareholders' Meetings and ensure that matters they deem relevant are included in the agenda of said Meetings.
- d) To support the Board of Directors in drawing up the reports referred to in Article 28 (twenty-eight), Section IV, Subsections d) and e) of the Mexican Stock Market Law (Ley del Mercado de Valores).
- e) To perform any other activities stipulated in applicable legislation or the company bylaws.

### **Audit Committee**

- a) To express an opinion to the Board of Directors on matters falling within their competence, in accordance with the applicable legislation.
- b) To evaluate the performance of the firm that provides external auditing services and analyze the rulings, opinions, and reports drawn up and signed by the external auditor. To this end, the committee may request the presence of the aforementioned auditor when necessary, notwithstanding the fact that the committee must meet with the external auditor at least once a year.
- c) To discuss the company's financial statements with those responsible for preparing and reviewing them and to recommend whether or not the Board of Directors should approve them.
- d) To inform the Board of Directors of the status of the system of internal control and audits of the company itself and any entities it controls, including any irregularities that may be detected.
- e) To draw up the opinion referred to in Article 28 (twenty-eight), Section IV, Subsection c) of the Mexican Stock Market Law, based on the external auditor's report, among other factors, and to submit it to the consideration of the Board of Directors for subsequent presentation at the Shareholders' Meeting.
- f) To support the Board of Directors in drawing up the reports referred to in Article 28 (twenty-eight), Section IV, Subsections d) and e) of the Mexican Stock Market Law.
- g) To oversee that the operations referred to in Articles 28 (twenty-eight), Section III, and 47 (forty-seven) of the Mexican Stock Market Law are conducted in compliance with the provisions stipulated therein and the policies derived therefrom.
- h) To 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) To require the relevant directors and other employees of the company or of the entities it controls to submit reports regarding financial information and any other type of information they deem necessary for the execution of their functions.
- j) To investigate any possible violations of which they may be aware regarding operations, operating guidelines and policies, the system of internal control and audits, and the accounting records, either of the company itself or of the entities that it controls. To this end, the committee must examine the documentation, records and any other supporting evidence, to the degree and extent deemed necessary for conducting said oversight.



- k) To receive observations made by shareholders, board members, relevant directors, employees, and in general any third party regarding the matters referred to in the previous subsection and to perform any actions deemed appropriate with regard to said observations.
- l) To request periodic meetings with relevant directors, as well as the submission of any type of information related to the internal control and audits of the company or of the entities it controls.
- m) To inform the Board of Directors of any major irregularities detected in relation to the performance of its duties and, where appropriate, to inform it of the corrective actions adopted or to propose those to be taken.
- n) To convene Shareholders' Meetings and ensure that all matters deemed relevant be included on the agenda of said Meetings.
- o) To oversee the compliance of the Chief Executive Officer with the resolutions of the Shareholders' Meetings and of the company's Board of Directors, in accordance, if applicable, with the instructions given by the Shareholders' Meeting or the aforementioned Board of Directors.
- p) To 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 entities that it controls comply with applicable standards and also to implement methodologies to enable compliance therewith to be monitored.
- q) To carry out all other activities stipulated in the Mexican Stock Market Law or the company bylaws, in accordance with the functions assigned to the committee in the aforementioned law.

## Human Capital and Sustainability Committee

### Human Capital Functions

- a) To evaluate and submit to the Board of Directors the guidelines ensuring that the company has adequate compensation and human resource policies.
- b) To propose to the Board of Directors the criteria for selecting the company's CEO and senior officers.
- c) To submit recommendations to the Board of Directors on the criteria for the evaluation of the company's CEO and senior officers.
- d) To periodically review the executives' compensation plans and to make recommendations on the structure and amount of remuneration for the company's senior executives.
- e) To ensure that the hiring conditions for senior executives and severance payments comply with the guidelines of the Board of Directors.
- f) To periodically inform the Board of Directors about the committee's activities.
- g) To perform any other function that the Board of Directors may entrust to the committee.

### Sustainability Functions

The sustainability of the company with regard to economic, social, and environmental actions is supervised by the Board of Directors.

Among the principal achievements in this area in 2012 was the strengthening of the governance and management of Sustainability and Social Responsibility in the company, through the expansion of the scope of the Compensation Committee of the Board of Directors, which was restructured as the Human Capital and Sustainability Committee. This has per-

mitted, among other things, an improved integration of the company's business strategy with its sustainable development objectives.

- a) To review the sustainability and social responsibility programs in light of the company's business strategies and objectives.
- b) To periodically review the sustainability and social responsibility strategy of the company.
- c) To provide feedback to management regarding the contents of the company's Annual Social Responsibility and Sustainability Report.
- d) To evaluate the effectiveness of communications existing among the various sustainability and social programs and activities.
- e) To draw up and propose to the Board of Directors any amendments deemed necessary to the policies to be followed in the areas of sustainability and social responsibility.
- f) To follow up on the main sustainability and social responsibility indicators in order to evaluate, monitor, and improve performance.

### **Planning and Finance Committee**

- a) To evaluate and, if applicable, to suggest the investment policies proposed for the company by the CEO and subsequently to submit them to the Board of Directors for approval.
- b) To evaluate and, if applicable, to suggest the financing policies (capital or debt) of the company and its subsidiaries as proposed by the CEO and subsequently to submit them to the Board of Directors for approval.
- c) To evaluate and, if applicable, to propose the company's dividend policies.
- d) To evaluate and, if applicable, to suggest the general guidelines for determining the company's strategic planning.
- e) To express an opinion on the premises of the annual budget and to propose said premises to the Board of Directors for approval.

f) To follow up on the application of both the budget and the strategic plan.

- g) To identify the possible risk factors to which the company is subject and to evaluate the policies for managing them.
- h) To analyze and to submit to the Board of Directors for its authorization any proposals related to the following matters: (i) reforms or addenda to the company bylaws; (ii) the issue, placement, or amortization of company shares; (iii) mergers and other joint ventures that involve the company or its subsidiaries; and (iv) investments by the company or its subsidiaries that go beyond the limits of the CEO's authorization.
- i) To carry out any other action entrusted to the committee by the Board of Directors.

As of January 1, 2005, Arca Continental adopted the policy of not conducting transactions with related parties who form part of its control group, with the exception of those cases that are considered strictly necessary for strategic purposes and/or that may have a significant effect on results and operations. In order to conduct such transactions, the CEO must request the authorization of the Chairman and Deputy Chairman of the Board of Directors, convened as the Executive Committee, and must 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 Committees for approval.

Moreover, Arca Continental has a Risk Committees Coordination whose purpose is to maintain the continuity of the business and its sustainability, ensuring that any potential operating, financial, and sustainability risks be duly monitored and attended to by specific areas of the company. This Coordination submits periodic reports to the Audit and Corporate Practices Committees.

For more information on the Board of Directors and Senior Officers of Arca Continental, please go to : [www.arcacontal.com](http://www.arcacontal.com)

# STRATEGIC PRIORITIES

Arca Continental defines its strategic goals annually, aligning them with its **business vision**, in order to maximize on investment and generate lasting, reciprocal value for its stakeholders.



## Comprehensive Development of Employees and the Community

- A better place to work
- Innovation and creativity for the generation of new projects (Participative Management)
- Comprehensive development of employees and their family members
- Diversity and equal opportunities for men and women
- A safe and healthy work environment
- Promotion of, respect for, and compliance with Human Rights
- Development and training as key elements in unleashing the talents and potential of our people
- An inclusive workplace for people with disabilities
- Motivating participation in Volunteer Program activities
- Wellbeing and the promotion of healthy lifestyles among our employees, their families, and the community
- Social investment for community development
- Permanent dialogue with stakeholders
- Promotion of programs and public policy aimed at fostering physical activity and healthy lifestyles



## Environmental Culture and Management

- Rational and efficient use of resources
- Treatment of 100% of wastewater
- Research and participation in the conservation of water basins
- Implementation of new technologies designed to reduce energy consumption
- Used of hydrofluorocarbon-free refrigerators
- Optimization of distribution routes and reduction of CO<sub>2</sub> emissions
- Collection and recycling of PET bottles
- Innovation in the design of packaging with a view to reducing its environmental impact
- Biodiversity conservation
- Fostering environmental awareness among associates and the community



## Competitiveness and Shared Value

- Profitability and economic growth
- Meeting and exceeding the expectations of customers and consumers
- An ample portfolio of products for a wide range of publics and occasions for consumption
- Compliance with responsible marketing policies
- Training of our value chain in the incorporation of sustainable practices
- Supply chains aligned with our principles, values, and code of ethics
- Alliances designed to foster sustainable development

# SUSTAINABILITY STRATEGY

## Our **Social Responsibility and Sustainability Model**

is an initiative that synthesizes the core convictions of Arca Continental, reconciling the generation of value with respect for the environment, comprehensive development, and dialogue with our stakeholders.

The Social Responsibility and Sustainability Model is implemented on three platforms, integrally linked to the operations of our company: the Environmental Sustainability System, the Social Responsibility System, and the Comprehensive Communication of Portfolio and Category Leadership Program. These three axes guide the company's actions toward long-term goals in combination with efforts to continually improve our business and to abide by the vision and realization of our values.

In the case of our Environmental Sustainability System, we have integrated international standards and principles into our decisions and processes, with a view to making efficient use of natural resources and conserving the environment. Our Social Responsibility System seeks to offer our employees the best possible place to work, to generate wellbeing in the communities where we operate, and to foster active and healthy lifestyles among our consumers and stakeholders.

Finally, our Comprehensive Communication of Portfolio and Category Leadership Program allows us to offer nutritional information on the labels of our products, so that consumers can make informed decisions. In this, we are guided by responsible marketing and advertising standards, even as we sponsor sporting and other events in local communities, provide first-rate service to customers, and support our partners in the retail sector in the development of their businesses.



# ORGANIZATIONAL CULTURE

## ARCA CONTINENTAL COMPREHENSIVE QUALITY AND IMPROVEMENT SYSTEM

### SOCIAL RESPONSIBILITY AND SUSTAINABILITY MODEL

#### COMPREHENSIVE DEVELOPMENT OF EMPLOYEES AND THE COMMUNITY

- TRAINING AND DEVELOPMENT OF HUMAN CAPITAL
- VOLUNTEER WORK
- ACTIVE AND HEALTHY LIFESTYLES
- COMMUNITY SUPPORT

#### ENVIRONMENTAL CULTURE AND MANAGEMENT

- WATER • EMISSIONS
- PACKAGING • WASTE
- SUSTAINABLE CONSTRUCTION
- BIODIVERSITY
- ENVIRONMENTAL LEGISLATION

#### COMPETITIVENESS AND SHARED VALUE

- COMPREHENSIVE GROWTH OF SOCIETY
- EMPLOYMENT
- PROFITABILITY
- VALUE CHAIN SUPPLIER DEVELOPMENT

#### STRATEGIC GOALS

- HUMAN CAPITAL • OPERATING AND COMMERCIAL STRATEGIES • MANAGEMENT SYSTEM
- INFRASTRUCTURE AND INNOVATION

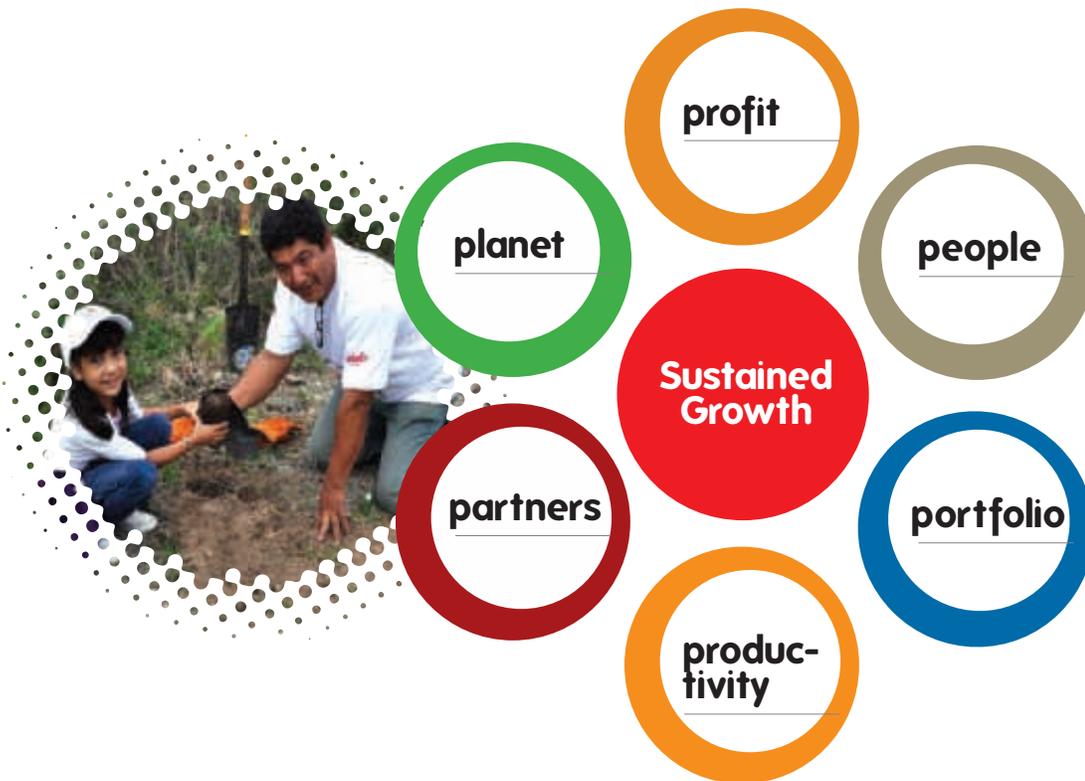
#### STAKEHOLDERS

- SUPPLIERS • CUSTOMERS AND CONSUMERS • ACADEMIA AND OPINION MAKERS • CHAMBERS OF COMMERCE
- COMMUNICATIONS MEDIA • ASSOCIATES AND THEIR FAMILIES • CSOS • COMMUNITY • AUTHORITIES AND GOVERNMENT
- INVESTORS AND SHAREHOLDERS

**Social Responsibility System**

**Environmental Sustainability System**

**Comprehensive Communication of Portfolio and Category Leadership**



# Our Stakeholders

## CONSUMERS

- 1-800 number, always available
- Satisfaction, quality, and service surveys

## CUSTOMERS

- 1-800 number, always available
- Meetings
- Satisfaction, quality, and service surveys

## SUPPLIERS

- Specialized section on webpage
- Transparency mailbox
- Feedback from audits and evaluations
- Submission of annual reports

## ACADEMIA AND OPINION MAKERS

- Webpage
- Participation in forums and congresses
- Transparency mailbox
- Meetings
- Reports

## MEDIA

- Specialized section on webpage
- Transparency mailbox
- Submission of annual reports
- Press conferences
- 1-800 number
- Personal interviews

## MEANS OF COMMUNICATION

### DAILY / ANNUAL

### DAILY / ANNUAL

### DAILY / MONTHLY

### MONTHLY / ANNUAL

### MONTHLY / QUARTERLY

## FREQUENCY

- Product quality and safety
- Accurate, clear, and useful information about the characteristics of the products on their labels

- Product quality and safety
- Customer development
- Training
- Interchange of good practices
- Ethical negotiating practices

- Supplier development
- Ethical negotiating practices
- Environmental care and protection
- Sharing of social responsibility practices

- Responsible advertising and marketing
- Product research and development
- Information about company activities and products

- Responsible advertising and marketing
- Timely and accurate information

## EXPECTATIONS

- Portfolio expansion
- Recommended Daily Intake (RDIs) on labels

- "Distinguished Partner and Safe Friend" program
- Service models (RTM)
- Portfolio expansion
- "XXI Century" program
- Compliance with advertising laws and regulations
- Training and support for retailers

- Application of the Coca-Cola Suppliers Guiding Principles
- Quality audits

- Promotion of active and healthy lifestyles
- Recommended Daily Intake (RDIs) on labels
- Adherence to the PABI Code
- Compliance with laws and regulations
- "Beverages for Health and Wellbeing Institute"

- Interviews
- Press releases
- Webpage
- Adherence to the PABI Code
- Annual reports

## INITIATIVES

At Arca Continental, we focus on working with our stakeholders from a long-term, sustainable perspective, in a responsible, respectful and mutually beneficial way.

ASSOCIATES AND THEIR FAMILIES	CIVIL SOCIETY ORGANIZATIONS	COMMUNITY	AUTHORITIES AND GOVERNMENT	INVESTORS AND SHAREHOLDERS	COCA-COLA SYSTEM
<ul style="list-style-type: none"> <li>Organizational climate surveys</li> <li>Internal information portal</li> <li>Bulletin boards</li> <li>Bimonthly magazine</li> <li>Transparency mailbox</li> <li>Safety and hygiene commissions</li> <li>Report to associates</li> <li>EQAPs</li> </ul>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Email address: <a href="mailto:rs@arcacontal.com">rs@arcacontal.com</a></li> <li>Social Responsibility Report</li> <li>Webpage</li> </ul>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Community opinion studies</li> <li>1-800 number</li> <li>Webpage</li> </ul>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Annual Shareholders' and Social Responsibility Reports</li> <li>Webpage</li> </ul>	<ul style="list-style-type: none"> <li>Conference calls</li> <li>Quarterly reports</li> <li>Annual Shareholders' and Social Responsibility Reports</li> <li>Annual Shareholders' Meetings</li> <li>Webpage</li> <li>Board meetings</li> </ul>	<ul style="list-style-type: none"> <li>Periodic meetings</li> <li>Email</li> <li>Work tables</li> <li>Social Responsibility Report</li> </ul>
DAILY / QUARTERLY / ANNUAL	MONTHLY / QUARTERLY	CONTINUAL	MONTHLY / QUARTERLY	DAILY / MONTHLY / QUARTERLY / ANNUAL	DAILY / MONTHLY / QUARTERLY / ANNUAL
<ul style="list-style-type: none"> <li>Professional and human training and development</li> <li>Competitive pay and benefits</li> <li>Respect for rights and freedoms</li> <li>Application of the Code of Ethics</li> <li>Workplace health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Participation in and active support of the causes supported</li> <li>Feedback</li> </ul>	<ul style="list-style-type: none"> <li>Investment in community, education, health, and sports projects</li> <li>Responsible interaction</li> <li>Care of the environment and efficient use of natural resources</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with applicable laws, regulations, and norms</li> <li>Participation in the creation of laws and norms</li> <li>Prompt payment of taxes and contributions</li> <li>Responsible performance</li> <li>Investment and job creation</li> </ul>	<ul style="list-style-type: none"> <li>Profitability, growth, and generation of value, as well as payment of dividends</li> <li>Constant communication with accurate content</li> <li>Sustainability</li> <li>Ethical corporate governance practices</li> <li>Transparency and accountability</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with product quality, customer service, and value chain standards</li> <li>Achievement of the goals of the "Living Positively" sustainability platform</li> </ul>
<ul style="list-style-type: none"> <li>Coca-Cola Occupational Health and Safety System</li> <li>Training programs, alliances with the INEA, e-Learning, and Arca Continental Master's Program</li> <li>Annual organizational climate surveys</li> <li>Annual performance evaluations of senior company officers and middle-level management</li> <li>Incident Management and Crisis Resolution System</li> </ul>	<ul style="list-style-type: none"> <li>Donation Committees</li> <li>Strategic alliances with ANSPAC, Asociación Pro Superación, A.C.</li> <li>Cemeji</li> <li>SumaRSE Network</li> </ul>	<ul style="list-style-type: none"> <li>"Schools in Movement"</li> <li>Coca-Cola Cup</li> <li>Powerade Marathon</li> <li>Mini-marathon</li> <li>ECOCE</li> <li>Volunteering</li> <li>Eco-Clubs</li> <li>Coca-Cola Mission Visits Program</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Constant investment and job creation</li> <li>Participation in associations and chambers of commerce</li> <li>Constant dialogue with authorities</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance structure</li> <li>Code of Ethics</li> <li>Risk Identification, Image, and Corporate Reputation Committee</li> <li>Actions on behalf of sustainability</li> <li>Constant communication with investors</li> </ul>	<ul style="list-style-type: none"> <li>Achievement of sustainability goals</li> <li>Active participation in the Industry Sustainability Committee</li> <li>Participation in all corporate programs</li> <li>Coca-Cola Cup</li> <li>Reforestation campaigns and cleaning of water bodies</li> <li>Promotion of active and healthy lifestyles</li> <li>Efficient use of resources</li> </ul>

# COMPREHENSIVE DEVELOPMENT OF OUR **ASSOCIATES** AND THE COMMUNITY

Our business strategy seeks to generate positive change in key areas of society and to promote actions whereby our associates and local communities can develop in a comprehensive way, assuring themselves the possibility of a better future.

**+39,000**

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direct jobs

**+6,000**

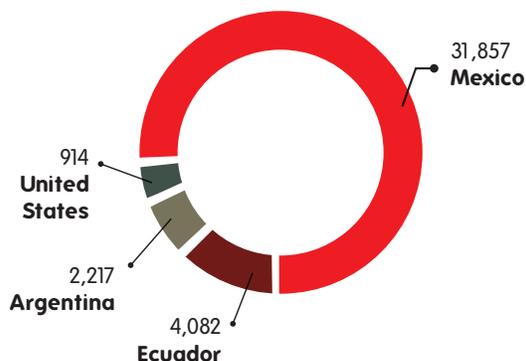
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employees participated in the  
Annual Volunteer Day



# Development and Opportunities for our **PEOPLE**

## TOTAL EMPLOYEES



Our associates drive the success and sustainability of our company through their talent, participation, and dedication. We seek to offer them the best possible place to work, in a safe, inclusive environment that promotes both human and professional development.

## Employment

The comprehensive development of our human capital is one of the basic pillars of Arca Continental's organizational culture. This value guides us in fostering an atmosphere of high motivation, productivity, and knowledge, driving us to success and allowing us to offer opportunities for continual development to all employees of the company. With the aim of improving our workplace environment, since 2008 we have implemented the "Great Place to Work" (GPTW) model, which evaluates workplace climate in terms of respect, impartiality, credibility, pride, and fellowship. In 2012 IPASA was ranked among the "Best Companies to Work for in Mexico." Our work centers in Chihuahua, Coahuila, and Tamaulipas were also given special acknowledgement by the Mexican GPTW Institute for their promotion of policies and practices designed to improve quality of life in the organization.

## Freedom of Association

We respect the right to free association and collective bargaining in labor relations. Currently 60% of our employees are covered by a collective bargaining agreement in the various countries in which we operate.

## Training and Professional Development

The challenges of the future demand innovative solutions to a wide range of issues. Our training programs are therefore aimed at constantly updating knowledge and developing new skills. This constitutes a key factor in the growth and competitiveness of our people.

In 2012 our annual training program had a level of participation of 96%, reflecting a total of 9,915 courses and more than 846,000 hours of training in Mexico, Ecuador, and Argentina.

One of our most important training initiatives was the Arca Continental Master's Program, which saw a second generation of students graduate in 2012 and a third generation enroll toward the end of the year. The master's program has allowed us to offer executive personnel continuing education aligned with our processes, as we foster our organizational culture and generate a higher level of professional skills.

We also maintained our scholarship program for company employees who wish to earn a master's degree or undertake specialized studies as part of their professional development.

## +32 million pesos

invested in the development and training of our personnel

It is important to clarify that, following the merger of our original companies, in 2012 we focused on streamlining our Human Capital policies, processes, and procedures, as well as on redefining the organizational structure at the group level, reviewing and updating job descriptions, functions and responsibilities, replacement letters, and methodological designs for determining executive profiles going forward.

In order to ensure that most vacancies and promotions are filled by current employees interested in growing professionally along with the company itself, we applied a range of tools for gauging performance and evaluating skills. On the basis of the results, we have designed training and development programs for personal and professional growth.

An evaluation was also made of the extent to which established goals were met at the personal and company level, in order to identify windows of opportunity and formulate processes to assist in their achievement.

There is a Skills Evaluation program for all levels of the organization. In 2012, a total of 240 executives were evaluated, as well as other employees at various companies of the group.

We also provide training in an enjoyable way through the e-learning platform, which applies the most advanced information technology for the training of personnel in various business processes, as well as for English language instruction. In 2012, a total of 2,673 employees participated in 29,403 person hours of training.

# 34,889

employees trained in 9,915 different courses



# 100%

of our personnel trained in the new Mission, Vision, and Values of the company





# 1,374

teams formed in the Participative Management Program

## Participative Management

With the aim of promoting teamwork as a means for achieving our goals, we have continued to develop our Participative Management Program. Its purpose is to transform the business culture and involve personnel at all levels in order to drive company results.

The program involves the formation of teams of associates who propose and monitor innovative improvements in processes, ideas, and actions in the areas of safety, the environment, quality, personnel development, productivity, and cost optimization.

Since the program was implemented in 1992, the main benefits deriving from it have been the growth and development of our personnel, improvements in levels of quality and productivity, greater teamwork, and cost reduction. The teams are evaluated on a quarterly basis and in some cases acknowledged for their performance and for the important changes in processes that they have initiated.

In 2012, the program was also implemented in Ecuador, where 100 teams were formed. In the Northern Region of Mexico, the program was enhanced through the implementation of an Operational Excellence System among the work teams, as it was in Argentina through the "Tracc" System.

A total of 18,686 employees made up 1,374 work teams in the Northern Mexico beverages division, Argentina, and Ecuador.

# 113

projects developed

# 1,300

processes improved

# +15 million

pesos in savings

## Diversity and Equal Opportunities

We have created a workplace based on equal opportunities, regardless of gender, nationality, age, or ethnic origin.

Our philosophy is to recognize the talent and abilities of all our personnel, in order to create a professional environment in which they can progress in their lives. We have also incorporated more women into our workforce. In 2012, several women employees were promoted to positions as managers, department heads, and other coordination level posts.

### Congruence Movement

Another action undertaken on behalf of diversity and equal opportunities is our participation over the last nine years in the Congruence Movement, a multi-company initiative that promotes the development and incorporation into the workforce of people with disabilities.

This program has allowed us to give employment to more than 160 persons with disabilities, to redefine how the handicapped can fit into our operational profile, to remodel some of our plants and offices in order to make them wheelchair-accessible, and to contribute through these actions to the development of a culture of inclusion and diversity.

### Benefits

Our compensation and benefits plan is governed by the principle of equity, regardless of gender, and focuses on the evaluation of responsibilities, skills, and results.

In 2012, we carried out a process of bringing salaries and benefits into line in all of our operations. Our salaries and benefits are competitive in market terms and superior to those required by Mexican Federal Labor Law (Ley Federal del Trabajo).

Our company pension plan includes a program called the Savings and Patrimony Building Plan, which consists of employee contributions matched by the company. These contributions range from 1% to 6% of salary and are applied in accordance with the particular characteristics and circumstances of each employee: income, seniority, voluntary resignation, time worked, severance, and retirement.



# +127,000

employees and their family members participated in recreational and relaxation programs organized by the company



In order to promote health and physical activity among our personnel, in 2012 we organized soccer, volleyball, bowling, and softball tournaments, as well as races and other athletic events, to the benefit of **9,224** employees, their family members, and the community.

## Health and Safety

We ensure a safe and healthy workplace environment by providing a management system that complies with the legislation in effect in the different countries in which we operate and that allows the company to identify, reduce, and control occupational risks and hazards.

To this end, we have applied the OHSAS 18001 norm, which is compatible with ISO 14001. By the end of 2012, fifteen of our plants were so certified.

This and other methods used, such as the Occupational Health and Safety System and the Incident Handling and Crisis Resolution Plan, have ensured that all our plants and distribution centers have an organizational structure, training and awareness plans, operational controls, and proper preparation and responses in place for any emergency, as well as supervision and monitoring programs.

In the areas of safety and hygiene, we abide strictly by the inspections performed by the Mexican Ministry of Labor (Secretaría de Trabajo), which we have passed on an annual basis.

Our work centers have mixed safety and hygiene commissions, made up of an equal number of union and non-union employees, who participate jointly in workplace health and safety programs.

We also have various training, prevention, and risk control programs that deal with serious illnesses and a wide range of health issues relevant to our operations.

With a view to fostering healthy lifestyles among our people, we promote healthy habits, emphasize the importance of a balanced diet with proper hydration, and encourage regular physical exercise.

At a company level, we have organized various campaigns on preventive medicine, sight and hearing examinations, vaccination programs against tetanus, influenza, and hepatitis, medical checkups and talks about conditions such as diabetes, obesity, heart disease, and cancer.



**1.35%**  
rate of absenteeism

**3.45%**  
incidence of lost time

**9.40%**  
job turnover rate

Only Mexico Beverages + IPASA



## Physical Activity and Healthy Lifestyles for Our Employees

Making our company a good place to work means maintaining safe and healthy workplaces. In 2012, together with Coca-Cola de México, we participated in the pilot program "Actívate México" (Get Active, Mexico!). This initiative seeks to encourage physical activity among company employees so that they can improve their health and share the benefits of exercise with their families. The program lasted 12 weeks and attracted the participation of 334 employees from our main offices.

## Human Rights

Arca Continental is guided by ethical and business standards that respect the human, civil, economic, social, and cultural rights of all persons. We provide our employees and other stakeholders with an environment of mutual respect, free from harassment and discrimination.

These and other principles are based on the guidelines of the Workplace Rights Policies of The Coca-Cola

Company, which in turn are based on the Universal Declaration of Human Rights and the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work in the Global Compact of the United Nations.

Through these policies, we are committed to promoting open and inclusive workplace environments and to encouraging and motivating all our employees to respect the following precepts:

- Allowing free association and collective bargaining
- Prohibiting the use of any kind of forced labor
- Prohibiting any kind of child labor
- Eradicating workplace discrimination and promoting equal opportunities
- Abiding by legislation governing wages, working hours, overtime, and benefits
- Providing a safe and healthy workplace environment
- Maintaining safety in the workplace and preventing acts of violence, harassment, or intimidation
- Maintaining cordial relations and an open dialogue with the communities in the territories where the company operates



# +52,000

participants in health programs

# We Contribute Positively to the **COMMUNITY**

We implement community projects that improve the quality of life and promote **sustainable development.**



# 2,632

women retailers trained in the Mobile Classroom in 2012, through courses aimed at increasing sales and generating savings for their businesses.

## Comprehensive Development of Women

We generate opportunities and support various initiatives that contribute to the development, participation, and growth of women.

### Working Women

Consistent with our goal of fostering gender equity in society, we have addressed the issue of working women from both an internal and external perspective.

Internally, we have been able to identify practices and indicators in our own operations that lead us to conclude that there is still much to be done to redress the balance between men and women. More information on this can be found in the "Our People" section.

Externally, we have undertaken a series of actions aimed at empowering women retailers and other commercial partners of our business. In 2012 we appointed a person to evaluate the activities we undertake in our operations. This has allowed us to redefine our strategies of collaboration and the alliances we can strike so that women retailers can acquire new skills to grow their businesses. As a result, we will be able to set goals and comply with the Coca-Cola System's 2020 Vision.

## ANSPAC

For 25 years in a row we have collaborated with the Asociación Nacional Pro Superación Personal, A.C. (ANSPAC) in promoting among mothers, wives, and daughters the values and virtues required for comprehensive development and family unity. Through a range of workshops and courses, we offer women the tools to address problems in a positive way and the skills and creativity required to improve their family economies. The program has been of great help in contributing to the development of women in the localities where we operate and has been implemented in 24 Arca Continental ANSPAC units in the Northern Region of Mexico and in Ecuador. In 2012 we exceeded the previous year's participation, with the enrollment of 1,200 women in basic and advanced courses.

## Building Relationships, Supporting the Community

In 2012 all of our operating units joined in the activities promoted globally by The Coca-Cola Company to check climate change and conserve the environment, including Earth Hour, Peace One Day, and Cleaning of Water Bodies.

In Argentina we sponsored basketball, swimming, volleyball, cycling, women's soccer, and martial arts events, to the benefit of more than 90,000 people.

We also made a mark in 2012 as one of the founding partners of Norte Sustentable, the first group of Socially Responsible Companies in northern Argentina. Together with 21 other companies in the province of Salta, we promote good business practices and social responsibility, partnering with stakeholders and incorporating the initiatives of private, civil, and public organizations in Argentina into our efforts. In 2012, a forum on sustainability awareness was held with great success.

Consistent with our goal of fostering the comprehensive wellbeing of our communities, Bokados established an alliance with "Citizens Against Alcohol Abuse" (Ciudadanos Contra el Abuso del Alcohol, or CABAL). This non-profit organization offers counseling on alcohol abuse, with a focus on promoting good habits and preventing bad ones among young people.



# 12 tons

of garbage collected along 7.5 kilometers of beaches and riverbanks during Annual Volunteer Day



ACTIVITY	DESCRIPTION	BENEFITS
<b>Volunteer Program</b>	In 2012 our Annual Volunteer Day attracted the participation of 6,000 volunteers in more than 24,000 person hours of activities, including reforestation and the cleaning of beaches and riverbanks, as well as painting and the renovation of electrical and plumbing installations in recreational spaces, sporting facilities, parks, and public schools.	<ul style="list-style-type: none"> <li>• <b>8,000</b> trees planted</li> <li>• <b>12</b> tons of garbage collected</li> <li>• <b>7.5</b> kms of beaches and riverbanks cleaned</li> <li>• <b>14</b> schools, <b>11</b> parks y <b>12</b> public spaces refurbished</li> </ul>
<b>Christmas with Meaning</b>	In the hope of bringing some Christmas joy to children in poorer communities, new toys were donated by employees of Arca Continental.	<ul style="list-style-type: none"> <li>• <b>10,115</b> toys donated</li> <li>• <b>9,300</b> children benefited</li> </ul>

### Volunteer Program (VOLAR)

Our volunteer program was created eight years ago with a view to encouraging our employees to contribute their donations, time, and talents to the service of social organizations in the different communities where we operate. The operation and administration of the program is handled through Volunteer Committees formed in each business unit.

In addition to the local activities of each committee, there are five annual institutional activities that involve the participation of the local communities, including "Christmas with Meaning," a campaign to collect toys, and "Annual Volunteer Day," which strengthens our values, our philosophy, and above all our way of being and acting.

The resources for these programs are obtained through voluntary donations from associates in each business unit. Their contributions are deducted from payroll and deposited in a company savings account. Arca Continental matches the amount raised by each committee to donate to various causes.

### SumaRSE Network in Nuevo León

We continue to partner with local businesses in promoting actions that improve the quality of life in local communities, through Red SumaRSE ("SumaRSE Network").

In 2012 the Network continued to consolidate its methodology for the reconstruction of social unity and the generation of civic skills in three communities in the Mexican state of Nuevo León.

A study was made to identify the initial situation, the social context, and the perceptions of the participating communities. Conclusions were grouped in the component areas to define the goals of the initiative: resilience, citizen skills, social cohesion, and collective action.



## Support for Education

With a view to improving both the workplace and family environments, and well aware that education in values is the foundation of a better society, we continued in 2012 to present the Human Values In Depth Program to our employees.

With an investment of more than one million pesos, the program was given in 2012 to more than 1,200 employees in Chihuahua, Coahuila, Nuevo León, Baja California Sur, Sonora, Tamaulipas, San Luis Potosí, and Ecuador. To date, a total of 22,526 employees have participated in this program.

Also the Training Workshop for Parents was given at our Topo Chico, Mazatlán, Culiacán, and Reynosa plants, and two permanent teams of instructors for the workshop were constituted in Mazatlán and Culiacán.

# +11,000

trees planted by company employees in 2012 during Sustainability Day and other volunteer activities



## Sustainability Day

This institutional event was held in 2012 with a view to communicating our performance and progress in the area of environmentally-friendly operations and processes.

Also, we continued to raise awareness of environmental sustainability among our personnel and their families, through recreational and family-oriented events, including activities and competitions involving recycling, water saving, environmental conservation, and other practices that positively impact our world.

During Sustainability Day, some 3,300 trees were planted as part of our reforestation activities, thanks to the participation of more than 7,000 associates, their family members, and other members of the community.



# We Promote and Encourage **PHYSICAL ACTIVITY AND HEALTHY LIFESTYLES**

As members of the Coca-Cola System, we are one of the most important driving forces behind sports in Mexico. In the territories where Arca Continental operates, we promote healthy, active lifestyles through physical activity programs and nutritional education.



## **Health for Learning**

In order to continue caring for the health of primary school students and their teachers and parents in the state of Nuevo León, we have worked with the Health for Learning program, in collaboration with the state government, the departments of health and education, and the food and beverage sector.

This strategic alliance, which began in 2010, resulted initially in a version of the State Catalogue of School Food, Beverages, Breakfasts, and Snacks, which was redesigned in accordance with the third stage of the federal guidelines for the academic year 2012–2013. The new version reinforces the central purpose of the catalogue, which is to offer school principals, food suppliers, and parents valuable information on proper nutrition and food preparation for school-age children.

## **Schools in Movement**

Through this program, we renovated the installations of ten playing fields at schools in the municipality of Saltillo, Coahuila, constructed a multi-use playing field in the municipality of Villaldama, Nuevo León, and distributed sports equipment and information on nutrition and environmental conservation to more than 7,500 students, benefitting 11 different schools directly and almost 5,000 families indirectly.



### Powerade Marathon

It was with great pride that in 2012 we celebrated the seventh edition of the Powerade Marathon in the city of Monterrey. Organized in conjunction with the Asociación de Clubes de Corredores del Estado de Nuevo León, A.C., the marathon has consolidated itself as one of the major sporting events in the state and a showcase for healthy lifestyles.

The most recent edition reached the record figure of 3,500 runners, 12% more than in 2011, and the highest number of any marathon in the entire history of Nuevo León.

In the tradition of previous years, we also promoted health, physical activity, and sports among children, holding a 4.2-kilometer mini-marathon that also broke an attendance record, attracting some 2,000 participants.

We have reaffirmed our commitment to providing the benefits of good health to all members of the community through our Registrations with Value program, a fundraising effort on behalf of charitable institutions that in 2012 collected a total of 400,000 pesos.

### Coca-Cola Cup

One of the commitments of the Coca-Cola System in Mexico is to promote healthy and active lifestyles, through sporting events such as the Coca-Cola Cup, the most important interschool soccer tournament in the country.

Arca Continental participates actively in this important initiative, which over the last fifteen years has encouraged physical activity among more than a million secondary school students, inspiring them to adopt an active and healthy lifestyle through a unique and fun experience that promotes both sports and the values of healthy competition, fellowship, and teamwork.

In 2012 more than 7,000 matches were played in 140 different cities, with playoffs at the local and state levels, as well as the big national final.

### “Let’s Play”

In the regions of Argentina where we operate, we seek to promote physical activities during school recesses and to share information about food and nutrition with primary school children. To this end, we formalized an alliance with the Fundación Educacional, which trains teachers in the subjects of nutrition and physical education. Since its creation, 357,350 children have participated in the program in 1,176 public schools in Argentina and 9,401 teachers have received training.

# +357,000

children in Argentina have participated in the “Let’s Play!” program since its creation.



# ENVIRONMENTAL CULTURE AND MANAGEMENT

We wish to conduct our business while making rational use of natural resources and conserving the environment, so we are committed to bringing our environmental policy to bear on all our business decisions and processes.

**635,974 m<sup>3</sup>**

of water saved in 2012

Through improved processes, a reduction in CO<sub>2</sub> emissions of

**7,627 tons**



# Moving Steadily Toward **SUSTAINABILITY**

We have implemented numerous measures to reduce the environmental impact of our operations, making rational and efficient use of natural resources and taking into account the key aspects of all our production processes.

As part of our sustainability efforts and our commitment to mitigating the environmental impact of our operations, we have made significant improvement in our water and energy consumption, waste management, and greenhouse gas emissions.

One of the efforts of which we are particularly proud is the Rainmaker Project, implemented in conjunction with Coca-Cola at our plant in Hermosillo, Sonora. The project, which employs state-of-the-art technology to reduce water consumption by 35%, was awarded the Global Grand Prize by the International Water Association.

As part of the company's efforts in the area of efficient use of natural resources, the Arca Continental Environmental Sustainability System is a program of continuous, specialized training for employees on



## **ENVIRONMENTAL POLICY**

## ENVIRONMENTAL SUSTAINABILITY MODEL



### PREVENTION / EFFICIENT USE

#### HUMAN CAPITAL

Development of an Environmental Culture

#### INFRASTRUCTURE

Through Technological Innovation

#### MANAGEMENT

Environmental Management System

environmental issues. The program is also extended to strategic suppliers and tied in closely with our operations and the distribution of our products.

The training courses are offered at all of our operation centers, with the aim of identifying and correcting aspects of environmental sustainability in order to improve efficiency in our processes and meet the objectives we have set.

The personnel responsible for the strategic design and operation of these programs also receive economic incentives based on performance indicators and levels of compliance.

Our Environmental Management System is certified, guaranteeing strict quality control and adherence to current environmental legislation. Moreover, 19 of our plants have Clean Industry Certification.



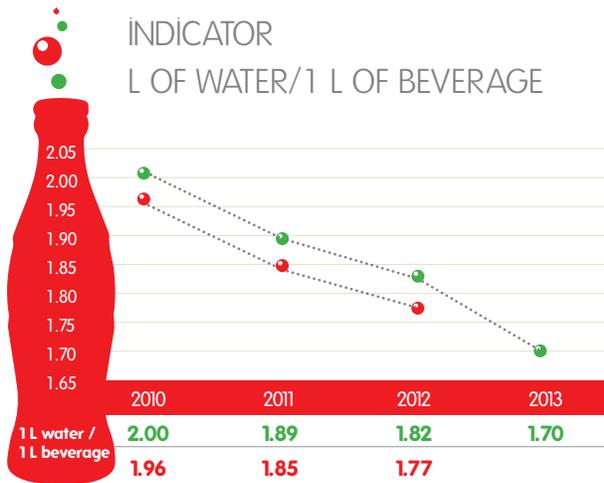
Committed to the care and improvement of the environment, we abide by existing laws and other requirements acknowledged by the organization in the area of environmental sustainability, thus ensuring our rational and efficient use of natural resources.

# WATER

Water is the most precious resource on our planet, **vital both for the communities in which we operate and our own business.** We are committed to optimizing our use of water resources.



As part of the Coca-Cola System, we are committed to the goals of its 2020 Vision. These include returning to nature 100% of the water we use in our processes, through a range of initiatives and control programs organized under three major efforts: Reduce, Recycle, Restore.



● Water indicator objective ● L Water / 1 L Beverage Indicator

## Reducing Water Consumption

The Rational Water Use program is designed to orient all the processes at our plants toward the reduction of water consumption, through the implementation of new technologies in production processes, such as ionizing air cleaners, tertiary treatment systems, and osmosis.

Another important effort is the constant training of our personnel, aimed at promoting an awareness of the importance of the rational use and saving of water. To date, the totality of our production personnel has been trained in areas related to environmental care and water use.

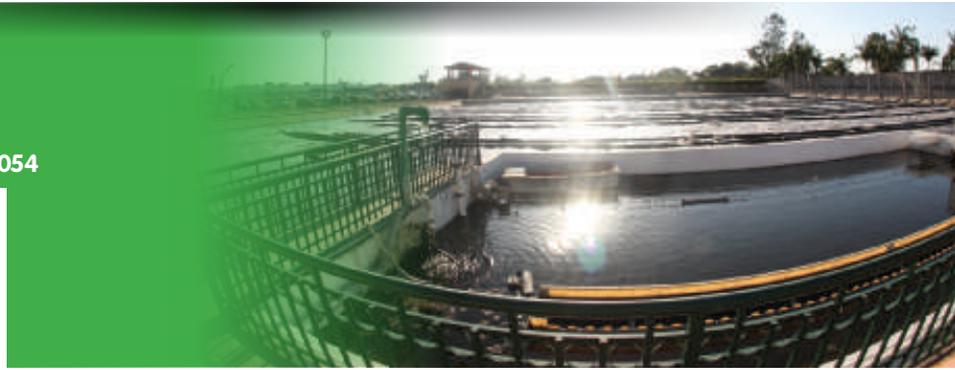
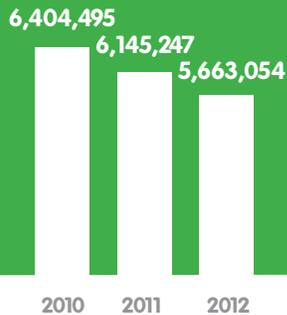


### TOTAL WATER CONSUMPTION VERSUS PRODUCTION

	2010	2011	2012
Water used (m <sup>3</sup> )	13,075,264	13,343,083	13,041,012
Beverage production (m <sup>3</sup> )	6,670,769	7,197,837	7,377,959

## INDUSTRIAL WATER

m<sup>3</sup> wastewater



## Recycling Water

As for initiatives to reuse water in our operations, we have returned 100% of our wastewater to nature, with a quality that promotes biodiversity.

## Restoring Water

Participating in local projects allows us to approach our goal of restoring all the water we use to nature and the community. To this end, since 2007, in alliance with Coca-Cola de México and the World Wildlife Fund (WWF), we started the Vulnerable Source Water Protection project.

This project analyzes the condition of our water supplies and seeks to protect them through preventive measures, ensuring that water sources are neither polluted nor exhausted. The project has helped us to identify sources and participate in restoration programs that can be enormously profitable to local communities.



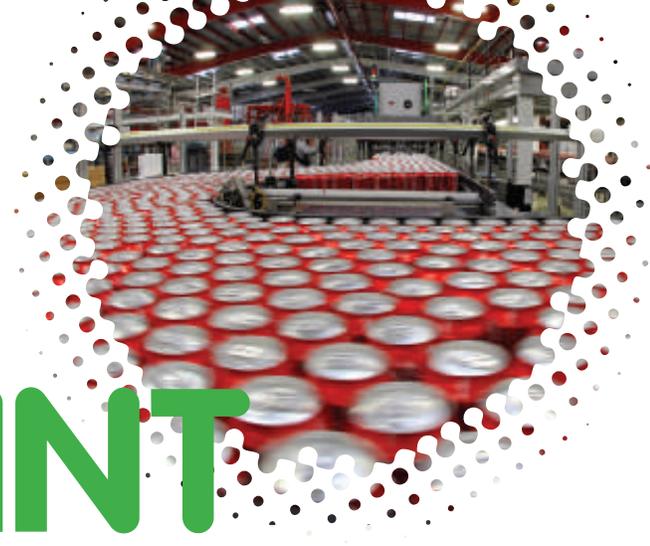
At Arca Continental, we are committed to protecting and mitigating the environmental impact on the water basins that supply the territories in which we are present. With Coca-Cola de México and Pronatura A.C., we have established the National Reforestation and Rainwater Harvesting Program, whose goal is to recover 25,000 hectares of woodlands in Mexico and thereby contribute to the continuity of the water cycle.



# 6 million

trees planted on 5,500 hectares of Arca Continental territories in 2012

# OUR CARBON FOOTPRINT



We are moving closer to our goal of being the leader in the beverage sector in the **efficient use** of energy and the **prevention** of global warming.

The optimization of energy use depends on operating efficiency in the production and distribution of our foods and beverages. We therefore make significant investments in reducing our electricity use, through a range of initiatives that Reduce, Replace, and Innovate in our work centers.

## Reducing Energy Consumption

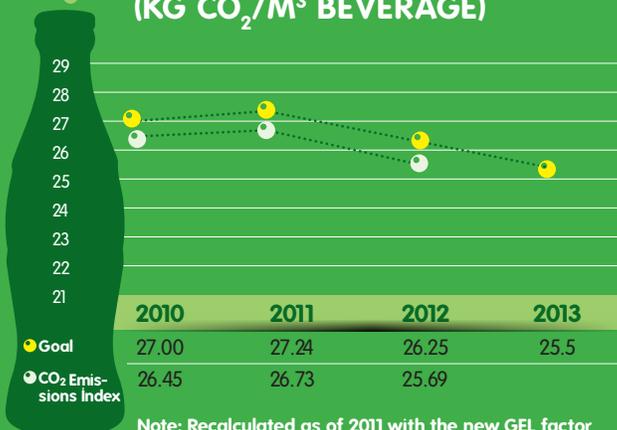
As part of our efforts to reduce energy consumption in our production processes, we carefully monitor and evaluate our energy consumption and greenhouse gas emissions.

We also have a “Wintertime Energy Savings Program” designed to diminish energy consumption during the winter months by adjusting the number of shifts in our work centers from three to two.

Other initiatives that have contributed to reducing energy consumption and emissions include the optimization of load capacity in our trucks (which lowers the number of trips necessary in long-distance transport), the use of electric loading dock lifts in our warehouses and plants, and the installation of high-efficiency motors in our production plants.

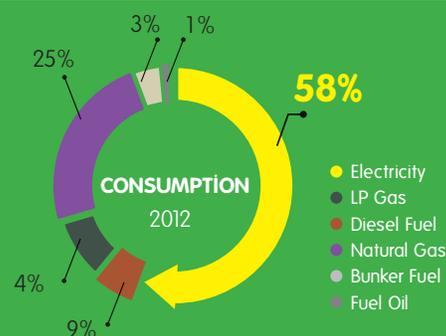
The monitoring of fuel consumption indicators has also allowed us to identify windows of opportunity and to be more efficient in our consumption of energy. Examples of this are the “Full Configuration” and “Drop and Hook” system, designed to reduce and optimize energy consumption in the transport of our products to distribution centers, and the monitoring and evaluation of electrical installations at all our plants and offices.

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



## DIRECT ENERGY CONSUMPTION (GJ)

YEAR	LP GAS	NATURAL GAS	DIESEL FUEL	FUEL OIL	BUNKER FUEL
2010	66,355	392,377	221,918	18,145	41,933
2011	67,092	436,024	167,759	17,424	49,082
2012	77,436	441,907	148,299	19,624	47,523



## Replacing Energy

We have implemented several initiatives that involve the use of innovate new technologies to reduce energy consumption, replacing outdated motors, pumps, and lighting with more efficient equivalents. We have also evaluated renewable sources, such as wind energy, and continued our diagnoses, monitoring, and environmental controls, with a view to evolving in the direction of green technologies and reducing our consumption of fossil fuels.

We are working both internally and with our transportation partners to improve the efficiency of our vehicles through the proper maintenance and enhancement of our fleet, evaluating the acquisition of hybrid vehicles and reducing gas consumption by improving the logistics of our market routes.

## Innovating for More Efficient Energy Use

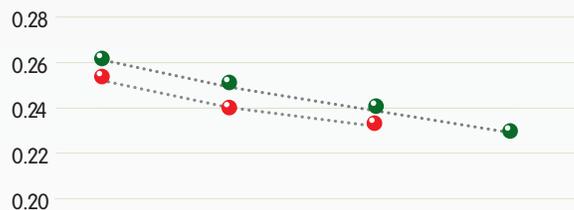
Our goal is to integrate clean energy from renewable sources into our processes by 2015, with the aim of making significant reductions in our greenhouse gas emissions as measured in tons of CO<sub>2</sub>.

In conjunction with our suppliers, we have developed technologies that reduce the consumption of energy by our refrigeration equipment and consequently generate fewer greenhouse gas emissions. All of our refrigeration equipment is chlorofluorocarbon-free and 77% of our refrigerators are equipped with energy-saving devices. This has made for savings of almost 4% in energy consumption by our customers in 2012, compared to the previous year.

Other initiatives that have helped us to optimize and save energy in 2012 are tests with CO<sub>2</sub> as a refrigerant gas, four-cylinder transport vehicles which consume less gas, and the use of loading dock lifts run on natural gas.

We are engaged in the struggle against climate change and well aware that it is one of the central tenets of our business strategy. We therefore seek to improve efficiency in all of our operations and to use processes that protect our environment and conserve resources and renewable raw materials.

## ENERGY USE (MJ/LTS BEVERAGE)



	2010	2011	2012	2013
● Goal	0.260	0.250	0.240	0.231
● MJ/Lts beverage	0.255	0.244	0.236	

## INDIRECT ENERGY CONSUMPTION (GJ)

YEAR	2010	2011	2012
	959,870	1,016,901	1,008,397

# PACKAGING

We work to develop environmentally-friendly packaging that can be considered a source of value to the environment, rather than a waste product.

In 2012 we invested 196 million pesos in efforts to lighten our packaging, generating annual savings of 4,000 tons of polyethylene terephthalate (PET) resin.

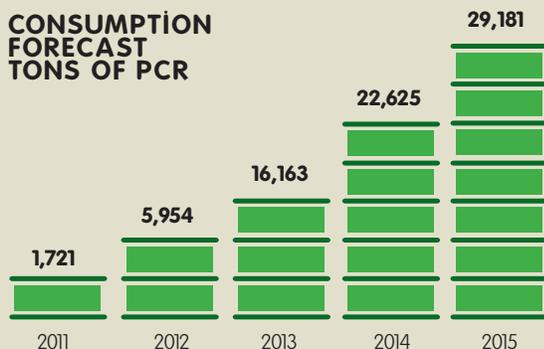
We have progressed toward meeting our sustainability goals, reaffirming our commitment to the care of the environment through PetStar, a food-grade PET recycling plant we administer in conjunction with Coca-Cola and other bottlers in the Coca-Cola system.

PetStar uses state-of-the-art technology to process almost 30,000 tons of post-consumer PET bottles per year and convert them into approximately 22,000 tons of recycled food-grade PET resin, which can be used to produce new bottles for the food and beverage industry.

In 2012 we invested US\$34 million in doubling the capacity of PetStar, so that by the middle of 2013 we will be able to remove some two billion PET bottles from the environment annually, recycle them, and convert them into 44,000 tons of resin.

In 2012 our Mexican operations consumed 5,954 tons of post-consumer resin (PCR) in the production of non-returnable PET bottles, equivalent to 7.6% of the total resin consumed (78,149 tons). By 2015, we expect to be using almost 30,000 tons of PCR, which would represent 36% of our total consumption of resin for the production of non-returnable PET bottles.

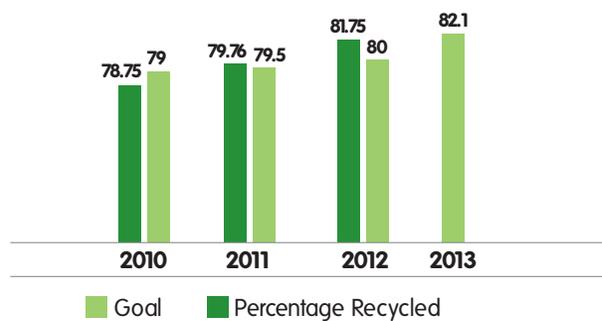
## CONSUMPTION FORECAST TONS OF PCR



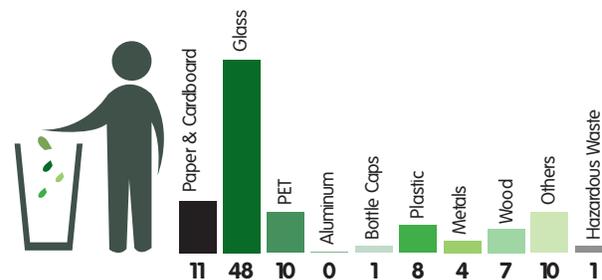
# RESIDUES

Through the proper channeling of residues and the recycling of various materials used in our production processes, we have achieved significant reductions of residues, always abiding by environmental standards and committed to searching for more efficient alternatives.

## PERCENTAGE RECYCLED



## PERCENTAGE OF RESIDUES RECYCLED IN 2012



## Residues and Percentage Recycled

	2010	2011	2012
<b>Recycled Residues</b> (kg.)	46,343,454	48,898,704	52,000,713
<b>Confined Residues</b> (kg.)	12,505,394	12,411,887	11,605,967
<b>Solid Residues</b> (kg.)	58,848,849	61,310,591	63,606,680
<b>Percentage Recycled</b>	78.75%	79.76%	81.75%
<b>Recycling Goal</b>	79.0%	79.5%	80.0%

# ENVIRONMENTAL LEGISLATION

Our company, like any social organization, is part of a **global community** integrated into the particular place where its operations are located.

It is our responsibility to respect and abide by all environmental laws and standards as they contribute to a balance between our business system and the community to which we belong.

In 2012 there were no environmental spills as a result of our operations and the company received no fines or sanctions for failure to comply with any environmental regulation.

## CERTIFIED PLANTS

### FSSC 22000

1. Chihuahua	10. San Luis
2. Matamoros	11. Zapopan
3. Hermosillo	12. La Favorita
4. Mexicali	13. Las Trojes
5. Topo Chico	14. Coyotes
6. Insurgentes	15. Piedras Negras
7. Guadalupe	16. La Paz
8. Culiacán	17. Ciel Juventud
9. Juárez	18. Ciel Saltillo

### ISO 9001/ ISO 14001

1. San Luis	8. Culiacán
2. Hermosillo	9. Guadalupe
3. Mexicali	10. Juárez
4. Matamoros	11. La Favorita
5. Chihuahua	12. Zapopan
6. Topo Chico	13. Las Trojes
7. Insurgentes	14. Aguascalientes

### OHSAS 18001

1. San Luis	4. Chihuahua
2. Hermosillo	5. Matamoros
3. Mexicali	6. Topo Chico

# SUSTAINABLE CONSTRUCTION

truction standards and indicators in the areas of energy efficiency and environmental impact for all construction, expansion, and/or renovation projects carried out at the offices of our business units.

These criteria focus on water savings, energy efficiency, protection of the ozone layer, use of renewable energy sources, air quality, and respect for local biodiversity.

# BIO-DIVERSITY

In the area of biodiversity, we have worked to maintain bodies of fresh water, thereby guaranteeing the **conservation of thousands of species endemic** to the territories in which we operate. We are also engaged in soil conservation, which contributes to the capture and filtration of water into the subsoil, thereby renewing the water table and indirectly supplying water basins.

In 2012 we continued our programs to foster environmental awareness through events such as the Arca Continental Annual Volunteer Day, which attracted the enthusiastic participation of almost 6,000 of our associates and their families in activities such as reforestation. In this and other activities, a total of 11,271 trees were planted.

Finally, some 12 tons of garbage were collected along 7.5 kilometers of beach and riverbank, contributing to the cleanliness of adjoining bodies of water.

# COMPETITIVENESS AND SHARED VALUE

Through constant investment, permanent job creation, and strong demand for products and services, we drive economic growth and social development in the communities where we operate.

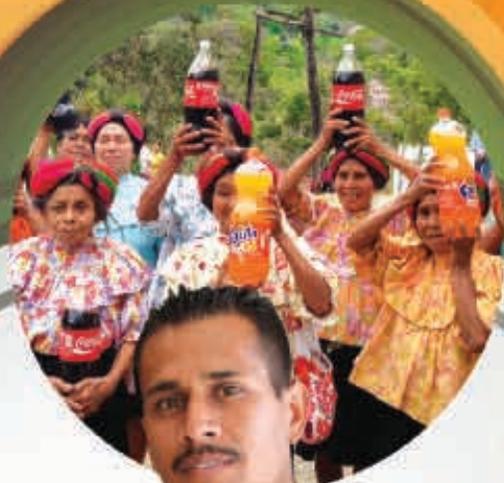
## 44.4 billions

of pesos in distributed economic value\*

\* DISTRIBUTED ECONOMIC VALUE = PAYMENTS TO SUPPLIERS + SALARIES AND BENEFITS + COMMUNITY INVESTMENT + TAXES + DIVIDENDS + PAYMENT OF INTEREST AND PRINCIPAL + OTHER PAYMENTS

## 98%

of our suppliers  
are Mexican



# ECONOMIC DEVELOPMENT

Through the efficiency of our business units and our steady growth, we seek to guarantee the sustainability and competitiveness of our company, generating shared value for all our stakeholders.



Our economic responsibility begins with the production and marketing of high-quality products which fully satisfy, from a standpoint of sustainability, the needs and tastes of our customers and consumers. In order to fulfill this mission, we require human capital and a whole range of basic materials, products, and services. The economic trickledown caused by this chain contributes in turn to the growth and development of the communities in which we operate.

## DIRECT ECONOMIC VALUE CREATED (DEVC)

Net Sales	56,269
Financial Products	143
Sales of Assets	18
<b>Total DEVC</b>	<b>56,429</b>

## ECONOMIC VALUE DISTRIBUTED (EVD)

Cost of Sales	30,234
Salaries and Social Benefits	8,053
Other Expenses	205
Taxes	2,442
Dividends	2,417
Interest Paid	995
Community Investment	58
<b>Total EVD</b>	<b>44,404</b>

**TOTAL RETAINED ECONOMIC VALUE 12,025**

NOTE: AMOUNTS EXPRESSED IN MILLIONS OF PESOS



In the process of creating economic value, we never lose sight of our ethical principles: fair trade, the constant development of the value chain, and compliance with local laws and standards. We firmly believe that final value cannot be created unless we act in accordance with our Code of Ethics all through the process.

## Investment

Investment is a means of maintaining and enhancing the efficiency and competitiveness of a company. This is why we invest constantly in all areas of our business, with significant economic benefits for all of our employees. In 2012 our investment in fixed assets totaled over 3.4 billion pesos.

## Jobs

Our commitment to the welfare of the communities in which we operate motivates us to be a stable and growing source of well-remunerated employment that provides social benefits and opportunities for development to all our personnel.

In 2012 our human capital consisted of 39,070 employees and, thanks to our commercial activities, we generated some 156,280 indirect jobs.

# 3.4

**billion pesos**

invested in fixed assets

# ETHICS

**THE ARCA CONTINENTAL CODE OF ETHICS GOVERNS OUR DEALINGS WITH ALL OUR STAKEHOLDERS AND IS A FUNDAMENTAL PART OF OUR COMPANY WHEREVER WE OPERATE.**

Our Code of Ethics is familiar to all company personnel and is reviewed and updated every two years by the Board of Directors and Management Committee. The Code reflects the global characteristics of our business, respecting the viewpoints of our customers and employees, our competition, government authorities, and all those concerned for the environment.

In order to make our Code of Ethics known, we use a range of communications tools, including our in-house magazine *Visión en Acción*, bulletin boards, webpages, and courses. Every employee receives a copy of the Code of Ethics during his or her Induction Course.

Our Code of Ethics is based on respect for the values of the company and compliance with the laws and regulations in effect in the countries in which we operate. Its goals include anti-corruption processes and controls, fair trade, transparency, and healthy relations between our employees and anyone who comes into contact with our company.

Even before advertising directed at minors was regulated, we at Arca Continental had acquired the practice of not directing messages to children under twelve years of age, with a view to respecting the rights of parents and tutors to choose what is best for their own children. Years later, this principle was enshrined in the Self-Regulation Code for Food and Non-Alcoholic Beverage Advertising, to which we continue to adhere as part of the Coca-Cola System.

**We have means by which behavior that departs from our Code of Ethics can be denounced. Our Transparency Mailbox is available 24 hours a day, 365 days a year at [www.arcocontal.com](http://www.arcocontal.com) / 01-800-000-2722.**

**In 2012 all of the complaints we received were analyzed, evaluated, and satisfactorily addressed by an independent firm entrusted with carrying out this process and making concrete recommendations to the corresponding bodies.**

# Permanent Dialogue with Our **CUSTOMERS**

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.

Well aware that customer service is the key to success with the end consumer, we have adopted service models in our sales and distribution forces that are designed to reinforce efficient communication with the customer, whom we consider our principal business partner.

Sensitive to the development of our business and the market, we have designed commercial service models that address the particular needs of each channel. We follow up on standards that ensure the proper achievement of our goals.

In the more than 908,000 points of sale across the three different countries in which we operate, our strategic goals of attention, communication, work, and acknowledgement of the customer are the axes around which we have worked to achieve harmonious long-term relationships. They are marked by the following guidelines:

## Comprehensive Customer Service

At Arca Continental, we know that customer satisfaction enhances the value of our brands. This is why we maintain a permanent open dialogue with our customers through effective communication channels.

In 2012 we redesigned our system for attending to customers, streamlining processes and centralizing the operation of all our territories. To this end, we inaugurated our Arca Continental Contact Center, which enhances the customer and consumer attention we have been offering over the years by means of an electronic mailbox on our webpage for complaints and other customer needs. The system also monitors and follows up on the steps taken to ensure customer satisfaction.

At the end of last year, there were no outstanding complaints and no instances of failure to comply with standards or codes related to supply, product use, or service.

## Distinguished Partner Program

At Arca Continental, we make a daily effort to strengthen customer relations. We have developed a program of continual synergy that seeks to grow our retailers as micro-enterprises through the financing of training courses in areas that help them to improve their sales





and business strategies, with the aim of encouraging and motivating them to improve the quality of service they offer to our consumers.

## Retailer Development

In our ongoing effort to add value for our customers, we continued in 2012 to offer training to our retailers—owners of corner stores and mom-and-pop operations—through the Aula Móvil, or Mobile Classroom, which is fully equipped to give the courses we provide free of charge. In 2012 a total of 183 courses were given to 5,111 retailers, who learned new skills and sales techniques that will help them to serve their own customers better and increase sales, all to the benefit of their businesses.

We also enhanced the Siglo XXI Project, which helps our customers to expand their potential through the presentation of products, promotional materials, painting, training, and tools to increase the flow of consumers into their businesses. Last year we supported more than 5,000 customers through this program and we have set the goal of continuing to expand the initiative in 2013.

## Cold Front Program

Committed to improving customer service and increasing consumer satisfaction, for several years now we have incorporated the Cold Front program into our business strategy, seeking to offer cold beverages to the end consumer when they are required. In order to achieve this goal, we provide all the support necessary to small businesses that display our products through the installation of new refrigeration equipment.

To date, we have installed some 388,000 CFC-free coolers, maintaining our equipment in Mexico totally free of CFCs. Moreover, 77% of our equipment is equipped with specialized energy-saving technology, resulting in lower costs and higher profits for the businesses of our retailers.

## RTM (Route to Market)

“Route to Market” is a work strategy that makes it possible to understand, evaluate, and improve our service models and distribution systems, so that we can respond in an agile way to different market dynamics. Understanding the different service needs of each kind of customer helps us to optimize distribution routes and thus reduce expenses and emissions, while at the same time increasing customer satisfaction.



# +183,000

retailers supported in 2012

# A Variety of Products to Satisfy Our **CONSUMERS**

The success of our business is based on continually meeting the expectations of **our consumers**, through a wide portfolio of high-quality products, in order to address their different needs and preferences of hydration and nutrition.

## A Wide Portfolio of Products

At Arca Continental, we keep our promise of meeting the needs and preferences of our consumers, making a constant effort to offer beverages and foods of high nutritional value that can be enjoyed at any time.

Our portfolio includes The Coca-Cola Company brands, with water, flavored water, teas, juices, energy drinks, sports drinks, supplemented beverages, coffee, and carbonated soft drinks, 40% of which are low-calorie or calorie-free.

Our portfolio of snacks includes both sweet and salted foods, produced by Bokados in Mexico, Wise in the United States, and Inalecsa in Ecuador.

Like our beverages segment, our snacks portfolio provides something for every energy need and occasion. Half of our products are low in sodium or sugar and contain no trans fats.

We are developing strategies to promote beverages of 335 milliliters or less and snacks of less than 75 grams among our sales and distribution channels.



Our packaging and labels provide **nutritional information** for consumers so that they can make informed decisions about their consumption.



## Responsible Marketing and Advertising

Our company has always been committed to marketing its products in a responsible way. We have marketing policies which establish that no commercial advertising or messages in any medium, including our own product presentations, are directed at children under the age of twelve. Also, we are committed to providing consumers with the information they require to make the best decisions.

In accordance with the guidelines of the World Health Organization, and reflecting our own commitment to children's health, since 2008 we have adopted the Self-Regulation Code for Food and Non-Alcoholic Beverage Advertising (known as the PABl Code). This protocol lays down specific guidelines for food and non-alcoholic beverage advertising directed at children, with a view to promoting healthy lifestyles.

In 2012 all our advertising complied with the code and we did not allocate resources to any communication targeting minors.

## Product Labeling

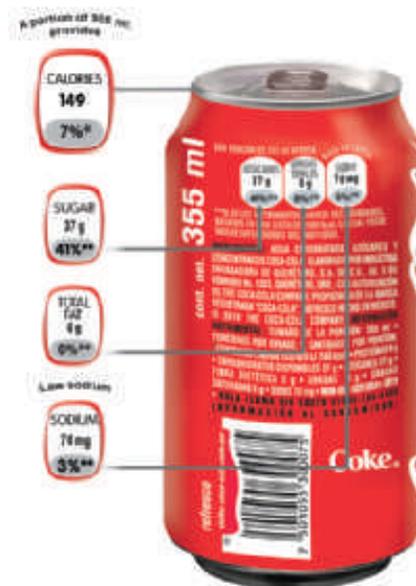
At Arca Continental, we maintain a total commitment to our consumers. In order to maximize their wellbeing, we provide clear and understandable nutritional information about our products, so consumers may protect their health and improve their ability to choose wisely.

As a result, the labels of The Coca-Cola Company products include nutritional information and easy-to-read diagrams of the calories, sugar, fat, and sodium in each of our beverages, including Recommended Daily Intake indications for these ingredients in a diet of two thousand calories per day.

In the case of Bokados, each label contains nutritional information and the products also comply with the guidelines for the distribution and sales of food in primary schools. In 2012 we had no instance of failure to comply with product labeling requirements.

# 40%

of our beverage portfolio consists of low-calorie or calorie-free options



\*\*\*% of the recommended daily nutrients, based on a diet of 2,000kcal, which may vary depending on the individual.

# We Drive the Growth of Our **SUPPLIERS**

We understand the importance of the value chain in the success of our company's sustainability strategy, so we have established relationships of joint responsibility with our suppliers, incorporating sustainable development practices for the benefit of the community.

## Guiding Principles for Our Suppliers

In order to maintain a supply chain that is in line with our principles and values, all our suppliers abide by the Guiding Principles for Coca-Cola Suppliers. In this way, we reaffirm our commitment to developing relations based on integrity, respect for human rights, free association, the prohibition of child and forced labor and worker abuse, non-discrimination, the promotion of a safe and healthy workplace, the protection of the environment, and compliance with the legislation in effect in the places where we operate.

These principles govern our hiring of, and relations with, a wide range of suppliers who help us to develop our business, of whom 98% are Mexican.

As a part of the purchasing policy and guidelines of the Coca-Cola System, suppliers are evaluated for quality, safety and prevention of occupational hazards, social responsibility practices, environmental conservation, and financial solvency.



Through these guiding principles, we involve our suppliers in the application of different aspects of sustainability, with a great focus on human rights, business integrity, and environmental conservation.

The **value chain** is an essential element in sustainability initiatives. We are working to integrate the guiding principles of sustainability into our hiring processes and to extend them as far as possible down the supply chain.

## Developing the Value Chain

In 2012 we invited some of the small and medium enterprises that supply us with products and services to participate in two social responsibility workshops. The first was organized by the SumaRSE Network in Nuevo León on the subject of exchanging best practices of community-business links. It allowed Arca Continental and some of its partners in the network to share their experiences of implementing social programs.

The second workshop, organized in conjunction with the Unión Social de Empresarios de México, A.C. (Nuevo León), included grants for three suppliers to attend, and dealt with the subject of "Developing the Value Chain," with the aim of raising awareness of the importance of values, community development, environmental conservation, and other social responsibility issues.



## Environmental Leadership Workshop

Committed to the development of our value chain, in 2012 Arca Continental organized an Environmental Leadership Program in collaboration with the Mexican environmental protection agency, PROFEPA. Courses dealt with how production efficiency strategies combined with environmental conservation can maintain and strengthen a company's presence in the market.

**98%** of our suppliers are Mexican and we are working together to incorporate sustainable practices into their businesses, so that they can remain competitive.



# CORPORATE CITIZENSHIP

As responsible corporate citizens, we at Arca Continental support all initiatives that foster the healthy development of our sector. We share experiences and good business practices through our participation in various representative bodies, as well as at congresses and events dealing with responsible business development.

We are cofounders of Red SumaRSE (the SumaRSE Network), made up of several companies in the state of Nuevo León, whose objective is the sustainable development of the community through collaborative action and mutual support. We participate actively in a number of business associations and chambers of commerce, including:

- National Association of Soft Drinks and Carbonated Water Producers
- Coca-Cola Bottlers Association
- National Agricultural Council
- Water Consultive Council
- Social Union of Mexican Entrepreneurs
- National Chamber of Industry, Snack Branch
- National Confederation of Industry Chambers
- Nuevo León Chamber of Industry
- Confederation of National Chambers of Commerce and Tourism
- National Chamber of Industry
- National Chamber of the Restaurants and Seasoned Foods Industry
- Confederation of Employers of the Mexican Republic
- Nuevo León Corporate Lawyers Association
- National Association of Wholesale Grocers
- Compensation Technical Association
- Mexican Center for Philanthropy
- Mexican Institute of Finance Executives
- Snack Food Association
- Guayaquil Chamber of Industries
- Ecuador Chamber of Commerce
- Ecuadorian-American Chamber of Commerce
- Argentine Institute of Corporate Social Responsibility

## Main Awards and Distinctions Received in 2012

AWARD OR DISTINCTION	GRANTED BY	CONSISTS OF
<b>Sustainable IPC Index</b>	Mexican Stock Exchange	Placement of Arca Continental, S.A.B. de C.V. in the Sustainable IPC Index, the benchmark index of the Mexican Stock Exchange reserved for companies noted for their Social Responsibility, Environmental Management, and Corporate Governance.
<b>Socially Responsible Company</b>	CEMEFI and ALIARSE	Recognition, for the 10th time, of a group of norms and programs in the areas of ethics, quality of life, community ties, and environmental conservation.
<b>Great Place to Work</b>	Mexico "Great Place to Work" Institute	Recognition of our Chihuahua, Coahuila, and Tamaulipas regions for promoting policies which improve quality of life within the organization.
<b>Best Companies to Work for in Mexico and the Northeast Region</b>	Mexico "Great Place to Work" Institute	Awarded to the company for its marketing and distribution of branded products and service to customers and consumers. Industrial de Plásticos Arma S.A. de C.V.
<b>Excellence in Execution Cup</b>	The Coca-Cola Company	Recognition for marketing and distribution of Coca-Cola products and customer and consumer service.
<b>Global Grand Winner</b>	IWA	Global recognition for a water efficiency project at the VIII World Water Congress organized in South Korea.
<b>Clean Industry</b>	PROFEPA	Recognition for the results of several environmental audits of our plants.



2012 EXCELLENCE IN EXECUTION CUP

# ABOUT THIS REPORT

We present our Social Responsibility Report with total transparency to inform our stakeholders of the economic, social, and environmental performance of the company.

Since 2008, we have drafted our report in accordance with the methodology of the Global Reporting Initiative (GRI), in its G3.1 version. For the past two years, we have included indicators from the processed foods sector supplement.

This report presents the most relevant aspects of the company's operations in the period extending from January through December of 2012. The information contained in the section entitled "Company Profile" refers to the entire company and its three main business units: Bebidas México (the Mexico beverage division), Arca Continental Sudamérica (South America), and Complementary Businesses.

The information on social and economic performance refers to the operations of Bebidas México and in some cases to Arca Continental Sudamérica and Bokados, which represent 90% of total operations. In the case of environmental performance, we are reporting only on Bebidas México, which represents 80% of our operations.

The information contained in this report may be complemented by the Annual Shareholders' Report, which details Corporate Governance practices and the risks for the sustainability of the company that have been identified.

Owing to the processes of merger and streamlining of the two companies that make up Arca Continental, we have only presented comparative elements to evaluate performance in the environmental area. This is because both organizations work under the same system of environmental management, so results in the area can be measured and evaluated.

Also, the report on Arca Continental's practices includes indicators from the Sustainability Index of the Mexican Stock Exchange (Bolsa Mexicana de Valores, or BMV) and the principles of the Global Compact of the United Nations. In this case, we used the "Establishing the Connection" tool, which links GRI indicators with the principles of the Global Compact.





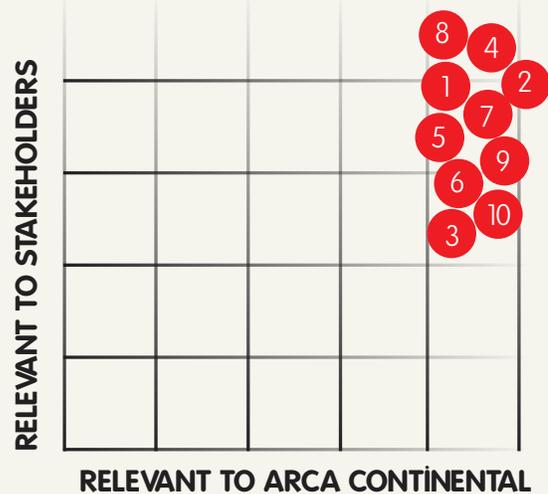
The materiality of the document is based on the issues most important to the business and sustainability of the company, focusing on those which could exercise a substantial influence on the evaluation and decisions of our stakeholders.

Materiality was determined on the basis of the general business strategy, the issues dealt with in our Social Responsibility and Sustainability Model, the goals we have set for 2020, and the communication we maintain with our stakeholders, through which we have learned their concerns and expectations as detailed on page 14.

Regarding the techniques used for measuring and compiling information for the drafting of this report, the relevant departments were requested to provide refined data for each indicator. The data collected has been processed through internal controls, operating systems, and audits in accordance with the Social Responsibility and Sustainability Model.

The environmental performance indicators were calculated on bases aligned to those of the Coca-Cola System in order to ensure comparability.

If you require more information or wish to submit comments or suggestions regarding this report, please contact Guillermo Garza, Director of Corporate Communication and Social Responsibility, or Rosario Aguilar, Head of Social Responsibility, at: [rs@arcacontal.com](mailto:rs@arcacontal.com)



# MATERIALITY

- 1 Active and Healthy Lifestyles
- 2 Responsible Marketing
- 3 Comprehensive Women’s Development
- 4 Economic and Community Development
- 5 Workplace (Health and Safety)
- 6 Human Rights
- 7 Water
- 8 Packaging
- 9 Carbon Footprint
- 10 Value Chain  
(PET and Basic Materials)

# GRI Index

PROFILE DISCLOSURE / DESCRIPTION	REPORTED	LOCATION OF DISCLOSURE	PROFILE DISCLOSURE / DESCRIPTION	REPORTED	LOCATION OF DISCLOSURE
<b>STRATEGY AND ANALYSIS</b>			<b>VERIFICATION</b>		
1.1 Statement from the most senior decision-maker of the organization.	Fully	2-3	3.13 Policy and current practice with regard to seeking external assurance for the report.	Fully	60,61
1.2 Description of key impacts, risks, and opportunities.	Fully		<b>GOVERNANCE, COMMITMENTS, AND ENGAGEMENTS</b>		
<b>ORGANIZATIONAL PROFILE</b>			4.1 Governance structure of the organization.	Fully	
2.1 Name of the organization.	Fully	Arca Continental	4.2 Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	
2.2 Primary brands, products, and/or services.	Fully	4,5	4.3 For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	
2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	5	4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	
2.4 Location of organization's headquarters.	Fully	3a de forros	4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives.	Fully	6,9
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.	Fully	4,5	4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	6
2.6 Nature of ownership and legal form.	Fully	3a de forros	4.7 Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees.	Fully	6
2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	4,5	4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant.	Fully	1a de forros
2.8 Scale of the reporting organization.	Fully	4,5,18	4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance.	Fully	
2.9 Significant changes during the reporting period regarding size, structure, or ownership.	Fully	5	4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	
2.10 Awards received in the reporting period.	Fully	51	<b>Commitment to external initiatives</b>		
<b>REPORT PARAMETERS</b>			4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	
3.1 Reporting period (e.g. fiscal/calendar year for information provided).	Fully	52	4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	58, 59
3.2 Date of most recent previous report (if any).	Fully	2011	4.13 Memberships in associations.	Fully	50
3.3 Reporting cycle (annual, biennial, etc.).	Fully	Anual	<b>Stakeholder participation</b>		
3.4 Contact point for questions regarding the report or its contents.	Fully	3a de forros	4.14 List of stakeholder groups engaged by the organization.	Fully	14, 15
3.5 Process for defining report content. · Determining materiality · Prioritizing topics within the report · Identifying stakeholders the organization expects to use the report.	Fully	52,53	4.15 Basis for identification and selection of stakeholders with whom to engage.	Fully	14, 15
3.6 Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	52	4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	14, 15
3.7 State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	52	4.17 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.	Fully	14, 15
3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	52	<b>ECONOMIC</b>		
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.	Fully	53	EC1 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.	Fully	42
3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	Fully	36,53			
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	36,53			
<b>GRI CONTENTS</b>					
3.12 Table identifying the location of the Standard Disclosures in the report.	Fully	54-57			

PROFILE DISCLOSURE / DESCRIPTION	REPORTED	LOCATION OF DISCLOSURE	PROFILE DISCLOSURE / DESCRIPTION	REPORTED	LOCATION OF DISCLOSURE
<b>EC2</b> Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully		<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.	Not	We'll be able to report this in 2014 or before
<b>EC3</b> Coverage of the organization's defined benefit plan obligations.	Fully	21	<b>EN13</b> Habitats protected or restored.	Not	We'll be able to report this in 2014 or before
<b>EC4</b> Significant financial assistance received from government.	Fully	No help from Government	<b>EN14</b> Strategies, current actions, and future plans for managing impacts on biodiversity.	Fully	
<b>MARKET PRESENCE</b>			<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.	Not	We'll be able to report this in 2014 or before
<b>EC5</b> Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Not	We'll be able to report this in 2014 or before	<b>EMISSIONS, EFFLUENTS AND WASTE</b>		
<b>EC6</b> Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	48-49	<b>EN16</b> Total direct and indirect greenhouse gas emissions by weight.	Partial	36,37
<b>EC7</b> Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Not	We'll be able to report this in 2014 or before	<b>EN17</b> Other relevant indirect greenhouse gas emissions by weight.	Partial	
<b>EC8</b> Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	There was no support	<b>EN18</b> Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	36,37
<b>EC9</b> Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	44,45,48,49	<b>EN19</b> Emissions of ozone-depleting substances by weight.	Not	We'll be able to report this in 2014 or before
<b>ENVIRONMENTAL</b>			<b>EN20</b> NOx, SOx, and other significant air emissions by type and weight.	Fully	NOx 25.8 and SOx 38.8 ton
<b>EN1</b> Materials used by weight or volume.	Not	We'll be able to report this in 2014 or before	<b>EN21</b> Total water discharge by quality and destination.	Fully	34,35
<b>EN2</b> Percentage of materials used that are recycled input materials.	Fully	38	<b>EN22</b> Total weight of waste by type and disposal method.	Fully	38
<b>ENERGY</b>			<b>EN23</b> Total number and volume of significant spills.	Fully	Non- Spills
<b>EN3</b> Direct energy consumption by primary energy source.	Fully	37	<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.	Fully	No waste is transported, imported, exported or treated directly by Arca Continental
<b>EN4</b> Indirect energy consumption by primary source.	Fully	37	<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.	Not	We'll be able to report this in 2014 or before
<b>EN5</b> Energy saved due to conservation and efficiency improvements.	Fully	36,37	<b>PRODUCTS AND SERVICES</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.	Fully	36,37,45	<b>EN26</b> Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	35,38
<b>EN7</b> Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	37,38,45	<b>EN27</b> Percentage of products sold and their packaging materials that are reclaimed by category.	Fully	38
<b>WATER</b>			<b>COMPLIANCE</b>		
<b>EN8</b> Total water withdrawal by source.	Partially	34,35	<b>EN28</b> Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	Non sanctioned
<b>EN9</b> Water sources significantly affected by withdrawal of water.	Fully	Non affected	<b>TRANSPORT</b>		
<b>EN10</b> Percentage and total volume of water recycled and reused.	Fully	35	<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.	Not	We'll be able to report this in 2014 or before
<b>BIODIVERSITY</b>			<b>EN30</b> Total environmental protection expenditures and investments by type.	Fully	1
<b>EN11</b> Location and size of land or waters owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not	We'll be able to report this in 2014 or before			

# GRI Index

PROFILE DISCLOSURE / DESCRIPTION	REPORTED	LOCATION OF DISCLOSURE	PROFILE DISCLOSURE / DESCRIPTION	REPORTED	LOCATION OF DISCLOSURE
<b>SOCIAL PERFORMANCE</b>			<b>HR2</b> Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.		
<b>LABOR PRACTICES AND DECENT WORK</b>			Fully 		
<b>EMPLOYMENT</b>			<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.		
<b>LA1</b> Total workforce by employment type, employment contract, and region, broken down by gender.			Not	We'll be able to report this in 2014 or before	Not
<b>LA2</b> Total number and rate of new employee hires and employee turnover by age group, gender, and region.			Not	We'll be able to report this in 2014 or before	We'll be able to report this in 2014 or before
<b>LA3</b> Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.			Fully	21	No incidents
<b>LABOR/MANAGEMENT RELATIONS</b>			<b>HR4</b> Total number of incidents of discrimination and corrective actions taken.		
<b>LA4</b> Percentage of employees covered by collective bargaining agreements.			Fully	18	Fully 
<b>LA5</b> Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.			Not	We'll be able to report this in 2014 or before	Fully 
<b>HEALTH AND SAFETY</b>			<b>CHILD LABOR</b>		
<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.			Fully	22	<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.
<b>LA7</b> Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.			Partially	22	Fully 
<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.			Fully	22	<b>PREVENTION OF FORCED AND COMPULSORY LABOR</b>
<b>LA9</b> Health and safety topics covered in formal agreements with trade unions.			Fully	22	<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.
<b>TRAINING AND EDUCATION</b>			<b>SECURITY PRACTICES</b>		
<b>LA10</b> Average hours of training per year per employee by gender, and by employee category.			Partially	18, 19	<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.
<b>LA11</b> Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.			Partially	18, 19	Not
<b>LA12</b> Percentage of employees receiving regular performance and career development reviews, by gender.			Fully	Evaluated every two years 98%	We'll be able to report this in 2014 or before
<b>DIVERSITY AND EQUAL OPPORTUNITIES</b>			<b>INDIGENOUS RIGHTS</b>		
<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.			Not	We'll be able to report this in 2014 or before	
<b>LA14</b> Ratio of basic salary and remuneration of women to men by employee category, by significant location of operation.			Not	We'll be able to report this in 2014 or before	<b>HR9</b> Total number of incidents of violations involving rights of indigenous people and actions taken.
<b>LA15</b> Return to work and retention rates after parental leave, by gender.			Not	We'll be able to report this in 2014 or before	Not
<b>HUMAN RIGHTS</b>			<b>ASSESSMENT</b>		
<b>HUMAN RIGHTS</b>			<b>HR10</b> Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.		
<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.			Not	We'll be able to report this in 2014 or before	We'll be able to report this in 2014 or before
			<b>REMEDATION</b>		
			<b>HR11</b> Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.		
			Not		
			<b>SOCIETY</b>		
			<b>SO1</b> Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.		
			Fully		
			<b>CORRUPTION</b>		
			<b>SO2</b> Percentage and total number of business units analyzed for risks related to corruption.		
			Fully		
			<b>SO3</b> Percentage of employees trained in organization's anti-corruption policies and procedures.		
			Fully		
			<b>SO4</b> Actions taken in response to incidents of corruption.		
			Fully		
			<b>PUBLIC POLICY</b>		
			<b>SO5</b> Public policy positions and participation in public policy development and lobbying.		
			Fully		

PROFILE DISCLOSURE / DESCRIPTION	REPORTED	LOCATION OF DISCLOSURE	PROFILE DISCLOSURE / DESCRIPTION	REPORTED	LOCATION OF DISCLOSURE
<b>SO6</b> Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	No contributions	<b>ANIMAL WELFARE</b>		
<b>ANTI-COMPETITIVE BEHAVIOR</b>			<b>FP1</b> Percentage of purchases volume from suppliers compliant with company's sourcing policy.	Fully	49
<b>SO7</b> Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	There were no complaints filed related to monopolistic practices or against free competition	<b>FP2</b> Intentionally recognized responsible production standards, broken down by standard.	Not	Not applicable to our business
<b>COMPLIANCE</b>			<b>FP3</b> Percentage of working time lost due to industrial disputes, strikes and/or lock-outs, by country.	Fully	There were no hours lost due to strikes, disputes or work stoppages
<b>SO8</b> Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	No such fines or sanctions	<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 healthy lifestyles; the prevention of chronic disease; access to healthy, nutritious and affordable food; and improved welfare for communities in need.	Fully	46,47
<b>SO9</b> Operations with significant potential or actual negative impacts on local communities.	Not	We'll be able to report this in 2014 or before	<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.	Fully	0.01%
<b>SO10</b> Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Not	We'll be able to report this in 2014 or before	<b>FP6</b> Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and sugars.	Fully	46
<b>PRODUCT RESPONSIBILITY</b>			<b>FP7</b> Percentage of total sales volume of consumer products, by product category sold, that contain increased fiber, vitamins, minerals phytochemicals or functional food additives.	Not	We'll be able to report this in 2014 or before
<b>CUSTOMER HEALTH AND SAFETY</b>			<b>FP8</b> Policies and practices on communication to consumers about ingredients and nutritional information beyond legal requirements.	Fully	46,47
<b>PR1</b> Life cycle stages in which health and safety impacts of products and services are assessed for improvement.	Not	We'll be able to report this in 2014 or before	<b>FP9</b> Percentage and total of animals raised and/or processed, by species and breed type.	Not	Not applicable to our business
<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.	Fully	No incidents	<b>FP10</b> Policies and practices, by species and breed type, related to physical alterations and the use of anaesthetic.	Not	Not applicable to our business
<b>PRODUCT AND SERVICE LABELING</b>			<b>FP11</b> Percentage and total of animals raised and/or processed, by species and breed type per housing type.	Not	Not applicable to our business
<b>PR3</b> Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	46,47	<b>FP12</b> Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments, by species and breed type.	Not	Not applicable to our business
<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	Fully	No incidents	<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.	Not	Not applicable to our business
<b>PR5</b> Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	44			
<b>MARKETING COMMUNICATIONS</b>					
<b>PR6</b> Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, Total number of incidents of non-compliance.	Fully	47			
<b>PR7</b> Total number of incidents of non-compliance with regulations related to marketing communications, including advertising, promotion and sponsorship, distributed according to the kind of result from the incident.	Fully	No incidents			
<b>PR8</b> Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Not	We'll be able to report this in 2014 or before			
<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.	Fully	No fines			



For further information, please consult:  
[www.arcacontal.com](http://www.arcacontal.com)

REPORT APPLICATION LEVEL	C	C+	B	B+	A	A+	
<b>Standard Disclosures</b>	<b>G3 Profile Disclosures</b>	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	<b>REPORT EXTERNALLY ASSURED</b>	Report on all criteria listed for level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	<b>REPORT EXTERNALLY ASSURED</b>	Same as requirement for level b	<b>REPORT EXTERNALLY ASSURED</b>
	<b>G3 Management Approach Disclosures</b>	<b>OUTPUT</b> Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	<b>G3 Performance Indicators &amp; Sector Supplement Performance Indicators</b>	<b>OUTPUT</b> Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 performance indicators, at least one from each Economic, Environmental, Human Rights, Labor Society, Product Responsibility.		Report on each core G3 on sector supplement indicator with due regard to the materiality principle by either: a) reporting on the indicator or b) explaining the reason for its omission	

# Global Compact **index**

PRINCIPLES	INDICADORES GRI	PAGE
<b>HUMAN RIGHTS</b>		
1. Businesses should support and respect the protection of internationally proclaimed human rights	HR1-9	18-23
2. Businesses should make sure that they are not complicit in human rights abuses	HR1-2, HR8	18-23
<b>EMPLOYMENT</b>		
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	HR5, LA4, LA5	18
4. Businesses should uphold the elimination of all forms of forced and compulsory labor.	HR7	22,23
5. Businesses should uphold the effective abolition of child labor.	HR6	23
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	HR4, LA2, LA13, LA14	21,23
<b>ENVIRONMENT</b>		
7. Businesses should support a proactive, preventive approach to environmental challenges.	4.11, EC2, EN26, SO5	30-33
8. Businesses should undertake initiatives to promote greater environmental responsibility.	EN2, EN5, EN10, EN22, EN26	34-39
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	EN2, EN5, EN10, EN26	35-38
<b>CORRUPTION</b>		
10. Businesses should work against corruption in all its forms, including extortion and bribery.	SO2-SO6	43

# 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 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 uphold the elimination of all forms of forced and compulsory labor.

## PRINCIPLE N°5

Businesses should uphold the effective abolition of child labor.

## PRINCIPLE N°6

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

## PRINCIPLE N°7

Businesses should support a proactive, preventive 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.

# VERIFICATION LETTER



**Report on the independent review of *Integral Vision: Shared Value: Social Responsibility and Sustainability Report 2012* of Arca Continental**

**Scope of our work**

The present independent verification consists of a review of the contents and performance indicators presented in *Integral Vision, Shared Value: Social Responsibility and Sustainability Report 2012* of 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:

- Analysis of the information gathering and validation processes.
- Verification of the main indicators contained in the report.
- Verification of quantitative and qualitative information, based on a selection of indicators contained in the GRI Index.
- Consistency of the 2012 Report in comparison with 2011, in terms of the indicators reported, the follow-up of programs, the depth of information, and the increase in indicators.

**Conclusions**

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

- *Integral Vision, Shared Value: Social Responsibility and Sustainability Report 2012* of Arca Continental

- has been prepared in accordance with version 3.1 (G3.1) of the GRI Guide for drawing up Sustainability Reports.
- 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 *Integral Vision, Shared Value: Social Responsibility and Sustainability Report 2012* of Arca Continental was prepared in accordance 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 make the following recommendations:

- Present comparative results from the merger (2011)
- Include all operations results
- Measure the social programs impact

Lourdes Yáñez  
Redes Sociales

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.



## Statement GRI Application Level Check

GRI hereby states that **Arca Continental** has presented its report "Integral Visión: Shared Value" (2012) to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 2 April 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex".

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The "+" has been added to this Application Level because Arca Continental has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

*Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 26 March 2013. GRI explicitly excludes the statement being applied to any later changes to such material.*



At Arca Continental we are convinced we can contribute to creating a better future that fosters economic prosperity and social development while conserving the environment. For us, sustainability is a commitment we undertake in our daily activities in order to bring positive change to our communities, markets, and our planet.



AC



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SOCIALMENTE  
RESPONSABLE

ARCA CONTINENTAL, S.A.B. DE C.V.

For further information related to this report, please contact:

**SOCIAL RESPONSABILITY ARCA CONTINENTAL**

**Guillermo Garza**

**Rosario Aguilar**

Ave. San Jerónimo 813

64640 Monterrey, Nuevo León, Mexico

Phone: + 52 (81) 8151-1400

rs@arcacontal.com

www.arcacontal.com





**ARCACONTINENTAL**

[WWW.ARCACONTAL.COM](http://WWW.ARCACONTAL.COM)