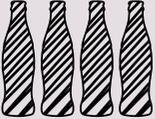


ACCELERATING TOWARDS

# EXCELLENCE

SUSTAINABILITY REPORT  
COCA-COLA FEMSA 2016



**154 BRANDS IN**   
 **12 CATEGORIES**  
MAKE UP OUR PORTFOLIO

CLOSE TO   
**1 MILLION**  
PEOPLE HAVE BEEN BENEFITED BY OUR  
HEALTHY HABITS PROGRAMS

 **USD \$11.9**   
MILLION INVESTED IN  
COMPREHENSIVE TRAINING  
FOR OUR ASSOCIATES

 **46%**  
OF THE ELECTRIC POWER  
WE USE IN MEXICO AND  
**74%**  
IN BRAZIL, COMES FROM  
CLEAN SOURCES

CLOSE TO **20**   
BILLION TRANSACTIONS  
ANNUALLY

COCA-COLA FEMSA, S.A.B. DE C.V. IS THE LARGEST FRANCHISE BOTTLER IN THE WORLD BY SALES VOLUME. THE COMPANY PRODUCES AND DISTRIBUTES TRADEMARK BEVERAGES OF THE COCA-COLA COMPANY, OFFERING A WIDE PORTFOLIO OF 154 BRANDS TO MORE THAN 375 MILLION CONSUMERS DAILY. WITH OVER 100 THOUSAND EMPLOYEES, THE COMPANY MARKETS AND SELLS APPROXIMATELY 4 BILLION UNIT CASES THROUGH 2.8 MILLION POINTS OF SALE A YEAR. OPERATING 66 MANUFACTURING PLANTS AND 328 DISTRIBUTION CENTERS, COCA-COLA FEMSA IS COMMITTED TO GENERATING ECONOMIC, SOCIAL, AND ENVIRONMENTAL VALUE FOR ALL OF ITS STAKEHOLDERS ACROSS THE VALUE CHAIN.



**1.5 MILLION**

INDIRECT JOBS CREATED  
ACROSS OUR VALUE CHAIN



**93%**

OF THE WASTE  
GENERATED IS RECYCLED

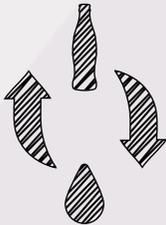
**USD \$58**

MILLION INVESTED  
IN SUSTAINABILITY



**16**

OF OUR PLANTS  
OPERATE UNDER THE  
ZERO WASTE INITIATIVE



**100%**

OF THE WATER WE USE IN MEXICO AND BRAZIL  
TO PRODUCE OUR DRINKS IS RETURNED  
TO THE ENVIRONMENT



**100%**

OF STRATEGIC INPUTS UNDER THE  
GUIDING PRINCIPLES FOR SUPPLIERS  
OF THE COCA-COLA COMPANY



**USD \$29**

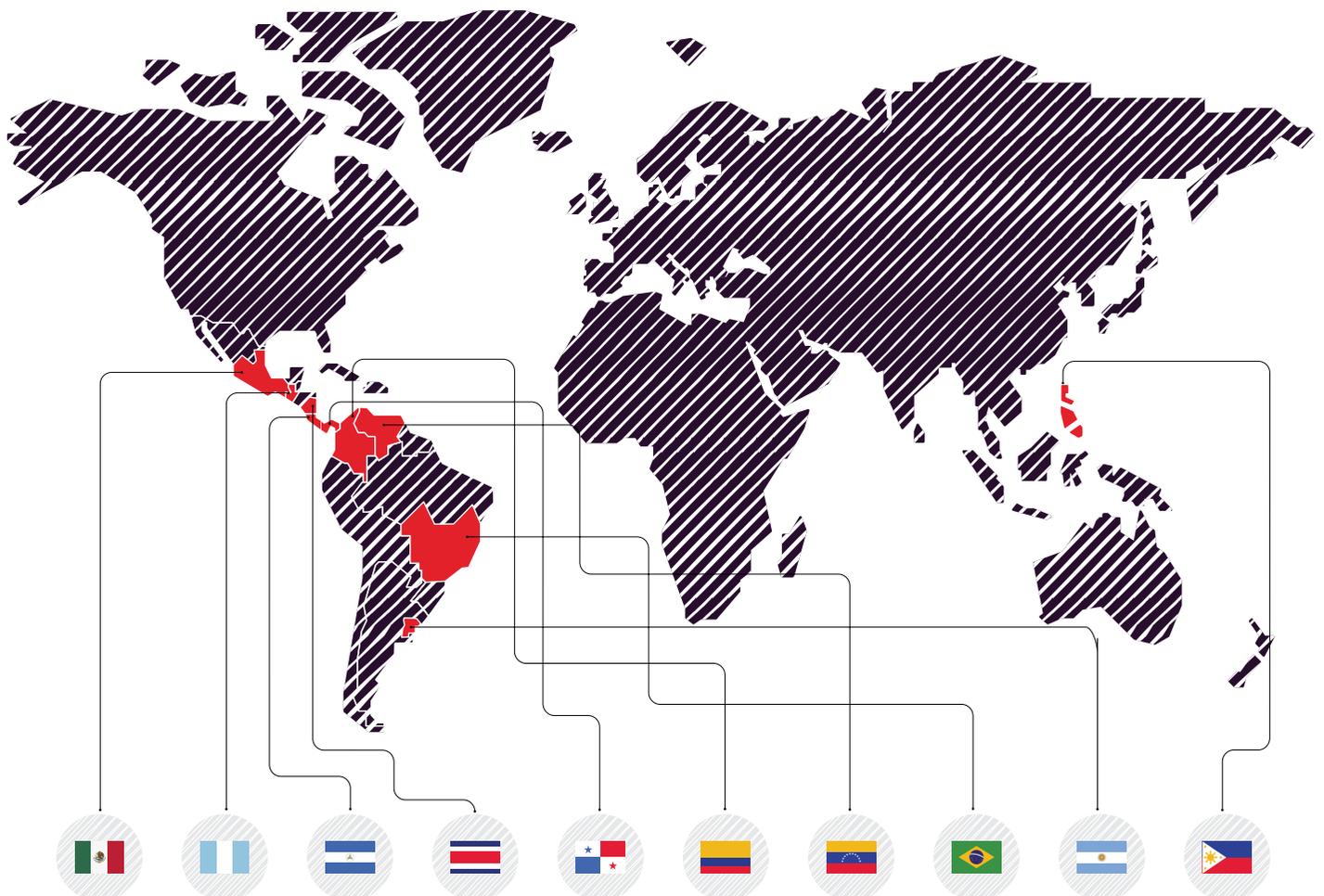
MILLION SAVED WITH  
ENVIRONMENTAL  
EFFICIENCIES

**TABLE OF CONTENTS:**

2 MESSAGE FROM OUR DIRECTORS 4 OUR COMPANY BUSINESS STRATEGY SUSTAINABILITY STRATEGY SUSTAINABLE DEVELOPMENT GOALS 2020 GOALS VALUE CHAIN PRODUCTS ECONOMIC VALUE 18 OUR PEOPLE CULTURE AND VALUES COMPREHENSIVE DEVELOPMENT TRAINING AND DEVELOPMENT 34 OUR COMMUNITY HEALTHY LIFESTYLES COMMUNITY DEVELOPMENT SUSTAINABLE SOURCING 50 OUR PLANET WATER WASTE AND RECYCLING ENERGY 72 CORPORATE GOVERNANCE ABOUT OUR REPORT GRI CONTEXT INDEX G4 EXTERNAL ASSURANCE

# AS THE LARGEST BOTTLER AND RETAILER OF COCA-COLA PRODUCTS IN THE WORLD WE MAINTAIN OUR PURPOSE OF CREATING ECONOMIC, SOCIAL, AND ENVIRONMENTAL VALUE.

- ARGENTINA • BRAZIL • COLOMBIA • COSTA RICA • PHILIPPINES •
- GUATEMALA • MEXICO • NICARAGUA • PANAMA • VENEZUELA •



# 2016 IN NUMBERS

**342**   
PRODUCTION LINES

**2.8**   
MILLION  
POINTS OF SALE

**+4,000**  
MILLION UNIT  
CASES SOLD



**328**   
DISTRIBUTION CENTERS

**66**   
BOTTLING PLANTS

**+24,600**   
FREIGHT, DISTRIBUTION  
AND UTILITY VEHICLES

**+12,600**   
DELIVERY ROUTES

 **+101,000**  
ASSOCIATES<sup>1</sup>

**375**   
MILLION  
CONSUMERS

<sup>1</sup> Includes third-party personnel

# MESSAGE FROM OUR DIRECTORS

## AT COCA-COLA FEMSA WE ARE FIRMLY COMMITTED TO SIMULTANEOUSLY GENERATING ECONOMIC, SOCIAL, AND ENVIRONMENTAL VALUE.

In 2016, Coca-Cola FEMSA faced important challenges inherent to the beverage industry's own dynamics and to the political, economic, and social context of the 10 countries where we operate.

In order to address these challenges, we maintained focus on our Strategic Business Framework based on a clear vision of becoming world leaders by offering clients and consumers a wide portfolio of beverages; by making sure that our Centers of Excellence have the best operating practices to produce, distribute, and market our products; by having a solid base of multicultural talent that includes more than 100 thousand associates, and by considering sustainability as a driver behind our business decisions.

Having the privilege of serving more than 375 million consumers a day and maintaining our leadership as the largest bottler of The Coca-Cola Company's products, also entitles a great responsibility. That is why, at Coca-Cola FEMSA, we have the firm purpose of simultaneously generating economic, social, and environmental value throughout our value chain.

This year, we strengthened the way in which we align our actions to contribute to the United Nation's Sustainable Development Goals, prioritizing and contributing to those issues in which, because of the nature of our business, we can generate greater value. Additionally, we continued to implement measures and initiatives aligned with the Strategic Sustainability Framework, setting the map we will follow on the road to reach our 2020 Goals in each of the three pillars: Our People, Our Community, and Our Planet.

In the Our People pillar, we develop talent and we strive to be the place where our associates can find personal and professional growth through

leadership and a work culture that encourages collaboration and innovation.

In Our Community we are committed to contributing to improve life quality by encouraging healthy lifestyles, promoting wellbeing, and fostering sustainable growth among our suppliers.

In 2016, we joined the Latin American Commitment for a Healthy Future, a multi-sector initiative led by companies in the beverage industry and focused on promoting healthy lifestyles through education. Six months after it was first launched in June 2016, we have reached more than 114 thousand students in Colombia and Mexico. Additionally, we benefited close to 1 million people through our healthy lifestyles programs.

Following with our desire to improve and reinforce the way in which we understand the needs of the people who make up our communities, we launched our Model for Addressing Risks and Relations with the Community (MARRCO) that helps us adapt our projects to the reality being faced by each region and to generate greater social value.

To strengthen our value chain, in 2016 we carried out a program to develop local suppliers by working with 61 small and medium-sized companies (SMEs) in order to support their business performance and sustainability practices.

To contribute to Our Planet, we integrated systems into our operations that have helped us increase our energy efficiency by 19% since 2010, and we continue to include clean energy sources, reaching up to 46% of our energy consumption in Mexico and 74% in Brazil. These initiatives are an example of the commitment we have established through the We Mean Business platform in partnership with the *Carbon Disclosure Project*.

Over the past six years, we improved our efficiency in water consumption per beverage produced by 12%, and we also returned to the communities and to the environment more than 100% of the water we consume in Mexico and Brazil. In 2016, we joined the UN's Business Alliance for Water & Climate Change (BAfW) to develop water care and conservation projects.

All these efforts contribute to the recognition of our commitment towards sustainability. For the sixth consecutive year, we are one of the 30 companies included in the Sustainability Index

of the Mexican Stock Exchange, for the fourth consecutive year we were included in the Dow Jones Emerging Markets Sustainability Index and, we were listed for the first time in the FTSE4Good Emerging Index and Vigeo-Eiris Emerging 70 Ranking indexes.

Within this Sustainability Report we describe the most relevant initiatives and results for 2016, that were possible thanks to our associates, partners and allies who join us in our purpose of generating shared value.



**JOSÉ RAMÓN  
MARTÍNEZ ALONSO**  
CORPORATE AFFAIRS  
OFFICER

**JOHN  
SANTA MARIA OTAZUA**  
CHIEF EXECUTIVE  
OFFICER



close to  
**20**  
billion  
transactions  
annually

USD **\$8.6**  
billion in  
total income

**+4,000**  
million unit  
cases sold

# OUR COMPANY



## THE LARGEST COCA-COLA BOTTLER IN THE WORLD

We are a multinational company that produces and distributes more than 154 of The Coca-Cola Company's brands with operations in 10 countries in Latin America and Asia.

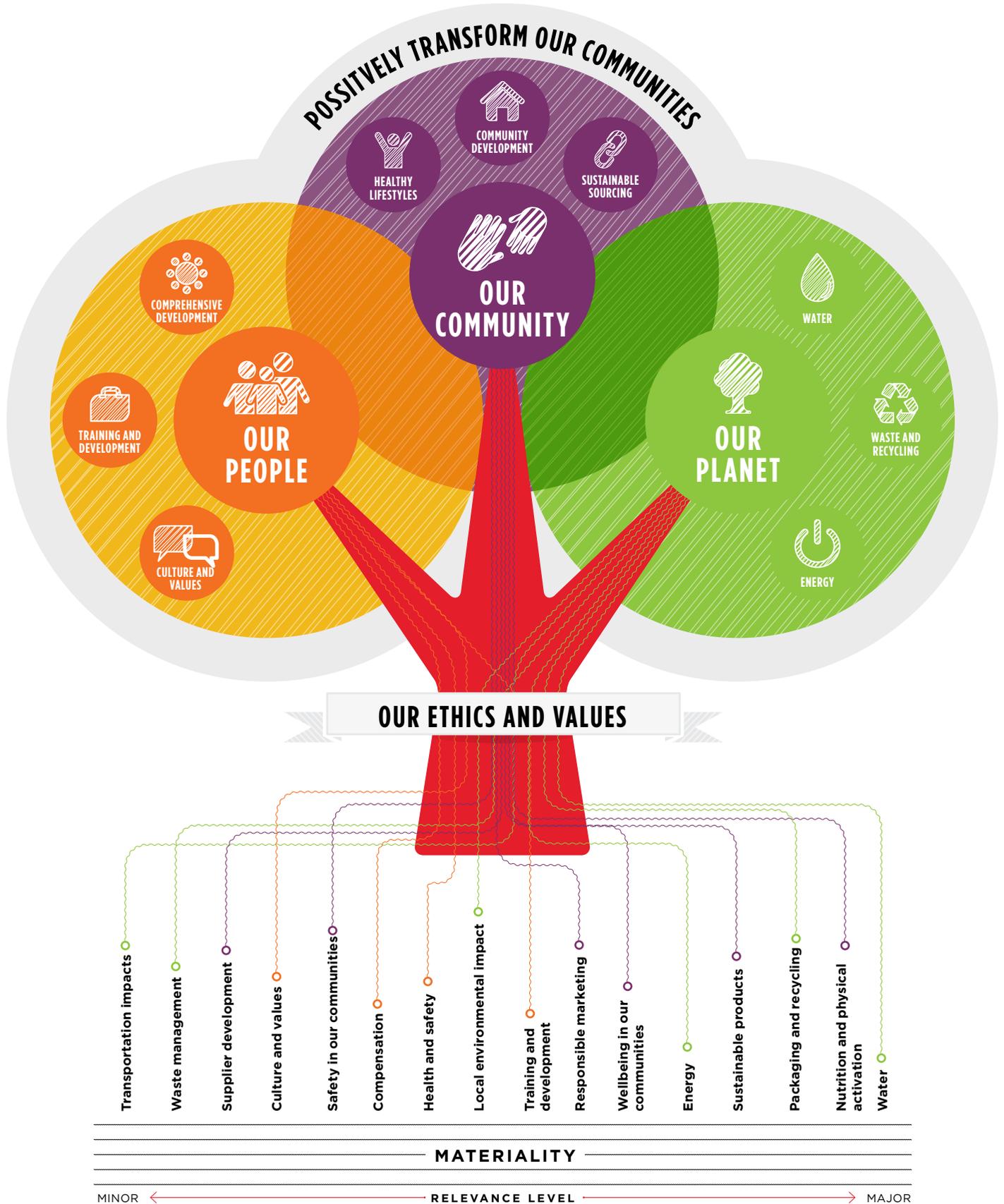
# 01. STRATEGIC BUSINESS FRAMEWORK

At Coca-Cola FEMSA we continue to evolve and in 2016 we took on the task of reviewing and updating our **Strategic Business Framework** aligning it to the demands in our surroundings and seeking to continue to be at the forefront of the industry, by including sustainability as one of the three key aspects of our business strategy.



This new Strategic Business Framework creates value for our company and stakeholders by promoting the collaboration of the whole operation to identify, share, and replicate best practices.

# 02. STRATEGIC SUSTAINABILITY FRAMEWORK



# 03. SUSTAINABLE DEVELOPMENT GOALS

At Coca-Cola FEMSA we are committed to contribute to the Sustainable Development Goals that the United Nations has suggested every country should comply with by 2030. In 2016, we analyzed the 230 indicators and we compared them with strategic indicators in our own business.

We concluded that a large part of our initiatives does in fact contribute to the 17 goals with specific measures. Since six of them coincide exactly with some of the top priorities in our Strategic Sustainability Framework, that is where we believe we can make the best contribution.

 <b>2 ZERO HUNGER</b>	 <b>6 CLEAN WATER AND SANITATION</b>	 <b>7 AFFORDABLE AND CLEAN ENERGY</b>
<p>Several of our projects are focused on healthy lifestyles for Our Community, such as the Latin American Commitment for a Healthy Future that we recently launched or the social programs from FEMSA Foundation.</p>	<p>Our production processes ensure the efficient use of water, as well as correct wastewater treatment. We are committed to return to nature and to the communities all the water used to produce our beverages.</p>	<p>Our 2020 goal is to supply 85% of the energy we use in manufacturing in Mexico with clean sources, and we continue to look for options to introduce this energy consumption initiative in the countries where we operate.</p>
 <b>8 DECENT WORK AND ECONOMIC GROWTH</b>	 <b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b>	 <b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b>
<p>We look for economic growth through the efficient use of resources, by promoting a work environment that offers comprehensive development, by creating jobs in emerging markets, and by applying our sustainable sourcing principles.</p>	<p>We work on innovative processes in the industry, aiming to develop local suppliers and to improve our environmental performance, which is why our 2020 goal is to reduce our carbon footprint by 20% across our value chain.</p>	<p>We communicate our sustainability results annually through our Sustainability Report, and have established goals to ensure a responsible consumption of raw materials, to achieve greater efficiencies, and to encourage recycling.</p>

# 04. 2020 GOALS

Create the economic, social, and environmental conditions needed to operate and grow over time in harmony with the environment. Correspondingly, every operation must include in their business plan the Sustainability Strategy based on the Coca-Cola FEMSA ethics and values, focused on people, community, and the planet.

- Sustainability Policy

To complement this policy, and to offer major support to our Sustainability Strategy, we defined 2020 Goals for each Pillar.

 <b>OUR PEOPLE</b>	 <b>OUR COMMUNITY</b>	 <b>OUR PLANET</b>
<div data-bbox="365 766 462 868">  <p>COMPREHENSIVE DEVELOPMENT</p> </div> <ul style="list-style-type: none"> <li>• Generate <b>1 million hours</b> of volunteer work.</li> <li>• Achieve a Lost Time Injury Rate (LTIR) of <b>0.5 per 100 associates</b>.</li> <li>• <b>Reduce by 20%</b> the general <b>illness absentee rate</b> vs 2010.</li> <li>• <b>Zero fatalities</b> from work-related diseases.</li> </ul>	<div data-bbox="755 766 852 868">  <p>HEALTHY LIFESTYLES</p> </div> <ul style="list-style-type: none"> <li>• Benefit <b>5 million people</b> with our nutrition and physical activation programs and initiatives.</li> </ul>	<div data-bbox="1136 766 1234 868">  <p>WATER</p> </div> <ul style="list-style-type: none"> <li>• Increase our efficiency in water usage to <b>1.5 liters of water</b> per liter of beverage produced.</li> <li>• Return to our communities and their environment <b>the same amount of water</b> used in our beverages.</li> </ul>
	<div data-bbox="755 1212 852 1315">  <p>COMMUNITY DEVELOPMENT</p> </div> <ul style="list-style-type: none"> <li>• Have Social License programs in <b>100% of our priority plants</b> and distribution centers.</li> </ul>	<div data-bbox="1136 1212 1234 1315">  <p>WASTE AND RECYCLING</p> </div> <ul style="list-style-type: none"> <li>• Integrate <b>25% of recycled or renewable materials</b> in our PET packaging.</li> <li>• Recycle at least <b>90% of our waste</b> in every one of our bottling plants.</li> </ul>
		<div data-bbox="1136 1574 1234 1676">  <p>ENERGY</p> </div> <ul style="list-style-type: none"> <li>• Supply <b>85% of the energy</b> used in manufacturing in Mexico with clean energy sources.</li> <li>• Reduce by <b>20% the carbon footprint</b> of our value chain vs 2010.</li> </ul>

# 05. OUR PRODUCTS:

▶ **154**  
LEADING BRANDS

▶ **1,395**  
PRESENTATIONS<sup>1</sup>

**WE ARE WORKING TO DEVELOP A PORTFOLIO OF LEADING MULTI-CATEGORY BEVERAGES GLOBALLY.**



## WATER



## TEA BASED DRINKS



## SPORT DRINKS



## ENERGY DRINKS



<sup>1</sup> INCLUDES ALL OF THE COMPANY'S SKU'S (STOCK-KEEPING UNITS)



### CARBONATED DRINKS



### DAIRY



### JUICES AND NECTARS



### FLAVOURED DRINKS



### VEGETAL PROTEIN BASED DRINKS



### COFFEE



### FRUIT BASED DRINKS



### FORTIFIED DRINKS



# 06. VALUE CHAIN

## MANUFACTURING

We produce high-quality beverages in our **66 plants**. We package and label them here, and then present them to the market.



## INGREDIENTS

We work with our suppliers to have the best raw materials.



## CONCENTRATES AND SWEETENERS



## SECONDARY DISTRIBUTION

Once an order is placed, the delivery routes distribute beverages to the points of sale.



## WATER



## POINTS OF SALE

Our clients sell our beverages to all consumers in **2.8 million points of sale**.



## PACKAGING MATERIALS



## RECYCLING

We have processes in place to collect and recycle waste generated by our packaging.



Across our value chain we create more than 100 thousand direct<sup>1</sup> jobs and 1.5 million indirect jobs.



**PRIMARY DISTRIBUTION**

We transport our products to our distribution centers.



**DISTRIBUTION CENTER**

This is where we put together our pre-sale processes and secondary distribution to **328 distribution centers**.



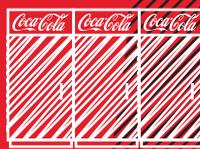
**PRE-SALE**

Our pre-sale force serves our clients through **8,200 routes**.



**REFRIGERATION**

Our products are chilled to be enjoyed.



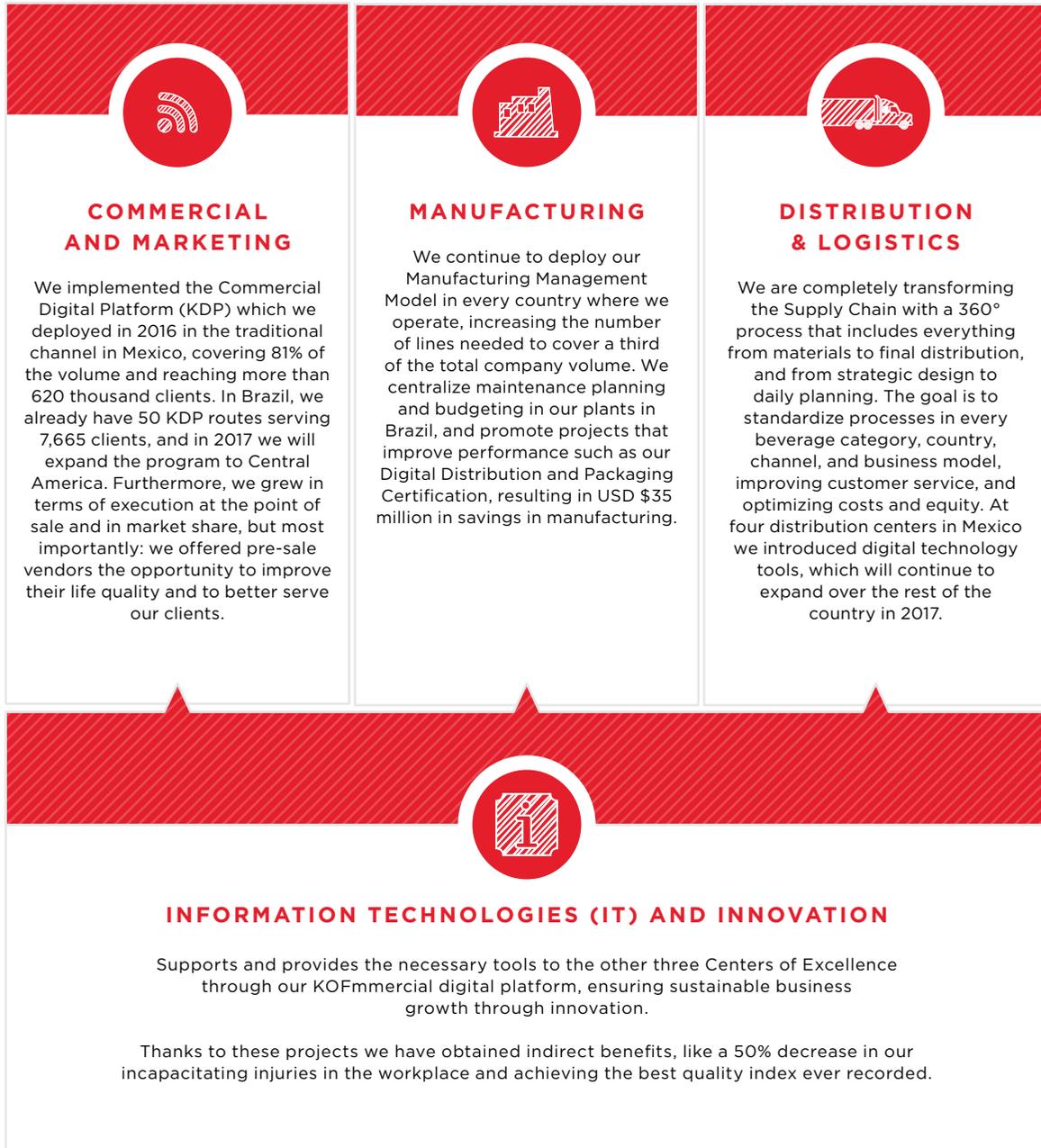
**CONSUMPTION**

More than **375 million** consumers buy a beverage, enjoy it, and get hydrated.

<sup>1</sup> Includes third-party personnel

## CENTERS OF EXCELLENCE

To contribute to the transformation of our company, during 2015 and 2016 we created and started operating four Centers of Excellence (COEs) to reach our strategic goals by being more efficient and sustainable.



Resulting from these initiatives we operate with excellence to create value for our clients and consumers.



**+620  
THOUSAND**

thousand clients served  
with our Commercial  
Digital Platform

# 07. ECONOMIC VALUE

Becoming the largest bottler of The Coca-Cola Company's products in the world, by sales volume, is the result of our excellent results and sustainable management. This allows us to offer profitability, value, and trust to our investors, while creating value-added for our stakeholders in the 10 countries where we are present.

ECONOMIC PERFORMANCE				
	(US\$) 2016 <sup>(1)</sup>	(Ps.) 2016	(Ps.) 2015	% CHANGE
Sales Volume (millions of case units)	3,334	3,334	3,435.6	-3.0%
Total Revenue	8,620	177,718	152,360	16.6%
Operating Income	1,160	23,920	22,645	5.6%
Net Income of the Controlling Share	488	10,070	10,235	-1.6%
Total Assets	13,546	279,256	210,249	32.8%
Long-Term Debt and Accounts Payable	4,164	85,857	63,260	35.7%
Non-Controlling Share	5,924	122,137	104,749	16.6%
Investments in Fixed Assets	601	12,391	11,484	7.9%
Share Book Value <sup>(2)</sup>	2.86	58.92	50.53	16.6%
Net Income of the Controlling Share <sup>(2)</sup>	0.24	4.86	4.94	-1.6%

Millions of Mexican pesos and US dollars as of December, 31st 2016 (except information on sales volume and per share). Under International Financial Reporting Standards. Figures do not include results for Coca-Cola FEMSA Philippines, Inc. 2016 Results for our operation in Venezuela were converted using the alternative exchange rate DICOM II <sup>(3)</sup> of 673.7617 bolivars per US dollar. Results for 2015 were converted using the SIMADI <sup>(4)</sup> exchange rate of 198.70 bolivars per US dollar.

(1) Figures in Mexican pesos have been converted to US dollars using the exchange rate published by the US Federal Reserve Council on December 31st 2016, which was Ps. 20.6170 per US\$1.00.

(2) Based on 2,072.9 million outstanding shares in 2016 and 2015.

(3) Complementary Currencies.

(4) Alternative Currency Exchange System.

## SALES VOLUME

MILLIONS OF UNIT CASES



## TOTAL REVENUE

BILLION MEXICAN PS.



## OPERATING INCOME

BILLION MEXICAN PS.



## DIVIDENDS PER SHARE

MEXICAN PS.



Our operating and financial discipline, solid capital structure, talented team of professionals, strong execution at the point-of-sale, and ability to adapt to the constantly changing market dynamics allowed us to continue delivering value to our shareholders.

## COCA-COLA FEMSA CAPITAL STOCK



# 24.0%

INVESTORS

# 28.1%

THE COCA-COLA COMPANY

# 47.9%

FOMENTO ECONÓMICO MEXICANO,  
S.A.B. DE C.V. (FEMSA)

Publicly traded shares are Series L shares with limited voting rights, listed in the Mexican Stock Exchange (BMV KOF L) and as American Depository Shares(ADS), in the New York Stock Exchange (NYSE: KOF). Each ADS represents 10 Series L shares.

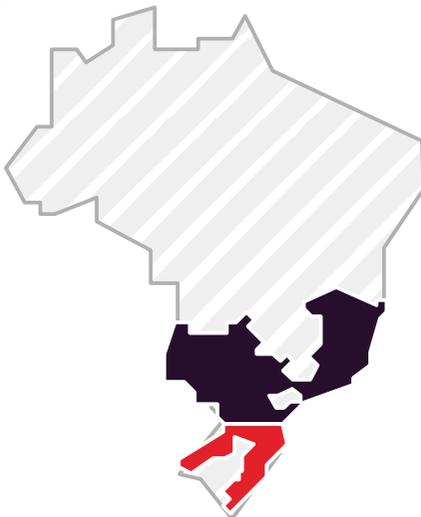
	POPULATION SERVED (MILLIONS)	POINTS OF SALE	PLANTS	DISTRIBUTION CENTERS
Argentina	12.2	49,416	2	4
Brazil	87.7	394,489	12	43
Central America	21.3	125,778	5	34
Colombia	46.9	401,234	7	24
Philippines	104.5	846,588	19	52
Mexico	71.1	854,459	17	145
Venezuela	31.7	168,833	4	26
<b>Total</b>	<b>375.4</b>	<b>2,840,797</b>	<b>66</b>	<b>328</b>

To get on the next wave of growth in our industry we continue to transform our company by complementing our business' organic growth with strategic value creation, mergers and acquisitions, and related market opportunities.

### EXPANSION

■ COCA-COLA FEMSA BRAZIL

■ VONPAR



### EXPANDING OUR LEADING POSITIONING IN BRAZIL.

This franchise is strategically important because it neighbors our territories in Southern Brazil and strengthens our leading positioning in one of the largest markets for Coca-Cola products, serving approximately 88 million consumers.

# OUR PEOPLE.



WE DEVELOP A LEADERSHIP ATTITUDE THROUGH OUR CULTURAL EVOLUTION PROCESS CONTRIBUTING TO SUSTAINABLE VALUE.



WE OFFER OPPORTUNITIES FOR THE PERSONAL AND PROFESSIONAL GROWTH OF OUR ASSOCIATES AND THEIR FAMILIES.



TO ACHIEVE OUR BUSINESS RESULTS WE HAVE A WELL-TRAINED TEAM THAT HAS ACCESS TO THE BEST CONDITIONS FOR PERSONAL GROWTH.

## RESULTING FROM THE TALENT AND COMMITMENT OF OUR PEOPLE

We offer a wide portfolio of beverages to our clients and consumers, and have gained market recognition as the leader in the beverage industry.



**+374**

thousand hours of  
volunteer work

**+2.47**

million training  
hours

**USD \$31.5**

million invested in  
Our People



# 01. CULTURE AND VALUES

The cultural evolution within the company is part of our Strategic Business Framework. We encourage developing leadership, talent, and innovation in a multicultural environment.

## 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. Generate sustainable economic and social value by managing innovative and winning business models with the best employees in the world.

## VALUES

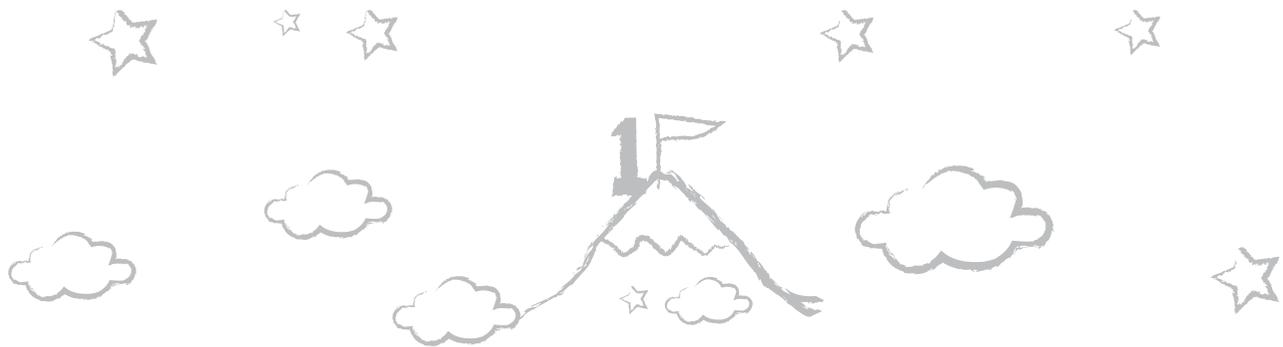
- We are **focused on passion for customer service**, aiming for their preference through innovative solutions.
- **We promote respect and integral development of team members**, in order for them to gain access to better opportunities for economic, professional, and social growth.
- **We act honestly, responsibly, and adhering to our ethics principles**, and with awareness of the impact of our actions and decisions. We use caution in our behavior and in the way we use company resources.
- **We contribute to positively transform our communities** by simultaneously creating economic, social, and environmental value.
- **Among us, loyalty and confidence are required** to strengthen the bonds that unite us. Just like the chain on a bicycle produces movement and offers stability, so trust gives us the confidence in ourselves and the certainty to walk with a firm step.

In response to the business challenges we face every day, as well as our vision of leadership in the beverage industry and the creation of economic, social, and environmental value for our stakeholders, we have defined three aspirations:

 <p><b>CONNECTED AND INSPIRING LEADERSHIP</b></p> <p>A highly-motivated organization, inspired by leaders who reward and recognize people, and promote collaboration at all levels.</p>	 <p><b>OUR TALENT IS KEY</b></p> <p>A solid talent management culture based on a transparent performance evaluation and on strengthening career growth paths.</p>	 <p><b>INSIDE-OUT PERSPECTIVE AND INNOVATION</b></p> <p>An open mentality and awareness at all levels of the organization that fosters the maximum impact on capabilities and the innovation process.</p>
--	--	--

An important component of the cultural evolution is for everyone at all levels of the company to be clear that having and developing the talent that will contribute to us reaching our strategic goals is the responsibility of everyone working for Coca-Cola FEMSA.

The KOF Leader Attitude is based on 10 principles that reflect the behavior of our associates.



**BE IN LOVE - ENAMÓRATE**

When you love what you do, things flow in a different way. Be in love with KOF and its brands.



**BE TOGETHER - SÉ UNIDO**

Work with your team. Establish synergies based on the value and advantages of complementarity.



**BE AGGRESSIVE - SÉ AGRESIVO**

Always be the best at everything you do, with passion and conviction.



**BE ON TIME - SÉ OPORTUNO**

Foresee the needs and respond in a timely manner.



**BE AWARE - SÉ CONSCIENTE**

You must always be aware of the challenges in our surroundings and our industry, and of the KOF indicators.



**BE FIRST - SÉ EL PRIMERO**

Remember: act before circumstances and the surroundings. Innovate, surprise our competitors.



**BE BOLD - SÉ AUDAZ**

Dare to do things in a different way. Accept a challenge and take calculated risks.



**BE A REALIST - SÉ REALISTA**

Set challenging but realistic goals for yourself. Always raise the bar.



**BE PERSISTENT - SÉ PERSISTENTE**

Things are not always going to be what you want them to be the first time around. Try to learn from mistakes and learning experiences, try again.



**BE PROUD - SÉ ORGULLOSO**

When you are proud of your own and your team's accomplishments you establish the norm. Be an example and be proud of being KOF.

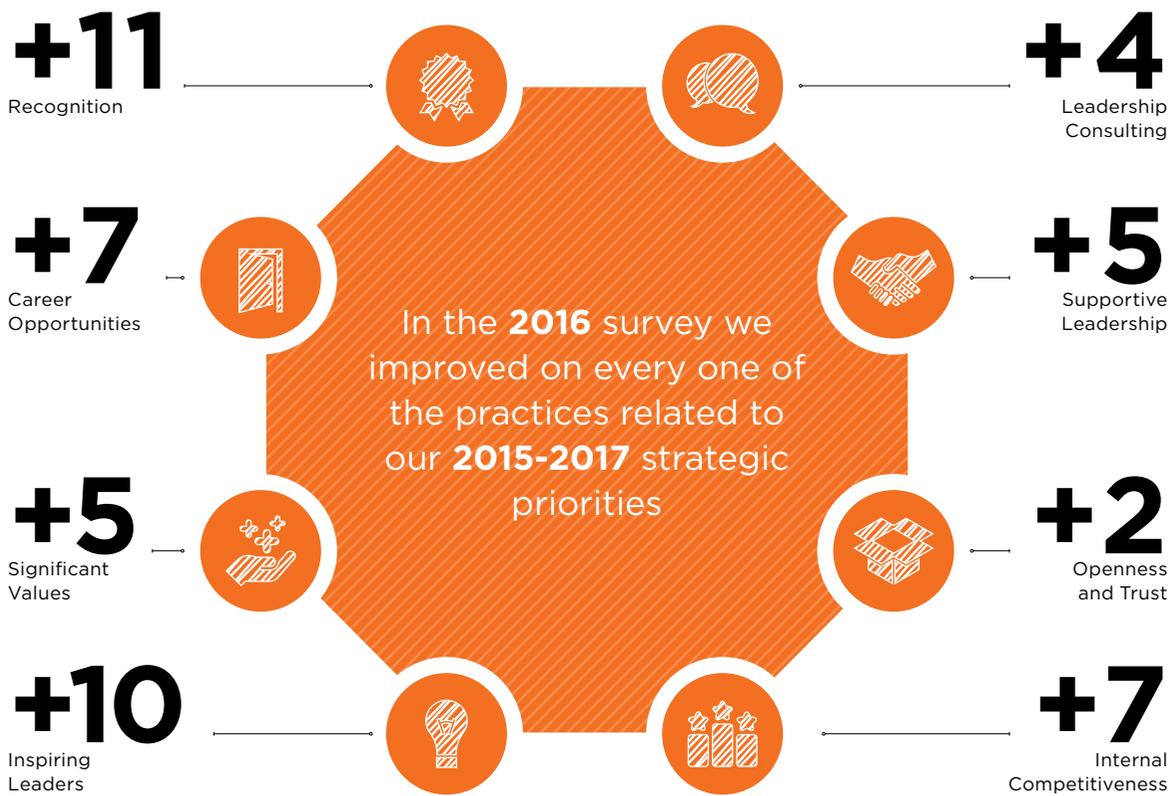
# KOF Leader Attitude

Since culture is the third pillar of our Strategic Business Framework, we have worked hard to approach the culture we wish to have: a company with inspiring leaders that is focused on its talent and innovates by knowing the market and its competitors.

Correspondingly, in November we launched our **Organizational Health (OHI)** survey, in order to better understand the progress we have made since 2015, confirming that we are on the right path, and addressing our areas for improvement.

20,500 associates from ten countries participated in the survey that assesses nine dimensions and 37 top practices. We compared the results with other companies around the world to understand where we stand.

It is important to point out that with respect to the 2014 survey, we registered a **four-points increase** in our organizational health across the company.



Another one of our tools is the work environment diagnosis we use to make sure our associates are growing in adequately, where respect and equal opportunities are the norm. We carry out the survey every two years at the work centers; in 2015 we assessed all the work centers programed for that year with 90% participation from our associates, and a 3% increase in satisfaction levels, compared to the prior survey.

We know there is still much to be done to reach the cultural evolution we are pursuing, so we will continue to work on these and other aspects over the next years.



667

disabled associates in our  
global operations

## DIVERSITY AND INCLUSION

When we first develop a position, and on through the talent attraction process, at Coca-Cola FEMSA we consider the inclusion of people with different profiles, capabilities, interests, and aptitudes to form whole and comprehensive teams, where diversity presents an opportunity to stimulate innovation, enrich our working environment, and understand the needs of our consumers from different points of view.

We are firm believers in promoting equal opportunities at all our work centers, not tolerating discrimination, and respecting the human rights of all people. We state this in the Coca-Cola FEMSA Code of Ethics to ensure that

we adhere to these principles in all our interactions inside and outside the company.

Within the work centers we promote a culture of respect and integration by means of our **Diversity and Inclusion Networks**, with which we encourage everyone to participate in developing initiatives, activities, and programs on six areas: gender equality, mothers and fathers, multi-generations, disability, multi-cultures, and LGBT.



## ETHICS

The Coca-Cola FEMSA Sustainability Strategy is based on Our Ethics and Values that permeate into all the activities we carry out within and outside the company.

With that same commitment and conviction, we respect the human rights of every one of the stakeholders with whom we interact and we adhere to complying with the **Human Rights Policy** of The Coca-Cola Company at all our operations, making sure that our suppliers do the same. In 2016, we assessed 29% of our plants in terms of the impact on human rights, all as part of the continuous process to review compliance in a certain percentage of our work centers year in and year out.

This policy, which is aligned with the Universal Declaration on Human Rights, and with the guidelines backed by the United Nations, centers on 10 main issues that we aim to comply with: respect for human rights; engagement with the community and with the value chain; diversity; freedom of association and collective bargaining; health and safety in the workplace; job security; forced labor and human trafficking; child labor; work schedules, salaries, and benefits, and sharing information with associates.

We also have guidelines for the way in which we act in and rule over our operations, that are included in the Coca-Cola FEMSA **Business Code of Ethics**.

This document addresses the position of the company in terms of our relationship with our clients, suppliers, competitors, authorities, and community; it also addresses corruption, advertising and marketing, health and safety in the workplace, conflicts of interest, and security in information. Every year, all our associates affirm their commitment to abide by it.

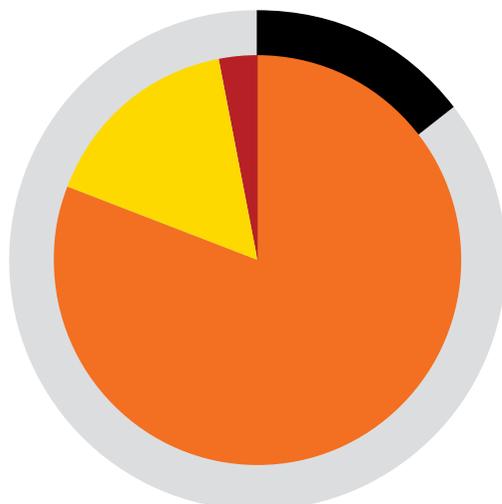
To promote a **Culture of Legality** among Our People, and to turn the company into an example that contributes to the construction of a better society, we developed a sensitivity campaign on values and adherence to legality to which we are obliged as citizens in our daily lives. In this way, we encourage our associates to be aware and responsible in their daily activities.

In case of non-compliance with our policies, and to avoid practices that go against the respect for human rights, such as child labor, forced labor, or impeding free association, our associates and suppliers can make a confidential and anonymous report through our **DILO System**, by telephone, e-mail, or instant messaging. These reports are handled by the Human Resources division, and they follow-up and resolve all reports. Complementing this system, we offer a global EthicsLine stemming from The Coca-Cola Company and made available to the whole Coca-Cola System, that is managed by Global Compliance.

In 2016, we received a total of 955 reports. Of these, none were related to child labor, forced labor, or freedom of association. Our DILO System classifies reports into three areas, depending on the following aspects:

- **Human Resources:** Abuse of authority, sexual harassment, discrimination, work environment, health and safety, and environmental stewardship, among others.
- **Operations:** non-compliance with policies, contracts, laws and regulations, fraud, complaints from clients or suppliers, and conflicts of interest, among other issues affecting efficiency in our operation.
- **Financial Information:** fictitious operations, distortion of accounting books, unfulfilled revelations, and use of confidential information, among others.

## REPORTS



### PER STATUS

■ **815**  
Closed

■ **140**  
Open<sup>1</sup>

### PER ISSUE

■ **81%**  
Human Resources

■ **16%**  
Operations

■ **3%**  
Financial information

<sup>1</sup> Of the reports that are still open, 69% are related to human rights, 26% to operations, and 5% to financial information.

## 02. COMPREHENSIVE DEVELOPMENT

We value our talent and we know that the sustainability of our business starts with the comprehensive development of our associates and their families, which is why we offer them the tools and opportunities needed for their personal and professional growth.

We execute such development in line with the FEMSA Social Development System that includes seven dimensions:

- **Labor.** We strive for our associates to achieve excellent performance in their work and personal environments.
- **Education.** We promote the continuous development of intellectual and cultural heritage.
- **Health.** We value and encourage physical and emotional health, as well as prevention habits.
- **Values.** We understand those human values that turn individuals into better people, and we internalize them.
- **Economy.** We promote among our associates and their families the protection and construction of their own wealth based on their present and future needs.
- **Family.** We encourage an affectionate and formative, strongly integrated, family nucleus.
- **Social and Environmental.** We are committed to the common good, we respect the law, and we care for the environment.

In 2016, we invested USD \$9.35 million in programs promoting the balance between work and family, improving their wellbeing and life quality.

We offer differentiated workday frameworks, including home office and flex time, among others, to 2,512 associates. This benefit is granted in response to the inherent requirements of the job and based on the deployment progress of the program globally.

Our aim is for Comprehensive Development to include a social component in which our associates and their families have the opportunity to offer their time and talent to benefit society.

Correspondingly, we offer the **KOF Volunteers** program, whose goal is to achieve 1 million hours of volunteer work by 2020; at year-end 2016 we accomplished a progress of 37.7% towards this goal.

Furthermore, we promoted 1,300 initiatives, with 73,373 participants offering 374,190 volunteer hours. This was all supported by an investment of more than USD \$284 thousand.

To improve the life quality of our associates and their families, at Coca-Cola FEMSA we carry out programs in seven dimensions of the FEMSA Social Development System. One of the most noteworthy activities is known as **Family Day**, in which this year 78 thousand people in Colombia, Brazil, and Mexico participated.

Through **KOF Vacations**, a program through which more than 18 thousand children of our associates in Argentina, Venezuela, Mexico, and Central America participated in recreational, cultural, and education activities aimed at strengthening values, environmental stewardship, and social commitment.

Through **Healthy Life**, a comprehensive program to encourage healthy habits in our operation in Mexico, we have benefited 159,660 associates, families, and communities with doctor visits, healthy menus, activity pauses, and other initiatives that encourage and celebrate physical activity.



## OCCUPATIONAL HEALTH AND SAFETY

In 2016 we invested USD \$3.7 million in activities that favor health and safety in our work centers and facilities, thus contributing to reduce lost days by injury indexes.

We view safety as a value and a key pillar for our business and, consequently, we are also committed to creating processes, systems, and safe work environments for our suppliers, contractors, and visitors, in an effort to reach our **zero incidents** goal by identifying, assessing, controlling, and eliminating any kind of risk that could arise in our work centers.

Since our goal is for all our operations to implement best practices and to reach world-class performance levels in terms of safety, starting in 2016 we designed a **Safety Strategy** leveraged on four transforming initiatives, with which we hope to reach, by 2020, a Lost Time Injury Rate of 0.5 per 100 associates.

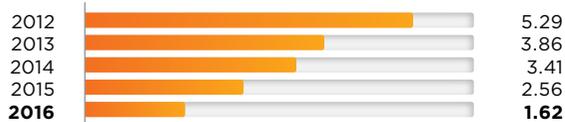
### COCA-COLA FEMSA SAFETY STRATEGY



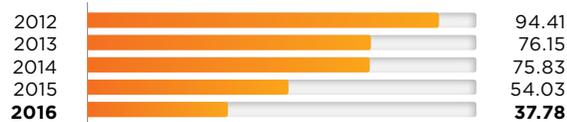
This strategy, based on the diagnosis and analysis of the best practices of companies that are leaders in safety, opens the door for us to transform our safety culture with initiatives related to prevention, communication, training, consulting, and risk management, geared toward our associates and their families.

These measures helped us decrease our Lost Time Injury Rate by **37%** in 2016 and our LTISR severity rate by **30%**, which means that in **23%** of our manufacturing and distribution operations we reached our goal of zero injuries.

### LOST TIME INJURY RATE (LTIR)



### LOST WORKDAYS FROM INJURY RATE (LTISR)



Accidents and lost days were considering by worked hours, assuming the total hours worked by 100 collaborators with 50 annual weeks and 40 hours per week.

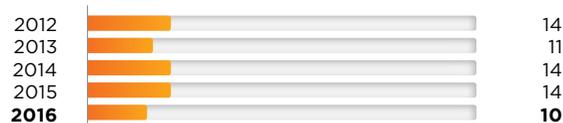
In 2016, we designed more than 130 measures to promote and ensure the health and safety of our associates and their families, including 14 leadership-in-safety workshops, forming personal protection committees, and the Top 5 Risks and Management Routines initiative. We are also working on the **KOF Cultural Transformation Program**, by carrying out several measures in 10 countries, such as Safety Culture diagnoses, leadership sessions for our middle and top management, Cultural Transformation Pilots, developing the KOF Responsibility Model, and the Risk Management and Leadership Program, among others.

To reduce injury rates and protect the physical integrity of our fleet, we introduced innovative technologies to help us reduce road collisions, and we have a road safety program and preventive observation of the behavior of our drivers. These measures contributed to having 57 of our associates in Mexico win the National Road Safety Award, with five first places, 11 second places, and 41 associates placing third. In Philippines, we started the Alert Driving Program to train and develop good driving capabilities.

At Coca-Cola FEMSA we are firm believers that all accidents can be avoided. Correspondingly, we research, analyze, and determine the measures needed to reduce the number of injuries resulting from our operations.

Given the nature of our business model, starting this year we reported the total number of fatalities for which our company is accountable for. The information includes manufacturing, distribution, and trading operations that impact our associates and communities.

### FATALITIES IMPUTABLE TO THE COMPANY



**2020 GOAL**  
Lost Time Injury Rate (LTIR) of 0.5 per 100 associates

## OCCUPATIONAL HEALTH

During 2016, we invested USD \$6.0 million in health actions through our **Occupational Health and Safety Administration System (SASSO)**. In order to contribute to the wellbeing in terms of the health of our associates, we designed a preventive culture and occupational health program in adherence to the ethical, scientific, and legal framework.

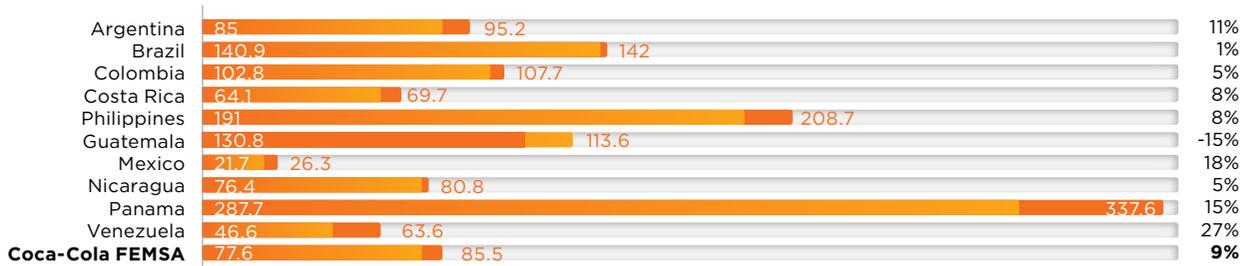
We promote healthy habits and self-care, and we also adhere to international standards and norms such as OHSAS 18001, while ensuring compliance of our **Occupational Health and Industrial Safety Policy** that establishes a

relationship of commitment and co-responsibility between leaders and associates. All of the above, in conjunction with the SASSO Program, contributes to the fact that professional activities at Coca-Cola FEMSA do not present a high risk of developing work-related illnesses. We will implement prevention programs such as the Psychosocial Factors and the Healthy Company Model based on the WHO guidelines, and our 2020 goal is to reduce by 20% our absenteeism from general illness index and to have zero fatalities from work-related illnesses, from our 2015 baseline.

### GENERAL ILLNESS INDEX

■ 2015 ■ 2016 ■ IMPROVEMENT

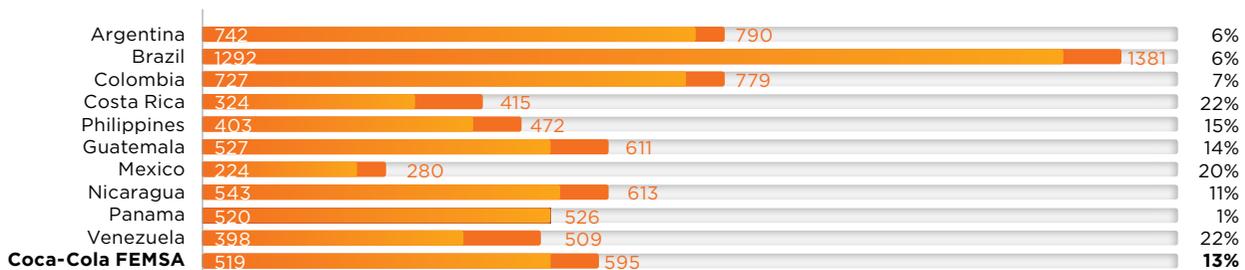
#### PER 100 ASSOCIATES



### LOST DAYS DUE TO GENERAL ILLNESS

■ 2015 ■ 2016 ■ IMPROVEMENT

#### PER 100 ASSOCIATES



In 2016, we improved both our general illness and lost days indexes

2020 Goal: to **reduce by 20%** our absenteeism from general illness index and to have **zero fatalities** from work-related illnesses, from our 2015 baseline.

# 03. TRAINING AND DEVELOPMENT

To sustain growth and service for our clients, we are constantly looking for ways in which to innovate in our processes and products, which entails a responsibility to invest in training our associates while we underpin their potential and leadership

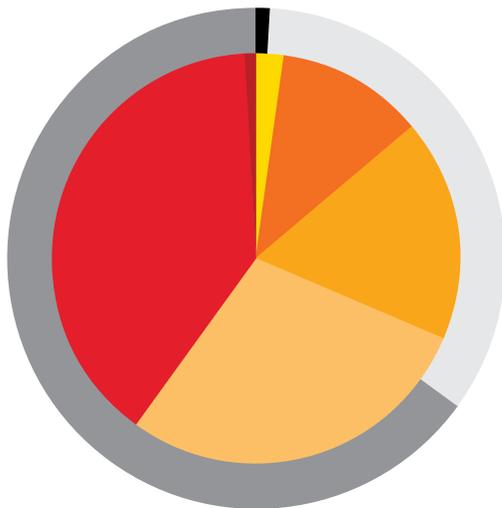
All our associates have a Development Plan that strengthens their leadership, functional, and technical capabilities. In order to determine what training is most adequate for each one, we analyze training needs by means of tools such as assessment, 360° evaluations, and behavioral interviews; afterwards we design the personalized learning style that includes critical work experiences, collaboration processes such as feedback, accompaniments, mentoring,

and coaching, as well as synchronous and asynchronous training.

In 2016, we invested USD \$11.9 million, or an average of USD \$263 per person. To complement these processes, in 2016 we exchanged 459 managers and 50 directors between countries, to promote innovation within the company.

Further, we permanently offer the **FEMSA University** Functional Schools that focus on strengthening capabilities for the business' key processes. In 2016 we invested USD \$202 thousand and close to 1 million hours in developing and strengthening the technical knowledge of our associates aligned with the best practices specified by the Centers of Excellence.

## TRAINING HOURS



### PER LEVEL

**65%**  
Unionized

**34%**  
Administrative staff

**1%**  
Directors and managers

### PER ISSUE

**40%**  
Technical expertise

**29%**  
Development plans

**16%**  
Health and safety

**12%**  
Languages

**2%**  
Ethics and human rights

**1%**  
Sustainability

TRAINING PER REGION				
COUNTRY	TRAINED PEOPLE	TRAINING HOURS	HOURS PER PERSON	COVERAGE PERCENTAGE <sup>1</sup>
Corporate	482	25,177	51.0	98%
Argentina	2,462	41,565	15.3	91%
Brazil	16,832	331,134	20.3	103%
Central America	4,230	56,484	10.4	78%
Colombia	3,296	66,455	18.6	92%
Philippines	6,225	5,124	0.5	61%
Mexico	39,352	1,730,077	43.2	98%
Venezuela	7,373	217,686	32.2	109%
<b>Total</b>	<b>80,252</b>	<b>2,473,701</b>	<b>28.9</b>	<b>94%</b>

<sup>1</sup> In cases where the number is higher than 100% we are taking into consideration people who rotated positions and those who took more than one training.

## COMPENSATION AND BENEFITS

Our People are offered a compensation and benefits scheme that rewards individual performance and the contribution made to creating value for the company, resulting from their effort and commitment to their jobs.

We make sure that the remuneration our associates receive at all levels of the organization is competitive and that conditions are the same for men and women alike. To this end, we make sure that the salaries of direct associates at entry-level<sup>1</sup> positions in the company are on the average 5.69<sup>2</sup> times higher than the corresponding minimum wage in each country. Additionally, based on studies done by international consulting firms that help us make comparisons between countries, we could determine that 25% of our associates are receiving an integrated salary which is greater than or equal to the market median.

In 2016, 20,700 associates received a performance evaluation stemming from the Goal Management program that helps us monitor the contribution made by associates to the goals and objectives of the business; at the time, it allows us to identify candidates for a certain type of compensation as well as to recognize team achievement, detect areas for improvement, and work together to do better.

At Coca-Cola FEMSA we offer benefits that are above what is stipulated by law in the countries where we are present, including, among others, life insurance for our administrative staff, health insurance, and short and long-term incentives for management.

We offer those associates who are about to become parents a maternity/paternity leave based on local legislation. In 2016, we began the first stage of a program to monitor what percentage of our associates return to their job after having asked for a leave of absence, with very positive results.

To those associates who retire from the company, we offer retirement plans and, in some cases, a complementary scheme for medical services and/or a lifelong payment. These benefits are determined based on the applicable conditions and laws of each country. On the other hand, unionized workers receive the benefits stipulated by law in every country, and occasionally these surpass the conditions mandated by law. We comply with all pre-notice periods and other types of notifications, we offer vacation periods, pay for overtime, give access to social security and uniforms, among other benefits agreed upon through collective bargaining contracts. Additionally, these contracts are reviewed periodically with union representatives at each location.

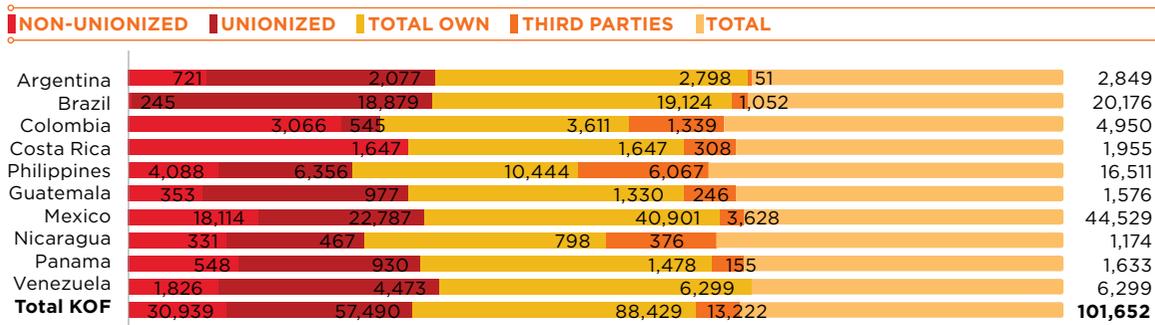
<sup>1</sup> Usually recent University graduates or people with up to one years' experience  
<sup>2</sup> Does not include operations in the Philippines or Venezuela



**2,512**

associates have  
flex time

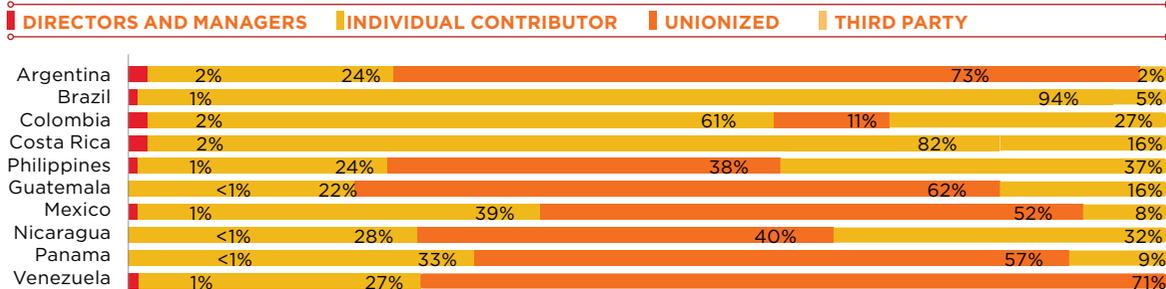
## WORKFORCE



## WORKFORCE<sup>1</sup>



## WORKFORCE<sup>1</sup>



# 1.73%

Average monthly turnover

# 13,748

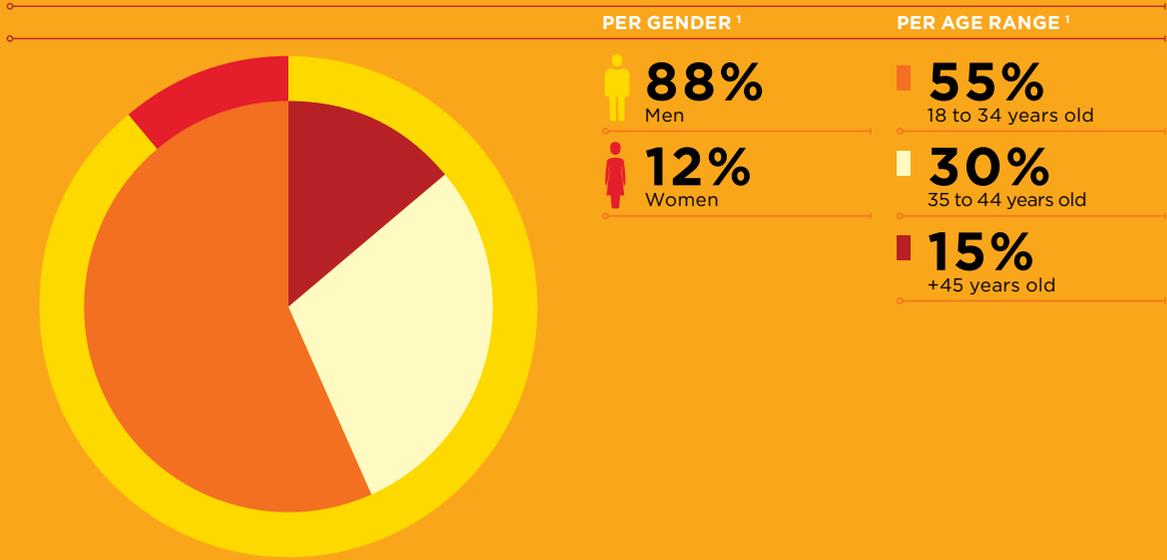
New hires

# 25%

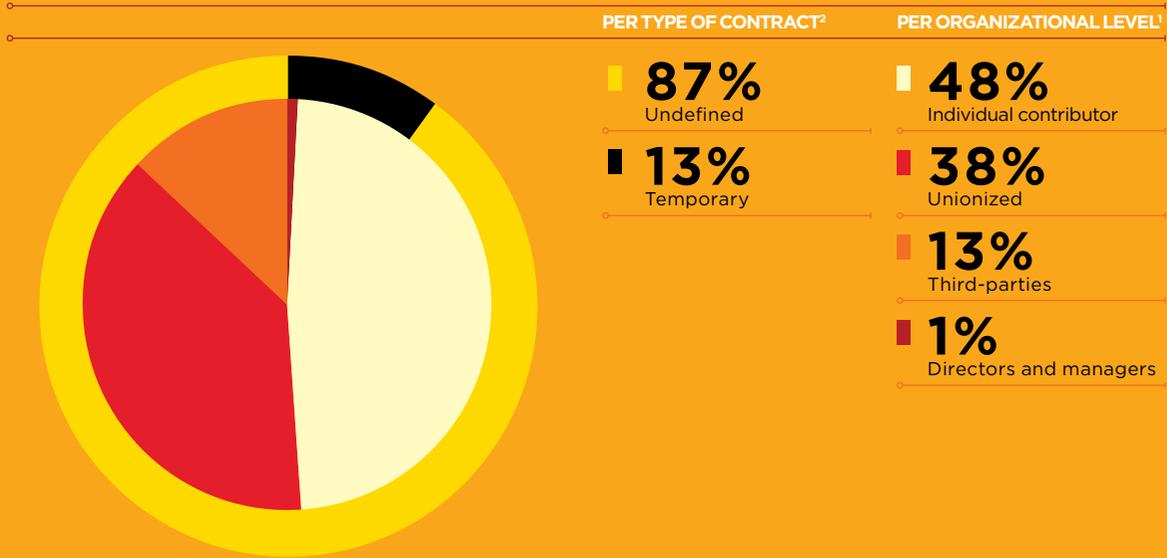
Vacancies filled with internal promotions

<sup>1</sup> Does not include 8.36% of Coca-Cola FEMSA third-party personnel

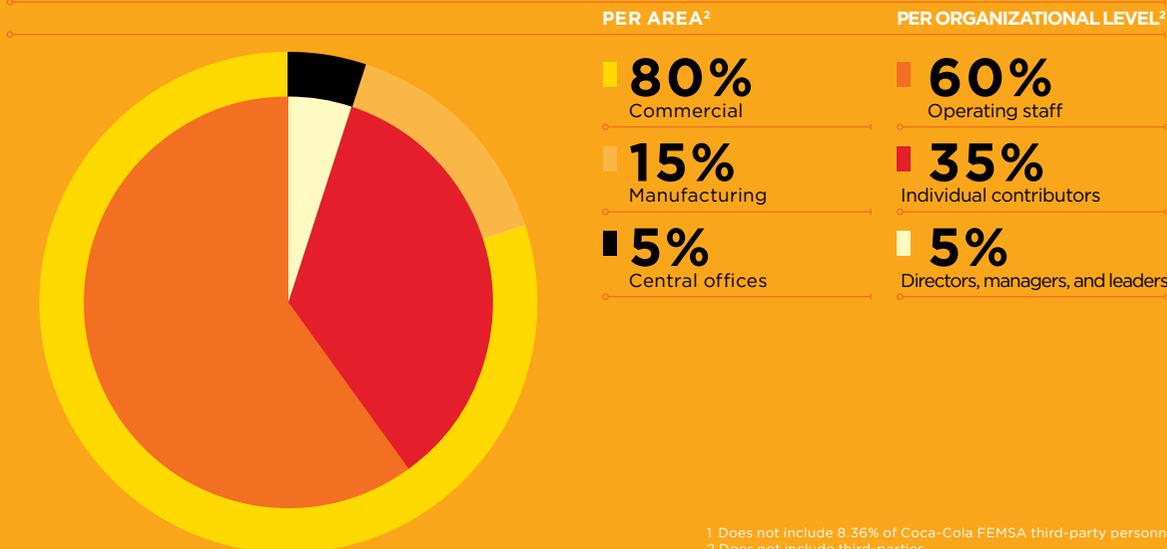
PERSONNEL



PERSONNEL



PERCENTAGE OF DISMISSALS



<sup>1</sup> Does not include 8.36% of Coca-Cola FEMSA third-party personnel  
<sup>2</sup> Does not include third-parties



**18**

work centers with the MARRCO methodology

Close to  
**1 MILLION**

people benefited with healthy habits programs

**589**

suppliers in assessment and development programs

# OUR COMMUNITY



## HEALTHY LIFESTYLES

FOSTER HEALTHY HABITS THROUGH NUTRITION, PHYSICAL ACTIVATION AND A PRODUCT PORTFOLIO THAT SATISFIES EVERY LIFESTYLE.



## COMMUNITY DEVELOPMENT

STRENGTHENING OUR LOCAL COMMUNITIES THROUGH DEVELOPMENT PROGRAMS AND LOCAL INITIATIVES FOCUSED ON SOCIAL AND ENVIRONMENTAL ASPECTS.



## SUSTAINABLE SOURCING

CONTRIBUTING TO THE SUSTAINABLE DEVELOPMENT OF OUR SUPPLIERS.

## OUR COMMUNITIES PLAY A KEY ROLE IN ACHIEVING OUR GOALS

We establish close communications and develop collaborative and mutually-beneficial processes. The goal behind our work in the communities is to contribute to improving the life quality of people, simultaneously creating economic, social, and environmental value.

# 01. HEALTHY LIFESTYLES

As leaders in the beverage industry, we know we need to promote healthy lifestyles in our communities, encouraging people to combine adequate nutrition with physical activation and education at all stages in life.

To counter health problems that can affect the life quality in our communities, we must generate comprehensive solutions in collaboration with governments, the private sector, and civil society through multi-sector partnerships. In line with our commitment to health and to promote healthy habits, we developed a strategy centered on three levels of action:



## MULTI-SECTOR INITIATIVES

In 2016, we launched the Latin American Commitment for a Healthy Future, a multi-sector coalition with the Healthy Weight Commitment Foundation (HWCF) and other companies in the beverage industry, with the goal of promoting the execution of national initiatives that empower school-aged children and their families to make adequate decisions concerning their eating habits and physical activity to generate healthy habits through different educational tool. The coalition will also seek to work with more local allies to expand its scope and impact.

Implementing this initiative implied collaborating with **Discovery at School** to deploy an online educational platform known as Together Counts™, that offers a study plan based on health and wellbeing adapted to each stage of development, as well as interactive tools that consider the standards recommended by specialized institutions to stimulate and build healthy habits.

The Latin American Commitment for a Healthy Future and the Together Counts™ platform are currently active in two countries where more than 114 thousand people have been benefited, based on the Discovery at School methodology.

**Colombia** - The official launching of Discovery at School and Healthy Weight Commitment Foundation took place during the World Economic Forum on Latin America, and included several strategic partners in the beverage industry.

**Mexico** - The partnership with Movimiento por una Vida Saludable (MOVISA<sup>1</sup>) played a key role in launching this commitment in Mexico.

<sup>1</sup> MOVISA is a non-government private association supported by food and beverage companies, retailers, sports and entertainment companies, banks and other actors interested in collaborating with public and private organizations to promote a healthy diet and increase physical activity as a key to having a healthy lifestyle. The basic principles guiding MOVISA's activities are Education, Communication, Research, Innovation, and Activation.



## LOCAL INITIATIVES FOCUSED ON NUTRITION AND PHYSICAL ACTIVITY

Through local programs we are seeking to encourage healthy habits in the communities where we operate.

One of the goals we have set for ourselves is to benefit five million people between 2015 and 2020 with our healthy habits and nutrition programs. At year-end 2016 we had reached the **30%** mark, with **1.5 million** people participating and an investment of **USD \$4.9 million**.

To reach this goal and complement our programs, we have been working in collaboration with the **FEMSA Foundation** for eight years through their strategy to make social investments in projects focused on solving food-related problems and creating healthy environments for children, with a strong education component. Furthermore, investments in research are made through the **FEMSA Biotechnology Center** at Tecnológico de Monterrey, to complement these objectives.

2020 Goal: benefit five million people with nutrition and physical activation programs.

2020 GOAL			
	2015	2016	AGGREGATE
Beneficiaries	509,795	997,949	1,507,744
Investment	USD \$1.5 million	USD \$3.4 million	USD \$4.9 million

### PHILIPPINES



The goal of the **Minute Maid Nurisha Supplement** program is to help improve the health and wellbeing of school-aged children. The program ensures that they drink an orange-flavored juice beverage that contains 14 essential macro-nutrients such as zinc, vitamins A, B-complex, C, D, and E that contribute to growth and mental and physical development. Until today, 30 thousand children in kindergarten are part of the program and they complement this experience by playing traditional Philippine games with our volunteers. Parents and teachers participate in learning about the benefits of the product and of making healthy and economic meals.

### ARGENTINA



We continue to work on the **Sustainable Vegetable Gardens** project, through which participants grow hydroponic green-leafed vegetables and tomatoes for the Comedor Los Piletones, whereby vegetables grow faster and have higher nutritional value.

### NICARAGUA

Partnering with The Coca-Cola Company we offer the program **Un Plato, Una Sonrisa**, to contribute to school performance, promote balanced eating habits, and maintain nutritional status by supplying daily meals throughout the school year, benefiting close to 10 thousand children annually.



BRAZIL

We improve the life quality in the communities through **Plaza de la Ciudadanía**, an initiative that allows access to public services, while building a network of community upgrades concerning health, nutrition, and physical activation.

Through the FEMSA Foundation we recently signed an agreement in collaboration with the Centro de Recuperación y Educación Nutricional (CREN) to support the **Yo aprendí, Yo enseñé** program, designed to sensitize and train young people on topics such as nutritional education and leadership so that they can later become agents of change in their community by replicating the knowledge gained.

We developed **Geração Movimento**, that seeks to offer continuous training to first through fifth grade teachers on how important moving the body is for development, and to continue with efforts aimed at physical activation, for a generation of 4 thousand students and teachers who are more active.



 FEMSA FOUNDATION

 THE COCA-COLA SYSTEM

COLOMBIA



Through the **Ludonutrición** program, in collaboration with the FEMSA Foundation and Corporación Juego y Niñez, we helped 4,008 boys and girls between the ages of six and 13 in 10 schools in Cartagena, Tocancipá, and Montería, to play games about healthy habits, balanced meals, and physical activity. We trained 311 parents and 202 teachers to ensure a healthy environment and to create awareness about the importance for Colombian children to have quality interactions at home and school.

In 2016, with African Americans, in Bogotá, we trained 580 students and their families to teach them about how to choose nutritious food.

 FEMSA FOUNDATION

COSTA RICA, GUATEMALA, NICARAGUA, PANAMA, VENEZUELA, COLOMBIA AND ARGENTINA

We contribute to the physical activation of children, adolescents, and adults by involving more than 180 thousand people in the **Hora de Moverse** initiative, also known as **Apúntate a Moverte** in Colombia, and **Dale Juguemos** in Argentina.

 THE COCA-COLA SYSTEM

MEXICO

We collaborate in the **Ponte al 100** program, along with The Coca-Cola System and other partners, to generate healthy habits in students while maintaining a measurement control on different health indicators.

 THE COCA-COLA SYSTEM

Additionally, we contribute to the activation of 7 million 613 thousand 596 people with the **MOVE** initiative which consolidates different programs focused in the promotion of healthy habits.

**Cantera Project** is an integral development program that has benefited 1,114 kids in 2016 through sports.

CENTRAL AMERICA



We support the **Campaña de Colores**, a network that promotes nutrition and healthy lifestyles at 52 elementary schools in Guatemala, Costa Rica, Panama, and Nicaragua through learning about and adopting nutrition, hygiene, and physical activation habits. This project is carried out in collaboration with the American Nicaraguan Foundation (ANF) and Glasswing International, and benefits over 20 thousand children.

 FEMSA FOUNDATION

VENEZUELA



The goal of the **Coca-Cola FEMSA Network of Community Trainers** is to form leaders who encourage communal living through sports, based on inclusion and gender equality. In 2016, 138 instructors received 90 hours of theoretical and practical training based on the Sports for Development methodology to promote pacific and harmonious coexistence in their communities. This year, 8 thousand children in Zulia, in Venezuela, were benefited with this program

## PRODUCT PORTFOLIO AND RESPONSIBLE MARKETING

We continue to strengthen our beverage portfolio with new brands.

In Mexico, those taste buds that prefer the delicious and refreshing flavor of Coca-Cola Original, one of the favorite beverages and brands, can enjoy the new Coca-Cola Sin Azúcar. In the meantime, in Brazil, following the successful launching of Coca-Cola Zero, we created Coca-Cola Stevia, with half the calories. We also began distributing Monster beverages in both countries, generating more than 11 million transactions in just five months.

This year we also strengthened the expansion of our Santa Clara dairy products in Mexico, Estrella Azul in Panama, and Verde Campo in Brazil, thus complementing the multi-category expansion of Coca-Cola FEMSA. We reached an agreement with Unilever to acquire the soy-based beverage brand AdeS. In continuing to grow our portfolio, we monitored the launchings of Ciel Exprim and the new Ciel Mineralizada formula with longer lasting bubbles, while at the same time creating the new beverages Limon & Nada, Naranja & Nada, and coming soon Jamaica & Nada for our market in Mexico.

In every one of our operations we have labels that include nutritional content information and we have very limited advertising and marketing in media whose audience is made up predominantly of children who are younger than 12 years of age. In Colombia, we signed an agreement with the industry to: 1) have frontal labeling; 2) limit advertising and marketing for children who under the age of 12; 3) avoid selling beverages in elementary schools; 4) promote a healthy and active lifestyle, and 5) innovate and widen our product portfolio.

On the other hand, in Mexico we support MOVISA's *Checa y Elige* communications campaign that teaches consumers to read nutritional labeling carefully. In Brazil, we made a commitment, in collaboration with the Associação Brasileira da Indústria de Refrigerantes e Bebidas Não Alcoólicas (ABIR), and other sector companies to modify our beverage portfolio in schools with children under the age of 12, offering

only mineral water, juices containing 100% fruit, and milk beverages that meet adequate nutritional criteria for children this age.

Further, we adhere our advertising material to the Responsible Marketing policies and the Global School Beverage Guidelines of The Coca-Cola Company as part of our commitment to the wellbeing of our consumers.

We also uphold the Code for Self-Regulation of Food and Non-Alcoholic Beverages Advertising (Código PABI) aimed at children in Mexico. Additionally, all our packages include information on the nutrients, fats, sugar, sodium, and calorie content in each product, calculated on the basis of a two-thousand-calorie diet, based on the Daily Eating Guidelines and on applicable regulation in every country.



Correspondingly, in order to ensure that the Coca-Cola FEMSA products comply with the highest quality standards, including ISO-9001 and ISO-22000 certifications, our manufacturing processes adhere to the Coca-Cola Operation Requirements (KORE) and to the Food Safety Management System. In this way, we guarantee the quality of our products throughout the production chain at all our plants, which are in turn certified in food safety by belonging to the Food Safety System Certification 22000 (FSSC 22000).

To get to know our Responsible Marketing policies please visit:  
<http://www.coca-colacompany.com/stories/responsible-marketing-policy/>



**36%**

of the brands in our portfolio have vitamins, fiber, minerals, or nutritional supplements

**36%**

of the brands in our portfolio are low-calorie or no-calorie beverages

# 02. COMMUNITY DEVELOPMENT

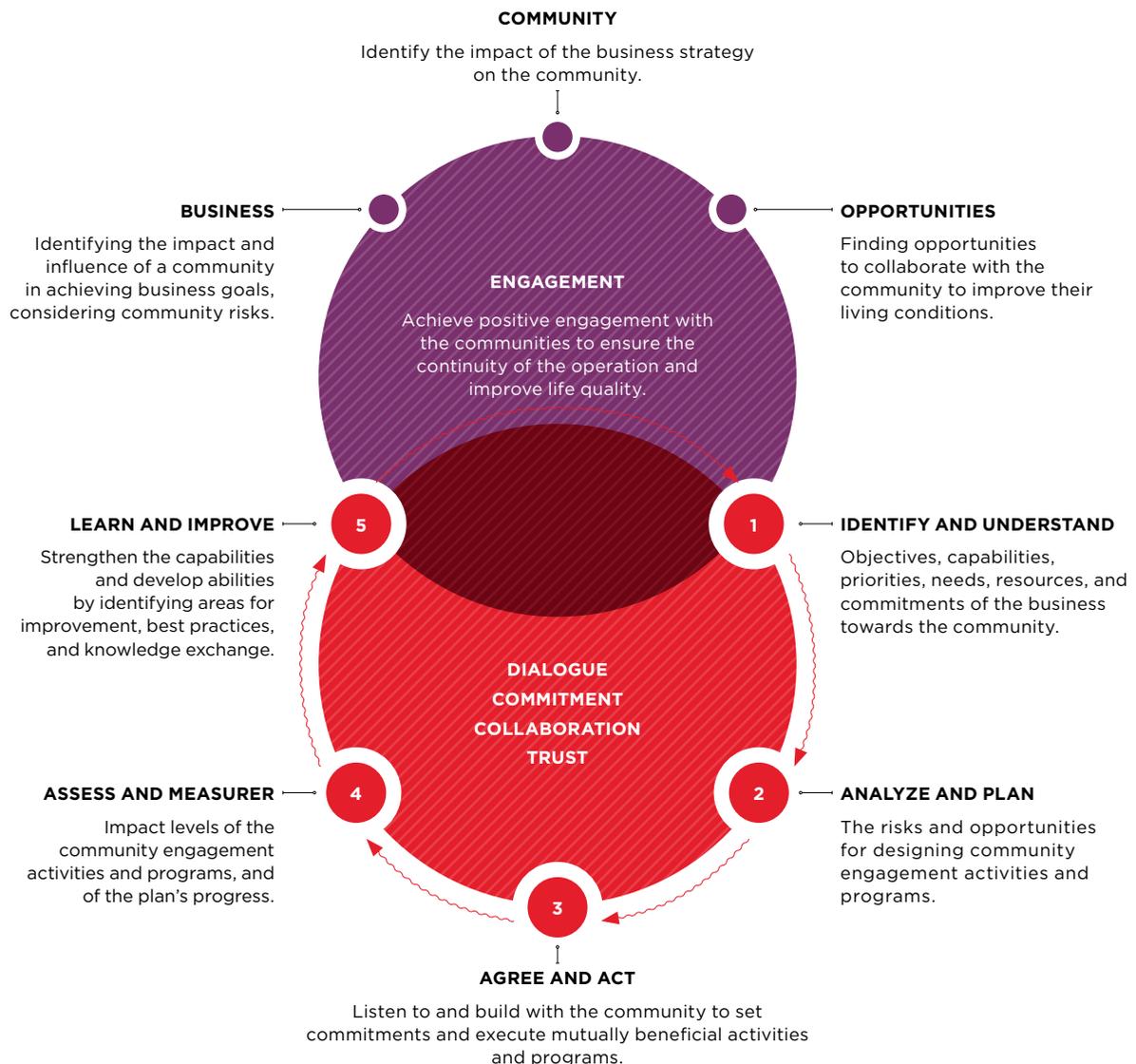
At Coca-Cola FEMSA we wish to contribute to improving living conditions in the communities where we operate. Consequently, we have the goal of having a community engagement plan in place in 100% of our key work centers by 2020.

The focus of our social license allows us to enable and consolidate positive relationships with the communities, and contributes to our being able to serve the market and do a better job by identifying key aspects.

Because we want to be close to our neighboring communities, we encourage a continuous dialogue and integration. By getting to know our neighbors, we will be able to develop and implement activities and programs that address their particular needs. With this, we strive to build trust and generate the commitment of all involved parties, ensuring we earn our social license to operate.

To create a vision about community relations that will help us put it into practice, in a standardized and systematic man-ner, we developed a management model that includes five sequential steps, which are the foundation of our Model for Addressing Risks and Relations with the Community (MARRCO).

100% of our operations have implemented development programs and impact assessments with the collaboration of local communities



*"It is very gratifying to work for a company that takes into account its relationship with the neighbors and the actors within society to ensure a harmonious and sustainable coexistence. Adding social value through our people, the planet, and the community, is testament to the legacy of Don Eugenio Garza",*

**Flávio Eduardo de Oliveira - Manager of the Mariliá, Maringá, and Bauru plants**

In 2016 we established the goal of implementing MARRCO in 18 Coca-Cola FEMSA work centers and in one Estrella Azul center that showed a specific community need that had to be addressed. Correspondingly, with the support of the FEMSA team, we set up the following locations:

## MARRCO LOCATIONS

	COUNTRY OR REGION	WORK CENTER
	Mexico 	Cuernavaca San Juan del Rio Altamira
	Central America 	Managua Calle Blancos Coronado Estrella Azul
	Colombia 	Bogotá Tocancipá Cali Medellín Calera / Manantial
	Brazil 	Jundiaí Sumaré (Distribution Center) Itabirito Mariliá (Plant and Distribution Center)
	Argentina 	Montegrande Alcorta

These work centers currently have the methodology and are in the process of designing a community engagement plan to immediately implement a series of measures aligned to the needs, local risks, and expectations of the community and that will in turn ensure a positive coexistence and the permanence of our business at those locations.

**At Coca-Cola FEMSA we have built relationships and stories with our communities by implementing different initiatives that address problems comprehensively, from the moment we begin our operation, in order to improve living conditions.**

Taking into account the diversity of the populations and communities which we influence, our Strategic Sustainability Framework allows us to develop enriching activities based on the requirements of each country.

In the case of Colombia, 2016 marked the end of the FARC E.P. Guerrilla war with the signing of the Peace Agreement that opened the road for Colombia to live in peace and granted President Juan Manuel Santos recognition as the Nobel Peace Prize Laureate. Sharing in on the goal of the whole country, we decided to commit to a project that supports peace and reconciliation, as well as reconstructing the social fabric.

In this same train of thought, **Aportando Tiempo** continues to encourage our associates to voluntarily participate in a program to form and train entrepreneurs who are in the process of being reintegrated into society, to maintain and strengthen the success of their business plans. In 2016, this program, in its eighth year since implementation, continued to train people on the reintegration process operating in four cities: Barranquilla, Ibagué, Cali, and Valledupar.

This commitment also extends to other initiatives aimed at reconstructing the social fabric, such as **Espacios de Paz y Reconciliación**, a program aimed at creating an environment in which the people in the process of being reintegrated into society are able to carry out a social service that will benefit communities and victims of violence. Under this same commitment, in 2016 we were also present in Cali with **Vive Bailando**, a social intervention model focuses on teenagers and uses dance classes as a transformation and healthy lifestyles tool, that has a sustainable and positive impact on behaviors, leadership, the family unit, and the ability to change in surroundings that have been affected by violence. In 2016, these initiatives supported 353 people, of whom 118 are in the process of reintegration.

In these countries, we approach local communities with different activities.

During 2016, we carried out **33 community development initiatives** and **21 local environmental impact** measures, for a total of **200 thousand beneficiaries** in 10 countries where we operate.

Furthermore, in most countries where we operate we commemorate and celebrate the world water and environment days with education activities.

ARGENTINA	BRAZIL
<p>In Argentina, we rehabilitated the boulevard in front of our Alcorta plant by installing sports poles as part of the <b>Canteros Alcorta</b> program.</p>	
<p><b>COSTA RICA</b></p> <p>In 2016 we began the <b>pilot project for female empowerment with female Calle Blancos neighbors</b>. Currently 11 women are registered in the program that includes good financial practices workshops to benefit their small enterprises.</p> <p>We promote different education and information environmental initiatives responding to local needs. During <b>Recycling Week</b>, citizens participate in fun activities through which they get information on how to put into practice the 3Rs and its environmental benefits, in order to generate less waste, reuse, and recycle it, beginning with classifying waste correctly.</p>	<p><b>PHILIPPINES</b></p> <p>Through the <b>5by20 Program: Sari-Sari Store Training and Access to Resources (STAR)</b>, we strive to build an environment in which women in retail are able to be economically empowered. .</p> <p><b>The Coca-Cola Company</b></p> <p>In the Philippines, we continue to implement the <b>Coordinates for Life</b> program that was developed by FEMSA to help develop decision making capabilities and complement school education with experiences outside the classroom.</p>
<p><b>VENEZUELA</b></p> 	<p>Through <b>Productive Neighborhood</b> we train and share knowledge with the goal of generating entrepreneurial activities to increase a family's income.</p> 
<p><b>BRAZIL</b></p> <p>With the <b>Guided Visits to our Plants</b> Program we encourage a collaboration and engagement strategy aimed at communities, clients, and consumers, by opening the doors of our facilities so that visitors can witness our production process and sustainability practices. We also include an environmental awareness session. In 2016 more than 35 thousand people visited our facilities.</p> <p>The <b>Coca-Cola Collective</b> program prepares young people for the labor market through professional training courses focused on their particular needs. In 2016 approximately 16 thousand young people participated.</p> <p><b>THE COCA-COLA SYSTEM</b></p> <p>The <b>Minha Galera</b> Faz Eco stimulates environmental education among youngsters, offering an award for the best project.</p>	



## 03. SUSTAINABLE SOURCING

We promote the growth and development of our suppliers while improving their social situation and reducing the environmental impact of our value chain.

Our suppliers are a key partner for the success of the business. To contribute to their own economic, social, and environmental position and to the sustainability of the industry in the countries where we operate, we offer a comprehensive Sustainable Sourcing program that includes three key measures:



### SUSTAINABLE DEVELOPMENT FOR SUPPLIERS

We aim to facilitate sustainable development by making sure the applicable social, environmental, and ethical guidelines permeate into their processes and, in particular, that their operations are adequate for the people, the environment, and the community. We design action and work plans to develop these aspects continuously.

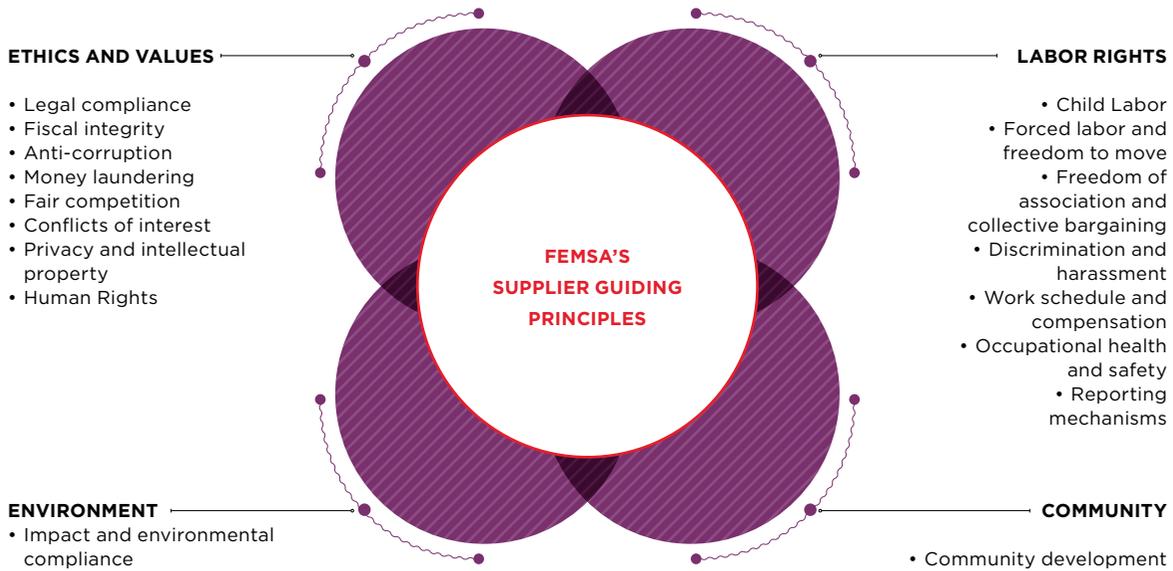
To this end, and in order to guarantee quality, integrity, excellence, as well as respecting the different customs of the people with whom we relate when doing business, we base our operation on a series of principles, including:



<sup>1</sup> Get to know the Supplier Guiding Principles at: <http://www.coca-colacompany.com/content/dam/journey/us/en/private/fileassets/pdf/human-and-workplace-rights/spg/Workplace-Rights-Implementation-Guide-ENG.pdf>

<sup>2</sup> Get to know the Sustainable Agriculture Guiding Principles at: <http://www.coca-colacompany.com/press-center/company-statements/sustainable-agriculture-guiding-principles/>

These principles reflect the standards that guide our daily activities to make sure that we have responsible work centers that protect human rights and adhere to, at the very least, all applicable labor and environmental laws.



We share with our suppliers our Business Code of Ethics to ensure they act based on these principles, and that the relationships they establish across the value chain are all ethical, fair, and respectful.

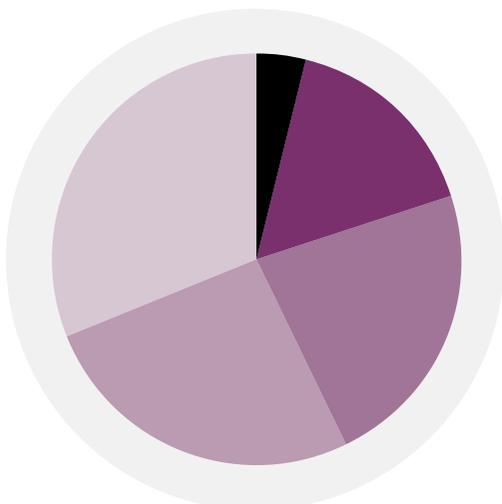
We also assess our suppliers through our **Sustainable Sourcing System** to align with the principles and values that are the foundation of the way in which Coca-Cola FEMSA operates. We include four areas: Social, Environmental, Ethics, and Community, and we allow self-management with goals and work plans to address the

improvements identified. Furthermore, the information obtained is verified by a third-party in order for the process to be transparent. Based on this process, we create action plans to promote supplier development, sustainability, and ethics.

To this day, 1,057 evaluations to suppliers have been performed on issues such as human rights, the environment, and labor practices; of these, 562 have been assessed under the Coca-Cola FEMSA principles since 2014, and 495 were done in collaboration with The Coca-Cola Company since 2013.

## SUPPLIERS

### ASSESSED UNDER THE COCA-COLA COMPANY GUIDING PRINCIPLES PER CATEGORY SINCE 2013



SUPPLIERS ASSESSED UNDER THE COCA-COLA COMPANY GUIDING PRINCIPLES				
COUNTRY	2013	2014	2015	2016
Argentina	12	9	5	11
Brazil	46	61	54	47
Colombia	2	21	8	7
Costa Rica	2	4	2	3
Guatemala	8	5	3	5
Mexico	46	33	33	52
Nicaragua	1	1	0	1
Panama	0	2	1	0
Venezuela	5	4	1	0
<b>Total</b>	<b>122</b>	<b>140</b>	<b>107</b>	<b>126</b>

SUPPLIERS ASSESSED UNDER THE FEMSA SUPPLIER GUIDING PRINCIPLES			
	2014	2015	2016
Mexico	30	100	198
Costa Rica	-	30	120
Nicaragua	-	-	84
<b>Total</b>	<b>30</b>	<b>130</b>	<b>402</b>

Considering the results from 528 evaluations to suppliers, improvement opportunities were found in sustainability topics, social and environmental, including environmental, labor rights, human rights and community practices. All the new suppliers in Mexico, Costa Rica and Nicaragua have been evaluated in these aspects and we continue to work to generate improvement action plans. Because Coca-Cola FEMSA is part of the Coca-Cola Company System, we comply with all the requirements established by The Coca-Cola Company for strategic suppliers, including commitments and memberships it has acquired by being part of the Global Food Safety Initiative and the Roundtable on Responsible Palm Oil.

## DEVELOPING BUSINESS CAPABILITIES

In order to strengthen business capabilities in our suppliers, we grant them access to training and growth initiatives on topics such as finances, marketing, and human resources, among others. We also support their growth and strengthen their business skills, improve their companies, and develop high-quality products aligned with our values and principles.

As part of an initiative in collaboration with the *Centro Mexicano de Competitividad*, we carry out a program to Develop Local Suppliers through

which 61 SMEs were assessed and we helped them improve their performance on business and sustainability issues. Additionally, as part of the Asia Pacific Economic Cooperation (APEC) Forum, in which we participated with other members of the Consejo Coordinador Empresarial, we presented a sustainable supplier initiative as part of a project dealing with ethics and values aimed at allowing these companies to become part of Coca-Cola FEMSA.

A few of the success stories include micro enterprises such as Novaideas, a promotional articles company that increased its sales 26%, as well as the mixing equipment companies Uafir and Ajjitec, who could reduce inventories and operating expenses.

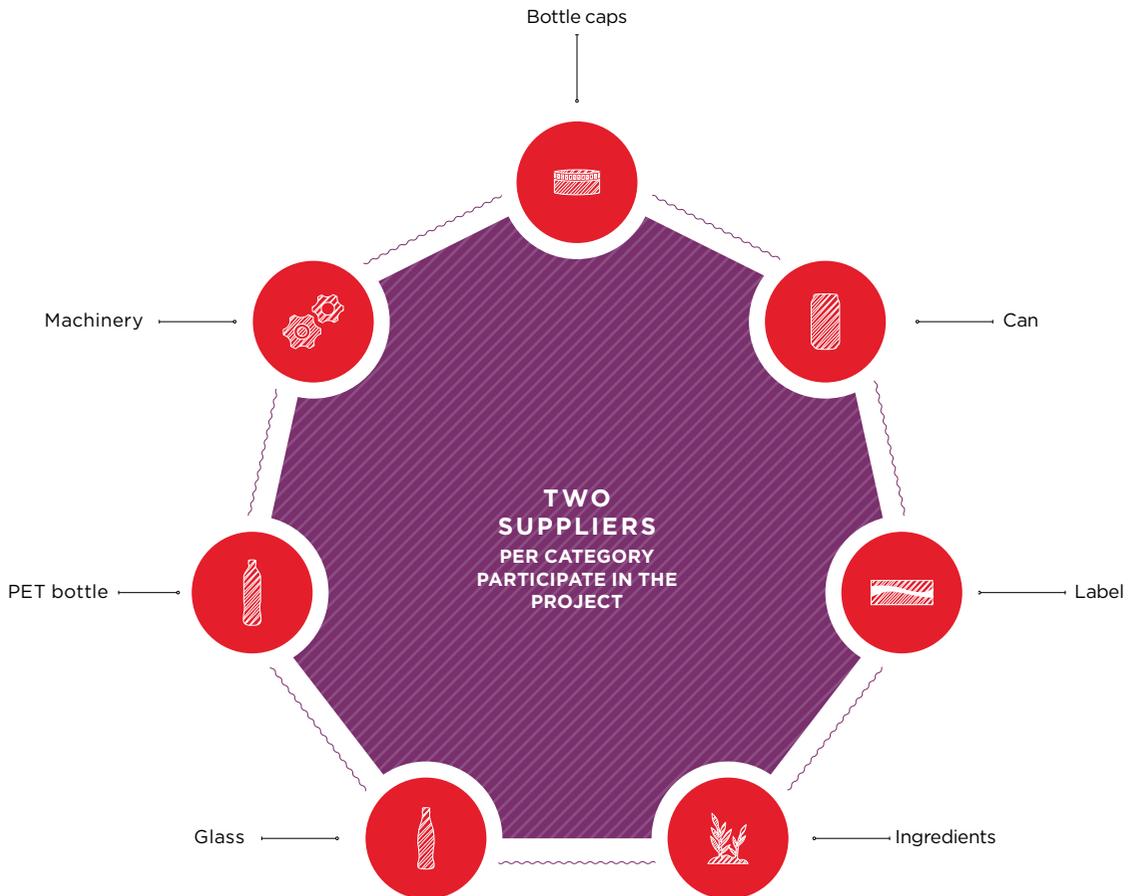


## SYNERGIES WITH STRATEGIC SUPPLIERS

To create high-impact projects and develop best practices that hold value for the business, we carry out a monthly supplier-assessment process. Once the action plans have been created, suppliers execute them, and at Coca-Cola FEMSA we do a follow-up on their progress and give them the support they need. We aim to generate high-impact synergies with the most relevant strategic suppliers, with projects such as **Premium Suppliers** designed by our Packaging Team, which has been successful by taking five steps:



Working with materials and service suppliers, over the past five years we have developed projects in Argentina, Brazil, Colombia, and Venezuela. During the evaluation, we take into consideration sustainability, quality, logistics, flexibility, innovation, and transparency criteria, among others.



# OUR PLANET



## WATER

WE MANAGE THIS RESOURCE TO ENSURE THAT WE MAKE THE BEST USE OF IT IN OUR OPERATIONS AND TO MAKE IT ACCESSIBLE TO THE COMMUNITIES. WE ALSO IMPLEMENT REPLENISH AND WATER CONSERVATION PROJECTS IN LATIN AMERICA.



## WASTE

WE MAKE PACKAGING INNOVATIONS, TO MAKE THEM LIGHTER AND FRIENDLIER WITH THE ENVIRONMENT. WE PROMOTE RECYCLING, AND WE MAKE SURE THAT OUR OPERATING WASTE IS MANAGED ADEQUATELY.



## ENERGY

WE STRIVE FOR ENERGY EFFICIENCY ACROSS OUR VALUE CHAIN, BY INTEGRATING RENEWABLE SOURCES OF ENERGY AND TECHNOLOGIES TO REDUCE CARBON EMISSIONS, THUS CONTRIBUTING TO MITIGATING CLIMATE CHANGE.

## IMPACTFUL INITIATIVES TO PROTECT OUR ENVIRONMENT

We are in constant evolution to make our processes more efficient by integrating innovating projects and ideas, by working on three action areas we strive to positively contribute to environmental stewardship.



**19.8%**

of the PET used in our packaging comes from recycled or renewable sources

**100%**

of the water we use in Brazil and Mexico is returned to the environment

**46%**

of the electric power in Mexico and

**74%**

in Brazil, comes from clean sources





**SAVINGS IN EFFICIENCY**

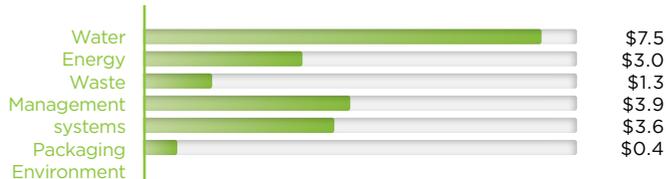
MILLIONS OF DOLLARS



**\$29.9**  
Total savings

**INVESTMENTS**

MILLIONS OF DOLLARS

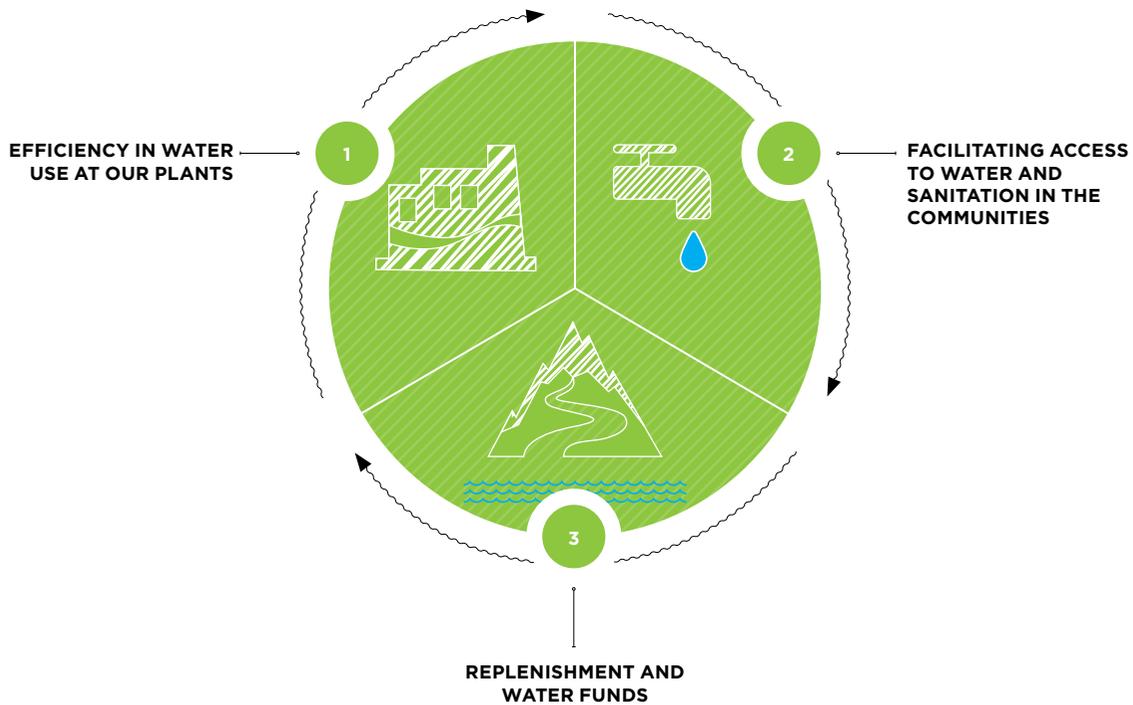


**\$19.7**  
Total investment

# 01. WATER

Water is our main input for making beverages that satisfy the need for hydration in our consumers, which is why we make a strong commitment to preserving this resource and to make sure we use it efficiently.

We have established a comprehensive strategy through which, besides addressing internal issues, we carry out measures in favor of water preservation in our region. **It considers three basic aspects:**



To meet our 2020 commitment to optimize the use of water, we have defined goals that will help us reach our objective:

OUR GOALS	1	Use 1.5 liters of water per liter of beverage produced.
	2	Return to our communities and their environment the same amount of water we use in making our beverages.

This year we became a part of the UN’s Business Alliance for Water & Climate Change (BAfW) that, besides reaffirming the way in which we manage water and climate change, serves as a platform to communicate our projects related to these issues and to look for synergies with different stakeholders.

## EFFICIENCY

One of our 2020 goals is to be increasingly more efficient in our water use until we reach 1.5 liters of water per liter of beverage produced; in 2016 this indicator was at 1.72 liters, representing a 12% increase in our efficiency with respect to our 2010 baseline.

### EFFICIENCY IN WATER USAGE

#### LITERS OF WATER PER LITER OF WATER PRODUCED



In 2016 our savings came to **USD \$3.6 million** in water efficiency initiatives and projects.

### WATER CONSUMPTION

#### WATER USAGE | BEVERAGE PRODUCED<sup>1</sup> (BILLIONS OF LITERS)



<sup>1</sup> Data includes all the Coca-Cola FEMSA plants at year-end 2016.

From 2010 to 2016 we increased our production volume by 5% and decreased our absolute water consumption by 8%, representing savings of more than 3 billion liters.

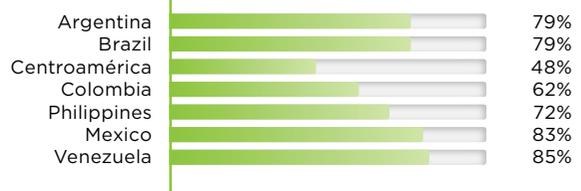
All the water we discharge is sent to Wastewater Treatment Plants (WWTP) with a quality that fosters aquatic life.



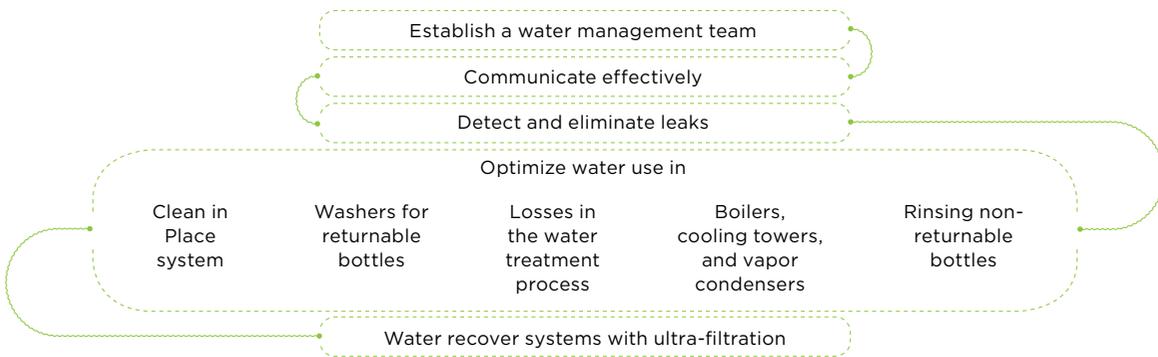
We are meeting the challenge we set for ourselves in terms of water supported by our **TOP 10 Water Saving Initiatives** that promotes consumption efficiencies at all the Coca-Cola FEMSA plants. To meet with this goal, we registered progress by country considering 10 key measures:

**PROGRESS IN IMPLEMENTING**

**PER COUNTRY**



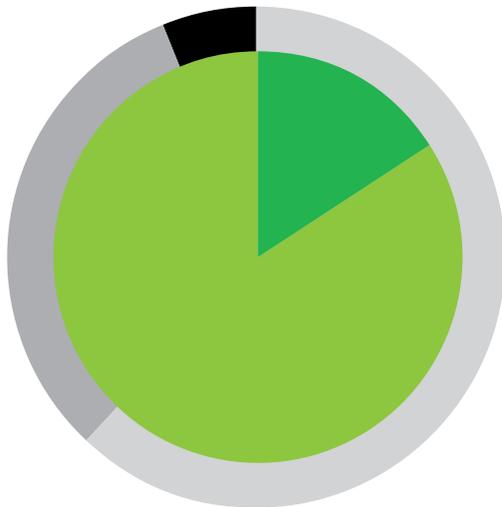
**TOP 10 WATER SAVING INITIATIVES**



**WATER**

**EXTRACTION BY SOURCE**

**DISPOSAL OF DISCHARGE WATER**



**68%**  
Ground

**27%**  
Municipal

**5%**  
Surface and rainwater

**84%**  
Own WWTP

**16%**  
Local WWTP

**We have wastewater treatment plants (WWTP) at all our manufacturing centers.**

We also employ the **MES** program, a standardized Holistic Monitoring System we use in our processes to make decisions in real time to be able to, among other things, reduce variability and losses, and improve water and quality efficiencies. By using several prediction, centralized planning, and standardization tools we strive to make

maintenance procedures in our production plants more efficient and comprehensive. This basically helps us predict and foresee faults, increase equipment dependability, analyze information, reduce costs, and improve general maintenance.

## GRANT ACCESS TO DRINKING WATER

We carry out projects in collaboration with the **FEMSA Foundation** to capitalize on the efforts made in favor of water with initiatives such as Water and Sanitation, as well as the Conservation of Water Basins.

In **Water and Sanitation** we work hand-in-hand with the communities to create awareness about the importance of this resource, prioritizing community development by improving life quality with safe water, improved sanitation, and education in hygiene. While at the beginning of each project the Foundation intervenes considerably, all these initiatives have the necessary components to enable the communities to adopt them in a sustainable manner and for them to endure in the long-term.

## COLOMBIA



**Water for Education** is a project we carry out with the EPM Foundation that promotes health and life quality for families living in extreme poverty and who have no access to water. In 2016 we built six water purification plants and worked in collaboration with the population through education, training, and technical support efforts.

### FEMSA FOUNDATION



With the **Ven por Agua** program we intervene in situations where water scarcity is due to natural disasters by setting up a Mobile Water Purification Plant that can produce three thousand liters of water per hour by using surface water from the rivers, lakes, or wells, with maximum turbidity of 20 NTU. The resulting water is fit for human consumption and is free of any physical or bacteriological contaminants. In response to the drought in Nueva Granada, we installed a camp to provide water to the community. There we built a tank that stores 15 thousand liters of water, which is then taken on water trucks to be purified at the plant; we also installed a container to store 10 thousand liters of purified water. In total, we delivered one million 409,200 liters to this location. We also intervened in Jama, Ecuador, in response to the emergency resulting from an earthquake. We delivered 607,305 liters of water to this location.

### FEMSA FOUNDATION

## COSTA RICA, MEXICO, NICARAGUA, AND PANAMA



Close to 6,900 associates and their families and friends participated in the Annual Coastal Cleaning Day—that is part of our program to clean up bodies of water, **Water Bodies Cleanup**, an initiative in which we partner with Ocean Conservancy—and recovered more than 70 tons of trash in 39 bodies of water.

 **FEMSA FOUNDATION**

### NICARAGUA

With **New Horizon Water** we work to improve the comprehensive health of the families in the rural community of Nuevo Horizontes, in Tipitapa, Nicaragua, ensuring that they have access to and sustainably manage water. Here we installed systems to give access to water to 50 homes, as well as water outlets in public places to give access to water to those 35 families that couldn't be included during the first intervention. Furthermore, we offered training courses on hygiene and the use and care of water, benefiting a total of 275 people.

 **FEMSA FOUNDATION**

### COLOMBIA, GUATEMALA, HONDURAS, MEXICO AND NICARAGUA

We installed 32 filtered **Rainwater Harvesting Systems** with capacity to hold 2,800 liters of water. The **Water Bonds** program impacted more than 110 thousand people in 196 rural communities over a three-year period, improving their life quality by giving them sustainable access to sources of clean water and by upgrading their sanitation infrastructure. Since then, we have promoted hygiene in the families to ensure there is an impact on the health of the inhabitants. More than USD \$13.2 million were invested in this program by The Coca-Cola Company, Millennium Water Alliance, and the FEMSA Foundation, and it was implemented by six partners: Living Water International and World Vision (Mexico); CARE (Guatemala); Water for People (Honduras); WaterAid (Nicaragua); and Aguayuda (Colombia).

 **COCA-COLA SYSTEM**

### ARGENTINA

At **Rancho Grande** we built a mini gravity aqueduct with a chlorination system and 90 toilets, for a 13,679-meter distribution network.

### GUATEMALA

We installed 32 filtered **Rainwater Harvesting systems** with a capacity to hold 2,800 liters.

## WATER REPLENISHMENT

We are committed to returning the water we use in our processes by replenishing and conserving water basins, in order to ensure water equilibrium in the communities with which we interact. To this end, we established the 2020 goal **of returning to the environment and our communities the same amount of water we use to produce our beverages.**

**Water Funds are collective impact mechanisms that allow us to unite and allocate resources to long-term conservation measures. They develop governance models by joining key actors in water management.**

Because of the grand scope, importance, and complexity inherent to solving the water problem, we work to strengthen the Water Funds and the conservation of water basins through sustainable efforts in which we partner with several stakeholders. One such example is the **Latin American Water Funds Alliance** made up by The Nature Conservancy, the FEMSA Foundation, the Inter-American Development Bank (IDB), and the World Environmental Fund, through which we jointly seek to offer hydrological safety in the region, ensuring sustainable access to acceptable amounts and quality of water to sustain human life and socio-economic development.

Resulting from the first stage of this partnership, 195,937 hectares of land were intervened by restoring infrastructure through conservation measures; approximately 10 thousand families were benefited in areas near the basin with job creation and training to develop capabilities.

To this day, the partnership has worked with 21 water funds, of which 14 will be coordinated by Coca-Cola FEMSA. Six are located in Brazil, four in Colombia, one in Mexico, and one in Costa Rica.

In Colombia, the **Agua por el Futuro** program emerged through the water funds and in collaboration with Coca-Cola FEMSA and The Coca-Cola Company. At year-end 2015 we had intervened in 1,421 hectares and infiltrated

4.7 million cubic meters of water. Also in that country, since 2013 we have worked in Bogotá with the **Agua Somos**, and in Medellín with **Cuenca Verde**, in activities related to reforestation and restoration of the ecosystem, conservation of the tundra and forests, sustainable cattle growing, and recovery of the wetland.

In Costa Rica, **Agua Tica**, the first fund in the country, has contributed to improving hydrological safety in the Great Metropolitan Area. Water is one of the five top pillars of the strategy launched by the government of Mexico City's **CDMX Resiliente: Transformación Adaptiva, Inclusiva y Equitativa**. On September 6, 2016, representatives for the Latin American Water Funds Alliance signed a cooperation agreement to support the strategy through an initiative supported by Citibanamex, Coca-Cola FEMSA, FEMSA Foundation, Río Arronte Foundation, Grupo Modelo, HSBC, Mexichem, and The Nature Conservancy that will promote measures to help the city reach its hydrological resilience goals by encouraging multi-sector collaboration. Through CDMX Resiliente, which is sponsored by the Rockefeller Foundation, comprehensive solutions will be implemented to address the challenges resulting from globalization, urbanization, and climate change, as well as its social and economic impact.

RESULTS OF THE REPLENISHMENT PROJECTS FROM 2013 TO 2015					
COUNTRY	COLOMBIA	PANAMA	COSTA RICA	GUATEMALA	TOTAL
Intervened hectares	1,421	384	582	513	4,512
Thousands of cubic meters infiltrated	1,550	349	603	674	4,702



## PEDRO VIVES STORY A STORY BY CARLOS VIVES

In 2016 the **3<sup>rd</sup> Water Funds Biennial** took place in Colombia: participants included executives who make up the Latin American Water Funds Alliance, the president of Colombia, Juan Manuel Santos Calderón, and the singer and song-writer Carlos Vives, all of whom were invited as honored guests. During this event a commitment was signed for a second phase of the Alliance to scale the impact up to include green infrastructure measures.

During the forum, Carlos Vives shared story on the life of water that he wrote for his son:

One day I saw my son cry because the Magdalena River was in danger. My wife, Claudia, spontaneously videotaped him and posted it on social media. I remember that you, Mr. President, saw it and even re-tweeted it, making my son an example for the country on environmental awareness. From that day forward, Pedro had a great many questions about the life of water. That is why I decided to write this story to read to him before he went to bed.

The story begins like this... *The wind moved the cloud toward the highest part of the mountain and brought it close to the tundra. There it found the shrubs known as Frailejones and the Encenillo trees. They extended their hands, they extended their tongues, and their whole bodies to touch the air and absorb the water, like sponges. They condensed. Do you know how hard it is to condense? Then the water that had been in little pieces inside the clouds, began to come together, drop by drop, in the hands of the Tayrona Indians that were waiting patiently for it to deposit itself on the moss that did its job and let the precious liquid slide down. What had been air became a small flow and crossed the Andean forest happily singing a Bambuco song and it even let a whirlwind run through. So, growing more and more, it reached the tropical rain forest and just with what it needed, it made Marcelino's vegetable garden flourish. Marcelino was a farmer in the region who was happily on his way to the savannah. He sang a free Vallenato, while at the same time growing in volume and size. The animals got closer and she generously gave to them, with freshness and joy, soothing the thirst of all of those who came looking for her in*

*peace. It became large and foamy, as it moved along. It felt the emotion grow inside her as she approached the immensity that was waiting for her and that was what brought her happiness: To run, to give the land its form, to make children happy on her way, while they jumped from one stone to the next, the fishermen on the banks, and a profound wish to get to the ocean, as they all wished, and to later become a cloud again and play with the wind on the top of the mountains.*

*One day, the water came down for the Frailejones, stroked the Líquenes and played with the spongy moss. But, when she wanted to leave she no longer found her friends, the Tayrona Indians, that had protected her. When she got to the fog forest, a shadow got in her way. A biped shadow, a long shadow, a shadow with hands that had the power to capture. That shadow kidnapped it. Scared, the water tried to run away. And although it lost some of itself, it was able to escape. But it didn't get too far. When she entered the forest she realized that Marcelino, her friend, was no longer there. The forest had been cut down and the road had eroded. She slid sharply among the rocks, trying to get away, but she collapsed with the soil and caused damage. Full of fear and without the strength it used to have, she reached the savannah. Instead of creating, she was destroyed, her course was drained and contaminated with liquids of foreign colors. And, then, she realized she was no longer the same. In spite of all this, she kept her will to live and to find the ocean again. She felt its presence nearby and this renewed her spirit, but when she crossed the town of the long shadows, she was hit by such a great number of plastic bags filled with trash that she felt exhausted. She no longer had the strength to find the encounter she so longed for and she stayed there, looking at it, feeling like she was slowly dying.*

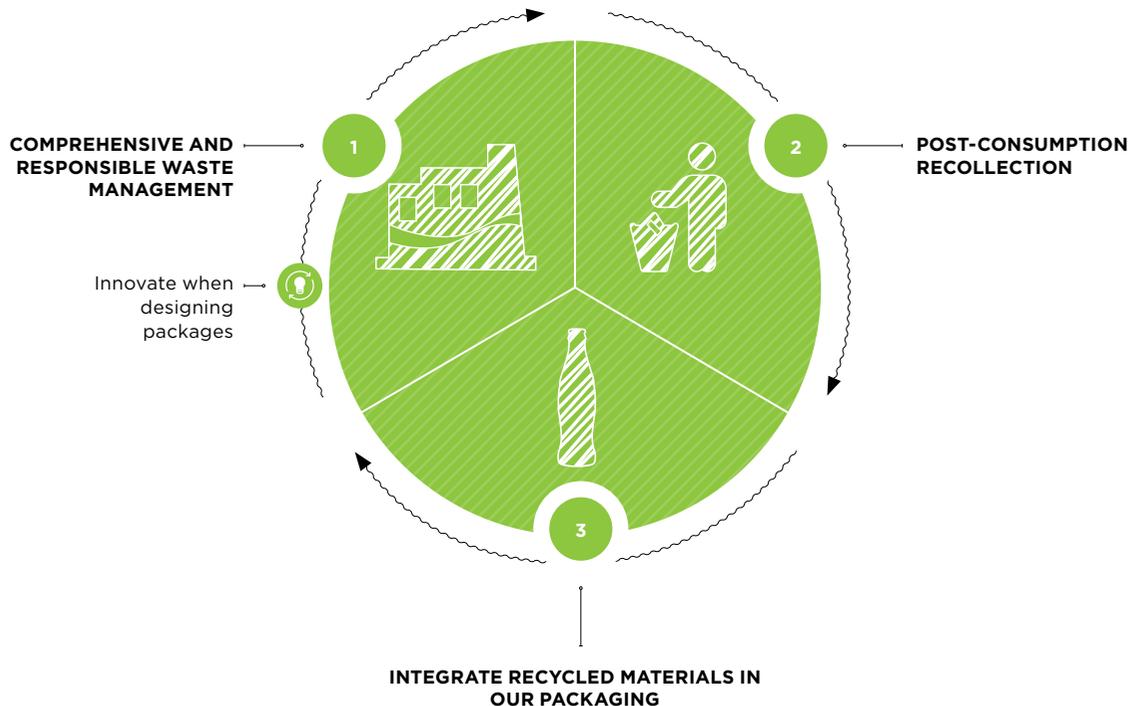
Once the story ended, Pedro looked at me and I saw in his eyes the look of hope that is unmistakable at that age and that should last forever, with a willingness to be kind with the earth, with the rivers, with the people, with his country.

Is it possible for us to give its path back to water?

## 02. WASTE AND RECYCLING

At Coca-Cola FEMSA we try to mitigate the environmental impact of all our operation processes, and in this way, we contribute to preserving natural resources and to decreasing emissions.

We promote a culture of adequate waste management that includes all our operations and our value chain, where the priorities are:



Our 2020 commitment in terms of waste is focused on recycling, reducing the amount of materials we use, and including recycled materials in our packaging.

### OUR GOALS

1

To recycle at least 90% of the waste we generate in every one of our bottling plants.

2

To include 25% of recycled and renewable materials in our PET packaging.

## OPERATING WASTE

In 2016, 16 plants are part of our **Zero Waste** initiative, which establishes measures to improve waste management, disposal, and repurposing, resulting in an increase in waste efficiency per beverage produced.

We generated 174 million tons of waste during the same period, of which we recycled 162 million, representing 93% of our waste. By 2020 our aim is to recycle at least 90% of our waste in each of our bottling plants. At year-end 2016, 81% of our plants already complied with this attribute.

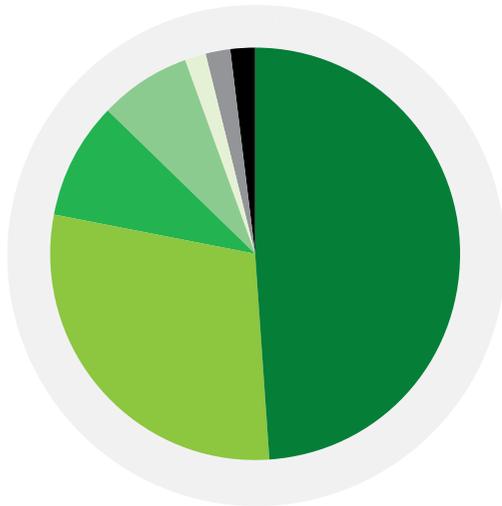
### EFFICIENCY IN WASTE

#### GRAMS OF WASTE PER LITER OF WATER PRODUCED



### WASTE GENERATED BY TYPE

#### PERCENTAGE OVER THE TOTAL



Correctly managing our resources is one of our top priorities; we understand their value and we work hard to care for them across our operations. Thanks to these efforts, in 2016 we recognized satisfactory compliance in 44 distribution centers in several states in Mexico, including: Guerrero, Michoacán, Tamaulipas, Querétaro, Veracruz, Oaxaca, Chiapas, Mexico City, and Estado de Mexico, where we obtained air quality certifications granted by the Federal Environmental Protection Agency (*Procuraduría Federal de Protección al Medio Ambiente, PROFEPA*), the Environmental Agency of the Estado de Mexico (*Procuraduría de Protección al Ambiente del Estado de Mexico PROPAEM*), and the Ministry of the Environment in Mexico City (*Secretaría del Medio Ambiente de la Ciudad de Mexico, SEDEMA*).

97% of our plants are ISO 14001 certified and 100% of our plants in Mexico have obtained the *Industria Limpia* (clean industry) certification granted by PROFEPA. These recognitions are in addition to those we have obtained previously in 100% of our production plants, confirming our company's commitment with sustainability and the environment.

To this end, we work hard so that our processes comply with the highest international and national standards, and with all applicable laws, avoiding sanctions and fines pertaining to environmental issues while at the same reaffirming our commitment to efficiency in distribution processes, environmental performance, and competitiveness.

### WASTE RECYCLING

#### PERCENTAGE OF WASTE RECYCLED OF THE TOTAL WASTE GENERATED



The change in the percentage of reduction compared to the prior year is due to the fact that we standardized the calculation methodology at all our operations.

## INNOVATION IN PACKAGING DEVELOPMENT

At Coca-Cola FEMSA we constantly make innovations to our packaging, ensuring better quality and respect for the environment by using lighter components and by including more recycled materials. This is a responsibility that we don't just communicate but that we also share with our value chain to join all our efforts in favor of the planet.



Our 2020 goal is that 25% of the materials we use in our PET packages include recycled or renewable components.



In 2016, we surpassed our global goal by registering a 19.8% progress, with excellent results in Mexico, Central America, and Colombia, with 29.8%, 25%, and 25% progress rates, respectively, which translated into savings of more than USD \$17 million.

We transfer a similar effort to glass and aluminum; in 2016 we used up to 90% recycled materials in glass and 70% in cans.

Developing packaging requires a great **research effort** that we carry out in our Manufacturing Center of Excellence that includes Packaging, or package supply. We have strengthened its capabilities to improve the environmental performance of our abundant packages, while at the same time generating economic savings. To reach these goals, we offer training courses and certifications at some of our facilities.

We create innovative packaging designs that **use fewer materials** per unit produced. In Mexico, we had savings of more than USD \$3.6 and avoided using 2,412 tons of PET during 2016. We reduced the amount of PET in our 600-milliliter Coca-Cola

bottle by 13%, by 22% in the 1.25-liter bottle, and by 9% in the 2-liter presentation. Additionally, we developed an innovative 20-liter PET bottle, which will be launched to market starting in 2017. We also improved the Coca-Cola, flavored drinks, and water packages in Mexico and the Philippines.

Another example of these measures are the **pallet separators**, in which we included a new material made with wood fibers with which we were able to increase reuse by 65% compared to prior years, and to preserve 27,065 trees.

We modified the plastic cases we use to transport Returnable PET and glass bottles, and we are now making them with food grade High Density Polyethylene (HDP) by **recycling the packaging of our dairy products**.

Innovations implemented in our packaging have resulted in important benefits. In 2015 our **global savings** came to USD \$7.4 million, while in 2016 that number rose to USD \$17 million.

Part of these savings comes from synergies with strategic suppliers defined as Premium Suppliers in the Packaging.

If you wish to get more information on the packaging of our products, please visit the Sustainable Sourcing section on page 46.

## POST CONSUMPTION COLLECTION

Convinced that joining efforts brings about a multiplying effect, we carry out environmental initiatives that benefit our planet in collaboration with other actors in society.

in the regions where we operate in different programs that promote the adequate disposal and handling of the waste generated from consuming our products.

As part of our recycling efforts, we involve communities, authorities, and other organisms

The following are a few of examples of the projects in which we involve our stakeholders:

COSTA RICA	MEXICO
<p>Since it was created in 2015, <b>Misión Planeta</b> has collected 1,912 tons of PET after the product was consumed. In 2016, the program had 30 thousand participants and an investment of USD \$666 thousand.</p>	<p>In 2016, 338 thousand children and young people from 1,137 schools participated in the <b>Yo Sí Reciclo</b> initiative, through which 800 tons of PET were collected, with an investment of USD \$174 thousand, promoting a culture of recycling.</p>

For over 15 years, in Mexico the civil association ECOCE, in collaboration with other food and beverage companies, has promoted the collection of waste, the creation of a national market and recycling programs. At year-end 2016, we operated both social and institutional programs, as well as the Eco-Challenge for the 2015-2016 school year. Jointly, these programs collected 2,260 tons of PET and 91 tons of high density polyethylene, among other residues.

We are leaders in PET Bottle-to-Bottle recycling in Latin America.

## RECYCLING

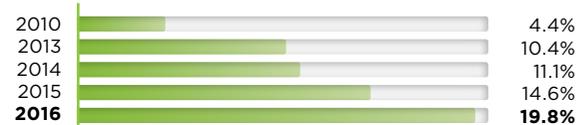
In Mexico, we joined efforts to promote recycling by operating the Mexican Industry Recycling Plant, the first in Latin America to recycle the Food Grade PET we use. The facility processed 13,079 tons in 2016.

These efforts have contributed to considerably reducing the amount of virgin materials we use in making packages and energy consumption in production.

Also in 2016, in Argentina, Brazil, Colombia, Central America, and Mexico, we included 62,659 tons of recycled resins and renewable sources in our packaging. Resulting from these efforts, since 2010 we have used more than 150 thousand tons of recycled PET.

### MATERIALS FOR OUR PET PACKAGING

#### PERCENTAGE OF RENEWABLE OR RECYCLED MATERIALS IN OUR PET PACKAGING



## 03. ENERGY

Our conviction that sustainability helps us use resources efficiently, as well as using clean energies to contribute to reducing our emissions to Earth.

Correspondingly, energy consumption in our operations is centered on a comprehensive strategy that includes the whole value chain, in an effort to contribute to mitigating climate change. In this respect, we have defined a series of 2020 goals:

### OUR GOALS 2020

1

Reduce the carbon footprint of our value chain by 20% against our 2010 baseline.

2

Supply 85% of the energy we use for manufacturing in Mexico from clean sources.



As part of our commitment to become an increasingly more sustainable company, we assess our impact across the value chain. We measure our greenhouse gas emissions in each link in the chain: manufacturing, distribution,

refrigeration, ingredients, and packaging, to reduce them in the coming years.

Due to the complexity behind these measurements, the following data corresponds to 2015; in 2017 we will report the 2016 data.

**TOTAL 2015 EMISSIONS**



To reduce our CO<sub>2</sub>(eq) emissions, we have implemented several initiative and efforts that have resulted in great benefits and savings. In our aim to improve the way in which we report this kind of information, we decided to measure the impact these efforts have made since 2011, estimating that **we have avoided<sup>1</sup> the emission of 520,844 tons of CO<sub>2</sub>(eq)**.

**EFFICIENCY IN GREENHOUSE GAS EMISSIONS ACROSS THE VALUE CHAIN**



<sup>1</sup> The estimate considers emissions avoided from 2011 to 2015, from the 2010 baseline.

## MANUFACTURING

Our goal is to improve our energy consumption through different initiatives that have helped us improve our efficiency by 19% since 2010, the year when we began to measure them.

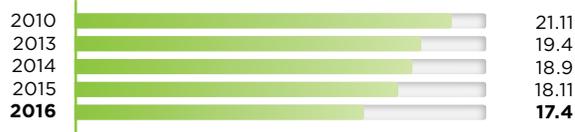
Efficiencies achieved in our consumption of electric power contribute to the reduction in our greenhouse gas emissions.

In 2016, in Brazil and Mexico we improved our emissions of grams of CO<sub>2</sub><sup>(eq)</sup> per liter of beverage indicators, with reductions to 8.29 and 11.49, respectively, representing great progress compared to our global result of 17.4 grams of greenhouse gas emissions per liter of beverage produced.

From 2010 to 2016 we accomplished a 28% decrease in our CO<sub>2</sub><sup>(eq)</sup> emissions.

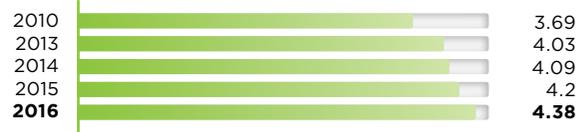
### EFFICIENCY IN GREENHOUSE GAS EMISSIONS IN MANUFACTURING

GRAMS OF CO<sub>2</sub><sup>(EQ)</sup> PER LITER OF BEVERAGE



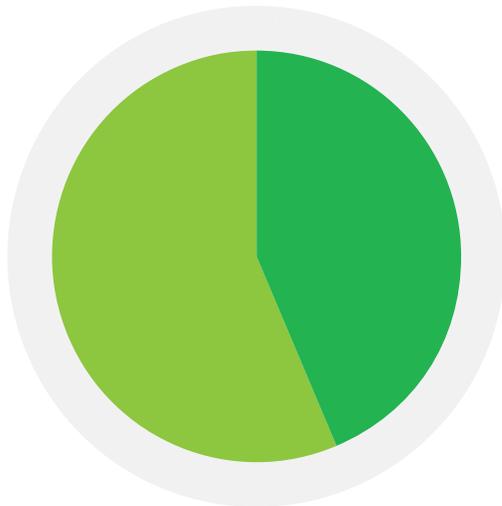
### ENERGY EFFICIENCY

LITERS OF BEVERAGE PRODUCED PER MEGA JOULE CONSUMED

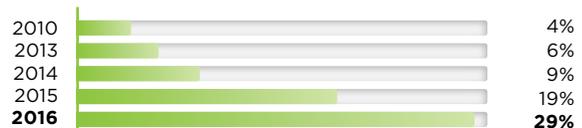


### EMISSIONS IN MANUFACTURING

TONS OF CO<sub>2</sub><sup>(EQ)</sup>



### PERCENTAGE OF CLEAN ENERGY CONSUMED GLOBALLY

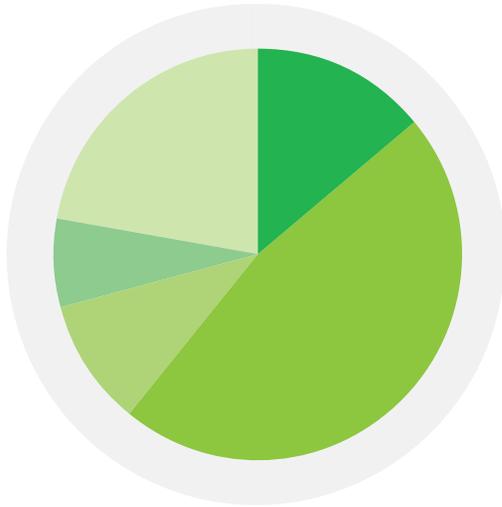


<sup>1</sup> Considering the total energy from clean sources out of total electrical energy

Further, we constantly monitor and measure consumption to achieve our environmental goals by implementing measures for saving energy.

**ENERGY**

**CONSUMPTION BY SOURCES**



**47%**  
Electricity

**21%**  
Natural gas

**14%**  
Diesel

**8%**  
Fuel oil

**10%**  
LP Gas

The following are among the initiatives we implemented in 2016 to achieve better efficiencies in energy consumption:

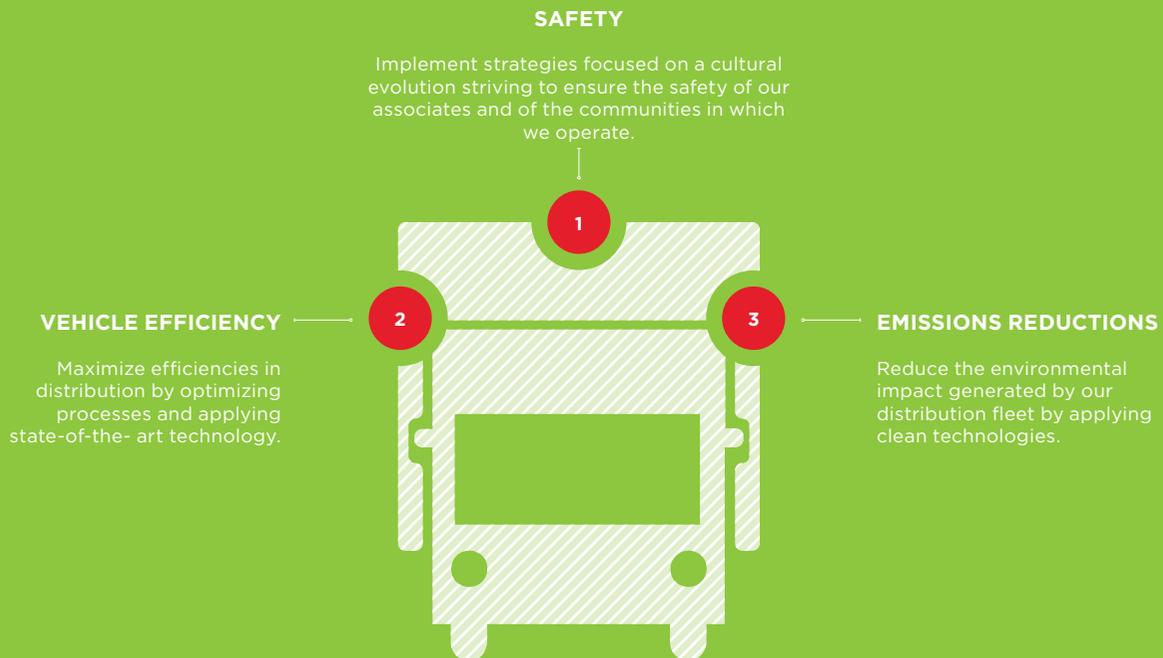
<b>LED TECHNOLOGY ENERGY SAVING PROGRAM</b>	<b>3D TRASSAR CIP</b>
<p>In order to reduce our carbon footprint and improve conditions at our operations, as well as the safety of our associates in our Distribution Centers in Mexico, we switched from traditional lighting to LED technology systems. With this change we standardized lighting levels based on the needs of each center and we can monitor it in real time. With this program, we have reduced energy consumption by 31% in the 12 distribution centers.</p>	<p>By employing TRASSAR technology we monitor the Cleaning in Place (CIP) process in real time, making it more efficient, resulting in reductions in the consumption of electric and thermal power and in the use of detergents and sanitizers.</p> 

In 2016, we consumed 4 thousand 862 million mega joules in energy for our processes. In Brazil, 74% of our energy consumption comes from clean sources while in Mexico 46% is supplied by Piasa Sugar Mill 3V, Toluca Iberdrola and mainly our Wind Farm Dominica II with a production capacity of 100 MW. These projects have generated savings of up to USD \$2.9 million.

**At Coca-Cola FEMSA, 29% of the total energy we use comes from clean sources.**

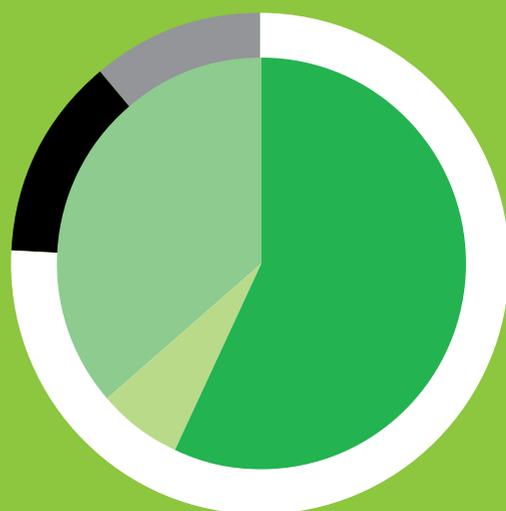
## SUSTAINABLE MOBILITY

By implementing our Sustainable Mobility strategy, we aim to reduce the impact of the business on the distribution processes of our products and to position ourselves as the industry leader in Latin America in terms of environmental stewardship and safety, with three priorities:



Our fleet includes **more than 24 thousand vehicles** with which we deliver our beverages to millions of consumers in 10 countries.

### FUEL CONSUMPTION AND CAR FLEET



#### LITER OF FUEL

**76%**

Diesel

**13%**

Gasoline

**11%**

LP Gas

#### OWN FLEET

**14,061**

Primary and secondary distribution

**8,950**

Utilitarian vehicles

**1,662**

Fork lifts

WE SERVE

**+12,600 ROUTES**



With several initiatives that we are testing, we are seeking to explore, try, and define clean technologies and alternative energies that we could use in our fleet.

## SAFETY

For the sixth consecutive year, we received the **National Road Safety Award** granted by the *Asociación Nacional de Transporte Privado* (ANTP) that assesses drivers and companies that promote family living and promote a culture of accident prevention.

These recognitions are the result of the consistent work we do to optimize road safety<sup>1</sup> and are part of our organizational structure to offer **constant training** to our drivers, as well as risk analysis, preventive maintenance, and the quality of our vehicles

Through **FEMSA Logística**, drivers who are part of our primary distribution receive continual training on eco-efficient driving and safety, as well as a program to prevent transportation risks, and periodic evaluations.

## VEHICLE EFFICIENCY

We installed 6 thousand **telemetry and GPS** equipment, and invested USD \$907 thousand to correct driving habits, optimize routes, reduce distances traveled, and detect faults. Because of these efforts, we are estimating that we will use 6% less fuel and generate 6% less contaminants, for savings of USD \$1.9 million a year. We are also implementing a pilot program for **converting our fleet to compressed natural gas**, through which 55 vehicles in Mexico City will be using natural gas instead of gasoline, for reductions of 30% in CO<sub>2</sub>, 40% in NO<sub>x</sub>, 90% in CO and HC, 99% in MP, and 100% in black coal y SO<sub>x</sub>.

We have worked with our strategic ally in primary distribution, FEMSA Logística, to offer **specialized vehicles** in every region. Besides

generating greater efficiencies and productivity, we have been able to reduce fuel consumption by up to 15% and greenhouse gas emissions by 93.5 tons annually per unit.

We carried out initial projects with **electric cars** in our corporate fleet, eliminating 4.8 tons of CO<sub>2</sub> a year, per vehicle, by using 52 electric zero-emissions delivery vehicles in areas limited to heavy trucks.

## EMISSIONS REDUCTIONS

We carried out a pilot test in 53 secondary distribution trucks to install **materials particles filters**, including emissions tests. We invested USD \$650 thousand in this project, and are analyzing how viable it is to implement it in the rest of the fleet.

Another measure we took in 2016 was to **replace more than 1,400 vehicles** which comply with better emissions standards, while over 1,470 were included in the **Environmental Self-Regulation Program** for diesel vehicles sponsored by the local government in Mexico City, aimed at decreasing contaminant emissions in the Valley of Mexico through preventive maintenance and by-annual measurements.

Since 2011, we have obtained every year the Transporte Limpio (clean transportation) award granted by the Mexican ministries of the Environment (SEMARNAT) and Communications and Transportation (SCT), aimed at reducing the use of fuel to decrease air emissions.

<sup>1</sup> To get more detailed information on our Safety programs, please see the Occupational Health and Safety section on page 29.



## REFRIGERATION

We offer our consumers hydrating options that are commonly enjoyed better if they are cold, and others that need to be refrigerated in order not to lose their characteristics and attributes. Aware of the fact that refrigerators produce an environmental impact, however, we make sure they are increasingly more efficient and that they run on clean energies.

Because Imbera is a FEMSA company, we work jointly to include environmental improvements in the production of our refrigeration equipment. During the first half of 2016, 70% of our production of such equipment was built with the refrigerant gases CO<sub>2</sub> and propane, decreasing their environmental impact with respect to prior models.

## INGREDIENTS

We work with the companies that supply ingredients for our beverages, especially for strategic raw materials, with the best environmental management practices in their activities.

## PACKAGING

We promote research to develop lighter packaging that requires less inputs, and we also use recycled components, greatly contributing to reducing the tons of PET used in packaging our beverages and, consequently, to producing less greenhouse gas emissions.

In this manner, we confirm our commitment to preserving the environment and mitigating climate change.

If you wish to know more about our initiative on these issues, please read the section Waste and Recycling, on page 60.

As part of our commitment to keep our stakeholders informed about the environmental performance of all our operations, we report our greenhouse gas emissions to the Carbon Disclosure Project (CDP) and to the Voluntary Program for Measuring Greenhouse Gas Emissions sponsored by the Mexican Department of the Environment and Natural Resources (SEMARNAT) in Mexico. Also, starting in 2016, we promote the fight against climate change with three commitments established under the We Mean Business platform:

1

Responsible corporate participation in climate policies.

2

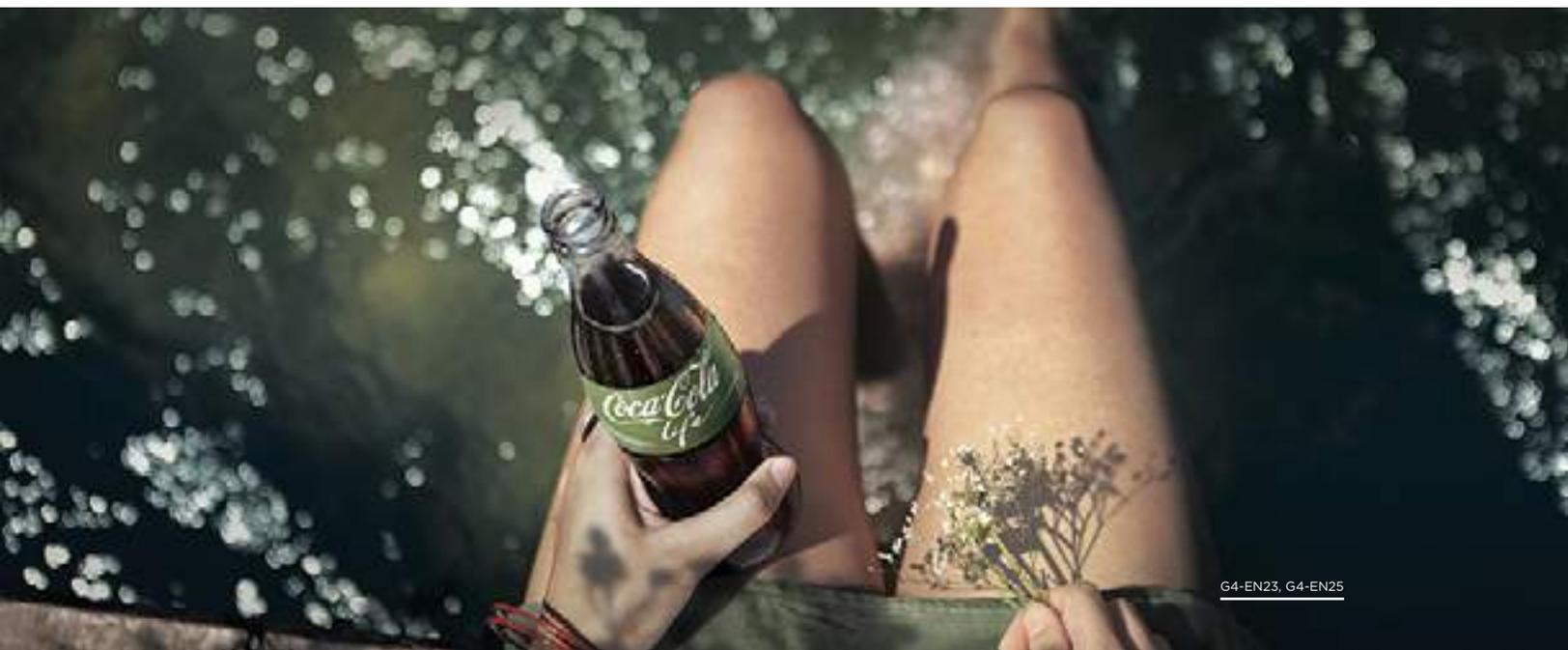
Including information on climate change in our corporate reports.

3

Commit to implementing a strategy to ensure that the electricity we use is sourced from renewable sources of energy.



ENVIRONMENTAL INDICATORS TABLE							
AREA	INDICATOR	UNIT	2010	2013	2014	2015	2016
Baseline data	Beverage produced	Billions of liters	20	21.1	21	21.2	21
Water	Water consumption	Billions of liters	39.1	37	37.7	37.5	36
	Water efficiency	Liters of water per liter of water produced	1.96	1.75	1.79	1.77	1.72
Waste and recycling	Total PET consumption	Thousands of tons	222.7	292.2	288.6	338.3	315.6
	Virgin PET consumption	Thousands of tons	213.1	261.9	256.6	288.9	253
	Recycled PET consumption	Thousands of tons	9.6	16.6	19.4	33.7	47.4
	BioPET consumption	Thousands of tons	0	13.7	12.5	15.8	15.1
	Renewable and/or recycled materials in PET	Percentage of the total	4.30%	10.40%	11.10%	14.60%	19.80%
	Waste generated	Millions of tons	179	193	189	174	174
	Recycled waste	Millions of tons	153	175	177	164	163
	Recycled waste	Percentage of the total	86%	90%	93%	94%	93%
	Efficiency in waste	Grams per liter of water produced	8.9	9.1	9	8.2	8.3
Energy	Total energy consumption	Millions of mega joules	5,418	5,241	5,147	5,048	4,862
	Energy efficiency	Liters of beverage produced per mega joules	3.69	4.03	4.09	4.2	4.38
	Global consumption of clean energy	Percentage of total energy consumption	0%	6%	9%	19%	29%
	Consumption of renewable energy in Mexico	Percentage of total energy consumption	0%	14%	26%	30%	46%
	Efficiency in greenhouse gas emissions	Grams of CO <sub>2</sub> (eq) per liter of beverage in the value chain	201.51	213.08	207.51	205.42	Will be included in the next report
	Efficiency in greenhouse gas emissions	Grams of CO <sub>2</sub> (eq) per liter of beverage in manufacturing	21.11	19.4	18.9	18.11	17.4



# CORPORATE GOVERNANCE

Our Corporate Governance is one of the reasons behind Coca-Cola FEMSA's strength and a strong contributor to the success of our business. It contributes to all our efforts, decisions, and strategy being able to create value for our stakeholders

Our practices adhere to all applicable legislation, standards, and policies in the countries where we are present, and in the financial markets where we are listed: The Mexican Securities Market Law (Ley de Mercados de Valores Mexicana), of the Mexican Stock Exchange, and the US Sarbanes-Oxley Act, of the New York Stock Exchange.

Because sustainability is a strategic issue for our organization, the Board of Directors addresses all economic, social, and environmental issues by means of its committees, taking into consideration the inquiries we hold with our stakeholders.

At Coca-Cola FEMSA, managers in different divisions are involved in the execution of the Sustainability Strategy aimed at strengthening our actions and at defining our objectives, mission, and vision on economic, social and environmental issues. The Corporate Affairs Division is the area in charge of the strategy and is responsible for communicating all relevant issues to the Board of Directors Committees. It also coordinates the dialogue with the stakeholders and approves the annual Sustainability Report.

## BOARD OF DIRECTORS

The Board of Directors is Coca-Cola FEMSA's top governing body, and it includes 21 directors and 19 alternate directors who, based on their experience and expertise, are elected and confirmed by the shareholders to carry out their functions as members of the Board. Assignments are made as follows:

SERIES A SHAREHOLDERS	SERIES D SHAREHOLDERS	SERIES L SHAREHOLDERS
Name 13 directors and their alternates.	Name five directors and their alternates.	Name three directors and their alternates.

In accordance to what is specified in our bylaws, the Board meets at least four times a year. The information resulting from these meetings is communicated to the managing team to ensure it permeates through the whole company.

For more information on our Corporate Governance, please view the Coca-Cola FEMSA 2016 Annual Report and Form 20F, both of which are available at: <https://www.coca-colafemsa.com/investors/bmv-sec-filings.html>



## BOARD OF DIRECTORS COCA-COLA FEMSA

NAME	POSITION	YEARS AS DIRECTOR	ALTERNATE
<b>APPOINTED BY THE SERIES A SHAREHOLDERS</b>			
José Antonio Fernández Carbajal <sup>4</sup>	Chairman of the Board of Directors, Coca-Cola FEMSA, and Executive Chairman of the Board of Directors, FEMSA	24	Bárbara Garza Lagüera Gonda
Carlos Salazar Lomelín	Chief Executive Officer, FEMSA	17	Max Michel González
Miguel Eduardo Padilla Silva <sup>1</sup>	Chief Financial and Corporate Officer, FEMSA	1	Paulina Garza Lagüera Gonda
Javier Gerardo Astaburuaga Sanjines	Vice-President, Corporate Development, FEMSA	11	Francisco José Calderón Rojas
Federico Reyes García <sup>1</sup>	Independent Consultant	25	Alejandro Bailleres Gual
John Anthony Santa María Otazua	Chief Executive Officer, Coca-Cola FEMSA	3	Héctor Treviño Gutiérrez
Mariana Garza Lagüera Gonda	Private Investor	8	Alfonso Garza
Ricardo Guajardo Touché <sup>1</sup>	Chairman of the Board of Directors, SOLFI, S.A.	24	Daniel Alberto Rodríguez Cofré
Alfonso González Migoya <sup>2</sup>	Chairman of the Board of Directors, Controladora Vuela Compañía de Aviación, S.A.B. de C.V. (Volaris)	11	Ernesto Cruz Velázquez de León <sup>2</sup>
Enrique F. Senior Hernández <sup>1</sup>	Managing Director, Allen & Company, LLC	13	Herbert Allen III
Alfredo Livas Cantú <sup>3</sup>	Chairman, Praxis Financiera, S.C.	3	Jaime El Koury
Daniel Servitje Montull <sup>3</sup>	Chairman of the Board and Chief Executive Officer, Grupo Bimbo	19	Sergio Deschamps Ebergenyi
José Luis Cutrale	Chief Executive Officer, Sucroctrico Cutrale, Ltda.	13	José Luis Cutrale, Jr
<b>APPOINTED BY THE SERIES D SHAREHOLDERS</b>			
José Octavio Reyes Lagunes	<i>Vice-President, The Coca-Cola Company</i>	1	Robin Moore
Irial Finan <sup>1</sup>	Executive Vice-President and President, Investments in Bottling Companies and Supply Chain, The Coca-Cola Company	13	Sunil Ghatnekar
Charles H. McTier <sup>2</sup>	Manager, Robert W. Woodruff Foundation	19	-
Kathy Waller	Executive Vice-President and Chief Financial Officer, The Coca-Cola Company	2	Gloria Bowden
Eva María Garza Lagüera Gonda	Private Investor	2	Luis Rubio Freidberg <sup>3</sup>
<b>APPOINTED BY THE SERIES L SHAREHOLDERS</b>			
Robert A. Fleishman Cahn*	Chief Executive Officer, Grupo Tampico, S.A.P.I. de C.V.	5	Herman Harris Fleishman Cahn
José Manuel Canal Hernando <sup>2</sup>	Private Consultant	14	Luis A. Nicolau Gutiérrez <sup>3</sup>
Francisco Zambrano Rodríguez <sup>2</sup>	Chief Executive Officer, Verterrak, S.A.P. de C.V. and Vice-President of the Board, Desarrollos Inmobiliarios y de Valores, S.A. de C.V. (DIV)	14	Karl Frei Buechi <sup>3</sup>
<b>SECRETARY</b>			
Carlos Eduardo Aldrete Ancira	General Counsel, FEMSA	24	Carlos Luis Díaz Sáenz

The Board of Directors made the decision to separate the positions of Chairman of the Board of Directors and Chief Executive Officer, and ratified José Antonio Fernández Carbajal as Executive Chairman of the Board of Directors and named John Anthony Santa María Otazua as Chief Executive Officer. Consequently, the chairman of the highest governing body does not hold a position at Coca-Cola FEMSA.

\* Independent Director

<sup>1</sup> Member of the Planning and Finance Committee

<sup>2</sup> Member of the Audit Committee

<sup>3</sup> Member of the Corporate Practices Committee

# MANAGEMENT TEAM<sup>1</sup> AND PARTICIPATION IN THE SUSTAINABILITY STRATEGY

John Anthony Santa Maria Otazua

**Chief Executive Officer**

Supervise and ensure that the Strategic Sustainability Framework is implemented in Coca-Cola FEMSA, aligning business priorities to fulfill the purpose of creating economic, social, and environmental value.

Ernesto Javier Silva  
Almaguer  
**Mexico**  
**Division Officer**

Rafael Alberto Suárez  
Olaguibel  
**Latin America**  
**Division Officer**

Ian Marcel Craig  
García  
**Brazil**  
**Division Officer**

Washington Fabricio  
Ponce García  
**CEO, Coca-Cola**  
**FEMSA**  
**Philippines, Inc.**

Supervise and ensure that the Strategic Sustainability Framework is implemented at the operations that make up the Division.

Héctor Treviño Gutiérrez

**Chief Financial Officer**

Responsible for Finance, Legal, and Sustainable Sourcing

Alejandro Javier Duncan Ancira

**Supply Chain and Engineering Officer**

Responsible for the Our Planet Pillar

Tanya Cecilia Avellán Pinoargote

**Strategic Planning, Information Technologies, and Commercial Development Officer**

Responsible for integrating the Strategic Sustainability Framework in the Business Strategy

Raymundo Yutani Vela

**Human Resources Officer**

Responsible for the Our People Pillar

José Ramón Martínez Alonso

**Corporate Affairs Officer**

Responsible for the Strategic Sustainability Framework and the Our Community Pillar

Eduardo Guillermo Hernández Peña

**New Business Officer**

Responsible for implementing the Strategic Sustainability Framework in the New Business division

<sup>1</sup> As of fiscal year-end, December 31st 2016.

Compensation for all Executive Directors includes a benefits plan on the same basis of that of the rest of the associates. Their economic remuneration is composed of a fixed amount and a variable amount that is calculated using the Economic Value Added (EVA) methodology, which combines quantitative and qualitative performance goals. Our Strategic Sustainability Framework and the company's 2020 goals are included in our associates performance goals.

The Board of Directors is supported by three Committees and one Consulting Council for decision making in issues referring to: risk evaluation; internal controls; internal and external audits; financial reports; compliance with all laws and regulations, legal aspects, and contingencies.

## PLANNING AND FINANCES COMMITTEE

Its goal is to agree, in collaboration with management, on annual and long-term strategic and financial plans. It also determines the optimal capital structure for the company, whether to issue shares and/or debt, and it reviews potential financial risks.

## AUDIT COMMITTEE

Is responsible for ensuring the reliability and integrity of the company's quarterly and annual financial information; for naming, compensating, retaining, and supervising independent auditors; and to monitor grievances or complaints—confidential and anonymous—referring to internal accounting or audit matters. In accordance to applicable law, its members are all independent directors.

## CORPORATE PRACTICES COMMITTEE

Like the Audit Committee, the members of this committee are all independent directors, who have the responsibility to prevent or reduce risks in the operations which could harm the company's value or benefit a particular group of shareholders. It is also responsible for approving policies on transactions with related parties and monetary compensation for the Chief Executive Officer and other relevant executives.

## CONSULTING COUNCIL

Its main role is to advise on and suggest initiatives to the Board of Directors through the CEO. Its members are former shareholders of several bottlers that have merged with the company and whose experience adds value to our company.

## RISKS

Our company is present in different countries and regions all over the world, and this means we are always exposed to an environment that is full of challenges and risks. Our strategy includes a **Comprehensive Risk Management Process** through which we are able to identify, measure, register, assess, prevent and/or mitigate risks.

Risks are assessed and integrated into Coca-Cola FEMSA's planning and management processes in the following manner:

1. Board of Directors and Chief Executive Officer
2. Internal Control Risk Assessment Process
3. Regulatory Committees
4. Methodology to Handle Incidents and Crisis Resolution
5. Analysis of the Planning and Business Plan Cycle

First, we review with the Board of Directors and the Chief Executive Officer, as well as the external and internal auditors, the key risk factors that could have an effect on our operations and assets, and we determine whether these have been correctly identified, controlled, and considered by both auditing programs.

The Internal Control Risk Assessment Process across the company uses the Business Risk Assessment tool to document in detail the information obtained by our operations, by country and corporate level, pertaining to risk assessment. The tool generates, by taking into consideration the impact and probability of potential risks, a priority map for each identified risk. It also makes sure that the same procedures are used to identify, assess, and prioritize risks; correspondingly, it contributes to facilitating the process to consolidate the information that will be communicated to different levels of the organization and the connection with the scope of our strategic goals for the short, medium, and long-term. The results of this process are considered when the company's annual business plans are being drafted, ensuring that our actions are focused on identified risks.

Additionally, the Regulatory Affairs division carries out an annual process to determine the risks for each of the operations by means of Regulatory Committees. The process includes four risk categories that have been identified as our priorities: Strategic, Operations, Compliance, and Financial. Each country is assessed based on their own local priority risks, and the information is used as an input by the Internal Control division, which then consolidates all the risks for Coca-Cola FEMSA.

On the other hand, the Corporate Communications division has a risk management process in place: the Methodology to Handle Incidents and Crisis Resolution, through which potential risks are permanently being assessed and which responds to the risks and crises that company faces. The takeaways from this process complement the development of our global risk assessment.

To define the Business Plan for each operation we carry out an Analysis of the Planning Cycle, a complete risk planning process additional to the before mentioned processes. Afterwards, the Strategic Sustainability Framework incorporates the annual goals, the 2020 Goals, the budget, and other specific programs. In the end, the Business Plan and the Sustainability Plan are aligned, and both take into consideration our Risk Management Process.

Some of the risks we have identified are:

- Since our business is subject to its relationship with The Coca-Cola Company, changes in the latter could affect us.
- Changes in consumer preferences and public concern with health could reduce the demand for some of our products.
- Brand reputation or brand violations.
- Our competition could have an adverse effect on our financial performance.
- Water scarcity or failure to maintain our current water concessions.
- The increase in the price of the raw materials we use to manufacture our products could have an effect on production costs.
- Taxes and changes in regulations in the regions where we are present.
- Unfavorable results of legal proceedings.
- Adverse climate conditions could have an effect on our balance.
- There is a chance that we could not be successful in integrating new acquisitions, which could affect our efficiencies in operations.

In order to address and mitigate social and environmental risks, we have developed different initiatives. In 2015, we started implementing our Model for Addressing Risks and Relations with the Community (MARRCO) through which we are installing and enabling a social intelligence methodology that is included in the business strategy and operating plans at every work center. This methodology includes five steps that help us mitigate and manage risks in the communities with which we interact.

In collaboration with the FEMSA Foundation, we implemented a water risk assessment methodology that contemplates aspects such as climate change, resilience to hydrological stress, media and social vulnerabilities, as well as regulations and production volumes for each of our bottling plants.

In 2016, at Coca-Cola FEMSA we developed the Water Risk Index that includes four issues that need to be assessed: Community and Public Perception Risks, Scarcity of Water and other Inputs, Regulatory Risks, and Legal Risks, for each of our bottling plants. As of this date, this index is the basis for building comprehensive action plans and for managing water at 14 plants.

## STAKEHOLDERS

We maintain a permanent and open communication channel with 10 stakeholders with whom we interact, identified on the basis of the materiality assessment we carried out in 2012. This communication helps us understand the interests and concerns of the people who are directly or indirectly related to our business activities. We select the stakeholders based on their relationship with each aspect of our value chain, the impacts that have to do with our operations, and the importance they hold as part of our purpose of creating shared value.

In 2016, we held two open dialogue sessions on sustainability with representatives from the environmental and social sectors to get to know their opinions with respect to Coca-Cola FEMSA's communications on sustainability issues. Our main goal was to understand the perception experts have on the measures we are implementing, their impact, how they influence society, and the areas for improvement they perceive. Conclusions from these sessions are a valuable input to improve the way in which we do things and how we communicate the most relevant sustainability issues of our operation.

	Whistleblower System	01-800 Number	e-mail / website	Working environment survey	Community studies	Dialogue meetings	Participation in forums	Area responsible for responding	Main issues identified
Associates and their Families								Human Resources	Business philosophy, work culture, labor relations.
Community								Corporate Affairs, Commercial, Human Resources	Community development programs, portfolio of products, job openings, safety at the work centers.
Clients and Consumers								Commercial, Marketing	Different information requests, portfolio of products, job openings, sponsorships, technical assistance, and sales.
Suppliers								Procurement	Commercial relationships.
Shareholders and Investors								Investor Relations	Financial results, company strategy, investment plans, economic prospects.
Authorities and Business Associations								Corporate Affairs	Collaboration in community development initiatives and environmental stewardship.
Unions								Human Resources	Negotiations for collective bargaining contracts, labor relations.
Civil Society Organizations								Corporate Affairs	Joint projects.
Communications Media								Corporate Affairs	Business strategy, financial results, community development programs and environmental stewardship, institutional positioning.
Education Institutes								Human Resources, Corporate Affairs	Joint projects, academic advice, research, training.

Permanent      Biannual      Variable

## CUSTOMER SATISFACTION

Since we wish to understand the expectations our clients and consumers have, we make available to them a client 1-800 number that is printed on our packaging and posted on our website in order to keep our relationship with them up to date.

Additionally, in order to develop improvement plans for each territory in which we are present, we carry out studies and market research to try to understand how we can improve customer satisfaction.

## AWARDS AND RECOGNITIONS

We are proud to have received in 2016 several national and international distinctions, awards, and recognitions related to our sustainability practices, not only for how we operate but also as a result of the projects that focus on improving, Our Planet, the wellbeing of Our People and Our Community in every one of the countries where we are present.

For the fourth consecutive year we were included in the Dow Jones Sustainability Index, and we have been among the top companies in the Sustainability Index of the Mexican Stock Exchange for six years. Additionally, Vigeo-Eiris included us in its Emerging Market 70 Ranking, which recognizes companies with the best environmental, social, and corporate governance performance in emerging markets. We are also listed in the FTSE4Good Emerging Index because of our social responsibility practices that take into consideration the environment and respect for human rights.

In Mexico, for 12 consecutive years, we have obtained the Socially Responsible Company distinction granted by the Mexican Philanthropy Center (CEMEFI) in collaboration with AliRSE, and the Mexican Department of Labor and Social Welfare granted us the Gilberto Rincón Gallardo Inclusive Company Award.

For the support we offered in Argentina during the Feria Cooperadora de Acción Social (COAS) de las Naciones, that raises funds for buying medical equipment for public hospitals, we received the COAS a la Solidaridad Award. On the other hand, the Deputy Ministry for Hábitat and Inclusion of the Buenos Aires city government, granted us the Award for Best Comprehensive Practices in Social Responsibility for the work we did in the informal homes and barrios in this city.

The local municipality of Fontibón, in Colombia, gave us the Entrepreneurial Connection Award; in Nicaragua, the American Nicaraguan Foundation granted us with a support and participation certificate for the Huellas de la Esperanza walk; and in Panama we received a recognition for donating funds for the local integration for refugees that is organized by the Panama Red Cross.

In Mexico, the Federal Environmental Protection Agency (PROFEPA) recognized our plant in Morelia with the Level 2 Clean Industry certification, and offered our Cuernavaca and Coatepec facilities the Level 1 Clean Industry certification. The Industry Federation of São Paulo in Brazil granted us the Prêmio FIESP de Preservação e Re-uso de Água pela Indústria for our sustainable practices in water conservation, and The Coca-Cola Company gave us the Trófeu Planeta Co-ca-Cola for the project on renewable energy that we developed in that country. In the Philippines, the city of Mandaue, gave us their Green Manufacturing distinction for our responsible environmental practices related to water conservation.



## BUSINESS ENGAGEMENT

We are interested in promoting and exchanging best practices in Sustainability, and we actively participate in associations and organisms of the countries where we are present.

<b>COCA-COLA FEMSA BUSINESS ENGAGEMENT</b>	
<b>COCA-COLA FEMSA</b>	Alianza Latinoamericana de Asociaciones de Industria de Alimentos y Bebidas (ALAIAB)
	American Beverage Association (ABA)
	APEC Business Advisory Council (ABAC)
	Business Industry Advisory Council (BIAC)
	International Chamber of Commerce (ICC)
	International Council of Beverages Associations (ICBA)
	World Environment Center (WEC) <sup>2</sup>
<b>ARGENTINA</b>	Asociación de Fabricantes Argentinos de Coca-Cola (AFACC) <sup>1</sup>
	Cámara Argentina de la Industria de Bebidas sin Alcohol (CADIBSA) <sup>1</sup>
	Cámara de Comercio Argentino Mexicana <sup>1</sup>
	Coordinadora de las Industrias de Productos Alimenticios (COPAL)
<b>BRAZIL</b>	<i>Associação Brasileira das Indústrias de Refrigerantes e de Bebidas Não Alcoólicas</i> (ABIR) <sup>1</sup>
	<i>Associação Brasileira de Indústria de Água Mineral</i> (ABINAN/SINDNAN) <sup>1</sup>
	<i>Associação Brasileira dos Anunciantes</i> (ABA)
	<i>Associação Internacional Voltada para o Marketing no Varejo</i> (POPAI)
	<i>Associação Paulista de Supermercado</i> (APAS) <sup>1</sup>
	Cámara Mexicana de Comércio <sup>1</sup>
	Compromiso Empresarial para a Reciclagem (CEMPRE)
Sindicato das Indústrias de Bebidas do Estado do Paraná (Sindibebidas) <sup>1</sup>	
<b>COLOMBIA</b>	Asociación de Industriales de Tocancipá (ASIENORTE) <sup>1</sup>
	Asociación Nacional de Empresarios de Colombia (ANDI) <sup>1</sup>
	Federación Nacional de Comerciantes (FENALCO), Bogotá
<b>COSTA RICA</b>	<i>American Chamber</i> (AMCHAM) Costa Rica
	Asociación de Empresarios para el Desarrollo (AED)
	Cámara Comercio Costa Rica Mexico
	Cámara Costarricense de Industria Alimentaria (CACIA)
	Cámara Industrias Costa Rica
Unión Costarricense de Cámaras y Asociación Sector Empresarial (UCCAEP)	
<b>PHILIPPINES</b>	<i>Beverage Industry Association of the Philippines</i> <sup>1</sup>
<b>GUATEMALA</b>	<i>American Chamber</i> (AMCHAM) Guatemala
	Cámara Comercio de Guatemala
	Cámara Comercio e Industrias Guatemala Mexico
	Cámara Industrias de Guatemala
	Gremial de Alimentos de Guatemala
	Gremial de Embotelladores de Guatemala <sup>1</sup>
<b>MEXICO</b>	Asociación de Embotelladores Coca-Cola (ASCOCA) <sup>1</sup>
	Asociación Nacional de Productores de Refrescos y Aguas (ANPRAC)
	Cámara de la Industria de la Transformación (CANACINTRA)
	Centro Mexicano para la Filantropía (CEMEFI)
	Comisión de Estudios para el Desarrollo Sustentable del Consejo Coordinador Empresarial (CESPEDES) <sup>2</sup>
	Confederación de Cámaras Industriales (CONCAMIN)
	Confederación Patronal de la República Mexicana (COPARMEX)
	Consejo Coordinador Empresarial (CCE)
	Consejo Mexicano de la Industria de Productos de Consumo (CONMEXICO) <sup>1</sup>
	Ecología y Compromiso Empresarial, A.C. (ECOCE) <sup>1</sup>
	Fondo Mexicano para la Conservación de la Naturaleza (FMCN) <sup>1</sup>
	Iniciativa GEMI (Global Environmental Management Initiative)
<b>NICARAGUA</b>	<i>American Chamber</i> (AMCHAM) Nicaragua
	Cámara Comercio Nicaragua <sup>1</sup>
	Cámara Comercio Nicaragua Mexico
	Cámara Industrias Nicaragua
<b>PANAMA</b>	Cámara Comercio e Industria Panama Mexico
	Cámara Comercio Panama
	Sindicato de Industriales de Panama
	<i>American Chamber</i> (AMCHAM) Panama
<b>VENEZUELA</b>	Asociación de Industriales y Comerciantes de los Cortijos y los Ruices (ASICOR)
	Asociación Nacional de Bebidas Refrescantes (ANBER)
	Cámara de Comercio e Industria Venezolana Mexicana (CAVEMEX)
	Cámara Venezolana Americana de Comercio e Industria (Venancham)
	Cámara Venezolana de la Industria de Alimentos (CAVIDEA) <sup>1</sup>

<sup>1</sup> Participation in the Governing Body

<sup>2</sup> Participation of FEMSA or The Coca-Cola Company in the Governing Body

# ABOUT OUR REPORT

From our headquarters in Mexico City, we present the ninth annual edition of Coca-Cola FEMSA's 2016 Sustainability Report, with information pertaining to the period between January 1st to December 31st, 2016. It includes data from all the countries in which Coca-Cola FEMSA, S.A.B. de C.V. has operations or a majority share: Argentina, Brazil, Colombia, Costa Rica, Guatemala, Mexico, Nicaragua, Panama, Philippines, and Venezuela.

This document was drafted in adherence to the guidelines of the Global Reporting Initiative (GRI), version G4, complying with the in accordance Core disclosures, and with the indicators of the Sector Supplement for the Food Processing Sector of the same guide. Furthermore, this Report complements our Communications on Progress (COP) to the United Nations Global Compact included by FEMSA in its 2016 report. We use the information provided by the responsible parties at the date this report was drafted.

Information concerning the reformulation of data is described throughout the document; the scope of the document is limited to our operations and does not include information on the following: joint ventures; companies where we have a minority share; operations acquired less than a year ago; operations of our suppliers or external entities. The exchange rate for investments in local currency was the average for the January-December 2016 period.

Deloitte carried out the external assessment of 82 of the indicators presented. The document was developed by Allant Consultores and the graphic content was developed by Generador Estudio Gráfico.

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

## ACKNOWLEDGMENTS

Rodrigo Simonato Centro de Excelencia TI José Antonio López Centro de Excelencia Distribución y Logística Catherine Reuben Transporte Planeación y Atracción de Talento Capacitación Juan Carlos Cortés Eduardo Romero Francisco Suárez Hernández Salud y Seguridad Ocupacional Relación con Inversionistas Sarah Orellana Adriana de Oliveira Héctor Armando Fernandez Manuel Felipe Rodriguez Cultura Mariana Parma Jessica Jiménez Desarrollo Laboral Desarrollo Laboral José Alfonso Rivera Alejandro Fernandez Gallardo René Luna Gabriela Anaya Fernando Simón Raquel Rojas FEMSA Logística Compensaciones Luis Alba Lambert Centro de Excelencia Manufactura José Ramón Martínez Andrea Galarraga Lady Diaz Silvia Barrero Aurea Patiño Maria Dyla Castro Henry Oswaldo Astudillo Tania Ramírez Juan Lorenzo Tañada Diversidad e Inclusión Michelle Larraguivel Mikaela Lopez Guadalupe Riquelme Imbera Edgar Palacios Empacotecnia The Coca-Cola Company Legal Carolina Araya Oscar Rubio Francisco Hinojosa Alma Vargas Plantas Mayte Bush Jose Martín del Campo Centros de Distribución Marcela Fresnedo Gabriela Diaz del Castillo Hector Aburto Administración y Finanzas Jose Francisco Martínez López Claudia Latapí Tania Cordero Romero Desarrollo Social Luis Fuentes Cadena de Suministro Carmen Meza Asuntos Corporativos Paola López Sostenibilidad FEMSA Ricardo Gallardo Deborah Gutierrez Paula Uribe Omar Mérida Marlene Castillo Planeación Estratégica Ana Cecilia Martínez Hervey Lagunes Mariana Collado Jessica Ponce Comunicación Interna Rebeca de la Torre Judith Santana Indicadores RRHH Jorge Antonio Alanis Perla Islas Abastecimiento Sostenible Wanessa Scabora Dolores Rey Birly Hernández Arelly Belmont Luis Darío Ochoa Germán Pennimpepe Salvador Trejo Comercial y Mercadotecnia Aldana Solano Desarrollo Organizacional Raúl Nateras Daniele Rodrigues Alerick Monter Maria Fernanda García Jordi Cueto-Felgueroso Arocha Jose Eduardo Maupomé Marina Rodríguez Cinthya Fuentes Esquinca Sergio Moreno Comunicación Externa FEMSA Rommin Díaz Centro de Excelencia Comercial Jorge Collazo Gerardo Bolaños Cacho Rosy Zavala Daniel Rodríguez Demerutis Cecilia Villamil Ana Elizondo Eduardo Lacerda Mario Guemez Teresa Dominguez Rodrigo Simonato Centro de Excelencia TI José Antonio López Centro de Excelencia Distribución y Logística Catherine Reuben Transporte Planeación y Atracción de Talento Capacitación Juan Carlos Cortés Eduardo Romero Francisco Suárez Hernández Salud y Seguridad Ocupacional Relación con Inversionistas Sarah Orellana Adriana de Oliveira Héctor Armando Fernandez Manuel Felipe Rodriguez Cultura Mariana Parma Jessica Jiménez Desarrollo Laboral Desarrollo Laboral José Alfonso Rivera Alejandro Fernandez Gallardo René Luna Gabriela Anaya Fernando Simón Raquel Rojas FEMSA Logística Compensaciones Luis Alba Lambert Centro de Excelencia Manufactura José Ramón Martínez Andrea Galarraga Lady Diaz Silvia Barrero Aurea Patiño Maria Dyla Castro Henry Oswaldo Astudillo Tania Ramírez Juan Lorenzo Tañada Diversidad e Inclusión Michelle Larraguivel Mikaela Lopez Guadalupe Riquelme Imbera Edgar Palacios Empacotecnia The Coca-Cola Company Legal Carolina Araya Oscar Rubio Francisco Hinojosa Alma Vargas Plantas Mayte Bush Jose Martín del Campo Centros de Distribución Marcela Fresnedo Gabriela Diaz del Castillo Hector Aburto Administración y Finanzas Jose Francisco Martínez López Claudia Latapí Tania Cordero Romero Desarrollo Social Luis Fuentes Cadena de Suministro Carmen Meza Asuntos Corporativos Paola López Sostenibilidad FEMSA Ricardo Gallardo Deborah Gutierrez Paula Uribe Omar Mérida Marlene Castillo Planeación Estratégica Ana Cecilia Martínez Hervey Lagunes Mariana Collado Jessica Ponce Comunicación Interna Rebeca de la Torre Judith Santana Indicadores RRHH Jorge Antonio Alanis Perla Islas Abastecimiento Sostenible Wanessa Scabora Dolores Rey Birly Hernández Arelly Belmont Luis Darío Ochoa Germán Pennimpepe Salvador Trejo Comercial y Mercadotecnia Aldana Solano Desarrollo Organizacional Raúl Nateras Daniele Rodrigues Alerick Monter Maria Fernanda García Jordi Cueto-Felgueroso Arocha Jose Eduardo Maupomé Marina Rodríguez Cinthya Fuentes Esquinca Sergio Moreno Comunicación Externa FEMSA Rommin Díaz Centro de Excelencia Comercial Jorge Collazo Gerardo Bolaños Cacho Rosy Zavala Daniel Rodríguez Demerutis Cecilia Villamil Ana Elizondo Eduardo Lacerda Mario Guemez Teresa Dominguez

## GRI CONTEXT INDEX G4

G4	PAGE	DESCRIPTION	EXTERNAL ASSURANCE
<b>STRATEGY AND ANALYSIS</b>			
G4-1	2, 3	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	•
G4-2	2, 42, 75	Description of key impacts, risks, and opportunities.	•
<b>COMPANY OVERVIEW</b>			
G4-3	80	Name of the organization.	•
G4-4	Cover, 5, 10	Primary brands, products, and services.	•
G4-5	80	Location of the organization's headquarters.	
G4-6	Forros, 80	Number of countries where the organization operates.	•
G4-7	80	Nature of ownership and legal form.	
G4-8	Forros, 16, 17	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	•
G4-9	1, 17	Scale of the organization (including: total number of employees, total number of operations, net sales, total capitalization broken down in terms of debt and equity, quantity of products or services provided).	
G4-10	Cover, 1, 2, 32, 33	Total number of employees by employment contract, employment type, gender, and region.	•
G4-11	33	Percentage of total employees covered by collective bargaining agreements.	
G4-12	Cover, 12, 13	Organization's supply chain.	•
G4-13	80	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	
<b>PARTICIPATION IN EXTERNAL INITIATIVES</b>			
G4-14	7	Organization's approach to the precautionary principle, if it applies.	
G4-15	51, 80	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	
G4-16	80	Memberships of national or international associations and advocacy organizations.	•
<b>MATERIAL AND BOUNDARY ASPECTS</b>			
G4-17	17	Entities included in the organization's consolidated financial statements.	
G4-18	7	Process for defining report content.	
G4-19	7	List of material aspects identified in the process for defining report content.	
G4-20	7, 51	For each material Aspect, report the Aspect Boundary within the organization: boundary / limitations on the scope or boundary / Include information for joint ventures.	
G4-21	7, 51	For each material Aspect, report the Aspect Boundary outside the organization: boundary / limitations on the scope or boundary / Include information for joint ventures.	
G4-22	80	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	
G4-23	80	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	
<b>STAKEHOLDER ENGAGEMENT</b>			
G4-24	77	Provide a list of stakeholder groups engaged by the organization.	•
G4-25	77	Report the basis for identification and selection of stakeholders with whom to engage.	•
G4-26	76, 77	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	•
G4-27	76, 77	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	
G4-28	80	Reporting period (such as fiscal or calendar year) for information provided.	
G4-29	80	Date of most recent previous report (if any).	
G4-30	80	Reporting cycle (such as annual, biennial).	
G4-31	97	Contact point for questions regarding the report or its contents.	
<b>GRI INDEX</b>			
G4-32	80, 82	Report the 'in accordance' option the organization has chosen.	•
G4-33	80, 95	Report the organization's policy and current practice with regard to seeking external assurance for the report.	•
<b>GOVERNMENT</b>			
G4-34	73, 74, 75	Describe the governance structure of the organization.	•

G4-35	72, 74	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	•
G4-36	74	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	•
G4-37	74, 77	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics.	•
G4-38	73, 74	Report the composition of the highest governance body and its committees.	•
G4-39	73	Report whether the Chair of the highest governance body is also an executive officer.	•
G4-40	73	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	
G4-41	73	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed.	
<b>ROLE OF THE HIGHEST GOVERNANCE BODY IN ESTABLISHING THE ORGANIZATION'S PURPOSES, VALUES, AND STRATEGY.</b>			
G4-42	73, 74	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	•
<b>ASSESSMENT OF THE COMPETENCIES AND PERFORMANCE OF THE HIGHEST GOVERNANCE BODY</b>			
G4-43	73	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	
G4-44	73	Report the processes for evaluation of the highest governance body's performance.	
<b>ROLES OF THE HIGHEST GOVERNANCE BODY IN RISK MANAGEMENT</b>			
G4-45	75	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities.	•
G4-46	75	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	
G4-47	72, 76	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	•
<b>ROLE OF THE HIGHEST GOVERNANCE BODY IN DRAFTING THE SUSTAINABILITY REPORT</b>			
G4-48	72	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	•
<b>ROLES OF THE HIGHEST GOVERNANCE BODY IN ASSESSING THE ECONOMIC, SOCIAL, AND ENVIRONMENTAL PERFORMANCE</b>			
G4-49	75, 76	Report the process for communicating critical concerns to the highest governance body.	•
G4-50	75	Report the nature and total number of critical concerns that were communicated to the highest governance body.	
<b>RETIBUTION AND INCENTIVES</b>			
G4-51	73	Report the remuneration policies for the highest governance body and senior executives.	
G4-52	31, 73	Report the process for determining remuneration.	
G4-53	Información confidencial	Report how stakeholders' views are sought and taken into account regarding remuneration.	
G4-54	Información confidencial	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	
G4-55	Información confidencial	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	
<b>ETHICS AND INTEGRITY</b>			
G4-56	21, 25	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	
G4-57	25	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	
G4-58	25	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	

G4	PAGE	DESCRIPTION	OMISSIONS	EXTERNAL ASSURANCE	THE UNITED NATION'S GLOBAL COMPACT PRINCIPLES
<b>ECONOMIC PERFORMANCE</b>					
G4-EC1	17	Direct economic value generated and distributed.			
G4-EC2	51	Financial implications and other risks and opportunities for the organization's activities due to climate change.			7
G4-EC3	31	Coverage of the organization's defined benefit plan obligations.			
G4-EC4		Financial assistance received from governments.	No financial assistance was received from governments.		1
<b>Market presence</b>					
G4-EC5		Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Confidential information		
G4-EC6	33	Proportion of senior management hired from the local community at significant locations of operation.			
<b>Indirect Economic Impacts</b>					
G4-EC7	57	Indirect Economic Impacts		An investment of USD\$4.86 million in 2016.	
G4-EC8	1	Entendimiento y descripción de los impactos económicos indirectos significativos, incluyendo el alcance de dichos impactos.		•	
<b>Procurement Practices</b>					
G4-EC9		Proportion of spending on local suppliers at significant locations of operation.	Confidential information		
<b>ENVIRONMENTAL PERFORMANCE</b>					
<b>Materials</b>					
G4-EN1	61	Materials used by weight or volume.		•	
G4-EN2	61	Percentage of materials used that are recycled input materials.		•	7 and 8
<b>Energy</b>					
G4-EN3	65	Energy consumption within the organization.		•	8
G4-EN4	65	Energy consumption outside of the organization.		•	8
G4-EN5	65	Energy intensity.		•	
G4-EN6	65	Reduction of energy consumption.		•	8
G4-EN7	65	Reductions in energy requirements of products and services.	Does not apply		8 and 9
<b>Water</b>					
G4-EN8	53	Total water withdrawal by source.		•	7 and 8
G4-EN9	53	Water sources significantly affected by withdrawal of water.			
G4-EN10	53	Percentage of total volume of water recycled and reused.		•	8 and 9
<b>Biodiversity</b>					
G4-EN11	53	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high Biodiversity value outside protected areas.			
G4-EN12	53	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.			
G4-EN13	53	Habitats protected or restored.			7 and 8
G4-EN14		Total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations, by level of extinction risk.	Does not apply		
<b>Emissions</b>					
G4-EN15	65	Direct GHG emissions (Scope 1).		•	8
G4-EN16	65	Energy indirect GHG emissions (Scope 2).		•	8
G4-EN17	65	Other indirect GHG emissions (Scope 3).		•	8
G4-EN18	65	GHG emissions intensity.		•	8 and 9
G4-EN19	65	Reductions of GHG emissions.			7 and 8
G4-EN20		Emissions of ozone-depleting substances (ODS).			
G4-EN21	65	NOx, SOx, and other significant air emissions.			
<b>Effluents and waste</b>					
G4-EN22	53	Total water discharge by quality and destination.		•	
G4-EN23	71	Total weight of waste by type and disposal method.		•	8

G4	PAGE	DESCRIPTION	OMISSIONS	EXTERNAL ASSURANCE	THE UNITED NATION'S GLOBAL COMPACT PRINCIPLES
G4-EN24		Total number and volume of significant spills.	There were no spills.		8
G4-EN25	71	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention <sup>2</sup> , and percentage of transported waste shipped internationally.			
G4-EN26	53	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.			8
<b>Products and services</b>					
G4-EN27	53, 61, 65	Extent of impact mitigation of environmental impacts of products and services.		•	7
G4-EN28	61	Percentage of products sold and their packaging materials that are reclaimed by category.		•	8
<b>Compliance</b>					
G4-EN29	89*	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.			8
<b>Transport</b>					
G4-EN30	65	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.			7 and 8
<b>General</b>					
G4-EN31	51	Total environmental protection expenditures and investments by type.		•	
<b>Supplier Environmental Assessment</b>					
G4-EN32	47	Percentage of new suppliers that were screened using environmental criteria.		•	
G4-EN33	47	Significant actual and potential negative environmental impacts in the supply chain and actions taken.		•	7 and 8
<b>Environmental Grievance Mechanisms</b>					
G4-EN34		Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	There were no claims	•	8
<b>LABOR PRACTICES AND DECENT WORK</b>					
<b>Employment</b>					
G4-LA1	32, 33	Total number and rate of new employee hires and employee turnover by age group, gender, and region.		•	
G4-LA2	27, 31	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.			6
G4-LA3	33	Return to work and retention rates after parental leave, by gender.			
<b>Relationships between workers and management</b>					
G4-LA4	31	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements			1 and 3
<b>Occupational health and safety</b>					
G4-LA5	27	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.			3
G4-LA6	29	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.		•	1
G4-LA7		Workers with high incidence or high risk of diseases related to their occupation.	Confidential information		
G4-LA8	27	Health and safety topics covered in formal agreements with trade unions.			
<b>Training and Education</b>					
G4-LA9	30	Average hours of training per year per employee by gender, and by employee category.		•	1
G4-LA10	21	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		•	

G4	PAGE	DESCRIPTION	OMISSIONS	EXTERNAL ASSURANCE	THE UNITED NATION'S GLOBAL COMPACT PRINCIPLES
G4-LA11	21	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.			
<b>Diversity and Equal Opportunity</b>					
G4-LA12	2, 32, 33	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.		•	
<b>Equal remuneration for men and women</b>					
G4-LA13	31	Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.			1 and 6
<b>Supplier Assessment for Labor Practices</b>					
G4-LA14	48	Percentage of new suppliers that were screened using labor practices criteria		•	1 and 6
G4-LA15	48	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.		•	6
<b>Labor Practices Grievance Mechanisms</b>					
G4-LA16	25	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.			
<b>HUMAN RIGHTS</b>					
<b>Investment</b>					
G4-HR1	47	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.			1, 2, 3, 4, 5 and 6
G4-HR2	25, 30	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.		•	
<b>Non-discrimination</b>					
G4-HR3	25	Total number of incidents of discrimination and corrective actions taken.		•	1, 2, 4 and 5
<b>Freedom of association and collective bargaining</b>					
G4-HR4	25	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.		•	1, 2 and 6
<b>Child Labor</b>					
G4-HR5	25	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.		•	1, 2, 4 and 5
<b>Forced or Compulsory Labor</b>					
G4-HR6	25	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.		•	1, 2, 4 and 5
<b>Security Practices</b>					
G4-HR7	25, 31	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.			1, 2 and 4
<b>Indigenous Rights</b>					
G4-HR8	25	Total number of incidents of violations involving rights of indigenous peoples and actions taken.			1
<b>Assessment</b>					
G4-HR9	25	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.		•	1
<b>Supplier Human Rights Assessment</b>					
G4-HR10	48	Percentage of new suppliers that were screened using human rights criteria.		•	1, 2, 3, 4, 5 and 6
G4-HR11	48	Significant actual and potential negative human rights impacts in the supply chain and actions taken.		•	1, 2, 3, 4, 5 and 6
<b>Human Rights Grievance Mechanisms</b>					

G4	PAGE	DESCRIPTION	OMISSIONS	EXTERNAL ASSURANCE	THE UNITED NATION'S GLOBAL COMPACT PRINCIPLES
G4-HR12	25	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.			1, 2, 3, 4, 5 and 6
<b>SOCIETY</b>					
<b>Local Communities</b>					
G4-SO1	42, 43	Percentage of operations with implemented local community engagement, impact assessments, and development programs.		•	
G4-SO2	37, 43	Operations with significant actual and potential negative impacts on local communities.			
<b>Anti-corruption</b>					
G4-SO3	25, 47	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.			10
G4-SO4	25	Communication and training on anti-corruption policies and procedures.			10
G4-SO5	25	Confirmed incidents of corruption and actions taken.			2 and 10
<b>Public policies</b>					
G4-SO6	25	Total value of political contributions by country and recipient/beneficiary.			10
<b>Anti-competitive Behavior</b>					
G4-SO7	89*	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.			
<b>Compliance</b>					
G4-SO8	89*	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.			
<b>Supplier Assessment for Impacts on Society</b>					
G4-SO9	48	Percentage of new suppliers that were screened using criteria for impacts on society.		•	
G4-SO10	48, 53	Significant actual and potential negative impacts on society in the supply chain and actions taken.		•	
<b>Grievance Mechanisms for Impacts on Society</b>					
G4-SO11	25	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.			
<b>PRODUCT RESPONSIBILITY</b>					
<b>Customer Health and Safety</b>					
G4-PR1	40	Percentage of product and service categories for which health and safety impacts are assessed for improvement.		•	
G4-PR2		Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	There were no incidents registered for these concepts in 2016.	•	
<b>Product and Service Labeling</b>					
G4-PR3	40	Type of product and service information required by the organization's procedures and percentage of product and service categories subject to such information requirements.		•	8
G4-PR4		Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	There were no non-compliance incidents registered in these concepts in 2016.	•	
G4-PR5	77	Results of surveys measuring customer satisfaction.			
<b>Marketing Communications</b>					
G4-PR6	40	Sale of banned or disputed products.			
G4-PR7		Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	There were no incidents registered in these concepts in 2016.	•	
<b>Customer Privacy</b>					

G4	PAGE	DESCRIPTION	OMISSIONS	EXTERNAL ASSURANCE	THE UNITED NATION'S GLOBAL COMPACT PRINCIPLES
G4-PR8	89*	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		•	1
<b>Compliance</b>					
G4-PR9	89*	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.		•	
<b>SECTOR SUPPLEMENT FOR FOOD PROCESSING COMPANIES</b>					
FP1	47	Percentage of volume purchased from suppliers who comply with procurement policy.		•	
FP2	47	Percentage of volume bought verified under internationally recognized standards.		•	
FP3	25	Percentage of lost work due to strikes, disputes, or labor shutdowns.			
FP4	37	Programs promoting healthy lifestyles to prevent chronic diseases, access to healthy and nutritious food, and improving wellbeing for the community.		•	
FP5	11	Percentage of production volume certified by an independent third-party under internationally recognized standards for food safety.		•	
FP6	11, 40	Percentage of total sales of products that are low in added sugar.		•	
FP7	11, 40	Percentage of total sales of products that contained nutritional ingredients such as fiber, vitamins, minerals, or functional nutritional additives.		•	
FP8	40	Communication concerning ingredients and nutritional information beyond what is required by law.		•	
FP9		Percentage and total number of animals incubated and/or processed, by species and breed.	Does not apply		
FP10		Policies and practices, by species and class, related to physical alterations and the use of anesthesia.	Does not apply		
FP11		Percentage and total number of animals incubated and/or processed, by species and breed by type of storing.	Does not apply		
FP12		Policies and practices in the use of antibiotic, anti-inflammatory, hormones, and/or stimulants for developing species and breed.	Does not apply		
FP13		Total number of incidents for non-compliance with laws and regulations and adhering with volunteer standards related to transportation practices, handling and killing live land and water animals.	Does not apply		
<b>SECTOR SUPPLEMENT FOR TRANSPORTATION AND LOGISTICS</b>					
<b>Economic Dimension/Registration of Shipments</b>					
LT1	69	Number of ships controlled by the organization.	Does not apply		
<b>Environmental Dimension/Composition of the Fleet</b>					
LT2	69	Composition of the fleet.		•	
<b>Environmental Dimension/Policies</b>					
LT3	69	Describe environmental impact policies and programs.		•	
<b>Environmental Dimension/Energy</b>					
LT4	69	Describe initiatives to use renewable sources of energy and to increase energy efficiency.		•	
<b>Environmental Dimension/Urban Pollution</b>					
LT5	69	Description of initiatives to control air emissions related to land transportation.		•	
<b>Environmental Dimension/Car Pollution</b>					
LT6	69	Describe policies and programs implemented to manage the impacts of vehicle congestion			
<b>Environmental Dimension/Noise and Vibration</b>					
LT7		Describe policies and programs for noise management.	Information not available		
<b>Environmental Dimension/Developing Transportation Infrastructure</b>					
LT8	69	Describe environmental impacts of the main infrastructure assets of the organization			
<b>Social Dimension/Work Patterns</b>					
LT9		Describe policies and programs to determine work and rest hours, rest facilities, and drivers' licenses.	Information not available		

G4	PAGE	DESCRIPTION	OMISSIONS	EXTERNAL ASSURANCE	THE UNITED NATION'S GLOBAL COMPACT PRINCIPLES
LT10		Describe the methods to provide mobile workers with the means to maintain personal communications while at work.	Information not available		
LT11	69	Describe policies and programs pertaining to substance abuse.			
<b>Social Dimension/Road Safety</b>					
LT12	27	Number of fatalities on the road from drivers per million of kilometers driven.			
<b>Social Dimension/Safety Inspections of Ships</b>					
LT13		List incidents when ships have been detained by port inspectors.	Does not apply		
<b>Social Dimension/Access to Mail</b>					
LT14		Describe policies and programs for public access to mail services.	Does not apply		
<b>Social Dimension/Humanitarian Programs</b>					
LT15		Supply of transportation logistics and competencies to offer humanitarian aid and in-kind contributions in response to disasters.	Information not available		
<b>Social Dimension/Labor Programs</b>					
LT16		Criteria for selecting hiring and personnel services.	Information not available		
<b>Social Dimension/Continuity of Work</b>					
LT17		Actions that facilitate job safety and continuity for workers hired on a part-time basis.	Information not available		

\*Except for the legal proceedings (begun in previous years) revealed pursuant to the materiality rule of the US Securities and Exchange Commission included in Coca-Cola FEMSA's annual report (Form 20-F) filed on April 15, 2016, during 2016 we had no knowledge of any legal proceedings being initiated regarding any of the referred issues that could have a material adverse effect on our company.



Galaz, Yamazaki,  
Ruiz Urquiza, S.C.  
Río Lerma No. 232 Piso 9  
Colonia Cuauhtémoc  
06500 Ciudad de México,  
México  
Tel: + 52 (55) 5080 6000  
Fax: + 52 (55) 5080 6001  
[www.deloitte.com/mx](http://www.deloitte.com/mx)

## Independent assurance report on the 2016 Sustainability Report to Coca-Cola FEMSA, S.A.B. de C.V., to the Management of Coca-Cola FEMSA

### Responsibilities of Coca-Cola FEMSA and independent reviewer

The Management of Coca-Cola FEMSA is responsible for the elaboration of the 2016 Sustainability Report (SR) for the period from January 1<sup>st</sup> to December 31<sup>st</sup>, 2016, as well as its content ensuring to define, adapt and maintain the management systems and internal control from which the information is obtained, and which are also free of material misstatement due to fraud or error. Our responsibility is to issue an independent report based on the procedures applied during our review.

This report has been prepared exclusively in the interest of Coca-Cola FEMSA in accordance with the terms of our letter of agreement dated December 8<sup>th</sup>, 2016, therefore we don't assume any responsibility to third parties and is not intended to be nor should it be used by someone other than the Management of Coca-Cola FEMSA.

### Scope of our work

The scope of our assurance was limited, and is substantially lower than a reasonable assurance work, therefore the security provided is also lower. This report in no case can be understood as an audit report.

We conducted the 2016 SR review under the following conditions and/or criteria:

- a) The adaptation of the 2016 SR contents to the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) version 4 (G4), to the Disclosure Sectors (GRI) version G3 of Food Processing Sector and Logistics and Transportation Sector and according to the materiality study provided by Coca-Cola FEMSA.
- b) The review of the sustainability performance indicators reported in accordance with the Core option and specified in the GRI Content Index of the 2016 SR.
- c) The data consistency between the information contained in the 2016 SR with supporting evidence provided by management.

We have complied with the independence and ethics of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) based on integrity, objectivity, professional competence and due care, confidentiality and professional behavior principles.

### Assurance standards and procedures

We have performed our work in accordance with the International Auditing Standard ISAE 3000 Revised Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Boards (IAASB) of IFAC.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/mx/aboutus](http://www.deloitte.com/mx/aboutus) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

**Coca-Cola FEMSA | Independent assurance report on the 2016 Sustainability Report**

Our review work included the formulation of questions to the management as well as various departments of Coca-Cola FEMSA that have participated in the elaboration of the 2016 SR and the application of certain analytical and sample screening tests procedures that are described below.

- a) Meetings with staff of Coca-Cola FEMSA to learn the principles, systems and applied management approaches.
- b) Analysis of the process to collect, validate and consolidate the data presented in the 2016 SR.
- c) Analysis of scope, relevance and integrity of the information included in the 2016 SR in terms of the understanding of Coca-Cola FEMSA and of the requirements that stakeholders have identified as material aspects.
- d) Selected sample review from the evidence that supports the information included on the 2016 SR.
- e) Quality assurance by an independent partner of the project that verifies consistency between this report and the proposal, as well as work process quality and deliverables.

The following table details the revised indicators according with the GRI Guidelines version G4 and Disclosure Sectors:

G4-1	G4-26	G4-47	G4-EN10	G4-EN33	G4-HR4	G4-PR3	FP8
G4-2	G4-32	G4-48	G4-EN15	G4-EN34	G4-HR5	G4-PR4	LT2
G4-3	G4-33	G4-49	G4-EN16	G4-LA1	G4-HR6	G4-PR7	LT3
G4-4	G4-34	G4-EC7	G4-EN17	G4-LA6	G4-HR9	G4-PR8	LT4
G4-6	G4-35	G4-EN1	G4-EN18	G4-LA9	G4-HR10	G4-PR9	LT5
G4-8	G4-36	G4-EN2	G4-EN22	G4-LA10	G4-HR11	FP1	
G4-10	G4-37	G4-EN3	G4-EN23	G4-LA12	G4-SO1	FP2	
G4-12	G4-38	G4-EN4	G4-EN27	G4-LA14	G4-SO9	FP4	
G4-16	G4-39	G4-EN5	G4-EN28	G4-LA15	G4-SO10	FP5	
G4-24	G4-42	G4-EN6	G4-EN31	G4-HR2	G4-PR1	FP6	
G4-25	G4-45	G4-EN8	G4-EN32	G4-HR3	G4-PR2	FP7	

Regarding the EN3, EN4, EN8, EN10 and EN22 GRI version G4 indicators the review was carried out according with the quantitative information and Coca-Cola FEMSA decided to report them indirectly.

The water and energy reduction initiatives without quantitative information were not considered within the review process.

These indicators were selected for the independent review in accordance with the following criteria:

- Materiality of Coca-Cola FEMSA referred in the 2016 SR.
- Information included in the 2016 SR.
- Information provided during the meetings with the interviewed staff.
- Review of the evidence provided by Coca-Cola FEMSA staff of this project.

**Coca-Cola FEMSA | Independent assurance report on the 2016 Sustainability Report****Conclusion**

Based on our work described in this report, the performed procedures and the evidence obtained, nothing comes to our attention that could make us believe that the indicators reviewed in the 2016 SR contains significant errors or has not been prepared in accordance with the Core option established in the GRI Guidelines version G4. For those GRI version G4 indicators where Coca-Cola FEMSA didn't report in quantitative terms (numeric) the independent reviewer reviewed the qualitative information, which includes procedures, policies, evidence of the activities performed, among others.

**Action alternatives**

Additionally we present the most significant action alternatives for future development of SR, which do not alter the conclusions expressed in this report:

- Improve the management and validation process of the corresponding information to the material aspects for Coca-Cola FEMSA.
- Strengthen the information contained in the material indicators to be reported in the SR in accordance with the Global Reporting Initiative (GRI) aiming to enhance the transparency, balance and comparability towards stakeholders of Coca-Cola FEMSA.
- Strengthen the communication and involve the parties responsible of the information by empowering them on the high relevance of their contribution and on the accomplishments of Coca-Cola FEMSA.

Galaz, Yamazaki, Ruiz Urquiza, S.C.  
Member of Deloitte Touche Tohmatsu Limited



MBA Daniel Aguilera Gallegos  
Partner  
March 14<sup>th</sup>, 2017

## CONTACT INFORMATION

Mario Pani #100 7th Floor  
Col. Santa Fe Cuajimalpa,  
Cuajimalpa de Morelos  
Mexico City, México, 05348  
Phone +52.55.15195000  
[www.coca-colafemsa.com](http://www.coca-colafemsa.com)

**Corporate Affairs Officer**  
José Ramón Martínez Alonso

### Corporate Communications

Juan Carlos Cortés Trejo  
Jordi Cueto-Felgueroso Arocha

### Sustainability

Luis Darío Ochoa Rodríguez  
Aurea del Carmen Patiño Garza  
Ana Laura Elizondo Quintanilla

For comments and questions about the content of this report, contact the Sustainability and Corporate Communications team via the e-mail they have made available specifically for this purpose: [sostenibilidad@kof.com.mx](mailto:sostenibilidad@kof.com.mx)

### GET TO KNOW THE COCA-COLA FEMSA ANNUAL REPORT ON OUR WEBSITE



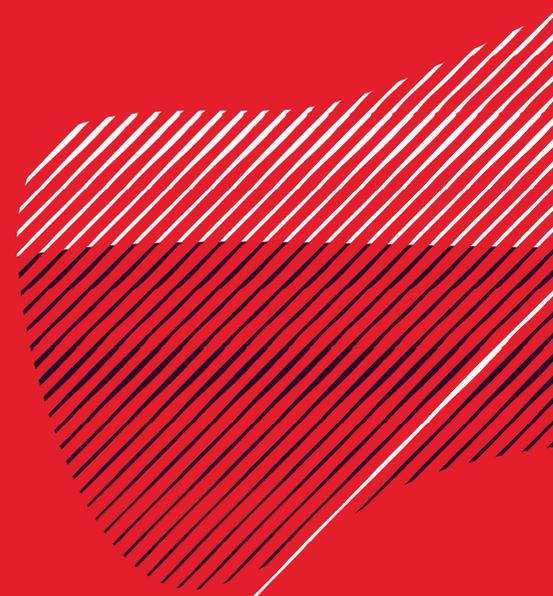
Mexican Stock Exchange, Ticker: KOFL | NYSE (ADR), Ticker: KOF | KOF L to KOF ratio = 10:1

Coca-Cola FEMSA, S.A.B. de C.V. is the largest franchise bottler in the world by sales volume. The company produces and distributes trademark beverages of The Coca-Cola Company, offering a wide portfolio of 154 brands to more than 375 million consumers daily. With over 100 thousand employees, the company markets and sells approximately 4 billion unit cases through 2.8 million points of sale a year. Operating 66 manufacturing plants and 328 distribution centers, Coca-Cola FEMSA is committed to generating economic, social, and environmental value for all of its stakeholders across the value chain. The company is a member of the Dow Jones Sustainability Emerging Markets Index, FTSE4Good Emerging Index, and the Mexican Stock Exchange's IPC and Social Responsibility and Sustainability Indices, among other indexes. Its operations encompass franchise territories in Mexico, Brazil, Colombia, Argentina, and Guatemala and, nationwide, in the Philippines, Venezuela, Nicaragua, Costa Rica, and Panama.

For more information, please visit [www.coca-colafemsa.com](http://www.coca-colafemsa.com)

LOGO  
FSC

LOGO RAIN  
FOREST



Mario Pani #100 7th Floor  
Col. Santa Fe Cuajimalpa,  
Cuajimalpa de Morelos  
Mexico City, México, 05348  
Phone +52.55.15195000

[www.coca-colafemsa.com](http://www.coca-colafemsa.com)