

2012 Sustainability
Report

New Horizons



EXECUTIVE SUMMARY

GRI 2.1, 2.3, 2.4, 2.5, 2.6 and 2.7

Coca-Cola FEMSA, S.A.B. de C.V. produces and distributes Coca-Cola, Fanta, Sprite, Del Valle, and other trademark beverages of *The Coca-Cola Company* in Mexico (a substantial part of Central Mexico, including Mexico City, as well as the Southeast and the Northeast of the country), Guatemala (Guatemala City and surrounding areas), Nicaragua (nationwide), Costa Rica (nationwide), Panama (nationwide), Colombia (most of the country), Venezuela (nationwide), Brazil (Greater São Paulo, Campiñas, Santos, the State of Mato Grosso do Sul, part of the State of Goiás, and part of the State of Minas Gerais), Argentina (Federal Capital of Buenos Aires and surrounding areas) and the Philippines (nationwide), along with bottled water, juices, teas, isotonic, beer, and other beverages in some of these territories. The Company has 60 bottling facilities and serves 314 million consumers through 2,600,000 retailers with more than 100,000 employees worldwide.

The company's capital stock is owned 48.9% by Fomento Económico Mexicano S.A.B. de C.V. (FEMSA), 28.7% by a wholly-owned subsidiary of *The Coca-Cola Company*, and 22.4% by the public. The publicly -traded shares of KOF are Series L shares with limited voting rights that are listed on the Mexican Stock Exchange (BMV: KOF L) and as American Depository Shares (ADSs) on the New York Stock Exchange (NYSE: KOF). Each ADS represents 10 Series L shares.



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KOF L

KOF LISTED NYSE

A message from our Chief Executive Officer

GRI 1.1

Today in Coca-Cola FEMSA our business extends towards new horizons which represent big challenges, as well as opportunities for development and growth for everyone in our organization.

In 2012, the purchase of Santa Clara, conducted by Jugos Del Valle, allowed us to venture into the Mexican dairy market, while the acquisition of a majority participation in *Coca-Cola Bottlers Philippines Inc.* (CCBPI), in the Philippines has positioned us in the Pacific Asia region. Furthermore, we began 2013 with the Yoli Group integration process, one of the most efficient bottlers of the Coca-Cola System in Mexico, with operations in the states of Guerrero and Oaxaca.

While facing this growth dynamic, we reaffirm our commitment to continue positively transforming our environment as a fundamental focus of our vision in sustainability; always seeking the simultaneous generation of economic, social, and environmental value, in the communities where we have presence.

Our sustainability strategy includes initiatives oriented to improve the quality of life of our employees, the engagement with the community and the care of the environment, being these constant for our organization. During 2012 we achieved permanence in the Sustainability and Social Responsibility Index (ISRS) of the Mexican Stock Exchange and ranked 1st place in the Food and Beverages Industry in *Newsweek Green Ranking*.

These achievements encourage us to double our efforts for 2013 in the development of new capabilities, based on innovation, continuous learning, and talent management. We will always act in compliance with the regulations and the highest international standards to guarantee the sustainability of our business in the long term.

As always, I appreciate your interest in our Company and I invite you to learn more about our practices and initiatives, as well as their impact on the communities where we operate by reading our 2012 Sustainability Report.

Carlos Salazar Lomelín
Chief Executive Officer of Coca-Cola FEMSA



Coca-Cola FEMSA Today



General Results

- 3,046 million cases
- US\$ 11,396 million in revenues
- 60 plants and 246 distribution centers
- US\$ 2,154 million EBITDA margin
- 314 million consumers
- 2.6 million retailers in the region
- More than 100,000 employees



Business Results:

GRI 1.2, 2.1, 2.3, 2.8, 2.9, EC1, SO7 and PR9

During **2012** in Coca-Cola FEMSA we faced many **challenges**; to overcome them and reach our objectives was a **task which** required the **commitment** of everyone in the **organization**

In 2012 we advanced in the execution of our strategic business framework, based on five pillars: to drive the operation of our current business to its maximum potential, to constantly innovate, to generate avenues of growth via mergers and acquisitions, to manage external business risks, and to consolidate the organizational capabilities. All these to continue with our commitment of generating sustainable value for our clients, employees, communities, commercial associates, shareholders, and close interest groups.

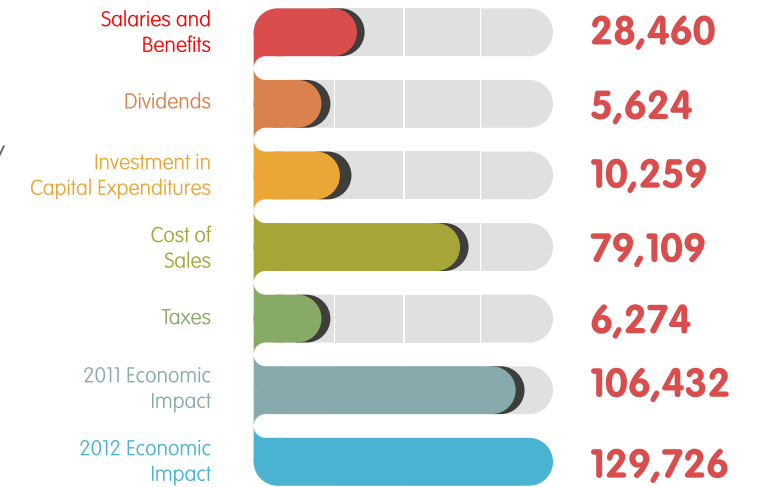
The work and commitment of those who take part in Coca-Cola FEMSA made it possible to obtain positive results that are reflected in a growth of 15% in our sales volume achieving 3,046.2 million cases. At the same time our revenues, compared with the previous year, increased by 19.9% to MXN\$ 147,739 million and the profit of the operation was of MXN\$ 21,956 improving in 19.4% compared with our result of 2011.

One of the most important challenges during the year was to integrate and capture the value of the mergers we carried out during 2011: the Tampico Group beverage division, now northeastern zone of our operation in Mexico, the CIMSA Group beverage division, and the Fomento Queretano Group beverage division. These



integrations represented a growth in volume of 18% and 19% in revenue for the operation of Mexico in 2012.

We had the opportunity to reinforce our participation in the dairy products segment, which we began in 2011 with *Estrella Azul* Group in Panama and was expanded to the Mexican market in 2012 along with *The Coca-Cola Company* through the acquisition Jugos Del Valle made of 100% of Santa Clara's shares, a Mexican company founded in 1924 in Hidalgo; dedicated to the production, sales, and distribution of milk, yogurt, ice cream, and other products under the "Santa Clara" brand in sale points of the traditional and modern channel, as well as 167 exclusive Santa Clara ice cream/cafeateria franchises all around Mexico.



*Amounts in millions of Mexican pesos.

The performance of our business is reflected in the economic impact that in 2012 grows 18% compared with the previous year

Furthermore, in December 2012 we came to an agreement with *The Coca-Cola Company* through which we acquired a majority stake of the bottling operations in the Philippines through *Coca-Cola Bottlers Philippines Inc.(CCBPI)*¹. This agreement allows us to expand into new geographies in one of the greatest potential markets in Asia and thus to continue consolidating us as the largest Coca-Cola products bottler franchise of the world serving 314 million of consumers, through 2.6 million points of sale and the daily work of more than 100,000 men and women in Latin America and the Philippines.

For further information about our business results please refer to our 2012 Annual Report



¹ The integration processes of Santa Clara and the bottling operations in the Philippines were conducted within the legal framework in compliance with the corresponding anti-trust regulations.

Acknowledgments

GRI 2.10

As a result of our efforts in the issues related to Our People, Community, and Planet, during 2012 we received different awards and certifications, highlighting the following



Sustainability and Social Responsibility Index of the Mexican Stock Exchange

For the second consecutive year, Coca-Cola FEMSA is part of the Sustainability and Social Responsibility (ISRS) Index of the Mexican Stock Exchange, better known as Green Index.

In November 2011 Coca-Cola FEMSA was selected as one of 23 companies listed on the stock market with the highest market liquidity and compliance with high standards of social, environmental, and corporate government commitment. The updated list for 2012 is integrated by 29 companies.

The businesses assessment is done based on the public information companies provide and conducted by the independent institutions Ecovalores and the Universidad Anáhuac del Sur.



Our People

Dream Companies of the Youth 2012

CIA de Talentos, a consulting firm specialized in young talent, presented, as every year, the results of a survey applied in Latin America to recent graduates and undergraduates, between the ages of 17 and 26. This study is called "Dream Companies of the Youth 2012" and consolidates the ranking by country of the businesses young people identify as interesting to start and/or to continue their professional career. The topics assessed included the priorities of the youths nowadays, leadership, their opinion about the companies, and their expectations in the world



of work. In this study Coca-Cola FEMSA was selected among the top 10 Companies of the Dreams in Mexico, considering the opportunities for professional development, the constant challenges, the professional performance, the good image in the market, and the quality of life of its employees.



Our Community

Recognition for the initiative "Coca-Cola FEMSA's Contribution to the Peace Process in Colombia"

"Thank you for believing that it is possible to achieve a better life and for helping us to materialize the dream of a Colombia in peace."

Juan Manuel Santos,
President of Colombia.

The initiatives carried out by the operation of Colombia as contributions for peace have been widely recognized for the positive transformation of their communities. The Technological Institute of Monterrey through the EGADE Business School, helped us with the drafting of the academic case "Coca-Cola FEMSA's Contribution to Peace", resulting in the integration of the case to Harvard Business Publishing, in November. The initiative has also been recognized by the governmental authorities in Colombia, and even by President Juan Manuel Santos, who thanked Coca-Cola FEMSA and the Colombian Agency for Reintegration, in the closure of the "Program Spaces for Reconciliation in Villavicencio".

Our Planet

"Newsweek Green Rankings 2012"
 First Place in the Food, Beverages
 and Tobacco Industry.



During 2012, Coca-Cola FEMSA achieved First Place in the Food, Beverages and Tobacco Sector of the *Newsweek Green Rankings 2012*, an evaluation of the 500 largest public companies worldwide, concerning the environmental impact, the environmental management (policies, programs, initiatives, certifications), and the transparency practices in reporting information.



We would also like to mention other recognitions, certifications, acknowledgements, and relevant participations related to social and environmental responsibility, such as:

Mexican Center for Philanthropy (CEMEFI)

Poder y Negocios Magazine

Carbon Disclosure Project

Mexico's Department of the Environment and Natural Resources (SEMARNAT) and the Commission for the Study of the Private Sector for Sustainable Development (CESPEDES)

U.S. Green Building Council (USGBC)

"Venezuela Without Boundaries" Foundation

SUMMA Magazine in Costa Rica

Distinction as Socially Responsible Company for the eighth year in a row

Participation in the list of 30 Green Companies in Mexico

Confidential carbon emissions report of our operations.

Execution of the report "Volunteer Program for Accounting and Reporting of Greenhouse Gases"

Our new headquarter in Mexico is the first building in Latin America certificated in Leadership in Energy & Environmental Design (LEED) Platinum Level

Recognition to Coca-Cola FEMSA Venezuela for its contribution and commitment with Social Entrepreneurship

Coca-Cola FEMSA Central America belongs to the "Business Leaders of Central America and the Dominican Republic"



Sustainability Strategy

GRI: 1.2

Sustainability in Coca-Cola FEMSA is **understood** as the **simultaneous** generation of **economic**, social and **environmental** value, through **responsible** and consistent business **practices** that **allow** us to **positively** transform our **environment**

Our approach to sustainability is aligned with the strategic objectives that our business associates FEMSA and *The Coca-Cola Company* have, through their strategy and "Living Positively" sustainability platform. During 2012 we updated our long-term Sustainability Strategy, in order to help us adapt to a changing

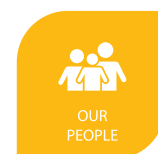
environment and to face the unique challenges of our operation. The new strategy is composed of three main core areas and nine areas of action, which allow us to better focus our efforts and to assure the achievement of our objectives.

Core Area 1: Our People

"To promote the welfare of our employees"

We promote the integral development of our employees and their families, through programs that support their professional and personal growth in optimal working conditions. The areas of action in this core area are:

- Comprehensive Development
- Culture and Values
- Training and Professional Development



Core Area 2: Our Community

"To promote community development and healthy lifestyles"

We are committed to the positive transformation of the communities where we operate, which is why we implemented initiatives that allow us to impact in a positive way the community development and the promotion of healthy lifestyles, through good nutrition, hydration, and regular physical activity. The three areas of action are integrated by:

- Community development
- Healthy Lifestyles
- Sustainable Sourcing



Core Area 3: Our Planet

"To protect and to make an efficient use of natural resources"



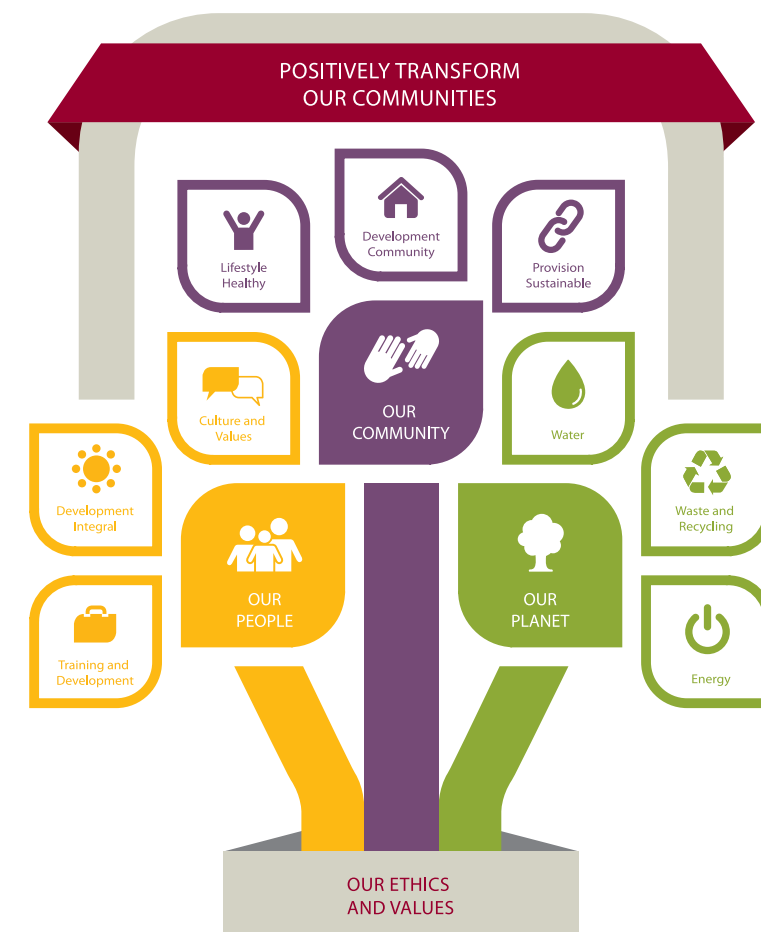
In Coca-Cola FEMSA we maintain a proactive culture for the care of our planet, always looking to reduce our impact to a minimum through different initiatives. Additionally, we participate in an active way with our communities to develop a culture of environmental care.

The action areas for this core area are:

- Water
- Energy
- Waste and Recycling

Coca-Cola FEMSA's sustainability strategy includes a series of skilled mechanisms, enabling us to focus in different ways on each action area and to maximize the positive impact.

These mechanisms include education, innovation, the promotion of public policies, the establishment of multisectorial joint ventures, investment and volunteering, among others.





OUR PEOPLE

Our People



New Horizons

Promoting the welfare of our employees and their families



In Coca-Cola FEMSA we are committed to the welfare of our employees and their families, so we encourage their development through an integral management of our human capital and an organizational culture based on values

GRI 2.4 and 4.8

Culture and Values

Through the daily experience of our Mission, Vision, Values, and the Coca-Cola FEMSA Business Code of Ethics, we ensure the corporate culture promotes a harmonious, respectful, and integral work environment as well as encourage the culture of legality

To achieve this, we implemented the Reporting System (DILO), which offers an anonymous and open communication space for all our collaborators, where any behavior or practice not aligned with our Business Code of Ethics can be notified.

In 2012 we received 694 claims in Coca-Cola FEMSA through the DILO system. 70% of them have been resolved and 30% are still being looked into.

Coca-Cola FEMSA Mission, Vision, and Values

Mission:

Satisfy and please beverage consumers with excellence

Vision:

Be the best bottler in the world, recognized for its excellent operations and the quality of its people

Values:

- Passion for service and focus on customers and consumers alike
 - Innovation and creativity
 - Quality and productivity
- Respect, integral development, and staff excellence
 - Honesty, integrity, and austerity

Integral Development

We have different internal programs to improve our employees' quality of life through social development, climate studies, and the Occupational Health and Safety Management System (OHSMS).

Social Development System

GRI LA8

In Coca-Cola FEMSA we have an integral plan of Social Development based on work and life philosophy; which aims to achieve the welfare of our employees and their families, as well as to improve their relationships in the social, work, and family environments. Thus, our company works in actions focused on the individuals' development, so we can continue growing as an organization. The execution of these actions would not be possible without the development of action plans, based on the

needs of each territory in which we operate. That it is why our "Social Development System"; a methodology aligned to the business philosophy, works in assisting the employees and their family's needs through the detection of local requirements.

The "Social Development System" is focused on the development of better individuals in society, through the following dimensions:

-  **Labor:** Pursuing an excellent performance from our collaborators in the personal and work environment.
-  **Education:** Promoting the continuous development of the cultural and intellectual heritage.
-  **Health:** Encouraging self-care in our employees and their families.
-  **Values:** Understanding and living the human values to encourage individuals to become better people.
-  **Economic:** Promoting among our employees and their families the protection and construction of an adequate heritage for their current and future needs.
-  **Family:** Encouraging a strongly integrated emotional and formative environment.
-  **Social and Environmental:** Committing to the common good, we respect the laws and we take care of the environment.



During 2012 we carried nearly 2,000 activities benefiting more than 750,000 people with the help of more than 30,000 volunteers

Institutional Initiatives of Social Development

Seniority Awards

Each year we recognize the commitment of the employees who celebrate five-year periods of seniority in Coca-Cola FEMSA. In 2012 we acknowledged the work of more than 2,000 employees in the territories in which we operate, who celebrated 5, 10, 15, 20, 25, 30, and 35 years of service.

KOF Children

"KOF Children" is a program with more than 9 years in Coca-Cola FEMSA, which promotes good study habits, to help improve the grades of our employees' children. During 2012, we granted almost 1,256 awards, strengthening the interaction between the employees and their families.

Vacation Festival

"Vacation Festival" is addressed to our employees' children (from 6 to 15 years old), with the objective to strengthen their relation towards the company, through activities that will benefit the entire family. During "Vacation Festival" we carry out cultural, recreational, and sports activities to promote universal values and the integral development of children. In 2012 more than 7,000 children participated in our activities that seek the development of Coca-Cola FEMSA's values.



Drawing Contest

The "Drawing Contest" is an initiative that takes place in all our operations with the objective to promote values among the employees' children; to be better citizens, and to contribute to the creation of a better world. In the "12 th Drawing Contest" more than 500 children participated, in the countries where we operate.

Family Day

"Family Day" is an initiative developed in Coca-Cola FEMSA's operations that seeks to promote, through different activities, family relationship and communication between the employees and their families. In 2012, almost 119,000 people participated in activities focused on family integration and reinforcement of the values and philosophy of every person working in the company.

Programs focused on the protection of family heritage

In Coca-Cola FEMSA we encourage in our employees the construction and conservation of a heritage for themselves and their families with the intention to protect their present and to ensure a stable future. This is the reason we work in different actions focused to promote the economic stability of our employees and their families, through the following initiatives:

- a) Encourage a culture of saving through resource reservation, in order to create funds that serve to meet future needs.
- b) Promote a credit health, through awareness of their current needs and the projection in the medium and long term.
- c) Creation of discount agreements, focused on improving the employees purchasing power.

In 2012, more than 14,000 families were benefited with our economic programs.

Health Fair

In Coca-Cola FEMSA we are committed to our employees' health, which is why we work on actions focused on the promotion of healthy lifestyles and physical activity. One of the means to achieve this initiative is the "Health Fair"; a forum where we provide our employees with an extensive variety of medical services, information, and extensive prevention programs for their families. In 2012, 62 "Health Fairs" were held, benefiting more than 24,000 employees.

New Coca-Cola FEMSA building and KOF Attitude

By the end of 2012, the corporate office staff was transferred to the New Coca-Cola FEMSA Building; the first in Mexico with Platinum LEED (Leadership in Energy & Environmental Design) certification, the maximum qualification on a worldwide basis for sustainable buildings. Among others things, it provides greater comfort to employees that is translated into effective development of their functions. At the same time, it promotes environment preservation through intelligent systems of energy and water saving.

Characteristics:

- 100% wastewater treated.
- 97% of used water comes from rainwater recovery and recollection.
- 22% energy saving.
- 92% more vegetation areas than minimum requirements.

Finally and with the purpose of reinforcing our Organizational Culture, in November 2012 "KOF Attitude", was launched, an initiative focused on our collaborators' habits inside and outside their work environment. "KOF Attitude" will be part of the changes

that will be implemented in KOF's New Building allowing us to continue significantly contributing to improve our people's quality of life and to recognize the effort and contribution of our collaborators to themselves, their families, and their environment.

At the end of 2012, more than 360 people have participated in the program, through 5,000 green activities such as the use of public transportation and car sharing, among others.



Organizational Climate and OHSMS

We want our employees to have the best place to work and to develop in an optimal environment. In order to do so, every 2 years we conduct an organizational climate study that allows us to identify areas of opportunity and to develop appropriate action plans.

The health and welfare of our employees are a priority for Coca-Cola FEMSA, because of this, in 2008, we implemented the Occupational Health and Safety Management System (OHSMS), which allows us to generate a preventive and self-care culture based on the development and application of healthy and safe work procedures.

In 2012 we made an investment of almost US\$ 32 million for Security and Employment Health programs and we had an index of cumulated accidents rate of 2.42 per each 100 workers in our manufacture facilities and of 5.29 in distribution.

In 2012 we assessed the organizational climate in 83.6% of our workplaces, and we identified that the satisfaction level of the employees is of 81% according to our methodology



Training and Professional Development

GRI LA10 and LA11

The Coca-Cola FEMSA Talent Management model is based on a Human Resources planning process, through which it is possible to identify the career plan for the executives, and to define the competences to develop in our employees, so they can reach their maximum potential while they contribute in achieving the growth business objectives. The Human Resources planning process, is therefore an essential part of talent management that is aligned with the business cycle making it an efficient strategy to line up the required competences in the position with the employees' professional career requirements.

Once the planning cycle finishes, the Development Agenda process begins, which is a tool that allows the executives to maximize their abilities through critical experiences, coaching and/or mentoring process and technical courses that specialize them in their function.

This instrument also allows the employees to improve their performance through different learning tools, including the virtual courses of FEMSA University, in-site courses, language courses, training in commercial and manufacture models, certifications in quality processes, and the development of key managerial competencies, such as leadership and people management.

Along these lines, the talent management in Coca-Cola FEMSA is built by a cycle that includes the business strategies, the people's needs and the development methodologies to accelerate the talent succession plans and to encourage the growth of the internal talent.

Finally, to support our mergers and acquisition processes we have Training Cells that let us transfer the best practices and develop the organizational abilities we require as a business, mainly in the commercial and supply chain areas.

We had **86% coverage** in training through more than **1.3 million hours** with an investment of **US\$ 9.8 million**

For our training cells
352 employees were trained through
108 executed cells

In 2012 we covered 83% of the vacancies with internal positions and achieved 90% coverage in Development Agendas at an executive level, this in order to promote the growth of our executives





OUR
COMMUNITY

Our Community



*New
Horizons*
Stimulating community
development

We are committed to the positive transformation of the communities where we operate, so we implemented initiatives that allow us to impact the community development and the promotion of healthy lifestyles, through good nutrition habits, hydration, and constant physical activity

GRI 4.12, EC8, SO1, SO9, SO10 and FP4

In Coca-Cola FEMSA we are committed to the generation of value in our communities, through community development programs mainly focused on education as a key for development and with productive projects to improve the employability and progress of vulnerable communities.

At the same time, we promote a healthy and active lifestyle that considers nutrition habits and hydration, as well as constant physical activity, and we include an extensive variety in our product portfolio to satisfy the different needs of our consumers.

Finally, we are looking for a sustainable sourcing through our suppliers, sharing our commitment with the environmental, social, and economic value generation.



US \$1.6 million invested in social initiatives.
More than 306,000 participants in our health and physical activation programs.
More than 56,000 have been benefited by our initiatives of community development.

Community development



Peace and Reconciliation Programs

Through the Peace and Reconciliation Programs, Coca-Cola FEMSA intends to contribute to the construction of the peace in Colombia. Since 2008 we have been working hand-in-hand with the government through The Colombian Agency for Reintegration (ACR) in order to achieve it. Thanks to this, Coca-Cola FEMSA is a pioneer in peace topics currently with four programs: "Contributing Time", "Productive Projects", "Community Learning Centers" and "Space of Peace and Reconciliation".

a) Contributing Time

This program was born in 2009 with the objective of enlarging the scope and offering greater possibilities of reintegration to the demobilized population of the country, with the support of The Colombian Agency for Reintegration (ACR). Until 2012 the program has benefited near 400 Colombians in process of reintegration, through trainings headed by the executives and

The educational initiatives and productive projects we have implemented in the communities of the countries where we have presence have had positive impacts. A clear sample of the most symbolic programs we carry out in the communities are: "Peace and Reconciliation Programs", "Productive Neighborhood", "Citizens Plaza", "Coordinates for Life" and "Community in Balance".



employees of the company in the cities of Bogota, Medellín, Valledupar, Monteria, Bucaramanga, Barranquilla and Cali.

The trainings consist of courses and workshops delivered by the employees of the company who, voluntarily, donate their work time with the purpose of offering practical business tools to the demobilized people in process of reintegration, and to contribute thus to the construction of a tolerant and inclusive country.

b) Productive Projects

Through this initiative, Coca-Cola FEMSA, offers the participants of "Contributing Time", and in general to all demobilized people and those in the process of reintegration with The Colombian Agency for Reintegration (ACR), the possibility to create their business and become part of the company's supplier group, helping them maintain their productive projects and successfully finish their reintegration to society.

c) Community Learning Centers

In coordination with the local authorities, we provide to some vulnerable populations virtual classrooms equipped with computers and wireless connection, as well as training tools, advice, and access to educational programs from distinguished institutions of higher education, that contribute to their development free of charge. During 2012, we negotiated agreements between the Technological Institute of Monterrey and the Medellín counties, Tocancipá, Barranquilla, and Aguachica, for the implementation of 4 Community Learning Centers.

c) Space of Peace and Reconciliation

We provide reconciliation spaces, so veterans can carry out a social service and actions of repair for the benefit of the communities and victims of the Colombian armed conflict. In 2012 a pilot version was carried out of the "Space of Peace and Reconciliation Program" in 5 cities of the country involving 263 people in process of demobilization.

Through the different initiatives for peace, in 2012 we achieved:

- 2,000 people directly benefited by the repair actions of the "Space of Peace and Reconciliation Program" in 5 cities.
- More than 1,000 hours contributed by the volunteers.
- 86 free courses in the "Community Learning Centers".



- Reaching for the first time to the communities of Tocancipá and Barranquilla with our "Community Learning Centers".
- Being recognized by President Juan Manuel Santos for our "Space of Peace and Reconciliation Program".

Productive Neighborhood

This project started with the development of a pilot program in Barcelona, State of Anzoátegui, Venezuela, in 2011. During 2012 the results of the pilot program were measured and assessed, along with the communities' assessment around our operating units. Due to the positive results it was decided to replicate the program in the Community of Vista Alegre, located across from our Plant in the city of Barcelona.

Through the program, consisting of 100 academic hours distributed in 13 training modules, we promote the creation of productive cooperative networks among the inhabitants of our communities. These networks are based on family production units, with the purpose of generating value through training, the transfer of know-how, and the strengthening of community organization, as well as sources of revenue to improve the inhabitants' quality of life.



"Le dieron la oportunidad a gente de escasos recursos, de ser tomados en cuenta como seres humanos capaces de construir un mejor futuro"

Testimonio de María Alexandra Villasuso, Directora de la casa productora que realizó un video corporativo de Barrio Productivo

The main objectives of the program are:

- Create in the participants awareness of their potential and capacity, and instill them with self-confidence to undertake their own businesses.
- Provide the participants with skills and tools for the design and performance of economic projects, whether personal or family ones.
- Reinforce the information of the participants about their rights and obligations toward themselves.

Results of the program:

- 90 registered participants in "Productive Neighborhood".
- 83 graduates of the program.
- 10 entrepreneurial initiatives.
- 408 people were impacted.
- Currently development of "Productive Neighborhood" in Vista Alegre, which includes approximately 42 people registered.

Citizens' Plaza

Every year we carry out this program in different regions of Brazil where we have, operating units and factories, in coordination with public agencies, municipalities, commissariats, municipal offices, civil society organizations, universities and educational institutions. Our objective is to raise awareness in the communities of the civic commitment and the importance of participating in the implementation of sustainable practices whose purpose is public welfare.

The program grants the participants opportunities to improve their quality of life, by means of an extensive range of free services and information on issues such as: business conscience, health, environment, disposal collection, and healthy life, among others.

The services offered to the communities include the measurement of blood pressure and glucose, preventive orientation on the use of drugs and alcohol, assistance for oral hygiene, service with physical therapists, physical activation, nutrition advice, environmental education, and career guidance.

In 2012, we carried out
4 "Plazas" benefiting
11,500 people, with
the support of
73 voluntary collaborators,
in Itabirito, Belo Horizonte
and Mogi das Cruzes.
We obtained the
recognition of
authorities and we
formed an alliance with 59
public agencies,
associations, and NGOs.
This reinforces our
commitment and
engagement with the
communities in which we
operate





Coordinates for Life

In Coca-Cola FEMSA we are socially committed to the communities and convinced that education is the engine for development. Therefore, along with FEMSA, we support the development of the program "Coordinates for Life" in Mexico, Brazil, Colombia, and Argentina, having as an objective to promote life skills in children and young people, in order to reduce their vulnerability facing tough situations common in that stage.

The program is addressed to children and youths from 10 to 18 years old, as well as to trainers. It consists of a set of modules, where from the participants' own experiences and approach to daily situations, the know-how, the attitudes and the skills which provide the participants with values and tools for life are developed to face life from a more mature and therefore healthier and better perspective.

This program, developed by FEMSA, intends that the youths become change agents for themselves, their families, and their community.

Among the modules there are workshops for children and youths such as "Deciding your future", workshops for trainers like "Preparing the tomorrow", lectures as "Guiding your steps" and guides for social harmony as "Sharing roads".



Community in Balance

This is a program created to cover needs through specific activities that positively impact the neighbors of the adjoining communities to the company. "Community in Balance" focuses its efforts on issues of healthy lifestyles, sustainable packing, sustainable use of water, reforestation, and emotional and physical welfare of people in the communities where we operate, allowing to prevent and minimize eventual risks for the company.

The program includes different initiatives as "Families in Movement" in Costa Rica, which promotes physical activity in the community; "Mother's Day" and "Christmas Celebration", with the children of the community; delivery to the collection centers for recycling in Calle Blancos, Costa Rica and Barrio Los Angeles in Panama. Similarly, in Nicaragua and Guatemala we began to work on projects with adjoining communities that we expect keep on carrying positive impacts to all the communities.

Country	Students	Trainers	Schools
Argentina	825	73	8
Colombia	1,800	172	6
Brazil	133	30	----
Mexico ¹	7,730	1,210	55
Total	10,488	1,485	69

¹ Mexico's data corresponds to school cycle 2011-2012.

During 2012 almost 10,500 students and 1,485 trainers in 69 schools were benefited



**COORDENADAS
PARA VIVIR**

During 2012:

- More than 35 volunteers participated
- More than 850 people were impacted
 - 6 activities were implemented
 - 320 children directly benefited
 - 110 women directly benefited
- 7 key actors impacted and 2 recognitions obtained

Healthy Life Styles

We constantly work to offer our clients and consumers an extensive product portfolio, with more than 120 brands in different presentations.

Within each category, we include products without calories and presentations with different portion sizes which are adjusted to our consumers' requirements.

Additionally, we reinforce our commitment to physical activation, through different initiatives in the operations

Let's Play

The program was developed by the Physical Education School of the National University of Costa Rica, and it is supported and promoted by the Coca-Cola System and backed up by the respective Departments of Education. The program is currently being developed in Argentina, Colombia, Costa Rica, Guatemala, Nicaragua, and Panama.

"Let's Play" is a project of technical and didactic training, aimed at children in school age through the training of schools

professors. It is mainly focused on issues of physical activity and enhancing the students' psychometric skills. The program's main aim is to develop in children the habit and pleasure for physical activity, besides promoting a healthy and active lifestyle since an early age; as well as raising awareness on teachers of the importance of promoting physical activity in their students.

"Let's Play" is developed by different dynamics of learning, based on four components:

1. Donation of material to stimulate physical activity in school.
2. Elaboration of manuals for teachers and adults.
3. Routines of training to the teachers responsible for stimulating and controlling the physical activity in the students.
4. Use of the physical schools space, to stimulate movement, optimism, and leadership.

In Argentina, the program is called "Come on, Let's Play" and during 2012 benefited 88,480 students, 3,485 teachers, and 220 schools. It has the certification ISO 9001 and recently was declared of educational interest by the Department of Education of the Nation. In Central America 101,504 students, 338 teachers, and 230 schools were benefited in 2012. Finally, in Colombia there was a participation of 1,580 students and 60 teachers in 15 schools.



In 2012 "Let's Play" benefited 191,564 students through the training of more than 3,875 educational in 465 schools



Together for your Welfare

Since 2009 we have been carrying out the program “Together for your Welfare” among schoolchildren and youths in Mexico. It consists of health brigades and talks for parents to raise awareness on the importance of a healthy lifestyle, and to promote good nutrition, proper hydration, and physical activity.

- Through the health brigades, we visit schools with mobile medical units to carry out a general diagnosis of students’ weight, size, body mass index, and vital signs.
- We offer talks for parents and teachers providing scientifically validated information on nutrition and physical activity for themselves and their families.
- Finally, to complement the initiative “Together for your Welfare”, we developed the project “Drinking fountains in Public Schools in Mexico City”, which intends to provide water

dispensers with a filtering system for elementary and junior high public schools of Mexico City, with the support of the government.

Achievements in 2012:

- 56,012 children were benefited by health brigades in 300 activations in 152 schools in the states of Chiapas, Mexico, Michoacán, Puebla, Veracruz, and Mexico City.
- More than 9,000 students were benefited by the 80 water dispensers installed in 20 schools of Mexico City.
- 12,308 parents attended the talks on hydration and nutrition in 158 activations.

Currently, the program has benefited, through theater plays, health brigades, talks, and school water dispensers, more than 750,000 children, parents and teachers



Sustainable Sourcing

In Coca-Cola FEMSA we want to create long-term relationships with our suppliers, so we look for those who share our values and sustainable practices complying with the legal standards. This is why we joined *The Coca-Cola Company* in its efforts on the implementation of the *Supplier Guiding Principles (SGP)* that include *The Coca-Cola Company's* direct suppliers, authorized suppliers of the Coca-Cola System, and direct bottlers suppliers.

The Supplier Guiding Principles describe *The Coca-Cola Company's* expectations for its suppliers, as well as any third approved party who supplies workers to the suppliers, operate in accordance to the laws and environmental and work regulations of the country, as well as to the local jurisdictions.



Global Principles, Local Actions

Considering each community has its own needs, we have developed different local initiatives based on the principles of community development

Pompeya Perimeter

It is a project in which, through different actions, we are seeking to improve the environmental and social conditions of the neighboring community to the Alcorta Plant, in Pompeya Neighborhood in Buenos Aires, Argentina. We are looking to establish a dialog with the neighbors and the most representative institutions, to strengthen our relation and to be

able to support them in their different needs. Through this initiative, during 2012, we managed to establish an alliance with schools and neighboring institutions of the area, to clean the perimeter line and to improve in a considerable way the lighting.



Scholarships Foundation

Along with *The Coca-Cola Company*, since 2002 we collaborate with Fundación Cimientos to promote access to education and to avoid children and youths in vulnerable situation dropping out of school, by granting scholarships. During 2012, we offered 352 scholarships for children and youths,

between 12 and 17 years old, in 10 towns of Argentina, generating greater educational opportunities along with psychopedagogical support, as well as days of sharing between godfathers and scholarship students.

Healthy Life Brochures

With the objective to inform youths and adults on questions related to sustainable development and to promote the practice of small actions which can improve the people and their communities life, Coca-Cola FEMSA Brazil, developed a series of brochures, which contribute to the promotion of a healthy lifestyle, environmental care, climate change, and

recycling. Part of the initiative is carried out along with the Public Department of Minas Gerais, the Office of Social Development of São Paulo, and the communities, having as a result the publication of 5 new brochures and 25,000 copies.

The FEMSA Award for Children and Youth Theater

The prize has as its main objectives to recognize the best shows and child actors in Brazil and to promote the development of artistic expressions as a form of education and entertainment. It also looks to enhance the connection and the enjoyment of culture since an early age. The FEMSA Award for Children and Youth Theater is unique in its kind in Latin America and is carried out in alliance with the Secretariat of Culture and Education of São Paulo. During 2012 the FEMSA Prize was granted, for its 19th consecutive year, impacting a total of 7,000 children who participated in the "Children's and Youth FEMSA Theater Festival".



Social Christmas Caravan

Through a theater performance with a positive message, focused on the promotion of a healthy lifestyle, and with the objective to take entertainment, information, and the Christmas magic to children in vulnerable situations, the "Social Christmas Caravan" visited 14 cities of Brazil. The play was performed 33

times for 13,026 children, delivering 13,980 toys and 14,230 juices, with the support of 109 Volunteers of Coca-Cola FEMSA. From 1997 until today we have benefited more than 300,000 children of 586 schools.

Education for Work

It is a program driven by Coca-Cola FEMSA Brazil, in association with the Social Development Office, Senac and the Centro Paula Souza. Its main objective is to prepare young people from 15 to 21 years old to get into the work market, promoting self-knowledge and the pursue of a clearer identification of goals and expectations. "Education for Work" is a free course that provides practical and theoretical knowledge, where the partici-

pants have the possibility to carry out internships for six months in Coca-Cola FEMSA Brazil.

During 2012, 300 young people took part in this initiative, and since 2005, we have benefited more than 1,600 youths, who have had the possibility to expand their formation and self-knowledge.



Water Watchers

The program that started in 2008 by an initiative of Acueductos y Alcantarillados de Costa Rica (AyA), today is promoted by Coca-Cola FEMSA and the Coca-Cola System, with the purpose to improve the infrastructure of the public educational centers, to reduce by at least 50% its water consumption, and to train students on the rational use of this resource. "Waters Watchers" consists of three phases:

1. Identification of water saving opportunities in the educational centers benefited.

2. Development and training of a group of students that will become the "Water Watchers".

3. Facilities accommodation to maximize the use of water.

To date, the program has benefited more than 28,000 children of 30 schools, achieving savings of more than 144 million liters of water, representing a 62% reduction in water consumption.



Calle Blancos Sports Plaza Project

As part of our platform named "Community in Balance", we restructured and improved the Sports Plaza in the Calle Blancos community where Coca-Cola FEMSA operates nowadays in Costa Rica. With this project, we encouraged physical activity and a healthy lifestyle among our collaborators and the near-

by communities, benefiting more than 150 people who use this space weekly to perform physical activities and spend time with their families.

Business Strengthening for Women Project

Through this program, the Coca-Cola System supported businesswomen of our chain of value, providing them with knowledge and good practices, offering workshops, visits and consulting on our team, with the objective of offering the opportunity to improve their business results and be able to increase their sales and profits, reducing costs. In addition, we helped them develop their capacities to prompt their personal strengths and leadership, in the communities they belong to.

The program is part of the worldwide initiative of the Coca-Cola System, with which we intend to train 5 million women for 2020. During 2012, we trained 100 women, owners of grocery stores in Costa Rica, to promote their business abilities.



Coca-Cola Maracaibo Route



It is a social program that consists in guided visits to the Coca-Cola FEMSA Plant in Maracaibo, Venezuela, addressed to public schools with low income children. The kids learn three fundamental values in a didactic approach: work as the only way to develop healthy families and companies with welfare; environmental care, showing them with the example of our productive processes how sustainability is built; and the importance of the compliance with regulations, by following them in the plant and the facilities.

In 2012, 75 guided visits to the plant were carried out in Maracaibo, benefiting 2,776 children belonging to 65 communities of the area.



Baseball Program

The program consists of baseball clinics, in which professional players of Venezuela are in charge of teaching low income children, from 5 to 15 years old, with the purpose of promoting the sport, to raise awareness on the importance of the discipline and to promote a healthy lifestyle, with individual and team work to reach objectives. Between 120 and 200 children are assisted in each group, and during 2012 we held 75 clinics, where more than 8,000 children took part in the 5 most important cities of the country.



Get Active

The challenge to promote a healthier lifestyle among our collaborators, led us to develop and implement, along with Coca-Cola Mexico, an initial pilot project named "Get Active Challenge Coca-Cola FEMSA", with the contribution of the Organization Get Active Mexico and the National Commission of Physical Culture and Sport.

The challenge consisted of traveling a distance equal to circling the world 14 times in 12 weeks. The participants register their progress day by day, carrying out very simple routine activities such as climbing stairs, going for a walk with their pet or just running. In the challenge 813 collaborators of Coca-Cola FEMSA participated, grouped in 58 teams.



OUR
PLANET

Our Planet

*New
Horizons*

Protecting natural
resources



In **Coca-Cola FEMSA** we maintain a **proactive** position toward the care of our **planet**, always **seeking** to reduce the **impact** caused, through **different** initiatives. **Additionally**, we **participate** in an **active** way with our **communities** to **develop** a **culture** of **environmental care**

GRI 4.12, EN26, EN30 and SO10

In order to promote environment preservation, in Coca-Cola FEMSA we joined *The Coca-Cola Company's* objectives and we committed, assuming our responsibility to mitigate the main impacts our operations have, through the efficient use of water and energy, the control of carbon emissions, the optimization of our packaging, and the recycling of materials. That is why during 2012 we invested US\$ 16 million in technology, with the purpose of minimizing the impact of our operations. Additio-

nally, we participate in an active way with our communities, to develop a culture of environmental care.

On the other hand, each year we reaffirm our commitment to the objectives and we develop different initiatives to help us reach them.



Water Care

GRI EN10, EN12, EN13, EN14, EN15 and EN21

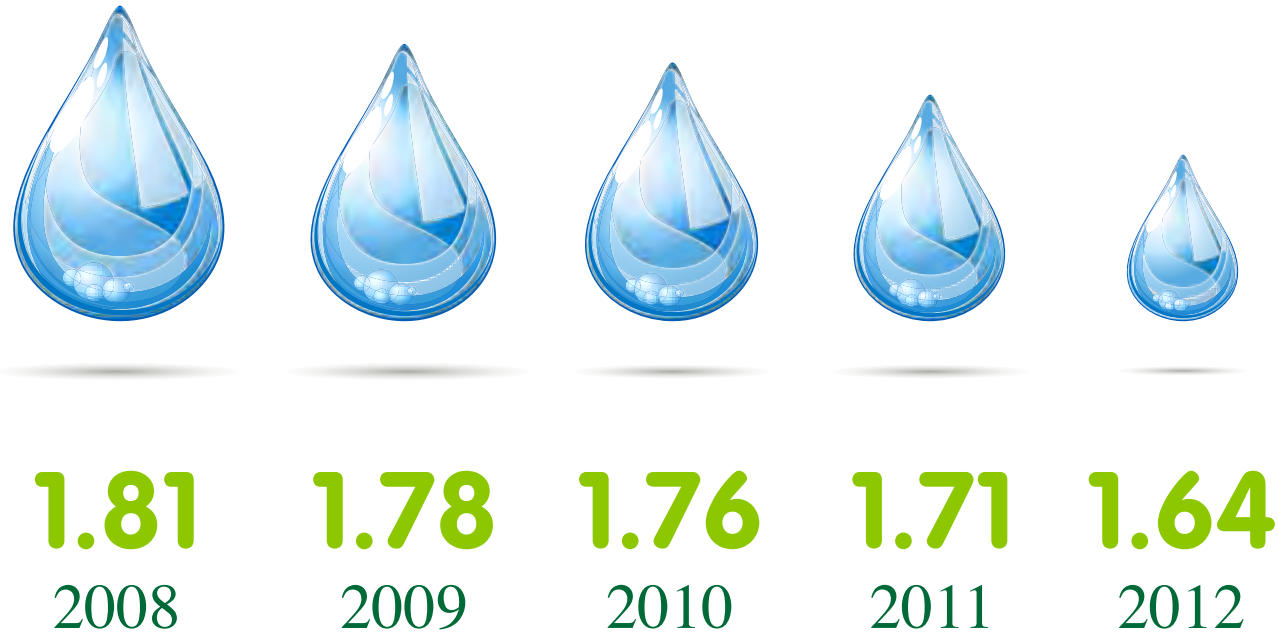
Long-term Goal:

Return to nature the same amount of water used to produce our beverages in our bottling facilities.

Objective 2015:

Improve by 20% the efficiency in the use of water, compared with 2004.

Average water consumption per liter of beverage produced:



*Does not include new territories in Mexico and the Philippines

"By the end of 2012, our performance in average water consumption per liter of beverage produced is 22% more efficient than our average in 2004".

Initiatives: In Coca-Cola FEMSA we have a proactive position towards the care of the environment, always trying to reduce to the maximum our impact through different initiatives. That is the reason our strategy for water care is focused on reducing, recycling, replenishing, and promoting long-term sustainability, through improvements in our operations and the implementation of community programs.

a) Reduce: In all our operations we work to optimize the use of water, making us a world reference of the Coca-Cola System in the efficient use of this vital resource, upon using an average of 1.64 liters of water per liter of beverage produced.

b) Recycle: In 2012 we reached the goal of treating 100% of the wastewater from our manufacturing facilities, through our own 30 water treatment plants and 3 municipal plants. In our operations, we reuse water for different activities such as irrigation, washing floors and toilets, steam generation, and cooling processes for equipment, among others.

c) Replenish and Conserve: The different community programs of reforestation, cleaning of bodies of water, donation of waterworks, and biodiversity plans, encourage environmental stewardship.

- During 2012, we collected in Argentina, Mexico, Brazil, Colombia, and Central America nearly 2,400 tons of residues with the support of more than 375,200 participants, thanks to our initiatives to clean up bodies of water and PET recollection.

- In Coca-Cola FEMSA we planted more than 56,500 trees, thanks to the support of 5,000 volunteers in our operations in Mexico, Costa Rica, Guatemala and Colombia.

- In 2012, we installed 4 water treatment plants in Colombia thanks to the joint efforts with FEMSA Foundation that benefit a total of 15,300 people being able to produce an average of 2,498 m³ of water per day.



- Our biodiversity plan in Mexico seeks the conservation of the monarch butterfly through reforestation, awareness, the construction of a breeding ground, and the donation of the funds raised at an auction.

d) Long-term Sustainability: Committed to water conservation and quality of life in the communities, FEMSA Foundation supports projects that seek to promote the care of this valuable resource. Its initiatives include the projects "River Basin Studies" and "Latin American Water Funds Partnerships".

"River Basin Studies" allows us to know the current conditions and to determine the best methods to care for these sources of water that supply entire communities. During 2012, the "Cuitzeo Basin Study" was delivered in Michoacán, reinforcing the com-

mitment made in 2009 regarding the study of 14 watersheds in Mexico. Until 2012 there have been seven studies in the states of Guanajuato (León), Tlaxcala, Chiapas (San Cristóbal de las Casas), Veracruz (river basin and watershed La Antigua and Blanco River), Michoacán (Cuitzeo lake basin) and Nuevo León (San Juan river basin.)

Through the Latin American Water Funds Partnerships, we seek to attract voluntary contributions of the users of water, to preserve the basins through methods like reforestation, ecotourism, and monitoring water flows. In 2012 the water fund called "Water Seed Fund", was launched in Chiapas, and the participation in Brazil Funds was announced as being of US\$ 1.1 million.

The stated goal in 2011 was to create at least 32 water funds in Latin America and the Caribbean, with an investment of US\$ 27 million to benefit up to 50 million people and to conserve 3 mi-

llion hectares of watersheds in the span of 5 years. At the end of 2012, 12 water funds have been constituted helping to preserve more than 1.3 million hectares in five countries.

In Coca-Cola FEMSA we are committed to protecting water, so that through different programs in communities and the operating efficiencies programs, we have been able to use water more efficiently in our operations and generate a positive impact in our environment, through initiatives that promote the participation of the community for the conservation of our environment and the creation of environmental awareness.



FEMSA Foundation

Our mission is to be an instrument of social investment that supports the conservation and sustainable use of water and the improvement of the quality of life in the community through applied education, science, and technology

Since its creation in 2008, in the FEMSA Foundation we work to make social investments, mainly in the communities where FEMSA operates. During these four years, we have increasingly focused our efforts having developed two strategic areas in critical priority issues for Latin America: water and nutrition. In addition, each area was divided into different programs

that allowed their specialization. Today, we are channeling our efforts even more through the participation of international cooperation to increase the impact of our investment.

Cooperation Platforms

Our Cooperation Platforms extend the effective participation we have in different topics. Through alliances with international partners, our projects become a platform that includes local projects, gives them a unified sense, and allows them to increase the benefits they bring into the communities.



Strategic Areas

a) Sustainable Development of Water Resources: We support projects focused on solutions that tackle the conservation and the sustainable use of water, that protect the ecosystems of our region, and that support communities without access to water and sanitation.

b) Quality of Life: We offer integral solutions that generate social value in the long term, through projects that are focused on the improvement of nutrition, specific health interventions, and research in biotechnology.

- Consolidated Results:**
- More than 19,000 people benefited.
 - More than 3,000 hectares conserved.
 - 24 communities supported.
 - 761 water professionals trained by the Water Center for Latin America and the Caribbean.

"I have there over a hundred zapote trees. The idea is that this little mountain keeps the humidity and its impact is reflected in the grazing areas that are near the river"



Testimony of Humberto Cruz Cabrera, member of one of the cooperative societies of the Water Seed Fund in Chiapas, Mexico.

Climate Protection

GRI EN3, EN5, EN6, EN7, EN16, EN18, EN29, EC2 and EC8

Long-term Goal:

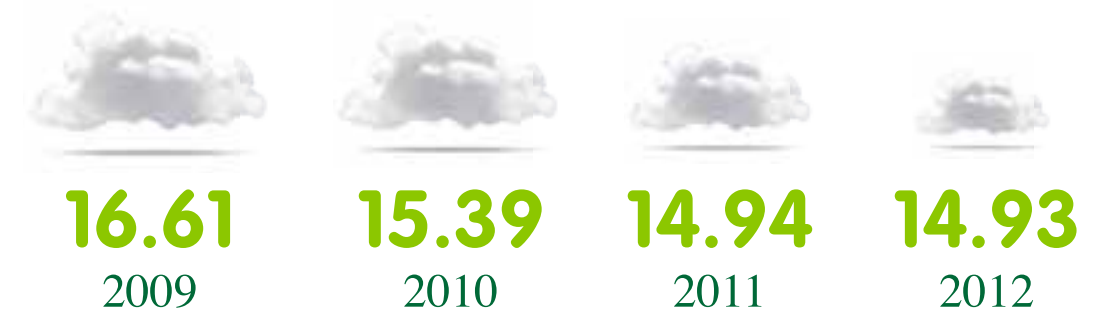
Grow our business without increasing our carbon footprint.

Objectives 2015:

1. Reduce the amount of grams of CO2 per liter of beverage produced.
2. Increase by 2% per year our efficiency in the production of beverages per unit of energy consumed.

Progreso:

1) Graphic 1



"From 2010 to the end of 2012 we have reduced in 3% our emissions of CO2 per liter of beverage produced".

2) Graphic 2



"In Coca-Cola FEMSA our objective is to increase 2% each year our efficiency in the production of beverages per unit of energy consumed. Our efforts to improve energy consumption in our manufacturing facilities have resulted in a reduction of 21% compared to our consumption of 2004, achieving in 2012 an average of 4.85 liters of beverage produced per megajoule consumed".

Initiatives: In Coca-Cola FEMSA we are doing our best to measure and mitigate the impact our operations have in the environment, in energy and emissions. That is why we constantly seek out new alternatives of energy and technologies that promote the prevention of climate change.

a) Measuring Carbon Emissions: During 2012, different efforts were made to find out the impact of our operations on the environment. In February, we participated for the first time, confidentially, in the *Carbon Disclosure Project*, to disclose the carbon emissions of all our operations. In addition, the operation of

Colombia made a calculation of its corporate carbon footprint; while in Mexico we presented the report "Voluntary Program of Accounting and Greenhouse Effect Gases" of the Secretariat of Environment and Natural Resources (SEMARNAT).

The measurement of carbon emissions helps us identify our areas of opportunity to improve our performance and adaptation to climate change; as well as reaffirm our commitment to transparency and the international efforts regarding climate change.



b) Renewable Energy: In 2010, the Bii Nee Stipa Wind Farm in Oaxaca, southern Mexico, began operations to supply Coca-Cola FEMSA and its strategic partners with wind power. In addition, last year, FEMSA announced its participation in the Macquarie Mexican Infrastructure Fund for the acquisition of the wind power projects, Alternative Energy and Wind Energy Istmeña Mareña, which will guarantee FEMSA and its business units in Mexico, including the operations of Coca-Cola FEMSA, that 85% of its energy consumption (based on the size of our operations in 2010) stem from renewable sources during 2014. At the end of 2012, the equivalent of 100% of the energy used in the Toluca plant is renewable.

c) Sustainable Transportation: Coca-Cola FEMSA Colombia has 29 electrically powered vehicles 100% harmless to the environment since they do not emit pollutants. In Mexico, during 2012 we received the recognition of "Clean Transportation" by SEMARNAT, and the National Association of Private Transportation (ANTP) gave us the "National Safety Award". Finally, in Central America operations 10% of the fleet was renewed in order to reduce the emissions produced.



d) Efficient Cooling: we have the most efficient coolers of their category, which offer a better performance during their life cycle, reducing their energy by 80%, in comparison with 2001. This due to their defining characteristics: intelligent feature control, electronic motors, low-maintenance condensers, high-efficiency doors, LED lighting, cyclopentane insulating foam and plastic frontal grills, which make them more durable and resistant.



At the end of 2012 there were 75,332 new equipments installed in Mexico and Central America, which represents more than 210,000 in two years

Recycling and Sustainable Packaging

GRI EN1, EN22, EN26 and EN27

Long-term goal:

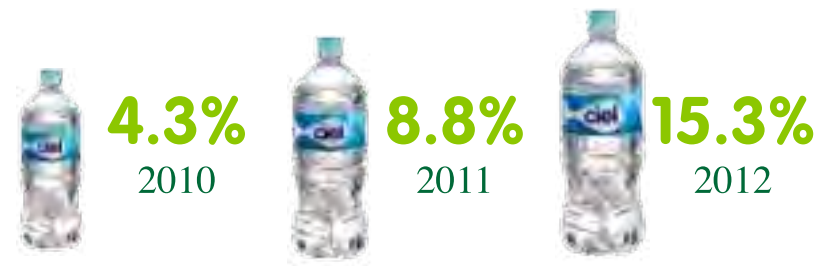
Invest in technologies that allow us to reduce our environmental impact, through a proper management of our waste and the development of eco-friendly packaging.

Objective 2015:

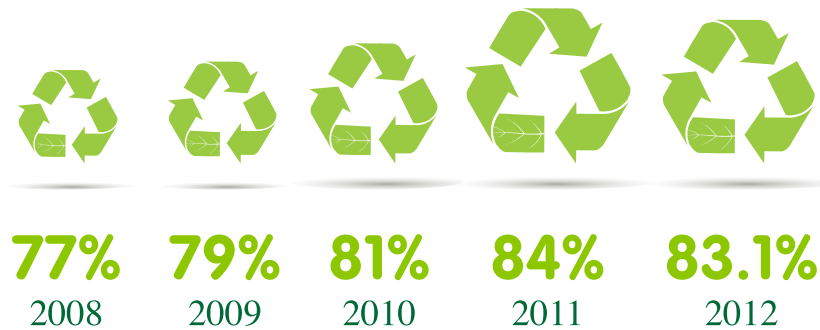
1. 25% of total PET packaging material must be recycled or renewable by 2015.
2. Increase 2% yearly the amount of recycled waste of the total waste generated.
3. Reduce by 2% the amount of waste generated each year.

Progress:

1) "From 2010 to 2012 we increased 11% the amount of recycled or renewable material used in all our PET bottles".



*Does not include new territories in Mexico and the Philippines



*Does not include new territories in Mexico and the Philippines

2) "We increased 4.1% from 2008 to the end of 2012, the amount of recycled waste from the total of waste generated".

3) "We are making efforts to reduce the amount of waste we generate, achieving a reduction of 0,14 grams per liter of beverage produced from 2008 to the end of 2012"



*Does not include new territories in Mexico and the Philippines

Initiatives: Our commitment to protect the environment is reflected in our efforts to optimize the use of materials in our processes and to handle them properly once they become residues. That is why the projects are based on new technologies that allow us to operate more environmentally friendly, reducing our impact to the minimum.

a) **Packaging optimization:** We have implemented measures to lighten PET bottles, by 8%, on average, in carbonated beverages and by 7% in noncarbonated beverages since 2007, without affecting their shelf life, in order to facilitate their handling and recycling. By using different technologies, we save 43,000 tons of plastic per year, thanks to our initiatives of lightening bottles and plastic packaging optimization. Plastic savings translate to 236,500 tons of CO2 that were not generated in the production of the supplies for these processes.

b) **New Technologies:** In 2010, we participated in bringing *Plant-Bottle* into the market. This is the first bottle made with 30% renewable materials from plants that reduces carbon footprint by 20%. By the end of 2012, Coca-Cola FEMSA had used 26,000 tons of PET with this technology.



c) **Recycling and Residues Handling Programs:** Coca-Cola FEMSA channels its residues in order to properly handle waste. That is why during 2012 we were able to recycle 64,000 tons of aluminum, plastic, paper, glass, and wood. Our recycling Plant of the Mexican Recycling Industry (IMER) has processed more than 84,700 tons of PET since its opening in 2005, allowing us to recycle close to 19,700 tons of PET in 2012.

Global principles, local actions

In **Coca-Cola FEMSA** we strive to identify the most prominent issues regarding **water, recycling, and environmental awareness** in our communities so we promote local **initiatives** that help us respond to their different **needs**

Optimism that Transforms

Under the slogan, *An empty bottle can transform lives*, "Optimism that Transforms" is a program for recycling developed jointly with *The Coca-Cola Company* and in collaboration with Walmart in Argentina. This program focuses on recovering PET containers to be recycled, through urban residues recovery cooperatives. With this program, we invite the con-

sumers to become change agents, as well as promoting the habit of waste sorting at home. As a result, during 2012, we collected 77 tons of PET in 28 supermarkets and donated recreational games made with recycled plastic to 27 schools, benefiting 4,832 students.



EcoPunto Tecnopolis

Coca-Cola FEMSA introduced "EcoPunto", a center for collecting, sorting, compacting, and storing recyclable material, inside the recently inaugurated Tecnopolis, the largest exhibition of Science and Technology in Latin America, that receives more than 3 million visitors. "EcoPunto" is an innovative project, through which 41 tons of differentiated residues have

been collected, among PET, Tetra Brik and aluminum, that allow visitors to use a new system of classification, that can be replicated in other high traffic public places.

Rivers and Beaches Cleaning Day



Coca-Cola FEMSA Brazil participated handling residues in Jundiá, Litoral Paulista, and Belo Horizonte supporting "Rivers and Beaches Cleaning Day". The initiative promoted by the Center of Environmental Orientation of Integrated Land (COATI) and supported by companies as Unilever and Coca-Cola FEMSA Brazil, was present in 72 localities handling 15.5 tons of residues with the support of 4,912 volunteers.

Palo Verde Wildlife Refuge Project

Through this project, Coca-Cola FEMSA in Costa Rica, supports the initiative for the protection of the Palo Verde Wildlife Refuge, inside the National Park Palo Verde, located in the Province of Guanacaste. Palo Verde is one of the refuges of wildlife of the country that protects the largest extension of wetlands in Costa Rica, ecosystems that permit the filtration of water, forming aquifers that are vital for humans. Coca-Cola FEMSA provided a financial contribution to support the maintenance of the Refuge.



A Drop of Water Project

In collaboration with the National University and Aqueducts and Sewerage, Coca-Cola FEMSA develops the project "A Drop of Water". Its objective is to improve the operational and technical capacities that guarantee clean drinking water in the Administrative Associations of Aqueducts and Sewerage (ROASTED),

which are responsible for managing rural water systems, providing water service in rural areas of Costa Rica. The program began in 2012 with the improvement of the first rural aqueducts, like Nosara Centro in Nicoya and Tibaca la Rita in Guapiles.

Planet Mission

Through this program, Coca-Cola FEMSA Costa Rica has been promoting for more than 15 years, the collection and recycling of plastic packaging, fostering a culture of recycling among employees and impacted communities, through recollection, cleaning campaigns, and educational campaigns and sorting processes. The collected material is moved to the Coca-Cola FEMSA recycling plant to manufacture clothes, briefcases, packing, and other articles. During 2012, more than 2,000 tons of plastic were collected and recycled.



All for the Water

In Coca-Cola FEMSA Colombia, every year volunteers spend a day cleaning beaches, rivers, and wetlands in eight cities of Colombia: Cartagena, Santa Marta, Barranquilla, Leticia, San Andres, Giron, Bahia Solano and Bogotá. This campaign, launched 15 years ago, is led by Coca-Cola FEMSA Colombia and Coca-Cola Services of Colombia, with the support of other companies, the government, civil society and more than 100 Organizations of the local Civil Societies.

In addition to cleaning the beaches and handling the trash there are educational seminars addressing environmental issues and climate change, with the objective to create a greater conscience and culture of the care of water. During the "All for the Water" day in 2012, more than 33 tons of waste were collected with the help of 3,271 volunteers. With more than 153 tons collected in its 15-year run and the help of 14,655 volunteers, it is evident the constant work of a program that seeks to be consolidated as the most important environmental initiative in the country.

Recycling Has Value

This program consists of a campaign to promote the integral management of solid residues post-consumer, encouraging the voluntary delivery of recyclable materials in different chain stores in Colombia. To this date there are 21 points of collection,

serving more than 15,000 users. It is worth mentioning that last year we recovered 219 tons of solid residues.

Diploma on Climate Change

In collaboration with FEMSA Foundation and the Technological Institute of Monterrey, we carried out the Second Edition of the diploma course "Technical Elements for the development of the State Action Program on Climate Change", for government officials of environmental agencies and local, regional, and national NGOs of Colombia. The objective of this course is the training of the participants using high technical content,

besides contributing to the perception of Coca-Cola FEMSA as a generator of social value, interested in sustainability. In 2012, 54 government officials of environmental agencies participated, reaching a total of 120 graduates in 2 years.

Drinking Water for Populations

The initiative was launched in 2010, in collaboration with FEMSA Foundation, and consists on installing waterworks equipped with MIOX technology that guarantee the permanent supply of drinking water in rural communities in Colombia.

In 2012, 7 water treatment plants and 13 waterworks were installed; producing 36 million liters of water per month.



Yes, I Recycle 🇲🇽

The program seeks to raise awareness among children and young people about the importance of adopting a culture of recycling. Through the active participation of students, teachers and parents a contest for PET collection was held in schools for recycling in our Plant of the Mexican Recycling Industry (IMER), located in Toluca. Thanks to the impulse and impact the program has had, it was decided to create an agreement with the government of the State of Mexico, in order to broaden the sco-

pe of the project by creating "Yes, I Recycle at Large". That is why in 2012, 238 tons of PET were collected and processed with the help of more than 367,400 students in 223 schools participating in several municipalities of the State of Mexico. Since the beginning of the program in 2009, IMER has processed 1,034 tons of PET.

🇲🇽 Monarch Butterfly Protection Program

With the objective to contribute to the care and conservation of the monarch butterfly, we developed an integral program that contemplates different actions:

- The documentary "Flight of the Monarch": we support the making of the documentary shown in IMAX and 3D screens in Mexico, contributing to the awareness of the role humans play in the preservation of this species.

- Second Monarch Breeding Ground: located in Michoacán and able to grow about 10,000 Oyamel trees per year, that will help the reforestation of the core of the monarch butterfly sanctuary.

- Classic Bottle Auction "Contour": with the support of the Secretariat of Culture of the State of Michoacan, well-known artists were invited to participate in the competition "Your reason for believing in a better Mexico", which showcased their creativity on 39 bottles of 1.50 meters in height. The funds raised in the auction were donated to PRONATURA Mexico A.C., (Mexico's largest environmental conservation group) and destined to the construction of the Second Breeding Ground.

- Commemorative can of the monarch butterfly: the launch of the can sought to create awareness among customers of the care of this species.



Global Beach Day 🇻🇪

"Global Beach Day" is an annual event known as "Cleaning of Coasts", promoted by Ocean Conservancy in more than 100 countries. Since 2006, Coca-Cola FEMSA Venezuela has participated in this important initiative which mobilizes hundreds of volunteers across the country in favor of the cleaning and conservation of beaches, with the environmental purpose to create conscience in the communities. This year, the event was

held in 4 localities of the country and included the participation of almost 1,000 volunteers of the System, including employees, families, and organizations, who collected 21.2 tons of waste.

🇳🇮 Eco-Schools

The program was created as an initiative of the Natura Fund (FUNDENIC-SOS), with the support of Coca-Cola FEMSA bottling company in Nicaragua, INARSA, aiming to sensitize schoolchildren about the importance of the conservation and protection of natural resources and the environment. The program contemplates the creation of a Network of Environmental Promoters, installing recycling stations, as well as the implementation of experimental actions and the designing of educational ma-

terials, to reinforce and to visualize the theoretical contents on the environmental subject matter. With this program, we have directly benefited 2,775 students, 89 teachers and more than 5,000 people who make up the households of teachers and students.



Global Reporting Initiative Report

New Horizons

GRI Section



About Us

GRI 2.4 and EC9

Coca-Cola FEMSA is the largest bottler of Coca-Cola products in the world, based in Mexico City with operations in 10 countries, addressing the needs of 314 million consumers

Our commitment is to continue growing in a sustainable way through the innovation and new acquisitions in order to simultaneously generate economic, social, and environmental value for our clients, employees, communities, commercial partners, shareholders, and close stakeholders.

Our direct and indirect economic impact is reflected on the wages, salaries, and benefits we offer to our collaborators to help them improve their quality of life. This, in addition to capital investments, the purchase of production inputs, and the payment of dividends to our shareholders as well as the taxes we pay to the governments of the countries where we operate generate an economic impact that during 2012 increased by 18% in comparison with our last year result.

According to a research study carried out by the National Association of Sodas and Carbonated Waters Producers AC of Mexico (ANPRAC) each direct job in this industry generates 5.2 indirect ones. Based on this, it is possible to estimate that Coca-Cola FEMSA creates more than 330,000 indirect jobs.



Business Participation

GRI 4.13

In Coca-Cola FEMSA we are aware of our corporate social responsibility. For that reason, we actively participate in national and international associations through which we are able to work for the strategic representation of our industry and the coordination of actions that allow us to positively impact our environment. In none of our participations we exceed the normal contributions of the members.

Associations in which we form part of the governing body:

Argentina

- Argentine Manufacturers of Coca-Cola Association

Brazil

- Brazilian Association of Soft Drinks and Non-Alcoholic Beverages Industries (ABIR)

Colombia

- National Business Association of Colombia (ANDI)
- Chamber of Commerce
- Council of American Enterprises (CEA)

Costa Rica

- Chamber of the Food Industry (CACIA)
- Chamber of Commerce
- Chamber of Industry
- Costa Rican Chamber of Exporters (CADEXCO)
- American Chamber of Commerce (AMCHAM)
- Costa Rica-Mexico Chamber of Commerce and Industry

Mexico

- Business Coordination Council (CCE)
- National Association of Soft Drinks and Water (ANPRAC)
- Mexican Center for Philanthropy (CEMEFI)
- Association of Coca-Cola Bottlers (ASCOCA)
- National Chamber of Transformation Industries (CANACINTRA)

Nicaragua

- Chamber of Nicaraguan Industries
- Nicaraguan-Mexican Chamber of Commerce

Panama

- Chamber of Commerce and Industry

Venezuela

- Venezuelan-Mexican Chamber of Commerce (CAVEMEX)
- National Soft Drinks Association (ANBER)
- Venezuelan Chamber of Food Industries (CAVIDEA)

Associations in which we participate, but are not part of the governing body:

Argentina

- Argentine Chamber of Non-alcoholic Beverages Industry (CADIBSA)
- Coordinator for Food and Beverage Industries (COPAL)

Brazil

- Brazilian Association of Mineral Water Industry (ABINAM)
- Union of Mineral Water Industries (SINDINAM)
- Clear Waters of River Pinheiros Association
- Federation of Industries of São Paulo (FIESP)
- American Chamber of Commerce (AMCHAM)
- The Nature Conservancy (TNC)
- Minas Gerais Supermarket Association (AMIS)
- Brazil-Mexico Commercial Association (ASEMEXBRA)

Guatemala

- American Chamber of Commerce (AMCHAM)
- Guatemalan-Mexican Chamber of Commerce and Industry (CAMEX)

Costa Rica

- Association for Enterprise Development (AED)

Panama

- Chamber of Industry

Venezuela

- Caracas Chamber of Commerce
- Chamber of Industry of Miranda State (CIEMI)
- Venezuelan-American Chamber of Commerce and Industry (VenAmCham)

Product Portfolio

GRI 2.2, SO8, PR1, PR2, PR9, FP5, FP6 and FP7

In **Coca-Cola FEMSA** we work every day looking for **new horizons** which **allow** us to offer our **consumers** a broad **product** portfolio that **meets** the **current needs** of the **markets** we serve



We have more than 120 brands to satisfy and please -in a creative and innovative manner- the needs and tastes of our 314 million consumers in 10 countries, making us the beverage supplier with the highest preference in the market.

We encourage a healthy lifestyle, based on a balanced diet and regular physical activity, we have developed a large product line in which our consumers can find options with calories, reduced or with no calories and sugars, as well as beverages with vitamins, fiber, minerals, and nutritional supplements to satisfy their needs.

As a result 21.1% of our products include drinks with low or no calories (including light products and water) and 2.4% to beverages with added vitamins, fiber, minerals, and nutritional supplements, representing 23.5% of our portfolio. Likewise, our variety of presentations and sizes help us offer more alternatives which adapt to the different consumption occasions.

Currently, we have 10 different product categories which range from the Coca-Cola family to vitamin drinks and dairy products:



Coca-Cola is the most refreshing beverage sold in history, as well as one of the most well-known brands in the world. It is made of Coca-Cola syrup with carbonated water and sweeteners; and comes in many different presentations and three varieties: Coca-Cola Classic, Coca-Cola Light, and Coca-Cola Zero.

COCA-COLA

We offer a large variety of carbonated drinks in several flavors and presentations like some of our longest running brands (Fanta, Sprite, Lift, and Fresca in their different presentations with and without calories); as well as regional brands of a longer tradition like Yoli, Sidral Mundet, Victoria, and Cristal among others.



Flavored Sodas



We have several hydration options such as purified water, flavored water, mineral water, and Premium water with added electrolytes. In addition, through products like Ciel we take care of the environment. Which is why we constantly innovate and in 2010 launched PlantBottle -the first water bottle partially made of plants- that is 100% recyclable since it is made with 30% BioPET, which will help reduce our carbon footprint.

Natural and flavored water

Through FUZE Tea, the first global tea brand of Coca-Cola, we offer our consumers a ready-to-drink tea which combines the properties of tea with fruit flavors, free of artificial preservatives and colorings. In Brazil we are also present with Matte Leao.

Ready-to-drink Tea



Designed for people who need to increase their energy and vitality, these beverages are high in caffeine making them an alternative to hydration that helps to stay alert, as well as reduce tiredness, at an affordable price with an original image.

Energy drinks



We have a large variety of juices, nectars, and fruit drinks. Through brands such as Del Valle and Florida 7 we offer our consumers beverages made with fruits of the highest quality that have been carefully selected. In recent years we have expanded our portfolio to provide consumers with innovative drinks that satisfy the different hydration, energy, and nutrition needs.

Juices and juice-based drinks

Glacéau Vitaminwater is our line of vitamin beverages, which provides hydration and other benefits due to its added vitamins and minerals. Currently, it comes in several presentations with natural flavors, vitamins, and minerals to satisfy different needs.

Vitamin drinks



Through products like Powerade ION4 and Powerade ION4 with juice, we offer our consumers a unique sports beverage with innovative technology that provides four of the minerals that are lost when sweating: sodium, potassium, calcium, and magnesium. It also has added vitamins B3, B6, and B12 which contribute to metabolize carbohydrates. It comes in different flavors like berries, fruits, grape, lemon lime, orange, and tangerine and presentations of 500ml, 600ml, and 1 liter.

Sports drinks



In 2011 we expanded our portfolio through the acquisition of Estrella Azul, the main dairy group in Panama; and in 2012 we reinforced it through the purchase of Santa Clara, one of the most important milk, ice cream, and dairy products manufacturers in Mexico. With these acquisitions we have broadened our portfolio's range into one of the most important segments in terms of scale and value in the non-alcoholic beverages industry.

Dairy products



In 2011 we launched the brand Blak, into the coffee beverages segment with 8 varieties and combinations with a unique flavor in a ready-to-drink presentation through vending machines set up mainly in convenience stores. Blak is made with carefully selected raw materials from concentrates of coffee and vanilla liquids, which enhance its quality, aroma, and flavor.

Coffee

Coca-Cola FEMSA, as part of the Coca-Cola System, is subjected to the evaluation of the impact its products could have on the health and safety of its clients and consumers. Therefore we are committed to offer our consumers products with a high-quality standard and to guarantee consistency and reliability. The Coca-Cola System operates in accordance with the Operative Requirements of Coca-Cola (KORE); and we work together with *The Coca-Cola Company* to make sure the ingredients, materials, and processes we use to manufacture our products are safe and healthy for our consumers.

Additionally, we have implemented a Food Safety and Quality Management System which meets all the legal requirements of the countries we operate in, based on the System Certification FSSC 22000 that incorporates international norms ISO 22000 and PAS220 for food manufacturers.

This ensures the application of the most demanding standards on food safety which guarantee the quality and harmlessness of processes and products.

Thanks to our quality systems, during 2012 we received no fines or penalties for violation of laws or regulations in the countries we have operations. Likewise, there were no significant incidents related to the impact on health and safety due to the consumption of our products. Finally, there were no cases of non-compliance with the regulations of use and supply of products that caused significant fines.

Responsible Marketing and Labeling and Nutritional Information

GRI PR3, PR4, PR6, PR7 and FP8

In Coca-Cola FEMSA we encourage the compliance of the "Global Responsible Marketing Policy" of *The Coca-Cola Company*, which is why we joined it on its efforts to guarantee that our advertising does not reach the media where more than 35% of the target audience is children less than 12 years old. This policy applies to all mass media, including television, radio, press, Internet, and cellphones. Furthermore, we commit to monitor and measure the compliance with the policies in all the markets we participate to meet the regulations on advertising and sales in schools.

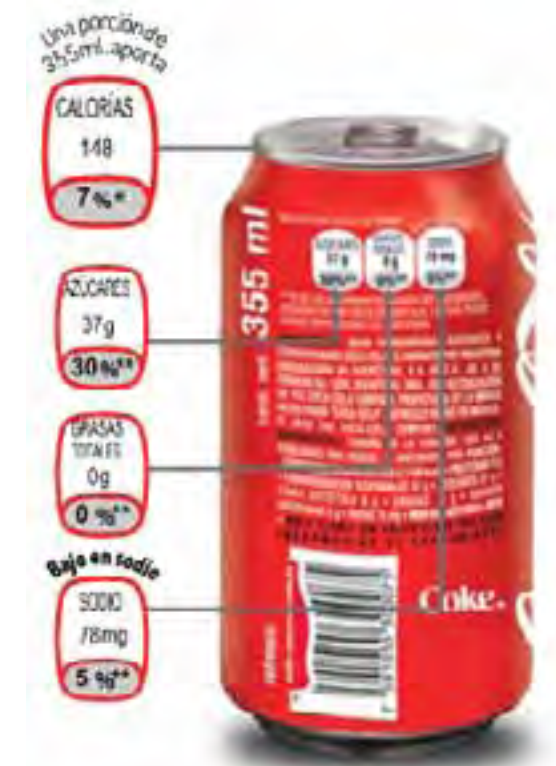
We have also joined *The Coca-Cola Company* in its efforts for transparency and the right to make decisions based on information, as well as encouraging healthy lifestyles. Therefore, we provide nutritional information on all of our products in a clear, objective, and understandable way so our consumers can choose the product which best adapts to their needs, preferences, and lifestyle.

We voluntarily describe in detail the nutritional content of our beverages, based on the Guideline Daily Amounts (GDAs) which consist of easy-to-read graphs showing the amount of energy or calories and specific nutrients like sugars, saturated fat, and sodium contained per bottle or per serving; allowing consumers to choose which beverage suits them better.

GDAs establish that the information on energy content must be expressed either in kj (kcal) per 100 grams or milliliters; or per serving (200 ml), in the case of packages containing multiple servings or per package in the case of single-portion packages; based on a daily 2000-calorie intake. Nonetheless, we go even

further, and on our products that are usually consumed routinely by a single person, we have included information based on the total content of the package.

As a result of the compliance with the policies of *The Coca-Cola Company* and the regulations of the countries where we operate, during 2012 there were no incidents or significant fines derived from the breach of government regulations on the impacts on health and safety of our consumers, avoiding accidents or fines related to the advertising or labeling of our products.



Stakeholders and Communication Channels

GRI 4.14, 4.15, 4.16, 4.17, LA5 and PR5

In Coca-Cola FEMSA, the process to identify our stakeholders is based on the impact we have through our operations and the interest they expressed in our activities. We consider close stakeholders our collaborators, neighboring communities, clients, consumers, suppliers, shareholders, investors, civil society organizations, governments, regulating organisms, and the media.

We have developed different channels of communication and platforms in order to constantly be in touch and exchange ideas with our stakeholders. The following table shows the type of communication and the frequency of the interaction with our different stakeholders based on their needs:

Group/ Communication Channels	Employees	Communities	Clients and consumers	Suppliers	Stakeholders and investors	Civil society organizations	Government and regulatory agencies	Media
Reporting System (DILO)	→			→				
01-800	→		→					
Organizational Climate Survey								
Information Reports					→	→	→	→
Dialogue Meetings			→	→	→	→	→	→
Participation in Social Media Communication		→	→	→	→	→	→	→
Website and Email	→	→	→	→	→	→	→	→
Community Studies		→						
Internal magazine	→							
Intranet	→							

→ Permanent communication channel
 → Variable intervention
 → Timely communication

We take into account all the comments and suggestions made by our stakeholders to develop initiatives that help us improve our relationship with them. The information included in our Sustainability Report seeks to answer the concerns of the different stakeholders in a more complete manner. Among the relevant topics mentioned during 2012, we can highlight our environmental performance, the makeup of our beverage portfolio, and our initiatives to encourage healthy lifestyles.

The environmental topics are of special interest for our stakeholders which is why during 2012 we addressed their information requirements through initiatives like the Voluntary Report of Emissions following the methodology of the *Carbon Disclosure Project*, the measurement of the carbon footprint of our operations in Colombia, the report of Greenhouse Effect Gases of the SEMARNAT (Mexico), our participation on *Newsweek Green Ranking* and on the list of the 30 Greenest Companies according to the magazine *Poder y Negocios*, among others.

Coca-Cola FEMSA has a functional area of internal communication in charge of all protocols and procedures of organizational communication to timely inform collaborators of relevant changes in the company. Furthermore, collective contracts do not require a minimal period of prior notice to their members in case of organizational changes; which is why the communication period varies according to the complexity of the change, always in compliance with the labor regulation applicable to the prior notice period.

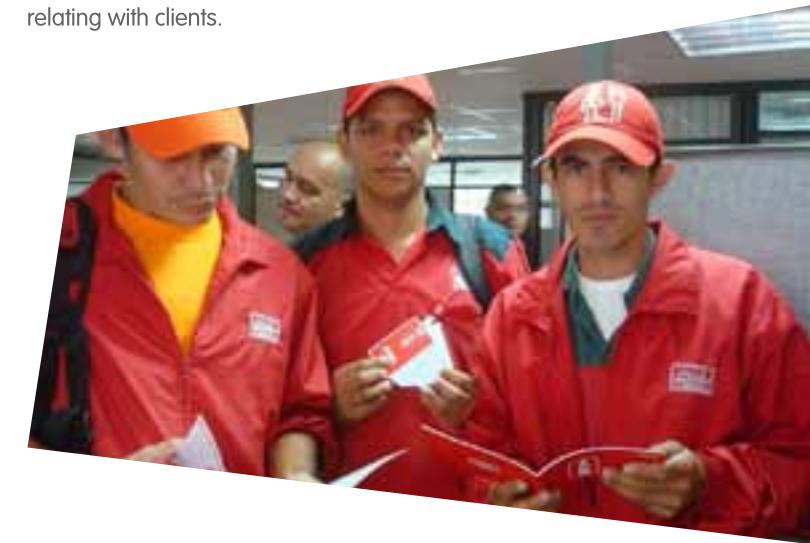
Our stakeholders also help us identify the risks faced by our business since based on their concerns we can target our improvement efforts. We seek to reach a consensus whenever conflicts of interest arise in order to maintain a strong relation based on trust and support. In addition, there is follow-up on all the topics mentioned by the stakeholders through the respective functional area.

In Coca-Cola FEMSA customer service is fundamental to our operation; therefore we maintain an open channel to ensure permanent communication through the *Coca-Cola FEMSA Line*, a 01-800 number focused on addressing the needs and incidents of our clients in the different territories where we operate.

As a result of our commitment to customer service, we received the LATAM Award *Best Organizations for Customer Interaction* in its first edition, granted by the Latin American Alliance of Organizations for Interaction with Clients (ALOIC), thanks to the project *Technical Assistance and Innovation on Solutions for Customer Service*.

Our Contact Center in Coca-Cola FEMSA Mexico, was granted the renewal of the Quality Certificate based on the Standard of Excellence in Contact Centers, which is assessed by the Mexican Institute of Teleservices. We also participated in the 7th edition of the *National Excellence Award for Company-Client and Contact Center Relation*, where the *Coca-Cola FEMSA Line* won awards in several categories, including Gold and Bronze in Best Human Talent in Operation and Best Human Talent in Supervising, respectively, and Gold in Best Operation of Internal Contact Center.

In addition, Coca-Cola FEMSA Brazil received the award *Modern Consumer of Excellence in Customer Service* for the eighth time in the beverages category due to its excellent strategies on relating with clients.



Corporate Governance and Administrative Council

GRI 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4.9 and 4.10

The Corporate Governance System of Coca-Cola FEMSA consists of a series of administrative entities, rules, standards, principles, policies and procedures that aim to ensure the truthfulness, transparency, and timely communication of the financial and accounting information.

In Coca-Cola FEMSA we comply with the practices of corporate governance according to the requirements of the Stock Market Laws of Mexico and the United States of America. The councilors can only be chosen by the majority of shareholders of the corresponding series, voting as a class, represented in the meeting of shareholders. For those shareholders with ADSs there is a mechanism of electronic voting through the Bank of New York Mellon. In the case of shareholders residing in some other country and holding series "L" shares, they have the right -but are not obligated- to have their brokerage firm request a pass from Indeval (5 to 8 workdays before the meeting), so the firm may act as their proxy.

Our corporate governance practices are reflected on a balanced Administrative Council made up of reputable men and women, with broad and diversified professional experience that add value to our company. Complying with the Mexican laws the councilors are chosen for renewable one-year periods in the Annual Ordinary General Meeting of Shareholders.

The compensation of the councilors is determined according to what was established in the meeting of shareholders. The Company considers the compensations of councilors follow market standards for companies similar to FEMSA and Coca-Cola FEMSA. In relation to top managers, their compensation is

determined according to the policies set by the Administrative Council with the prior favorable opinion of the Corporate Practices Committee -whose members are all independent councilors. The integral remuneration of the CEO is approved by the Administrative Council.

Our bonus program for executives is calculated based on certain goals set annually by the administration. These goals include quantitative and qualitative objectives, as well as the completion of special projects. Approximately 50% of these bonuses are based on the quantitative objectives determined by the methodology of Economic Value Added (EVA). The objectives set for the executives are based on a mix of EAV generated by Coca-Cola FEMSA and by FEMSA, calculated approximately on 70% and 30%, respectively. The remaining 50% of those bonuses is based on the objectives of the position and the area of the executive, which are set annually.

At the end of 2012, our Council was made up of 19 proprietary councilors and 18 substitute councilors. In compliance with the bylaws of the Company and article 24 of the Stock Market Law, at least 25% of the Administration Council must consist of independent councilors. The members of our council are presidents and CEOs of important enterprises, masters in financial and legal matters, of different nationalities and both genders. They were selected according to their capacity, record, and the possibility of bringing something valuable to the company. The councilors were given a company information package, as training.

The Administrative Council relies on three committees to perform its duties in the best possible way:

1. Finance and Planning Committee: The finance and planning committee works together with the administration to determine the annual and long-term strategic and financial plans for the company and reviews the compliance with these plans. The committee is responsible for determining the optimal capital structure of the company and recommends the appropriate indebtedness levels, as well as the issuing of shares and/or debt. It is also responsible for managing the financial risks. Irial Finan is the president of the committee.

Its members include Federico Reyes García, Ricardo Guajardo Touché and Enrique F. Senior Hernández. The technical secretary, not member of the finance and planning committee is Héctor Treviño Gutiérrez, our Finance and Administration Director.



2. Audit Committee: The audit committee is responsible for reviewing the reliability and integrity of the quarterly and annual financial information, according to the accounting, internal control, and auditing requirements. It is also directly responsible for appointing, compensating, retaining, and supervising independent auditors, who report directly to this committee. Internal auditing also reports directly to the audit committee.

The audit committee has implemented processes to receive, retain, and answer complaints in relation to accounting matters, of internal control and auditing, including the filing of confidential and anonymous complaints by employees in relation to questionable accounting and auditing issues. In order to perform all these tasks, the committee may hire independent consultants and other advisers. When necessary, the company will compensate the independent auditors and any other external adviser hired by the committee and will provide the funds to cover the administrative expenses made by the committee in order to carry out its duties. The members of the committee are José Manuel Canal Hernando who is the president of the audit committee as well as the financial expert, Alfonso González Migoya, Charles H. McTier, Francisco Zambrano Rodríguez, and Ernesto Cruz Velázquez de León. Each member is an independent councilor in compliance with that stated by the Mexican Securities Market Law (LMV) and the standards required to be listed on the New York Stock Exchange. The technical secretary, who is not a member of the audit committee, is José González Ornelas, Director of Operations Control and Auditing.

The Audit Committee manifests compliance with the Best Corporate Practices Code and the dispositions established on the Sarbanes-Oxley Law in its Annual Report. Its duties include the periodical assessment of the effectivity of the Risk Management System established for the detection, measurement, recording, and control of the Company's risks, and the implementation of the follow-up measures which guarantee its efficient performance.

3. Corporate Practices Committee: The corporate practices committee consists solely of independent councilors and is responsible for preventing and reducing the risk of carrying out operations which could hurt the value of our company or benefit a specific group of shareholders.

The committee may call for a general meeting of shareholders and include in the agenda of that meeting the topics it considers appropriate, as well as approve policies on transactions with involved parties, approve the compensation plan of the CEO and other relevant directors, and support our Administrative Council on the elaboration of certain reports. The members are Daniel Servitje Montull, who is the president of the committee, Helmut Paul and Karl Frei Buechi. The technical secretaries, that are not members of the corporate practices committee are Gary Fayard and Javier Astaburuaga Sanjines.

According to article 20 of the social statutes "the shareholders with voting rights, even limited or restricted, which individually or in group hold ten per cent of the social capital may request of the president of the Administrative Council, the Audit Committee, or the Corporate Practices Committee, the calling of a general meeting of shareholders."

The Investor Relations Area of Coca-Cola FEMSA is responsible for coordinating and publishing press releases and announcements of relevant events of the issuer, as well as addressing and handling the concerns and comments of the shareholders and investors, which are communicated to the Administrative Council. Through these areas shareholders and investors are able to send in their comments or request information by e-mail or in person.



Business Code of Ethics

GRI 4.8, SO2, SO3, SO4, SO5, SO6 and PR8

The Coca-Cola FEMSA Business Code of Ethics is available in Spanish, English, and Portuguese to all of our collaborators through our intranet and on the Internet. It establishes basic criteria to regulate the behavior of everyone who works at the company considering our mission, vision, and values, based on the respect of human rights. Additionally, during the induction process to the company new collaborators are made aware of the Coca-Cola FEMSA Business Code. In addition to it, the 89 policies of the company are available on the intranet by all our collaborators.

In Coca-Cola FEMSA we are committed to avoid any kind of corruption as shown in our Business Code of Ethics which states that "we observe fair and transparent business practices to ensure the compliance with the laws, in all our activities, internal and external, and on behalf of the Company. We neither encourage nor allow corruption practices." Our Business Code of Ethics clearly states that it is prohibited to "pay to speed up paperwork, give or receive any benefit to influence a business decision, and bribe clients, suppliers, or any other person or party with whom we have operations." If a case of corruption presents, the corrective measures or sanctions that may be applicable according to our Code range from a corrective action plan, a written warning, firing, to legal action. During 2012, we held courses on ethics and anti-corruption, successfully training more than 1,150 collaborators in Brazil and Colombia.

As part of our commitment to ethics, we encourage those who collaborate with Coca-Cola FEMSA, take part in social duties and practice a culture of legality through the knowledge, compliance, and respect to the laws, as well as support and respect



the institutions in charge of applying the law. With these actions we strive to be a role model of responsible citizenship to our families and society. This is how in Coca-Cola FEMSA we encourage a Culture of Legality.

According to our Business Code of Ethics, the relationship with authorities and the business activities of Coca-Cola FEMSA must be carried out with absolute compliance with the current legal framework maintaining a spirit of cooperation and constant communication at the appropriate levels. We strictly comply with the local legislation that regulates the participation and contribution of companies to political parties.

We also have a Personal Data Protection Policy which sets guidelines to guarantee the adequate handling of data and an area responsible for monitoring the compliance of all our collaborators. The Policy states that "all handling of personal data is

subject to the consent of its owners and they must be notified through the according privacy notices on how their information will be used." Likewise, all operations are responsible for adopting the appropriate measures to protect data even when the person leaves the company. Finally, it is stated that "all operations which gather personal data must set criteria on the duration of availability and protection of the information, as well as the methodology for its elimination."

In order to guarantee the confidentiality of the data of our collaborators, there is a section in our Business Code of Ethics called "Information Management" in which it is stated that "we protect information as a company asset with responsibility, ethics, and according to the applicable laws of every country where we operate." Therefore, we make sure people who have access to privileged information comply with the laws avoiding its inappropriate use.

During 2012, there were no complaints on personal data leak or violation to the privacy of our clients and collaborators.

The Audit Committee and the Human Resources Council are responsible for monitoring the compliance with the Business Code of Ethics, as well as submitting proposals for its amendment to the Administrative Council for approval.



Coca-Cola FEMSA Reporting System (DILO)

GRI HR4, HR9, HR10 and HR11

DILO is a formal and permanent mechanism, known by all our collaborators that provides an open communication platform to notify about any behavior or practice not aligned with our Business Code of Ethics, either by e-mail or phone. To guarantee all collaborators are familiar with this system, information about the system is permanently posted on the intranet and every two years there is an intense awareness campaign in all the countries where we have operations.

This system of formal claims allows us to uphold our commitment to maintain high standards of honesty, openness, integrity, objectivity, and transparency in terms of financial information, operations, human resources, and equity security. DILO, in addition to being a mechanism to prevent incidents, makes it easier for us to detect inappropriate practices and/or behaviors, such as corruption practices, to follow up on them through an investigation and if necessary a sanction.

Through DILO we seek to guarantee the respect to the rights of all our collaborators, so based on the definition of the UN Global Compact Principles as violations to human rights, throughout 2012 there were no complaints of this kind, including freedom of association, forced labor, and children labor.

The Business Code of Ethics bans discrimination including cases of "gender, marital status, age, religion, race, political opinion, socioeconomic status, pregnancy, language, ethnicity, nationality, sexual orientation, or disability." Five out of the eight claims received in 2012 were reclassified for not being cases of discrimination and three are still under investigation, including interviews to the involved parties and the verifying of information, among other methods of investigation.

The corrective measures or sanctions that may apply according to the Code include feedback, a corrective action plan, written warnings, firing, and even legal action.

It is worth mentioning that during 2012, there were no accusations of discrimination against indigenous communities or to the violation of their human rights.

Throughout 2012 there were a total of 694 claims; 70% of which have been solved and the remaining ones are being looked into according to our policies. The most recurring topics are abuse of power and bad management (irregularities with promotions and promised incentives that were not paid). Whenever a violation was proved, the measures applied varied from a call-off to firing, or even legal action.

All the claims filed in the system are investigated objectively and solved, without exception, by Human Resources or Internal Control depending on the case.

Sustainability Strategy

GRI 1.2, 4.10 and 4.11

Our new sustainability strategy reflects the commitment of the organization by setting objectives at an executive level so all collaborators align their actions to achieve our goals. This is why Coca-Cola FEMSA's CEO includes in the Critical Factors of Success the topics of sustainability and is evaluated according to his compliance with these. The main topic during the last Communication Meeting at Coca-Cola FEMSA was sustainability and how each of our collaborators needs to act aligned to that established by our new strategy.

In Coca-Cola FEMSA we seek to inform and involve our collaborators and their families on the progress in terms of sustainability, so they join us in our commitment of positively transforming our environment. For this, we have developed different initiatives which allow us an adequate administration regarding all the topics of social responsibility:

- **Policy of Sustainability:** During 2012 a new policy was implemented which states the guidelines that ensure sustainable work practices through a culture of legality, the compliance with the current regulations, social and environmental initiatives in our operations, and the efficient use of resources.

- **First edition of the "Diploma in Sustainability and Social Responsibility" of the Universidad Anahuac Mexico Norte:** The operation in Mexico reinforced the training of 38 managers and executives in Human Resources on sustainability matters during 2 weeks in February. The content of the diploma course included topics like corporate volunteering, sustainable projects, strategic alliances, communication in social responsibility, among others. During the course, it was possible to create

conscience of the impact our company has on the environment and of our commitment to minimize it through our individual and business actions.

- **Internal communication:** We use different channels to inform our collaborators on the progress in terms of sustainability. Some of these channels include the Sustainability Report, the internal magazine "Juntos" (Together), the corporate intranet, e-mail, and several printed and digital media. We include an example on how sustainability is managed in our internal magazine.



- **Volunteerism:** We encourage the participation of our collaborators and their families by inviting them to the different events that promote sustainability, like reforestation or clean-up of bodies of water, the initiative "Contributing Time" in Colombia, and the social development committees, among other events which seek to create conscience and share a commitment to the well-being of our collaborators, the communities, and the environment. We include an example of the announcements that are sent out inviting our collaborators to volunteer.



Our sustainability strategy allows us to identify risk areas which may affect our operations. This is how we apply the principle of precaution for the handling of operative risks in order to avoid a negative impact on the environment or on people's health.

The selected risks are based on the kind of business we run and the impact we are having on the environment and the communities where we operate. For example, by using water as a fundamental resource in the production of beverages, we emphasize its protection through different initiatives. The same goes for climate protection and packages and recycling in terms of environmental matters. Regarding community engagement we focus on community development, healthy lifestyles, and sustainable supply. We identify such risks based on the kind of business we run and the topics that concern the communities we serve.

- **Attitude KOF:** The launching of the program "Green Points-Attitude KOF" in our corporate offices located in Mexico City encourages a change of culture in our collaborators to improve the quality of life within the company through healthy lifestyles, a work culture, and the protection of the environment. Our collaborators keep record of different green actions in a system, for which they receive points that are then traded for rewards.

Our department of Social and Labor Development is responsible for following-up on and consolidating all information related to the implementation and development of the sustainability strategy, both at a corporate level and in each of our operations. The Technology Department is responsible for consolidating all the information and environmental indicators aligned to the goals of *The Coca-Cola Company*. The indicators reports are prepared monthly and every three months there is an assessment of goals and progress. Technology Direction reports directly to the CEO of Coca-Cola FEMSA.

The Sustainability Department is in charge of verifying business units are aligned to the sustainability strategy. The departments of Sustainability, Institutional Relations, and Corporate Communication, as well as FEMSA Foundation and FEMSA Collection report to the Director of Corporate Affairs. FEMSA's actions towards the business units are governance, fit-out, and service.

Core Area 1: Our People

GRI EC7, LA1, LA2, LA4, LA13, HR1, HR3 and HR8

At the end of 2012, in Coca-Cola FEMSA we had 73,395 collaborators; 88% of which have an individual contract or a direct collective one, and the other 12% offer their services in an indirect way or through a third party. 64% of all our direct employees belong to a union and their relation with the company is

through a collective contract which complies with the laws and work conditions of each and every one country we operate in.

This guarantees that the work requirements, including those of health, hygiene, and safety are met

	Non-unionized	Unionized	Total Direct Employees	Outsourced Personnel	Total Collaborators
Corporate	455		455	90	545
Mexico Operations*	14,783	19,639	34,422	3,849	38,271
FOQUE	866	1,238	2,104	233	2,337
Central America Office	189		189	6	195
Costa Rica Operations	1,381		1,381	365	1,746
Guatemala Operations	329	969	1,298	183	1,481
Nicaragua Operations	253	434	687	283	970
Panama Operations	465	699	1,164	293	1,457
Mexico & CA Division	18,266	22,979	41,245	5,212	46,457
Argentina Operations	650	2,094	2,744	66	2,810
Brazil Operations	166	9,805	9,971	1,097	11,068
Colombia Operations	1,647	642	2,289	2,611	4,900
Venezuela Operations	1,779	5,603	7,382	233	7,615
South America Division	4,242	18,144	22,386	4,007	26,393
TOTAL	22,963	41,123	64,086	9,309	73,395

*Includes new territories in Mexico

The following table shows the total 64,086 direct employees classified by contract, union affiliation, gender, and age.

	Coca-Cola FEMSA Employees																Employees by Level		
	Indefinite Contract						Temporary Contract						All the Employees						
	Men			Women			Men			Women			Gender		Age				
	18 - 34	35 - 44	45 +	18 - 34	35 - 44	45 +	18 - 34	35 - 44	45 +	18 - 34	35 - 44	45 +	H	M	45 +	18 - 34	35 - 44		
non-unionized	10167	5954	2103	2816	999	247	430	94	9	137	7	0	18757	4206	13550	7054	2359	22963	
unionized	23182	10109	4729	952	360	174	1350	138	19	105	5	0	39527	1596	25589	10612	4922	41123	
Internal Personnel	33349	16063	6832	3768	1359	421	1780	232	28	242	12	0	58284	5802	39139	17666	7281		
																			64086

During 2012 there was a monthly average turnover of 2.09% in our South America division while in Mexico and Central America it was of 2.56%.

The management of human resources in Coca-Cola FEMSA is based on the respect of human rights and equal opportunities. Therefore, as part of the Coca-Cola Bottler System, we apply throughout all our operations the Workplace Rights Policy of *The Coca-Cola Company* and we participate in its global goal of ensuring its absolute compliance by 2014. At the end of 2012, 87% of our plants had already been certified on this matter.

To guarantee the respect of human rights among our collaborators we hold courses to encourage an organizational culture based on values. During 2012, there were 3,500 collaborators in Mexico trained through 14,124 hours on human rights topics, while in Colombia we reached almost 18,000 collaborators.

With the purpose of ensuring a good treatment by the security personnel, we provide them with training on the company's policies including -in some cases- human rights and customer service topics. For this reason, all of our security personnel in

Mexico received training on topics related to human rights in 2012. We were also able to train 37 collaborators, including third parties, in Venezuela and 79 collaborators in Colombia.

In terms of gender equality more than 10% of our collaborators are women, concentrated mainly in the administrative areas (40%), where 21% of directors or managers are women. Furthermore, during 2012 we added to our payroll 173 collaborators with a physical disability and 149 senior citizens, reaching a total of 648 and 348 respectively.

Finally, we work for the development of the communities where we have operations, with 74.2% of our management positions being held by locals.

Performance Assessment

GRI LA12

In Coca-Cola FEMSA we are based on a culture of constant improvement seeking the assessment of our collaborators' performance.

We constantly assess all our collaborators through different methodologies with the purpose of offering adequate growth, training, and compensation plans. Our managers and professionals are evaluated through the methodology *"The One Page System"* which allows us to set annually the Critical Success Factors to align the objectives of Senior Management of Coca-Cola FEMSA with the initiatives and projects of all the areas of the company, seeking to create a work-focused culture.

The methodology used with the rest of the collaborators is based on competencies.

Collaborators receive feedback through Vertical Revisions. These create an opportunity for leaders and their teams to review their progress and development. At the end of the year there is a performance assessment which ensures we offer our collaborators recognition for their achievements and their contribution to the objectives of the company, as well as objective feedback on their areas of opportunity and follow up on the processes of talent development of all our collaborators



Benefits and Compensation

GRI EC3, EC5, LA3, LA11 and LA14

We seek to offer competitive salaries and benefits in the ten countries we operate in. To make this possible we have competitive benefits, incentives, and retribution processes in our industry; based on performance, competencies, and responsibilities to define compensations regardless of gender, age, or nationality. We comply with -and in many cases, surpass- the labor legislation in the countries we have operations in terms of perks, benefits, and salaries for our collaborators.

We offer benefits and perks higher than those established by the law in all our operations, as in the case of our Life Insurance Plan for all our administrative personnel, our Major Medical Expenses Plan and Long-Term Incentives Plan (bonus/shares) to top management. In addition, there is a Christmas Bonus for all our collaborators in Mexico, and a vacation bonus higher than the law establishes in all the countries.

The general minimum and professional wages established by law in the communities where we work are respected, without exceptions, and we offer higher salaries and benefits than those established by law. We guarantee gender equality by offering the same economic remuneration to women and men who hold similar positions with similar experience.

In Coca-Cola FEMSA we offer benefits to our retired collaborators through pension plans according to the laws of each country and in some countries we offer a complementary plan to provide a retirement which represents a payment for life as well as medical care. The economic benefits and pensions for retirement are granted according to work conditions established by the current labor regulation in each country.



Occupational Health and Safety

GRI LA6, LA7, LA8, LA9 and FP3

In Coca-Cola FEMSA we have implemented an Occupational Health and Safety Management System (SASSO), comprised of 3 preventive strategies: occupational health with 20 programs, industrial safety with 12 practices, as well as the compliance with the Operative Requirements of the *The Coca-Cola Company*(KORE). All these are part of a strategy with annual objectives and goals promoted by integral management that involves all levels of the organization through the Committees and Subcommittees ensuring 100% of the personnel is represented. These practices include campaigns on preventive medicine, encouragement of quality of life, vaccination on adults, studies on ergonomics, occupational risk prevention, and industrial contingencies, among others.

The health system has 20 programs focused on creating a culture of prevention towards general sicknesses by raising awareness among collaborators and their families through different activities, like medical check-ups, and health and vaccination campaigns supported on Social Security.

Labor unions are involved in topics of safety and workplace environment suggesting discussion topics such as problems with personal protection gear, uniforms, absenteeism, accident prevention, and support with the application of safety strategies.

The following table show the results in terms of accident rate, lost days, and deaths in 2012 by country where we operate.

	Accident rate for every 100 workers	Lost days due to disabling accidents	Lost days due to occupational diseases	Work related fatalities of internal personnel
KOF				
Argentina	4.97	3732	35	0
Brazil	1.73	11798	418	0
Colombia	3.39	897	548	0
Costa Rica	4.18	1002	0	0
Guatemala	1.89	613	0	0
Mexico	5.95	45953	0	4
Nicaragua	6.54	611	0	0
Panama	2.59	176	0	0
Venezuela	3.59	3857	3	0
TOTAL	4.56	68639	1004	4

During 2012 there were no significant losses of work hours related to strikes, disputes, or work stoppage.

Core Area 2: Our Community

We are committed to generating value in our communities through community development programs that encourage healthy lifestyles and sustainable sourcing by our suppliers that allow us to positively transform our environment

GRI: EC6, HR2, HR5, HR7, FP1 and FP2

Sustainable Sourcing

In Coca-Cola FEMSA we want to create long-lasting relations with our suppliers, therefore we want them to share our values and sustainable practices in compliance with legal standards.

The selection criteria of suppliers include prior visits, their geographical location -preferring those with an establishment, request of financial information, identifying irregular behavior or corruption practices, respect to human rights, and the honesty they have shown in their relations with other clients.

In addition, Coca-Cola FEMSA participates actively in the *Supplier Guiding Principles (SGP)* of *The Coca-Cola Company* where approximately 400 of our main suppliers in Latin

America are audited regularly by independent firms like Intertek, UL, or Bureau Veritas under the direct coordination of *The Coca-Cola Company* on the topics of human rights and environmental respect, principally.

The SGPs describe the expectations of *The Coca-Cola Company* that its suppliers, as well as any approved third party which provides employees to said suppliers, operate according to the laws and labor and environmental legislations of the country and the local jurisdictions in which they operate, including their collaborators' human rights.

In all the purchases of strategic inputs that we make from our direct suppliers we take care these are made according to the policies we have in Coca-Cola FEMSA and following the current laws. In case of not complying with the standards established in the SGPs, there is an action plan between *The Coca-Cola Company* and Coca-Cola FEMSA to follow-up and guarantee the fulfillment of the principles.

Finally, our suppliers have access to our Reporting System (DILO) which helps us identify possible violations to our policies or to the Business Code of Ethics and practices that endanger freedom of association or collective negotiating, as well as actions that allow forced labor. DILO helps us avoid those situations and in case they present allows us to address them in an adequate and timely manner.



Core Area 3: Our Planet

GRI EN28

In **Coca-Cola FEMSA** we take a **proactive** stand towards the care of **our planet**, always seeking to reduce the **impact** caused by our **operations**, through our **initiatives** on **water**, energy, **recycling**, and sustainable **packaging**

GRI EC4, EN8, EN9, EN11 and EN25

Water

Major water users will face an increase in the cost of their operations and risk management if the quality, availability, and amount of water are affected. For this reason, collaboration of the major users encourages the preservation of water and benefits the industry by allowing them to use this resource.

In Coca-Cola FEMSA we work together with FEMSA Foundation which being aware of the risk situation concerning water decided to participate with *The Nature Conservancy*, the Interamerican Bank of Development, and the World Environmental Fund in the "Latin American Alliance for Water Funds". The objective of this initiative of the public and private sectors and the civil society is the preservation of bodies of water to protect water supply in the region.

The initiative includes investments of over US \$27 million to create, implement, and capitalize at least 32 Water Funds in Latin America and the Caribbean, contributing to the conservation of almost 3 million hectares of basins, that could benefit up to 50 million people in Ecuador, Colombia, Peru, Brazil, Mexico, and other countries.

A Water Fund is an innovative way to pay for the services provided by nature and to reinvest this money on its conservation. Since a healthy basin minimizes the costs of water treatment, the Funds attract voluntary contributions of major water users downstream, like aqueducts, hydroelectric plants, and industries. Profits of these investments are allocated to preserve the essential lands upstream that filter and regulate water supply, through activities like reforestation, ecotourism, and the monitoring of water flow.

Water Funds also help create incentives to generate economic and ecologic opportunities that have a positive impact on local communities.

In 2011, eleven Water Funds were set up helping to preserve more than 1.3 million hectares in four countries. Continuing with these efforts, in 2012 a Water Fund was launched in Chiapas named "Water Seed Fund" and the participation in Funds in Brazil for US \$1.1 million was announced.

Another initiative carried out together with FEMSA Foundation is the "River Basin Studies". Through an alliance between the Water Center for Latin America and the Caribbean of the Technological Institute of Monterrey and FEMSA Foundation, in 2009 we committed to study 14 hydrologic basins in Mexico. This is in addition to other 3 studies of basins carried out by the alliance among Coca Cola FEMSA, the National Institute of Forestry, Agricultural, and Livestock Research (INIFAP), and FEMSA Foundation.

These studies consist on the diagnosis and integral mapping of basins through the analysis of variables and their interrelation (meteorology, characteristics of the area, characterization of the different uses, polluting sources, and treatment systems, among others), with the objective to identify concrete actions of intervention that may improve the health in the hydrologic basins. By 2012, seven studies had been carried out in the states of Guanajuato (Leon), Tlaxcala, Chiapas (San Cristobal de las Casas), Veracruz (river basin La Antigua and Blanco River), Michoacán (Cuitzeo Lake), and Nuevo Leon (river basin San Juan).

In addition to the studies of hydrologic basins carried out in Mexico, in Coca-Cola FEMSA we use mechanisms to measure and treat water to be aware of and reduce our impact on the environment. We evaluate the environmental impact through specialized studies before opening, expanding, or modifying our facilities.

The location and procedures that are carried out in our facilities do not affect the hydric resource on the surface nor on the lands nearby, so the ecosystem and biodiversity of these is preserved. The different initiatives in our operations and communities allow us to minimize our environmental impact.

As a result, in 2012 there were no incidents due to water dump in hydric resources or to habitats close to our operations; nor we received significant fines or monetary sanctions for breaching the environmental regulations in the countries we operate in.



Energy

GRI EN4, EN17, EN18, EN19, EN20 and EN29

We are making efforts to measure and reduce the impact our operations have in the environment in terms of energy and emissions by searching for new alternatives of energy sources and technologies that encourage climate change prevention.

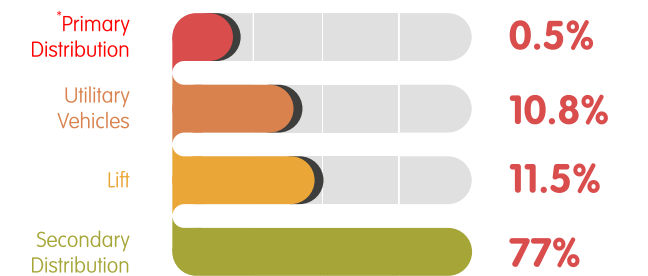
Our indirect energy consumption through primary sources was of 1,504,321 GJ during 2012; with more than 7.7% of it being from renewable sources. The initiatives of the wind parks will help us increase the amount of renewable sources starting in 2014.

In addition to the energetic efficiencies in our operations we try to reduce the environmental impacts of our transportation through the renovation of our fleet and the certification "Clean Transportation" of the Secretariat of Environment and Natural Resources (SEMARNAT). We include a graph showing the impact of the transportation of our products in Mexico throughout 2012.

For 2012, 2,690 tons of CO₂ were emitted derived from the flights of our collaborators in Mexico bought through BCD Travel.

Direct Energy Consumption in Mexico (Mobile)

(1,923,408.43 GJ = 135,540.10 Ton CO₂)



* Only the consumption of KOF's units is reported.

In 2009 we began renewing our vehicles to transport cargo of primary distribution with new units equipped with EPA04 technology, which on average emit 38% less NOX¹ than those with EPA98 technology.

¹ Our emissions of NOx and SOx, coming from fixed sources, are not reported as they are not significant when compared with CO₂ emissions.

Corporate Carbon Footprint Assessment of Coca-Cola FEMSA Colombia



For Coca-Cola FEMSA it is very important to identify and measure the impact of our actions on the environment in order to develop initiatives that help us reduce our carbon footprint. Through an integral research carried out in our operation in Colombia, we were able to measure the amount of Greenhouse Effect Gases that are emitted into the atmosphere as a result of our activities and we started to develop initiatives to mitigate the impact of our operations.

Aware of our commitment to the environment the results of this assessment will allow us to implement actions to mitigate the impact in the region and to contribute to the solution of the global climate change problem, with actions like encouraging sustainable transportation, avoiding coolant leaks, reducing electrical energy consumption, and financing projects of emission reduction.

Recycling and Sustainable Packaging

GRI EN2, EN23 and EN24

In Coca-Cola FEMSA we have the objective that "25% of the total material of PET packages must be recycled or renewable by 2015". The following table shows our progress since 2012 through the use of recycled resin and the *PlantBottle* technology.

Year	Reused (tons/year)		Total KOF	%KOF
	Recycled resin (IMER/CABELMA)	Plant bottle (Argentina, Brazil and México)		
2010	9,593	-----	9,593	4.30%
2011	9,549	11,000	20,549	8.80%
2012	14,024	26,190	40,214	15.30%

As a result of our guidelines and programs on residues handling, during 2012 there were no spills of hazardous substances in our operations. Also, our businesses do not treat, transport, export, or import hazardous residues. We work with companies that specialize on waste management, to ensure the appropriate handling and disposal of all residues generated by our operations.

About this Report

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

This Sustainability Report presents the results obtained throughout 2012 by Coca-Cola FEMSA, covering the countries where we are present: Argentina, Brazil, Colombia, Costa Rica, Guatemala, Mexico, Nicaragua, Panama, and Venezuela.

Our reports are published annually, therefore this report immediately follows the one published in 2011 and is the 5th one since 2008.

This report does not include information on those businesses on which we have no operative responsibility, that are part of the results of the business through a minority participation, or that were acquired less than a year ago. In 2012 Coca-Cola FEMSA finalized the merger of Grupo Fomento Queretano and announced the acquisition of the 51% of the Coca-Cola franchise in the Philippines, which took place on January 15, 2013.

The contents of this document were determined according to the following criteria: congruence and continuity with the information presented in the 2011 Sustainability Report, the results of the definition of materiality carried out during the updating of the Sustainability Strategy, and facts, programs, and actions relevant to 2012 in terms of sustainability, as well as some findings obtained through the communication sessions with certain stakeholders.

This document is structured in two sections. The first one includes the message of Coca-Cola FEMSA's CEO, the profile of the company, the Sustainability Strategy, and a summary of the performance of relevant sustainability programs and actions, as well as the achievements of FEMSA Foundation.

The second section presents information on corporate sustainability, grouped in the three axes of the Sustainability Strategy, based on the guide for elaborating sustainability reports of the Global Reporting Initiative (GRI G3.1) and considering the corresponding indicators of the Sector Supplement for Food Processing Enterprises. Throughout the document there are references to the GRI indicators on which information is given. The level of application is "A+", having the external verification of 30 indicators by the consulting firm Deloitte Mexico. The selection of the indicators to verify was performed considering 10 indicators suggested by the Company and 20 chosen by Deloitte based on the matrix of materiality defined for Coca-Cola FEMSA.

The measuring methods are based on internal indicators, as well as on the protocols suggested by external organisms like GRI and the Carbon Disclosure Project. The conversions of Mexican pesos to American dollars are calculated based on the exchange rate at the end of the noon of December 31st, 2012 on a basis of 12.8630 MXN per 1 USD.

The financial results presented are consistent with those presented to the Mexican and New York Stock Exchanges. The economic goals reported in this document correspond to the programs and projects of which only a representative sample is described here.

This report also constitutes our communication on the progress on the implementation of the 10 principles of the United Nations Global Compact.

As a complement to this report there is additional information available on our website www.coca-colafemsa.com.

Global Compact Principles

The Global Compact Principles are based on Universal Statements and Conventions in four areas: Human Rights, the Environment, Labor Standards, and Anti-corruption.



Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human.

Principle 2: Make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: The elimination of all forms of forced and compulsory labour.

Principle 5: The effective abolition of child labour.

Principle 6: The elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Undertake initiatives to promote greater environmental responsibility.

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Global Reporting Initiative Index

GRI 3.12

We present the GRI 3.1 guideline index including the Food Processing Sector Supplement.

GRI Index	Content	Page	Report	Reason for Omission
1. STRATEGY AND ANALYSIS				
1.1	Statement from CEO	2	Fully	
1.2	Impacts, risks and opportunities	6, 12, 76	Fully	
2. COMPANY PROFILE				
2.1	Name	Inside front cover, 6	Fully	
2.2	Brands, products and/or services	62	Fully	
2.3	Operating structure	Inside front cover, 6	Fully	
2.4	Headquarters	Inside front cover, 18, 59	Fully	
2.5	Countries where the company operates	Inside front cover, 4	Fully	
2.6	Nature of ownership and legal form	Inside front cover	Fully	
2.7	Markets served	Inside front cover	Fully	
2.8	Scale of reporting organization	6	Fully	
2.9	Significant changes in the reporting period	6, 90	Fully	
2.10	Awards received	8-11	Fully	
3. REPORT PARAMETERS				
3.1	Reporting periods	90	Fully	
3.2	Date of previous report	90	Fully	
3.3	Reporting cycle	90	Fully	
3.4	Contact	Inside back cover	Fully	
3.5	Process for defining report content	90	Fully	
3.6	Boundary of the report	90	Fully	
3.7	Specific limitations on the scope or boundary of the report	90	Fully	
3.8	Basis for reporting on joint ventures	90	Fully	
3.9	Data measurement techniques and bases for calculations	90	Fully	
3.10	Effect of any re-statements of information provided in earlier reports	90	Fully	
3.11	Significant changes from previous reports	90	Fully	
3.12	Content index	92, 96	Fully	
3.13	External assurance	99	Fully	

4. GOVERNANCE, COMMITMENTS AND ENGAGEMENT

4.1	Governance	70	Fully	
4.2	Governance	70	Fully	
4.3	Governance	70	Fully	
4.4	Governance	70	Fully	
4.5	Governance	70	Fully	
4.6	Governance	70	Fully	
4.7	Governance	70	Fully	
4.8	Mission, values, codes of conduct and relevant principles	15, 73	Fully	
4.9	Governance	70	Fully	
4.10	Processes for evaluating highest governance body's performance	70, 76	Fully	
4.11	Precautionary principle	76	Fully	
4.12	Economic, environmental and social principles and initiatives	23, 41	Fully	
4.13	Presence in associations	60, 61	Fully	
4.14	Stakeholders	68	Fully	
4.15	Stakeholders	68	Partial	Proprietary Information ¹
4.16	Stakeholders	68	Fully	
4.17	Stakeholders	68	Fully	

ECONOMIC PERFORMANCE

DMA	Economic performance	45, 67	Fully	
DMA	Market presence	4	Fully	
DMA	Indirect economic impact	59	Fully	
EC1	Direct economic value	6	Fully	
EC2	Financial implications due to climate change	47	Partial	Proprietary Information ²
EC3	Benefit plan obligations	81	Fully	
EC4	Significant financial assistance	85	Fully	
EC5	Entry level wage	81	Fully	
EC6	Suppliers	83	Fully	
EC7	Procedures for local hiring	78	Fully	
EC8	Infrastructure investments and services for public benefit	23, 47	Fully	
EC9	Indirect economic impact	59	Fully	

¹ We do not report fully on this disclosure (no intention of reporting in the future), since the information is proprietary on the process we follow to define stakeholder groups.

² The financial data of the initiatives that seek to decrease climate change is confidential.

ENVIRONMENTAL PERFORMANCE

DMA	Materials	50	Fully	
DMA	Energy	47	Fully	
DMA	Water	42, 85	Fully	
DMA	Biodiversity	42	Fully	
DMA	Emissions, effluents and waste	47, 87	Fully	
DMA	Products and services	50	Fully	
DMA	Compliance	85	Fully	
DMA	Transport	47, 87	Fully	
DMA	Overall	41	Fully	
EN1	Materials used	50	Fully	
EN2	Recycled input materials	89	Fully	
EN3	Direct energy consumption by primary energy source	47	Partial	Not Material ³
EN4	Indirect energy consumption by primary energy source	87	Fully	
EN5	Energy saved	47	Fully	
EN6	Energy saved	47	Fully	
EN7	Energy saved	47	Fully	
EN8	Total water withdrawal by source	---	Not Reported	Proprietary Information ⁴
EN9	Water sources significantly affected by withdrawal of water	---	Not Reported	Proprietary Information ⁴
EN10	Water recycled and reused	42	Fully	
EN11	Land adjacent to protected areas	---	Not Reported	Proprietary Information ⁴
EN12	Significant impacts on biodiversity	42, 85	Fully	
EN13	Habitats protected or restored	42	Fully	
EN14	Biodiversity	42	Fully	
EN15	Number of species affected by operations	42	Fully	
EN16	Emissions	47	Fully	
EN17	Emissions	87	Fully	
EN18	Emissions	47, 87	Fully	
EN19	Emissions	87	Fully	
EN20	Emissions	87	Fully	
EN21	Total water discharge	42	Fully	

³ We do not report on this issue (no intention of reporting in the future) as the disclosure is not material to our business because we do not report the information in Joules but in beverages produced per megajoule consumed.

⁴ EN8, EN9 and EN10: We do not report on this disclosure (no intention of reporting in the future), since the information is proprietary.

EN22	Total weight of waste	50	Partial	Not Applicable ⁵
EN23	Total number and volume of significant spills	89	Fully	
EN24	Hazardous waste	89	Fully	
EN25	Water resources	85	Fully	
EN26	Initiatives to mitigate environmental impacts	50	Fully	
EN27	Reclamation of packaging materials	50	Fully	
EN28	Monetary value of significant fines	85	Fully	
EN29	Environmental impacts of transporting products	47, 87	Fully	
EN30	Environmental investments	41	Fully	

LABOR PRACTICES AND DECENT WORK

DMA	Employment	78	Fully	
DMA	Labor/management relations	78	Fully	
DMA	Occupational health and safety	82	Fully	
DMA	Training and education	20, 81	Fully	
DMA	Diversity and equal opportunity	78	Fully	
DMA	Equal remuneration for women and men	81	Fully	
LA1	Total workforce by employment type	78	Fully	
LA2	Employee turnover	78	Partial	Not Material ⁶
LA3	Benefits	81	Fully	
LA4	Collective bargaining agreements	78	Fully	
LA5	Minimum notice period regarding operational changes	68	Fully	
LA6	Health and safety committees	82	Fully	
LA7	Absenteeism and lost days	82	Fully	
LA8	Health	16, 82	Fully	
LA9	Health	82	Fully	
LA10	Training	20	Partial	Not available ⁷
LA11	Training	20, 81	Partial	Proprietary information ⁸

⁵ We do not report on this point fully (no intention of reporting in the future) since the disclosure as prescribed by the GRI Guidelines is not applicable to our business because we use recycling as our only disposal method.

⁶ We do not report on this issue fully (no intention of reporting in the future) as the disclosure is not material to our business because it is information too specific and does not impact our operation significantly.

⁷ We do not report this information yet, as we have been unable to gather the training data divided by gender and employee category but we will be able to report this information in 2015.

⁸ LA11 and LA15: We do not report on this disclosure fully (no intention of reporting in the future), since the information is proprietary.

LA12	Employees receiving performance reviews	80	Fully	
LA13	Diversity indicators	78	Fully	
LA14	Ratio of basic salary of men to women	81	Fully	
LA15	Benefits	---	Not Reported	Proprietary information ⁸

HUMAN RIGHTS

DMA	Investment and procurement practices	78	Fully	
DMA	Non-discrimination	75	Fully	
DMA	Freedom of association and collective bargaining	83	Fully	
DMA	Child labor	75	Fully	
DMA	Prevention of forced and compulsory labor	75, 83	Fully	
DMA	Security practices	78	Fully	
DMA	Indigenous practices	75	Fully	
DMA	Assessment	75	Fully	
DMA	Remediation	75	Fully	
HR1	Percentage and total number of investment agreements that include human rights clauses	78	Fully	
HR2	Significant suppliers that have undergone screening on human rights	83	Partial	Proprietary information ⁹
HR3	Total hours of employee training in human rights	78	Fully	
HR4	Incidents of discrimination	75	Fully	
HR5	Freedom of association	83	Fully	
HR6	Child labor prevention actions	75	Fully	
HR7	Forced labor prevention actions	75, 83	Fully	
HR8	Security personnel training	78	Fully	
HR9	Violation of the rights of indigenous people	75	Fully	
HR10	Operations subject to human rights reviews	75	Fully	
HR11	Grievances related to human rights	75	Fully	

SOCIAL PERFORMANCE

DMA	Local communities	23-39	Fully	
DMA	Healthy and affordable food	---	Not reported	Not Applicable ¹⁰
DMA	Corruption	73	Fully	
DMA	Public policy	73	Fully	

⁹ We do not report on percentage of contracts with suppliers that were declined (no intention of reporting in the future), since the information is proprietary.

¹⁰ We do not report on this point (no intention of reporting in the future) since the disclosure as prescribed by the GRI Guidelines is not applicable to our business because we do not work with food.

DMA	Anti-competitive behavior	6	Fully	
SO1	Programs to assess impacts of operations on communities	23	Fully	
SO2	Risks related to corruption	73	Fully	
SO3	Employees trained in anti-corruption policies	73	Fully	
SO4	Actions taken regarding incidents of corruption	73	Fully	
SO5	Public policy and lobbying	73	Fully	
SO6	Contributions to political parties	73	Fully	
SO7	Anti-competitive behavior and monopoly practices	6	Fully	
SO8	Fines and non-monetary sanctions for non-compliance with laws	62	Fully	
SO9	Operations with negative impacts on local communities	23	Fully	
SO10	Preventive measures implemented in operations with negative impacts on communities	23, 41	Fully	

PRODUCT RESPONSIBILITY

DMA	Customer health and safety	62	Fully	
DMA	Product and service labeling	67	Fully	
DMA	Marketing communications	67	Fully	
DMA	Customer privacy	73	Fully	
DMA	Compliance	62	Fully	
PR1	Life cycle stages in which health and safety impacts of products are assessed	62	Fully	
PR2	Regulations and voluntary codes of health and safety	62	Fully	
PR3	Product and service information	67	Fully	
PR4	Labeling	67	Fully	
PR5	Practices related to customer satisfaction	68	Partial	Not available all information ¹¹
PR6	Adherence to voluntary codes related to marketing	67	Fully	
PR7	Incidents related to marketing, promotion and sponsorship	67	Fully	
PR8	Customer privacy	73	Fully	
PR9	Fines for non-compliance with laws and regulations concerning the provision and use of products and services	6, 62	Fully	

¹¹ We do not report on the results of our surveys yet (commitment to future reporting) as we have thus far been unable to gather the data of all the operations, but we will be able to report on this in 2015.

FOOD PROCESSING AND SECTOR SUPPLEMENT

DMA	Protecting natural resources	41-57	Fully	
DMA	Minimizing toxicity	41-57	Fully	
DMA	Fair trade	6	Fully	
DMA	Fair compensation for labor	81	Fully	
DMA	Traceability	6	Fully	
DMA	Genetically modified organisms	---	Not reported	Not Applicable ¹²
DMA	Animal welfare	---	Not reported	Not Applicable ¹²
DMA	Biofuels	---	Not reported	Not Applicable ¹²
DMA	Breeding and genetics	---	Not reported	Not Applicable ¹²
DMA	Animal husbandry	---	Not reported	Not Applicable ¹²
DMA	Transportation, handling and slaughter	---	Not reported	Not Applicable ¹²
FP1	Percentage of purchased volume from suppliers compliant with the company's sourcing policy	83	Fully	
FP2	Percentage of purchased volume verifies in accordance with credible, internationally recognized responsible production standards	83	Fully	
FP3	Percentage of working time lost due to disputes or strikes	82	Fully	
FP4	Programs and practices that promote access to healthy lifestyles	23, 30-32	Fully	
FP5	Percentage of production volume manufactures in sites certified by an independent third part	62	Fully	
FP6	Percentage of total sales volume of consumer products that are lowered in added sugars	62	Fully	
FP7	Percentage of total sales volume of consumer products that contain increased fiber, vitamins, minerals or food additives	62	Fully	
FP8	Communication to consumers about ingredients and nutritional information	67	Fully	
FP9	Percentage and total animals raised and/or processed	---	Not reported	Not Applicable ¹³
FP10	Policies and practices related to physical alterations	---	Not reported	Not Applicable ¹³
FP11	Percentage and total animals raised	---	Not reported	Not Applicable ¹³
FP12	Policies and practices on antibiotic, anti-inflammatory, hormone and/or growth promotion treatments	---	Not reported	Not Applicable ¹³
FP13	Number of incidents of non-compliance related to practices with live animals	---	Not reported	Not Applicable ¹³

¹² We do not report on this point (no intention of reporting in the future) since the disclosure as prescribed by the GRI Guidelines is not applicable to our business because we do not work with GMOs, animals nor biofuels.

¹³ We do not report on this point (no intention of reporting in the future) since the disclosure as prescribed by the GRI Guidelines is not applicable to our business because we do not work with genetics and animals.



External Assessment

GRI 3.13





Statement GRI Application Level Check

GRI hereby states that **Coca-Cola FEMSA** has presented its report "2012 Sustainability Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

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

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

Amsterdam, 4 April 2013

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because Coca-Cola FEMSA 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

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 13 March 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

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Links of interest:

www.coca-colafemsa.com

www.femsa.com

www.fundacionfemsa.com.mx

<http://www.thecoca-colacompany.com/citizenship/index.html>

Responsible Marketing:

http://www.thecoca-colacompany.com/citizenship/responsible_marketing.html

Labeling and Nutritional Information:

http://www.thecoca-colacompany.com/ourcompany/hal_policy_nutritional_labeling.html

Relation with Suppliers:

http://www.thecocacolacompany.com/citizenship/supplier_guiding_principles.html

Rights in the workplace:

http://www.thecoca-colacompany.com/citizenship/workplace_rights_policy.htm



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