

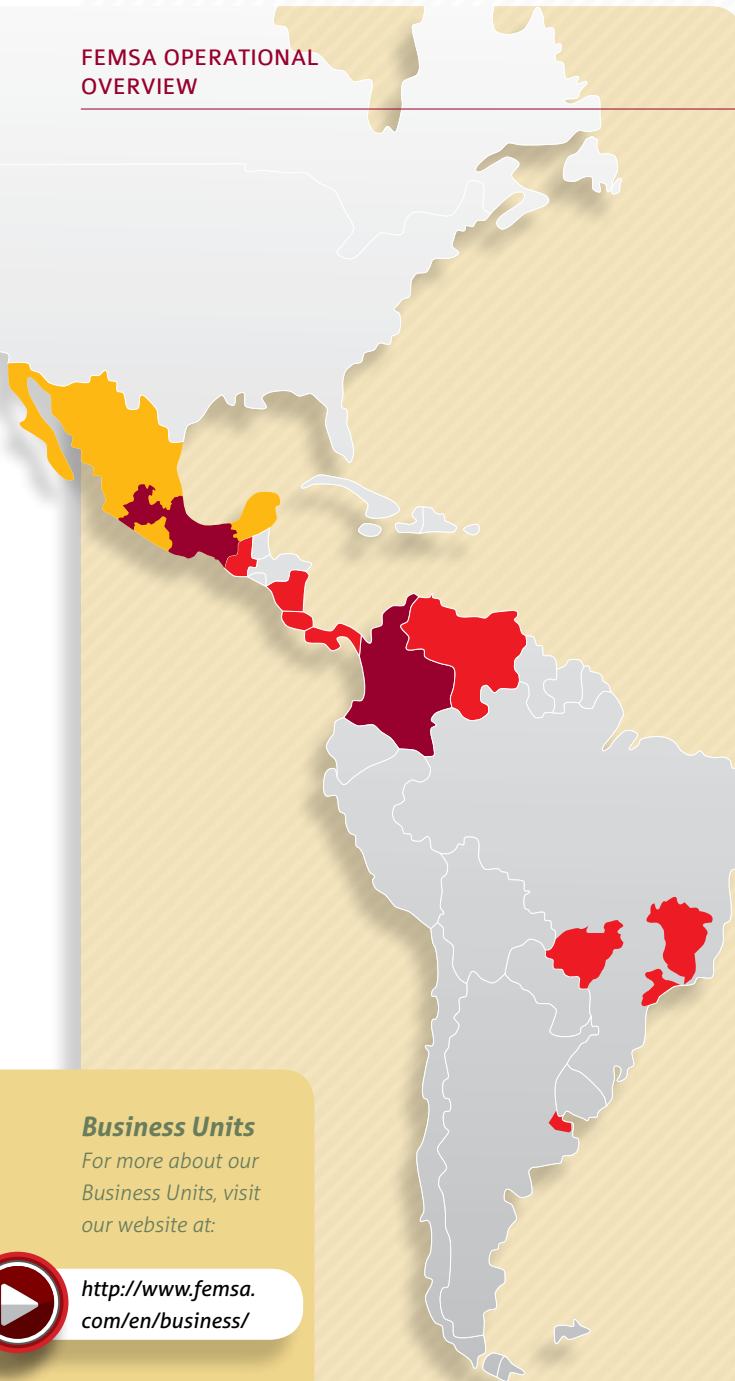
ACTIONS WITH

# VALUE



# About Us

## FEMSA OPERATIONAL OVERVIEW



### Business Units

For more about our Business Units, visit our website at:

<http://www.femsa.com/en/business/>

- OXXO
- Beverages and OXXO
- Beverages

GRI 2.2, 2.3, 2.4, 2.5, 2.7, 2.8, 2.9, 3.7, 3.10, and 3.11

## Business Units

FEMSA is headquartered in the city of Monterrey, Mexico. We are a leading player in the beverage industry through Coca-Cola FEMSA, the largest independent Coca-Cola bottler in the world in terms of sales volume; a leader in retailing through FEMSA Comercio, operating OXXO, the largest and fastest-growing convenience store chain in Latin America; and in beer, as the second largest shareholder of Heineken, one of the leading beer companies in the world with presence in more than 70 countries. We also have a Strategic Procurement Area, made up of various companies that supply refrigeration and logistic support solutions for our core businesses, besides providing service to other companies.

### Coca-Cola FEMSA

With operations in nine countries, Coca-Cola FEMSA is the largest independent Coca-Cola bottler in the world in terms of sales volume. It is present in Argentina, Brazil, Colombia, Costa Rica, Guatemala, Mexico, Nicaragua, Panama, and Venezuela with 109 brands, including Coca-Cola, Coca-Cola Light, Sprite, Fanta, Fresca, Lift, Ciel, and Jugos del Valle. We produce and sell 10% of the total volume of the Coca-Cola System worldwide.

### FEMSA Comercio

Operates OXXO, the largest and fastest-growing convenience store chain, with a total of 8,426 stores, 1,092 of which opened in 2010, as well as 11 distribution centers throughout Mexico. To date, OXXO also has 17 stores in Colombia, where it began operations in 2009.

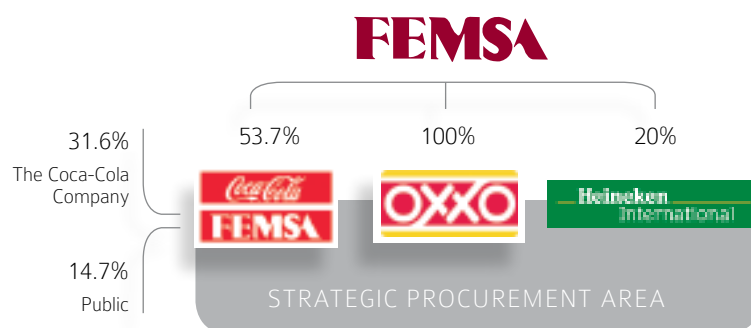
### Support Area: Strategic Procurement

This area gives us a competitive edge in the industry by offering solutions in refrigeration and logistics, both for companies in the group and third parties. FEMSA Empaques is made up of five companies: Imbera, Plásticos Técnicos Mexicanos, Repare, Quimiproducos, and Friomix, with operations in Mexico, Argentina, Brazil, and Colombia. FEMSA Logística has operations in Mexico, Brazil, Colombia, Costa Rica, Nicaragua, and Panama.

## Investment in Heineken

In January 2010, we announced a transaction to exchange 100% of the operations of our beer business for a 20% stake in Heineken. The transaction was completed in the second quarter of 2010, making FEMSA the second largest investor in this global-scale beer company. For this reason in this document, unlike in previous years' reports, information on Cuauhtémoc Moctezuma, FAMOSA, and SIVESA, is not included. These are now a part of Heineken in Mexico. This is important when comparing this data against reports published by FEMSA prior to 2010.

## FEMSA CORPORATE STRUCTURE



## FEMSA OPERATIONAL OVERVIEW

GRI 2.5, 2.6, 2.7, 2.8, 3.8, EC1, LA1, and LA2

Country	Mexico	Mercosur		Latincentro			Mexico & Colombia
		Argentina	Brazil	Guatemala Nicaragua Costa Rica Panama	Colombia	Venezuela	
Company	Coca-Cola FEMSA						FEMSA Comercio
FEMSA Ownership %	53.7 <sup>1</sup>						100
Sales Volume	1,242 <sup>2</sup>	189 <sup>2</sup>	476 <sup>2</sup>	137 <sup>2</sup>	244 <sup>2</sup>	211 <sup>2</sup>	–
Income <sup>3</sup>	38,782	33,360		31,314			62,259
Operating income <sup>3</sup>	6,605	5,008		5,466			5,200
Plants / Stores	9	2	4	5	6	4	8,426
Distribution Facilities	83	5	27	25	32	32	11
Distribution Routes <sup>4</sup>	4,008	302	1,996	550	1,136	1,052	–
Brands <sup>5</sup>	35	32	35	31	20	11	1
Clients	621,053	77,502	191,847	104,275	370,112	211,568	6.5 <sup>6</sup>
Headcount <sup>7</sup>	68,449						73,101

1 The remaining 31.6% and 14.7%, are owned by The Coca-Cola Company and the investing public, respectively.

2 Millions of unit cases (case equivalent to 24 8-ounce bottles).

3 Expressed in millions of Mexican pesos (Ps).

4 Includes third-party distributors.

5 Includes brand extensions.

6 Millions of clients per day based on the number of daily transactions.

7 Includes third-party and centralized services headcount.

Note: Only includes core business information.

# Actions with Value 2010



**153,800**  
employees in nine  
Latin American  
countries



**351,000**  
people benefited  
through health and  
wellness programs

**US\$6.4**  
million donated by our  
OXXO clients through  
the Rounding-Up  
Program



**152,000**  
Gj of energy saved  
by OXXO



## GRI 3.15

For the second year in a row, the level of compliance of our report has been approved by the Global Reporting Initiative (GRI). Also, for the first time, KPMG México conducted an external audit to verify the information contained in this report using the methodology developed for this purpose.

The result was an **A+** rating for our report, the highest on the GRI scale.

*Faithful to our business philosophy of promoting the simultaneous creation of economic and social value, at FEMSA we continue to evolve, improving the programs and processes that support our pursuit of sustainable growth. Through the **actions with value** carried out by our employees in nine Latin American countries, we bring to life our philosophy of creating economic and social value, and we strive to share it with their families and all of our stakeholders.*



**368,000**  
cubic meters of  
water saved by  
Coca-Cola FEMSA



**US\$18.4**  
million invested in  
employee training

**931,000**  
people benefited  
from our Community  
Engagement programs



**US\$24.7**  
million invested in  
occupational Health and  
Safety Programs



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# 120 Years Evolving towards Sustainability

**1890 Cervecería Cuauhtémoc** is founded in Monterrey, Mexico, with 72 workers.

**1891 The First Board of Directors'** meeting is held.

**1906** For the first time, the company offers **housing** for its employees.

**1906** Escuela Politécnica Cuauhtémoc (**Cuauhtémoc Polytechnic School**) opens its doors, offering primary, secondary, and technical education to employees.

**1909** Shareholders of Cervecería Cuauhtémoc, in alliance with local investors, create Vidriera Monterrey (today Vitro) to produce glass bottles.

**1921** Company newsletter called **Trabajo y Ahorro** (Work and Savings) is created to promote the company's philosophy and values among workers and their families; this magazine is still in circulation today.

**1924** First representative **baseball teams** are organized; **official tournaments and competitions** are promoted.

**1925** SCYF provides **medical service** to employees in company-run clinics and house calls.

**1929** At the initiative of Luis G. Sada, CEO of Cervecería Cuauhtémoc, the Mexican Federation of Employers (**COPARMEX**) is founded.

**1943** A group of entrepreneurs headed by Eugenio Garza Sada, CEO of Cervecería Cuauhtémoc, create the **Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM)**.

**1944** The **first SCYF recreational and social center** opens in Monterrey.

**1945** The **first clinic** for Cervecería Cuauhtémoc employees and their families is inaugurated; it continues to operate today.



1890  
-  
1900

1910

1920

1930

1940



**1910** For the first time, employees receive medical service vouchers.

**1918** Sociedad Cooperativa de Ahorros e Inversiones para los Empleados y Operarios de la Cervecería Cuauhtémoc, S.A. (today **Sociedad Cuauhtémoc y FAMOSA, or SCYF**), is created to promote educational and economic development for employees and their families.

**1919** **Year-end bonus** was granted for the first time to employees.



**1930** **Children's Center** opens to provide day care, food, and values-based education to employees' children.

**1937** Cervecería Cuauhtémoc supports the startup of operations by the **Mexican Red Cross** in Monterrey, Nuevo León.

**1937** Inauguration of **La Cultural**, the first facilities of SCYF.



*Over the years, we have transformed needs and opportunities into concrete actions. These actions bear the stamp of our work philosophy: the pursuit of integral development of our employees and their families.*

*For more than a century of corporate history, we have sought to share our corporate essence with the communities where we operate, and thus directly contribute to their development.*



**1965** SCYF provides home delivery of **basic goods at special prices**. Economies of scale allow employees to save up to 50% on their purchases.

**1968** **Freshwater is supplied** to the people of Tecate, Baja California, through wells drilled by the Cervecería Cuauhtémoc plant.



**1992** First edition of the **FEMSA Monterrey Biennial Art** competition.

**1993** Creation of the **Eugenio Garza Sada Award** to recognize individuals and institutions for outstanding achievement in promoting social development.

**1993** Acquisition of **The Coca-Cola Company** franchise in Buenos Aires, Argentina.



**1950**

**1960**

**1970 - 1980**

**1990**

**2000**

**1957** Inauguration of the Colonia Cuauhtémoc **housing development**, with 1,318 homes for employees.

**1957** Creation of the **Centro Escolar Cuauhtémoc**, which provides education to employees' children.

**1959** SCYF's **clothing and footwear store** provides service to members.



**1973** **Mexican Baseball Hall of Fame** opens its doors.

**1977** Inauguration of the **Museum of Monterrey**, which marks the start of the **FEMSA Art Collection**.

**1978** The first **OXXO** store opens its doors.

**1978** Acquisition of the first franchise of **The Coca-Cola Company** in the Mexico City metropolitan area and southeastern Mexico.

**1986** Creation of the **OXXO Ecology Award**.

**1987** New hospital facilities at **Clínica Cuauhtémoc y FAMOSA** open in Monterrey.



**2001** Formalization of the **Labor Integration System** for people with disabilities and the elderly.

**2002** First edition of the **OXXO Rounding-Up program**, which enables clients to support philanthropic institutions.

**2003** FEMSA acquires the largest Coca-Cola franchise in Latin America, giving FEMSA presence in nine countries.

**2005** FEMSA adheres to the principles of the **United Nations Global Compact**.

**2007** Coca-Cola FEMSA is the first company to join Colombia's **Time Bank** reintegration program.

**2008** **FEMSA Foundation** is created.

**2008** **FEMSA Biotechnology Center** starts operations.

**2010** The transaction with Heineken is completed.

# Letter from the CEO and Chairman of the Board

GRI 1.1, 1.2, 3.1, 4.2, and SO1

As in past years, we wish to share with you our contribution to the social development of the communities where we operate, and the progress made in our social responsibility strategy in 2010.

We have a century-old tradition of **simultaneously generating economic and social value**. Over time, our efforts have been linked to practical and concrete actions in our operations, but also to the creation of legacies that benefits communities through sustainable actions over the years.

We seek out initiatives in which FEMSA can bind the will of many, creating alliances with groups and institutions through which we can maximize our impact. We are confident that, today, this focus can yield multiplying effects and diverse platforms, particularly because of the increasing participation of an involved, skilled, and demanding society.

We have always maintained that we act because we want to be an example that inspires others to invest, because we are sure these actions are profitable. We hope that our actions can help raise awareness about the issues that are most important to the development of societies today. This is why we are continually perfecting and professionalizing our social responsibility strategy with the best practices and methodologies, and learning from them.

I am therefore proud to say that this is our third consecutive year preparing this report under the guidelines of the **Global Reporting Initiative**, and that because each year we have increased the rigor with which we provide information to our stakeholders, we obtained the application level **A+**, having been checked by GRI and verified by the internationally renowned **auditing firm KPMG**.

We also reaffirmed our commitment to the **United Nations Global Compact**, of which we have been members since 2005.

In 2010 we worked to develop a strategic social responsibility agenda in each of our core businesses, which address the important issues in each industry. We also started to develop our Key Performance Indicators that can help us evaluate and measure the impact of our programs and their alignment with business vision and strategies.

In this context, we have evolved at the same pace with the world. We have adapted and stayed ahead of trends, even in our **social responsibility strategy**. First by institutionalizing it so that it is not an optional decision, but rather a planned and structured effort in pursuit of a common purpose, and effective results. Second, so that these efforts are focused on strengthening our four core areas: quality of life in the company, health and wellness, community engagement, and environmental care.



"This year we established a commitment to ensure that, by the year 2013, all of FEMSA's businesses in Mexico will satisfy 85% of their energy needs through wind power."

Although this may seem an easy task, it involves the use of economic and human resources, and a continuous effort of education and promotion, in order to attain the desired impact and results. We invest in social responsibility because we are sure the return will be positive for society, and for FEMSA as well.



In 2010, we made positive progress in each of our core areas.

In **Quality of life in the company**, one of our biggest achievements was the consolidation of **FEMSA University** as an institutional platform for training and development, the promotion of formal education of our employees through various mechanisms and support programs, and the testing of a training program at OXXO stores that yielded surprising success at reducing employee turnover. The **Inclusive Workplace System** once again brought strong results, as we welcomed more than 1,600 disabled individuals and elderly adults and members of vulnerable groups to our family. We also continued our firm support for a Social Development Strategy aimed not only at our employees but their families as well, giving them more options to achieve a balanced lifestyle.

In **Health and wellness**, I am pleased to note that thanks to the efforts of all our employees and with significant investment, we have been able to continue obtaining encouraging results in the area of Occupational Health and Safety, reducing accident and illness indicators and bringing in innovative equipment and information technology for training. We continued programs like **Charting my Own Destiny**, that promotes the development of lifeskills in children and young people, and **21K OXXO** race, to encourage healthy lifestyles in communities.

Meanwhile, through our **Community engagement** programs we continued to strengthen institutions and pursue our corporate purpose of simultaneously generating economic and social value for both the company and the communities where we are present. One example is our support to the **Instituto Tecnológico de Monterrey**, one of the most prestigious private universities in Latin America, as well as to the programs sponsored by Coca-Cola FEMSA, such as **Time Bank** and **Community Learning Centers**, through which we promote the reintegration and reconciliation process to rejoin civil life in Colombia. **OXXO's Rounding-Up Program** once again proved that the company, in partnership with its clients, can join forces to help the neediest. On the other hand, at OXXO, we designed and introduced various programs that enable us to be a good neighbor. Such is the case of programs that support a safer atmosphere like **Neighborhood Alert**.

As for **Environmental care**, I can proudly say that we have achieved great results. We devote efforts and resources to **study**

**the condition of our nation's watersheds**, and take part in significant reforestation initiatives that help recharge aquifers. All of our business units have made innovations to incorporate environmentally-friendly packaging and substantially reduce waste generation and energy consumption.

**This year we established a commitment to ensure that, by the year 2013, all of FEMSA's businesses in Mexico will satisfy 85% of their energy needs through wind power.**

**FEMSA Foundation**, our instrument for social investment, continued to support the conservation and sustainable use of water and improving the quality of life in communities. Among the outstanding achievements of the year were the collaboration with Coca-Cola FEMSA in donating three water purification plants for two municipalities in Colombia and another one in Nicaragua, benefiting more than 17,000 individuals. On the other hand, more than 3,000 people in Oaxaca, San Luis Potosí, and the State of Mexico benefited from the construction of green technologies that help in the conservation of their watersheds. Finally, our water purification vehicle for disaster response, **Come for Water**, saw its first action in the state of Veracruz, where it distributed more than 80,000 liters of drinking water to over 5,000 people affected by hurricane Matthew.

We are well aware of the challenges of being a socially responsible company, but we have the conviction to continue moving forward, perfecting and expanding our sustainability strategy.

I invite you to read through this report, where you will find the results of the core programs and initiatives we have been carrying out in the nine countries where we operate. You can learn how our philosophy of simultaneously creating economic and social value is translating into concrete actions. Our focus is to ensure that every action we take is an **action with value**.



**José Antonio Fernández Carbajal**  
CEO and Chairman of the Board

# Company Profile

GRI 2.4, EC1, and EC9

## Proud of our heritage

FEMSA was established as a small company in 1890, when businessmen Isaac Garza, José Calderón, José A. Muguerza, Francisco Sada Gómez, and Joseph M. Schnaider founded the Fábrica de Hielo y Cerveza Cuauhtémoc, S.A. in Monterrey, Mexico, with a payroll of 72 employees.

## Proud of our present

Our headquarters are still in Monterrey, Mexico. Today, we have operations in nine countries of Latin America, through two business units and one support area, as well as a 20% economic interest in Heineken, one of the leading beer companies in the world.

## Economic impact today

FEMSA is a leading company in Latin America, with operations in nine countries, total revenues of 13.7 billion dollars, an income from operations of 1.8 billion dollars, and a net income of 3.7 billion dollars at the end of December, 2010. We offer a diversified portfolio of products that includes 109 brands of soft drinks, juices, and water, and more than 8,426 OXXO convenience stores in Mexico and Colombia. Our work force of more than 153,800 talented employees is what enables us to continually meet our goals.

We know that the ultimate purpose of a company is to generate economic and social value in the communities where it operates, which is why, at FEMSA, we fully comply with all our economic and tax obligations in each country where we are present. We also contribute to the economic flow in the territories where we operate by hiring local employees and vendors, and by generating indirect jobs, thus contributing to economic growth in each country.

2010 was a year of challenges. Natural disasters caused by intense rains and hurricanes affected consumption habits, particularly among our customers in Mexico and Colombia. Even with these challenges, our economic results surpassed those of the previous year.

GRI 1.2



*Genaro Borrego*  
Director of  
Corporate Affairs

## Strong Steps towards Sustainability

In 2010, we took a big step forward in the way we manage and implement our social responsibility, by preparing **Key Social Responsibility Agendas** for each Business Unit, which will be used to develop working plans that ensure the attention of the relevant issues of each industry. We also developed our **Key**

### OUR ECONOMIC IMPACT IN 2010

<b>153,800</b>	Direct jobs
<b>+355,900</b>	Indirect jobs generated by Coca-Cola FEMSA*
<b>US\$902.2</b>	Million dollars in capital expenditures (CAPEX)
<b>US\$1.5</b>	Billion dollars in taxes paid in 9 countries
<b>US\$210</b>	Million dollars in dividends paid to shareholders
<b>US\$13.6</b>	Billion in net sales
<b>US\$97</b>	Million dollars in payments to suppliers
<b>US\$18.1</b>	Billion dollars from assets
<b>US\$13.7</b>	Billion dollars in direct economic value <sup>1</sup>
<b>1,092</b>	New OXXO stores opened in Mexico, almost 3 every day

\* According to data from the National Association of Soft Drink and Carbonated Beverage Producers, for each direct job generated in this industry, 5.2 indirect jobs are created.

<sup>1</sup> Direct Economic Value = Net Sales + Income from Investments + Asset Sales.

**Performance Indicators**, a tool that will help in aligning our social responsibility actions with our vision and strategic objectives, our management, and evaluation and measuring processes.

At FEMSA, we know that promoting sustainability by strengthening our own management capacities is essential; but since our founding 120 years ago, we have also known that this is not enough. Our sustainability also depends on external factors that we must identify, know, and responsibly address.

Our Corporate Affairs Department is in charge of defining strategies to identify risks in the surrounding environment that may affect our capacity to grow, generate revenues, and build a reputation. We work to ensure business sustainability based on our philosophy of simultaneously creating economic and social value.

Our **2010 Sustainability Report** is a sample of the way we have evolved in managing social responsibility, and the intimate relationship between this concept and our business processes and long-term viability.

GRI 1.2

## Our Sustainability Strategy

At FEMSA, social responsibility is an integral part of our operations, and we are convinced that it is the way to simultaneously create economic and social value.

We believe that a sustainable company is one that is consistently responsible. Therefore, to be a good corporate citizen, we continually examine and question the way in which we make decisions, work, and do business. We are always looking for new ways to generate benefits for all those we come in contact with, and openly accept responsibility for our actions before these stakeholders.

Two elements ground our actions in social responsibility: first, our values, philosophy, and work ethics; these give life to "the FEMSA way of doing things," which we also refer to as our "Corporate DNA." Second, is our objective of growing and prevailing, which is why we work to identify and mitigate short- and long-term risks.

Our current work process is based on the same principles we have been promoting for 120 years, although it has been adapted and professionalized as we grow and learn better ways of doing things.

### FEMSA'S SUSTAINABILITY STRATEGY

**A.** A methodology for a comprehensive environmental management, according to which operations identify, analyze and define programs to address the key risk topics related to sustainability.



**B.** An operational approach based on our four core areas of corporate social responsibility, which keeps us focused and aligned regarding the topics related to our business.



**C.** Clear guidelines and processes that allow us to work in a consistent and systemic manner.



In order to keep our social responsibility actions focused on issues where we can have the most impact, we have defined four core areas:

• **Core area 1 Quality of life in the company:**

Focused on the pursuit of an integral development of our employees and their families through programs offered in our facilities.



• **Core area 4 Environmental care:**

Establishing guidelines to minimize our footprint and create a broader awareness of caring for our environment.

• **Core area 2 Health and wellness:**

Promoting an attitude of health, self-care, responsible consumption, nutrition, and physical activity.

• **Core area 3 Community engagement:**

Working on projects that improve the quality of life in the communities where we operate.

## Stakeholders

### Communication Channels with our Stakeholders

We have a number of communication channels, because we know we are dealing with different audiences, and because we believe that direct and open communication is the basis for building long-term relations. Through these channels, we can listen to and address their concerns.



	Employees and their families	Community	Clients and consumers	Suppliers	Stockholders and investors	Authorities, unions, and business associations	Non-profit organizations	Press and media	Educational institutions
Whistle-Blower System	▶▶	▶▶	▶▶	▶▶	▶▶	▶▶	▶▶	▶▶	▶▶
01-800 Line			▶▶						
E-mail / website	▶▶	▶▶	▶▶	▶▶	▶▶	▶▶	▶▶	▶▶	▶▶
DICOYES*	▶▶ Only employees								
Community studies		▶▶				▶▶	▶▶	▶▶	▶▶
Specialized areas	▶▶	▶▶	▶▶	▶▶	▶▶	▶▶	▶▶	▶▶	▶▶
Dialogue sessions	▶▶	▶▶	▶▶		▶▶	▶▶		▶▶	
Forum participation				▶▶	▶▶	▶▶	▶▶		▶▶

▶▶ Permanent     
 ▶▶ Biannual     
 ▶▶ Variable

\*Organizational Climate Diagnosis and Sociometric Study

Among the top issues brought forward by our stakeholders in 2010 through our communication channels were: Regarding environmental issues, use and conservation of water, different types of emissions, and the treatment and recycling of PET containers. In the area of health, special interest was expressed in guidelines for the consumption of foods and beverages in schools, and the diversification of our portfolio. We also fielded questions about the hours for the sale of alcoholic beverages in OXXO stores and measures to prevent minors from purchasing alcohol or cigarettes.

GRI 4.12, 4.13, and SO5

## Inter-sector Alliances

Since our founding in 1890, we have been aware that the most efficient way to carry out high-impact projects is through inter-sector alliances. An example of this was the creation of the **Mexican Confederation of Employers (COPARMEC)** in 1929, and the **Instituto Tecnológico y de Estudios Superiores de Monterrey** in 1943, institutions we continue to support today. In Mexico alone, last year we participated in more than 15 Confederations, Chambers of Commerce, Associations, Institutions and Organizations, both national and international, public and private. We seek participation in groups that work with us on matters of business, education, community support, and the environment, in which we are present in their governance bodies, operation, and contribute economic and/or in-kind support to projects that benefit our industries and our stakeholders.

To cooperate in the process of forging agreements and to contribute information for decision-making, it is important for FEMSA to maintain an ongoing, respectful dialogue with groups and individuals responsible for public policy. Our relationship with authorities is defined by our values, policies, and the guidelines of the **FEMSA Business Code of Ethics**, which stresses the importance of always acting in accordance with the law. Based on these principles, in 2010 FEMSA participated both directly and through business and social organizations, in the development of public policy in areas relevant to the company: public security, economic development, competition, consumer protection, food and nutrition, environment, labor relations, and education.

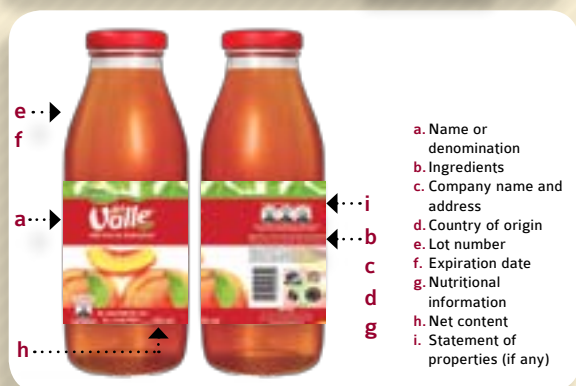
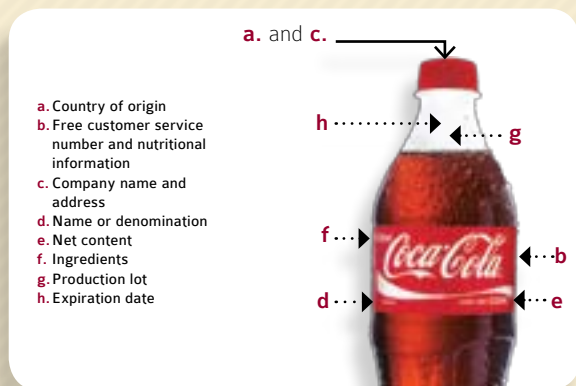
GRI PR2, PR3, PR4, PR6, PR7, and PR9

## Responsible Marketing

Aware of our responsibility as a company of consumer products, we ensure that each product includes all the information required by the labeling standard laws of every country where we operate.

In the case where products sold through our OXXO stores are subject to governmental regulations—alcohol, cigarettes, and medicines—we have worked together with the vendors of those products to sensitize and inform our store associates to make sure both parties comply with existing laws.

As a result of these practices, in 2010 there were no incidents in which governmental regulations on the health and safety of our clients were violated.



# FEMSA Ethics and Values

*Since our origins, our business operations have been grounded in the mission, vision and values established over time, which are based on the fundamental principle inherited from our founders: respect for human dignity is above any economic consideration.*

## Business code of ethics

*GRI 4.6, 4.8, SO2, and SO3 / GC X*

Keeping our business philosophy consistent with our actions throughout all levels of the organization is a priority for FEMSA. This is why through daily living according to our values, the **FEMSA Business Code of Ethics** and the **Cauhtémoc Principles**, we ensure that our corporate culture favors the creation of a harmonious, respectful, and inclusive work environment. This document contains the guidelines for defining and resolving conflicts of interest that may arise between our employees in their daily activities. At the same time, we endeavor to bring these principles to our relations with investors, clients, vendors, creditors, competitors and the authorities.

## Values

- Passion for service and focus on the client/consumer.
- Innovation and creativity.
- Quality and productivity.
- Respect, integral development and excellence of our employees.
- Honesty, integrity, and austerity.

*GRI SO2, SO4, PR8, HR4, and HR9*

The day-to-day application of our values and the FEMSA Business Code of Ethics are supported by the FEMSA **Whistle-blower System**. These three elements of Corporate Governance are known by the 100% of our employees. The Whistle-blower System can be used in all nine countries where we operate, and is managed by an independent company to guarantee transparency. This system is available 24 hours a day, 365 days a year, and in various languages, so that anyone that wishes to file a report can call in absolute confidentiality.

Through this system, 519 complaints were filed in 2010, most of them related to mishandling, workplace harassment, theft, and some to sexual harassment, discrimination, and violation of human rights. Every claim was addressed and, by the end of 2010, 92.5% of them had already been solved. In those cases where some infraction was proved, the measures taken ranged from an admonition to dismissal or legal action.

In 2010, regarding indigenous communities, there were no complaints of discrimination or violation of human rights, nor were there complaints about the theft of personal data or violation of our clients' privacy.

*GRI SO7, SO8, EN28, and PR9*

During 2010, the company was not the subject of any official actions regarding monopolistic or anti-competitive practices, or breach of any international laws or regulations. We also received no significant sanctions or fines for violation of laws in the countries where we operate.

### FEMSA Business Code of Ethics

The FEMSA Business Code of Ethics is available on our website at:

[http://www.femsa.com/en/about/philosophy/code\\_of\\_ethics.htm](http://www.femsa.com/en/about/philosophy/code_of_ethics.htm)

## Mission

To satisfy and please the beverage consumer with excellence.

## Vision

- To double the value of our businesses every five years.
- To generate a substantial proportion of our income in foreign markets and currencies.
- To provide our stockholders an attractive return on their investment.
- To be leaders in the markets in which we participate.
- To contribute to social development.

## Cuauhtémoc Principles (summary)

- I. Recognize the merit of others.
- II. Control your temper.
- III. Never mock others.
- IV. Be polite.
- V. Be tolerant.
- VI. Be punctual.
- VII. If you are vain, don't let it show.
- VIII. Do not alter the truth.
- IX. Let others have their say.
- X. Express yourself concisely.
- XI. Refine your vocabulary.
- XII. Make sure you enjoy your work.
- XIII. Acknowledge the enormous value of the manual laborer.
- XIV. Consider the interest of the business rather than your own.
- XV. Prefer analysis above inspiration or intuition.
- XVI. Be committed to your work.
- XVII. Be modest.



**Don Eugenio Garza Sada**  
(1892 - 1973)

The **Cuauhtémoc Principles** is a set of action principles that were drafted and promoted by Eugenio Garza Sada, a renowned business leader and a driving force in FEMSA's history. You can read about the Cuauhtémoc Principles in greater detail on our website at:



<http://www.femsa.com/en/about/philosophy/ideology.php>

performance. Board Member compensation is consistent with that of companies in the same field and size as ours. Our Board is made up of 15 men and 4 women of renowned integrity and extensive business experience.

To operate efficiently, the Board has the support of three Committees:

### Board of Directors



Each Committee is responsible for evaluating the performance, risks, and opportunities of the different business areas. Additionally, risk evaluation is incorporated into the planning and management processes of each Business Unit, through our **Incident Management and Crisis Resolution methodology**, which in turn ensures that there is identifiable accountability, work plans and funding to address the issues that affect our organization.

## Corporate Governance

GRI 4.4, 4.6, 4.9, and 4.12

Adherence to ethical standards, financial transparency and the performance of this company are principles that apply to all our employees and our Board of Directors. Accordingly, our operating criteria include national and international standards like the Code of Best Corporate Practices established by Mexico's Business Coordinating Council, the U.S. Sarbanes-Oxley law, and the guidelines of the Mexican and New York Stock Exchanges.

Our shareholders and investors have access to various channels for communicating their recommendations and concerns to the Board of Directors. These channels are handled directly by the investor relations areas of FEMSA and Coca-Cola FEMSA, either by phone, or by e-mail. In 2010 alone, our executives held more than 900 events to jointly address these stakeholders.

## Board of Directors

GRI 1.2, 4.1, 4.3, 4.4, 4.5, 4.7, 4.9, 4.10, 4.11, LA13, and SO2

Our Board of Directors is made up of 19 members, six of whom are independent. Under Mexican law, board members are elected for a one-year period in the Ordinary Shareholders' meeting, which is also responsible for overseeing the Board's

### Corporate Governance

For more information about our Corporate Governance, and the operation of our Board of Directors and Committees, please visit our website at:



<http://ir.femsa.com/governance.cfm>



# Quality of life in the company

core  
area 1





Our evolution and permanence have been possible only through the quality of the people that make up FEMSA. This is why we strive to create a secure and motivating workplace that supports a balanced development of our employees and their families.

# PERMANENCE



US\$18.4

million invested  
in training

+68,300

employees trained  
through FEMSA  
University, with an  
offering of 1,494  
training activities

+153,800

direct jobs  
in Latin  
America

***In 2010 we devoted more than  
US\$ 19.3 million in education,  
training, and family development  
programs for our employees  
and their families.***



**Alfonso Garza**  
 Director of Human Resources, Strategic Procurement, and Information Technologies of FEMSA

### Talent that Builds Success

FEMSA's Human Resources area faced many challenges in 2010. One of them was to enable our people to develop their potential, which meant creating various tools to respond to the needs of the different business issues, because each industry and territory has its own challenges. Under this focus, we promoted **FEMSA University**, the company's training and development platform, which was fortified during the year and provided training for more than 68,300 individuals in the nine countries where we operate. We continue to work under the premise of "the right person in the right job," which is the reason for our strategy of offering employees **personalized agendas for development**. We also carried out various pilot programs to **encourage gender equity** in our work centers, in order to create more opportunities for employees to balance work and family. This year we continued to strengthen our **Social Development Strategy** in all our operations, because although it is a pillar of our organizational culture, we know that it is enriched by and adapted to the culture of each country. Clearly, FEMSA's greatest wealth is in its people, and that is why we work with dedication and passion to be a great place to work.

*In 2010 we devoted a substantial amount of effort to the integral management of talent, training, and self-development of our employees, through various tools that allow us to align these actions with the company's strategic plans. This prepares us for the joint growth of our people and our company.*

*We continue to promote the **FEMSA Social Development Strategy** in order to fortify our work ethics, because we are convinced that it is a successful business formula that can generate mutually beneficial relationships. This philosophy has allowed the company to grow hand-in-hand with committed and loyal employees during its 120 years.*

### Family Development

Our philosophy of Social Development promotes the quality of life of our employees and their families through the integral development of the individual in seven dimensions: values, family, social, health, economics, work, and education. These efforts have been a part of this company's life since 1918, through Sociedad Cuauhtémoc y FAMOSA, which has seven Social Development Centers, 65 affiliates in Mexico, and one in Argentina, and offers employees and their families a variety of programs focused on improving their overall quality of life.

Some examples were the summer programs of Coca-Cola FEMSA Argentina, Brazil, and Mexico, that aimed to promote FEMSA's values and to offer an opportunity of integration and recreation. In addition, there were also the family events Imbera organized to celebrate Epiphany, Children's Day, and Mother's Day, summer courses, and Virgin of Guadalupe Day, which were together attended by more than 4,400 people.



### Social Development Strategy

## Education and Training

GRI LA11

In 2010, **FEMSA University** consolidated as the training and professional development platform. This year, through the offering of 1,494 training activities, more than 68,300 employees from the nine countries where we operate took some kind of course, either in-site or online.

We invested US\$3.5 million in FEMSA University in 2010, an increase of 118.7% over the preceding year.

Every area of the company has specific training needs. This awareness prompted FEMSA Comercio to take on the

GRI 3.10

### EMPLOYMENTS CREATED BY AGE AND GENDER\*

	18-34	35-44	45+	Total
Women	36,675	6,973	2,088	45,736
Men	72,184	25,593	10,289	108,066
Total age group	108,859	32,566	12,377	153,802

\* Total in 9 countries.

## A Balanced Development as a Productivity Strategy

At Coca-Cola FEMSA Argentina, the personal development and growth of our employees is essential to professional performance. With this in mind, the Human Resources Training Area created the **Self-Development System** in 2007. Through this initiative, in 2010 more than 250 employees received an average of 21 hours of training in various areas including Talent Development, focused on training in Self-Knowledge and Job Stress Management, which in turn contributes to the skill of Self-Regulation, and others.

Mariana Suez, Costs and Information Supervisor at Coca-Cola FEMSA Argentina, comments, "They suggest a technique that I can really follow. I thought it was very positive that the company would give me the opportunity to attend these workshops, because I noticed a very enriching change in myself, and the fact that the company is concerned with our well-being is a sign that having a balanced life is reflected in our job performance."

For Manuel Da Silva, Professional Treasury Analyst, the course meant a personal change, "I noticed I'm sleeping better, I'm more alert in my daily work, and I feel more relaxed. This has spread to my co-workers, who are also excited about the course."

This initiative by the Human Resources Training Area not only contributes to the development of our employees but also improves workplace environment indicators. For example, in

the Great Place to Work rankings, Coca-Cola FEMSA Argentina has been among the top 50 companies to work for in this country for the past three years. "There are a lot of advantages to ensuring that our employees are doing well personally, because it directly affects their job performance, and we've proven this. We will continue to develop these initiatives over time, to have a greater and more positive impact on our employees," says Andrea Vega, Head of Training and Development.



*"I noticed a very enriching change in myself, and the fact that the company is concerned with our well-being is a sign that having a balanced life is reflected in our job performance."*



challenge of creating an in-store training program for OXXO Stores, in order to ensure a balanced development of store managers and employees, without interfering with store operations. The program, held through FEMSA University, entailed the development of special e-learning content, the installation of computer equipment in the stores' stockroom areas, and introducing an online teaching methodology with reinforcement practice in the store itself. The pilot program began in the state of Puebla with four stores, and at the close of 2010 it has been applied to 120 stores. The achievements show that training with the right content and media yields excellent results, because among the store manager's team turnover rate dropped from an average of 108% to 21.66% in the stores where the program was conducted. In 2011 this methodology will be implemented in all the operating regions in Mexico.

Furthermore, the **OXXO Institute**, founded in 2009, offers store managers an opportunity to pursue a **Bachelors' Degree in Retail Management**. At the close of 2010, 38 students were enrolled in this program. Through this initiative, FEMSA Comercio was the first company in the state of Nuevo León to obtain official certification from the Ministry of Public Education, and only the second in Mexico. The more than 40 teachers who work in this Institute are also OXXO employees, who volunteer their time to share their knowledge with students who receive a 100% scholarship from the company.

Another training option that FEMSA Comercio offers its employees is to take **high school courses in a semi-open system**. At year-end 2010, this program was available in all the work centers of Aguascalientes, Guadalajara, León, Monterrey, Saltillo, Veracruz, and Xalapa; and had an enrollment of more than 100 employees among OXXO store, OXXO Gas, and Distribution Centers.

With the aim of responding to the need for growth, Coca-Cola FEMSA developed an initiative called **Creating Capacities**. This strategy involves identifying and transferring capacities and best practices throughout the organization, through a standardized and uniform training and operation methodology. The initiative arose in 2008 as a way of preparing the organization for a balanced growth by empowering the skills of its employees. In its initial phase it had reached more than 1,950 employees from the commercial, supply chain, and logistics areas of Mexico and Brazil.

FEMSA Logística has also made an important effort to train and develop its employees, and through its initiatives, 18 operators were certified in the skills necessary to be instructors of other operators, and more than 100 as welding engineers, while 13 individuals graduated as forklift operators and 105 in administrative skills.

### Workplace Diversity and Integration

GRI EC3, EC5, LA2, LA3, LA13, and LA14 / GC VI

We believe the diversity of our work force not only enriches our company, but strengthens it to continue growing and facing the challenges of the industries in which we participate. At FEMSA, we make sure there are mechanisms for offering promotions without regard to gender, age, race, nationality, religion, political or sexual preference, economic condition, or handicap.

GRI 3.10, LA1, LA4 y LA13

#### EMPLOYMENTS CREATED BY GENDER AND TYPE OF CONTRACT<sup>1</sup>

			EXTERNAL		Total
	Employees	Unionized	External services	Store Commissioner OXXO*	
Woman	6,567	12,454	1,899	24,816	153,802
Men	23,133	47,894	17,230	19,809	
Total	29,700	60,348	19,129	44,625	

<sup>1</sup> Total employees in nine countries.  
\* Only in Mexico.

Although we consider FEMSA to be a company made up of young talent, we strive to create a balance between experience and youth. We have also gradually incorporated more women into our work teams, because we are involved in businesses and territories traditionally with a male concentration.

We know that our environment requires us to be on the forefront of human resources to ensure that we have a

talented work force and the right abilities for every job. In 2010 we conducted pilot programs on different ways to promote gender equity, so that men and women can practice their rights and responsibilities in accordance with their respective needs. The pilot programs include the creation of a nursing room and flexible time scheduling. These initiatives are part of a strategy to retain women employees who are or want to become mothers, raise our employees' sensitivity about the importance of working towards an attitude of inclusion towards women, and reviewing human resource processes to ensure that women are hired, promoted, and retained.

Because of our commitment to excellence, we always make an effort to guarantee very competitive wages and benefits in the nine countries where we are present. In the companies of our group, men and women performing similar jobs with similar experience receive the same economic compensation for their work. To ensure this is enforced, we have a gender-blind job evaluation system based on performance against assigned duties.

According to the laws of each country and the possibilities of each Business Unit, we determine the social and economic benefits offered to our employees, regardless of the period covered by the contract.

Without exception, the minimum wage for general and professional services is that stipulated by the laws of the communities where we are present. However, our lower standards are one or two times above the general stipulated minimum wage.

Through the **FEMSA Inclusive Workplace System**, we promote the integration of individuals with mental or physical challenges, senior citizens or other vulnerable groups into FEMSA operations. This program, which began in 2001, welcomed 1,610 employees to the FEMSA family and has benefited 8,500 individuals to date, all of whom have found an option for professional and personal development on an equal opportunity basis. OXXO's positive results in the field of workplace integration earned it the **Best Social Responsibility Practices Award 2010**, from the Mexican Center for Philanthropy (CEMEFI).

## Empowering Talent

Three years ago, Fernando Torres, Head of Human Resources at the OXXO Distribution Center in Guadalajara was having a hard time maintaining the cleaning staff at that facility due to high turnover and absenteeism. He hit upon the idea of changing the profile of job candidates after colleagues in other areas shared the excellent results they had experienced from including the **Inclusive Workplace System** into their recruitment processes.

This is how 44-year-old Rafael Mancillas, who suffers from brain damage, came to join the company. "I was working in an open-air market selling records, but I needed a more steady job. I came to the OXXO Distribution Center, where they gave me the opportunity to hold a dignified job, where I'm just another co-worker. I'm married and I have two boys, a one-year-old and an eight-year old. They're happy and secure because I'm in a stable job, I have all my benefits and I feel part of a team where I'm given the same opportunities as everyone else."

For Fernando, the results have been unequivocal: In 2010, his work center had 16 employees belonging to this program, among them senior citizens, single mothers, and people with mental or physical challenges, and he proudly states: "Today, I can say that we have zero turnover and close to zero absenteeism."



*Rafael Mancillas*  
OXXO CEDIS  
Guadalajara

*"I feel like part of a team where I'm given the same opportunities."*



GRI 3.10

**NUMBER OF INDIVIDUALS WITH DISABILITIES, SENIOR CITIZENS AND OTHER VULNERABLE GROUPS. \***

Business Unit	Disabilities		Senior citizens		Other vulnerable groups		
	2010	Accumulated	2010	Accumulated	2010	Accumulated	
Coca-Cola FEMSA	16	235	0	179	378	2,738	
FEMSA Comercio	63	456	59	457	1,049	4,227	
FEMSA Corporativo	10	37	0	24	14	67	
Strategic Procurement	1	15	1	17	19	48	Total 2010
Subtotal	90		60		1,460		<b>1,610</b>
							Accumulated
Subtotal		743		677		7,080	<b>8,500</b>

\*Data does not include Cuauhtémoc Moctezuma, FAMOSA and SIVESA, currently operated by Heineken.

GRI EC7

In pursuit of the simultaneous creation of economic and social value, we believe that local talent has the potential and know-how necessary for successful execution of FEMSA's business and philosophy. That is why we favor local hiring, so that 75.1% of our top management positions are held by citizens of the country in which those operations are located.

**Harmonious Labor Relations**

GRI 4.4, HR5, LA4, LA5, LA6, and LA9 / GC III

At FEMSA, we respect the right to free association and collective bargaining. The corporate mechanisms to monitor its fulfillment showed that in 2010 there were no situations that might jeopardize these rights.

All our workers are represented by committees created in our work centers, integrated by representatives of our employees, the company, and union delegates. Whenever it is necessary, they address matters relating to labor relations, safety and hygiene, and occupational safety, like accidents, preventive measures, and work-related illnesses. All of our unionized workers are covered by collective bargaining agreements based on national laws and internationally accepted principles, as well as on the FEMSA Business Code of Ethics, thus ensuring full respect for human rights.

We have a number of **communication channels** like the HR Hotline, direct supervisor reviews, organizational climate eval-

**FEMSA Generations with Value**

For Guillermo, Ricardo and Gerardo García Peña, FEMSA is their second home, and their words reveal their pride in being a part of this company for three generations. Their father, Guillermo García Ramírez, retired after working for 41 years in the Bottling and Brewing area of Cervecería Cuauhtémoc. "We grew up around this factory and we played here" says Ricardo, who has been working at SCYF for 30 years and is head of Accounting and Savings Funds.

Guillermo, retired after 42 years in FEMSA management, remarks, "When I retired, the company didn't just leave me on my own. They supported me and my wife with a course to help us prepare for this new phase of our lives, the same as they did with my father when he retired."

"Of the three of us, I'm the newest here—and I've been with the company for 25 years!" laughs Gerardo. "Our father was a great example, and this company through its example and programs, reinforces the importance of family. We have a responsibility to share our work and family values with our children and our community."

"Right now, we have four nephews working in different areas, and they decided to look for an opportunity here because they know we are happy in our jobs. We are loyal to the company, that has always been steady and innovative, and has supported us since we were young. Our family had a home thanks to this company and to my father's loyalty and discipline. We studied at FEMSA schools and played in the recreation center every summer. Even today, we still

uation, among others, that allow employees to communicate their proposals and concerns to the company. The company also has various communication tools, like news bulletins, institutional mail, internal magazines, Communication Day, and others, to promptly report on issues relating to the company's performance and any organizational changes that have implications for labor relations. The frequency of communication with employees varies according to the medium used and the type of information involved. The collective bargaining contracts that the company has subscribed with its union do not

hold our family parties here. If you commit yourself to your job and you're responsible, the company rewards you, and you can't put a price on that. We're here as proof that this is possible, together and supporting each other," says Ricardo, who also works in the accounting department of the Cuauhtémoc and FAMOSA Clinic.



*"We have a responsibility to share our work and family values with our children and our community."*

specify any minimum period of advance notice of organizational changes.

*GRI HR3, and HR8 / GC I and GC II*

At FEMSA, we have service areas that by nature require special training in human rights issues. One example is the security personnel who work in our facilities. This training, which is given to 100% of the employees in this area and is applied uniformly in all nine countries where FEMSA operates, has the purpose of ensuring a humane, respectful,

and warm treatment, supported by emotional intelligence methodologies.

*GRI LA12*

In pursuit of our objectives and strategic business plans, directors and professionals evaluate their individual performance each year using **The One Page System** methodology. The objectives are established according to Critical Success Factors, and identified through clearly specified metrics and achievement levels. This system helps employees to focus on, track, and execute our business strategies. The rest of our employees are evaluated based on FEMSA Key Competencies and others specific to their Business Unit.

We are always interested in hearing our employees' opinions about their quality of life, workplace environment, and general aspects of the company. For this, thirteen years ago, we developed an **Organizational Climate Diagnosis and Sociometric Study (DICOYES)**, which is applied in periods not greater than two years. Periods of application vary according to the characteristics of each Business Unit. In 2010 more than 46,300 employees took part, representing 81.7% of our target population. Based on the findings of this survey, each work center developed a plan of action to improve the areas of opportunity detected, and the effectiveness of these plans showed in the results of the following evaluations. Because of this, Coca-Cola FEMSA implemented in 2010 FEMSA's Labor Culture Development program, which aims at strengthening the role of managers, department heads and middle-level executives in labor relations with their teams. In 2011, we will standardize DICOYES communication processes in all the countries in which we operate.

Furthermore, this year we updated the application tool technology. Now available electronically, it will allow more employees to participate. We were thus able to apply the DICOYES survey to workers in more than 5,700 OXXO stores, and streamline processes so that work centers could obtain their results online more quickly than under the old scheme.

## Retirement

*GRI EC3*

At FEMSA, we not only prepare our employees for a full and rewarding professional career, but we also plan ways to support them during their well-deserved retirement. We have pension schemes in every country where we operate, governed by the laws of each nation, and managed independently from the operating resources of the business.



# Health and wellness

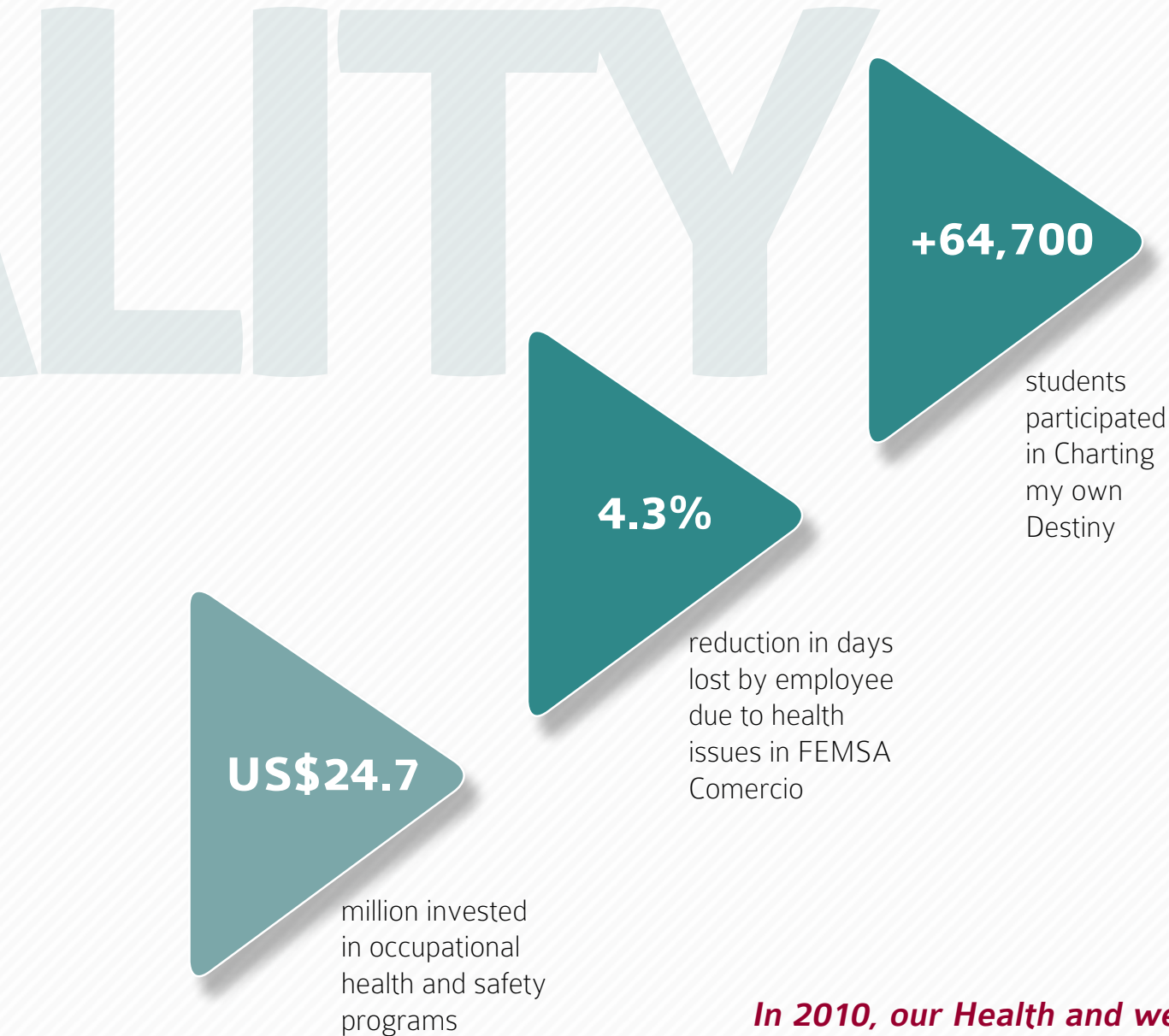
core  
area 2





GRI 4.12

At FEMSA, we seek to lead the field in developing health and self-care culture, and today, promoting healthy lifestyles is part of our business identity. We believe a healthy and safe community is better prepared for economic and social development, and this is why we design and support programs and initiatives to promote a better workplace environment and build stronger communities.



***In 2010, our Health and wellness programs benefited more than 351,000 people, with an investment of US\$28.4 million.***



*In 2010 we made a significant effort to strengthen our Occupational Health and Safety Administration System, which regulates, implements, and consistently measures the company's programs in this area.*

*The health and safety of our employees is a priority for us, and at FEMSA Logística these efforts have been recognized for five consecutive years with the National Safety Award from the National Association of Private Transport in Mexico.*

*Furthermore, we support programs to promote sports and healthy lifestyles among our employees, their families, and our communities.*

### Programs for Employees and their Families

GRI LA7, LA8, and LA11

Keeping every employee on the job in optimum health helps take full advantage of their productive capacity, allows them to keep their physical integrity and that of their coworkers, as well as the use and optimal care of the equipment, and the facilities. This was the idea behind the creation of the **Occupational Health and Safety Administration System (SASSO)** in 2006, which was introduced in all of FEMSA's Business Units. SASSO is made up of 20 occupational health programs and 12 institutional safety awareness practices, and it is disseminated in our work centers through the Safety and Hygiene Committees. These practices include preventive medicine and vaccination campaigns, workplace ergonomics, workplace risk, and industrial contingency prevention, among others.

One major achievement of 2010 was the development of SASSO training modules, which are given virtually through FEMSA University. Employees in FEMSA Business Units received training in areas like, Introduction to SASSO, Accident Investigation, Operating Discipline, Effective Audits, and others. As an example, through this initiative, Quimiproducos employees received more than 7,227 hours of training in the proper handling of electrical equipment and forklifts, fire prevention and management, ergonomics, injury prevention, and more. Besides these courses, industrial safety training modules were developed to reinforce the operating processes that entailed the greatest risk to our employees. One of FEMSA's achievements during the year was the 2% reduction in workplace accidents in comparison to 2009, which have been constantly

reducing year after year. Also, the illness indicators in our operations were reduced 5% in the same period.

FEMSA Comercio introduced programs to encourage workplace security and risk prevention. Among them were the **Risk Prevention Manual and Safe System**, which at the close of 2010 were implemented in eight OXXO Distribution Centers (CEDIS). Over the course of the year, this resulted in a 29% reduction in workplace accidents per 100 employees compared to 2009, even though three new Centers were opened during the period, which distorted the numbers because of startup accidents. In addition, through their efforts on this matter, FEMSA Comercio achieved to reduce 4.3% the days lost by coworker due to health issues.

In its constant effort to create a healthy and safe business for its employees, suppliers and clients, OXXO developed a



**Carlos Salazar**  
Chief Executive  
Officer, Coca-Cola  
FEMSA

### *A Health Culture for Development*

Built on a century-old tradition, and enriched with the experience and lessons we have learned in every part of the world we have been active, our strategy and work in the area of sustainability is a fundamental core area of Coca-Cola FEMSA management, and we firmly believe it is one of the factors that has given us a steadily increasing confidence and credibility among our communities.

**Stores and Offices Safety Manual** that provides information on how to react in a variety of emergencies. In 2010 **a program was introduced to develop emotional skills** in order to allow employees to deal with post-traumatic stress in the event of a store robbery or natural disaster. Through these initiatives, more than 14,500 FEMSA Comercio employees were trained in workplace safety in 2010.

To achieve and maintain leadership in industry safety, FEMSA Logística placed a priority on safety. In 2010 it introduced satellite tracking systems, panic buttons, and rest cots with security measures for its transportation fleet, alongside communication campaigns to educate employees about self-protection. During the **Safe Week**, it shared information on safety topics with employee family members.

At Coca-Cola FEMSA, we know that health and wellness are fundamental to the growth of our stakeholders, which is why we continually strengthen our commitment through the development of well-rounded programs aimed at encouraging healthy lifestyles, and support actions that raise awareness about health and self-responsibility. We have pioneered programs to promote responsible consumption, physical activity, and nutrition. At the same time, we continue to satisfy the preferences of our consumers through a complete product portfolio that we continually enrich with various innovative alternatives for every occasion and lifestyle.

In recent years, we have significantly increased our investment in these issues, because we are confident that creating a culture of health, both, company and community will grow together in a sustainable and healthy way.

We meet our social commitment goals through strong strategic planning, detailed analysis of the environment, and the documentation of best practices and results, in order to replicate our successes and therefore, offer the highest social return on our investment in the various sustainability spheres in which we participate.

Thus, we seek to transcend and simultaneously generate economic and social value through initiatives that positively impact the communities where we operate.

## Workshops to Reduce Domestic Violence

For Francisco Javier León, Human Resources manager at OXXO León, in the state of Guanajuato, Mexico encouraging the physical and mental health of his employees is what motivates him. The growing number of cases in which there have been signs that employees were experiencing situations of family violence at home, as well as the evident needs identified, inspired him to look for ways to train employees in detecting, dealing with, and reducing domestic violence because, as he puts it, "If our employees are all right at home, they'll be all right on the job."

Convinced that alliances with other professionals could achieve even better results, he got in touch with the Ministry of Public Safety of León and with the Guanajuato Women's Institute. In 2009, these three institutions organized a forum called **Family Development: An Option to Violence**, where in addition to the keynote presentation, 10 workshops were given on preventing violence in all its forms between the men and women who work at OXXO and their families. Due to the large attendance in 2009, this initiative was again promoted in 2010.

"Alliances are the best way to reach people effectively. OXXO has brought us into this area, and we expect to continue working together with it and the Ministry of Public Safety to eradicate violence in all its forms," says Teresa Carreón of the Guanajuato Women's Institute.



*"If our employees are all right at home, they'll be all right on the job."*



## Recognizing Mexico's Best Drivers

For Aarón Guerrero, driver for FEMSA Logística in Tecate, Baja California, who has been with the company for nine years, job safety is fundamental. When he found out about the **National Safety Award**, he hesitated at first but eventually decided to enter because he was sure the company would support him in this professional challenge, just as it had supported him in his personal life. "For me, FEMSA has always been there. I'm a single dad, and they support me so I can take care of my son, even when it may seem that the hours I spend driving are hard to reconcile with family life. It makes me feel good and secure that they put my safety above their operations. The company made me feel secure in my capacities and supported me in reaching my goal, because they're always training us in safety issues. That's why participating in this award was a very good experience, where I could apply everything I learned in training and on the job." At the end of this process, Aarón was one of the national winners of this award in 2009.

"This motivates me to get ahead in my job. This profession is in my family—my father is a driver, too, for a different company, and he always tells me how proud he is of my work and of FEMSA, for watching out for our safety. For me, this award is an encouragement, and an example for my son, that everything is possible if we set ourselves to it", he said.



*"The company made me feel secure in my capacities and supported me in reaching my goal."*

Physical activity plays a fundamental role in achieving a healthier, fuller life. For this reason, Imbera organized soccer, basketball, swimming, and wushu courses and tournaments, where 600 employees and their families participated. These initiatives were complemented by a program of training and sensitivity about sports injuries, and medical monitoring to check on the status of their health while playing.

### Programs for our Communities

*GRI 4.12, EC8, and LA8*

At FEMSA, we seek out initiatives that encourage people to adopt healthy lifestyles and generate a long-term impact on our communities.

In Venezuela, Coca-Cola FEMSA carried out a number of sports programs, including one called **Let's Play** (Vamo' a Jugá), that introduced children from disadvantaged communities to baseball, guided by seven professional players who also provided an example of how we can reach our dreams through discipline and effort. This program benefited more than 8,800 children between 7 and 15 years of age, through 49 baseball clinics given across the country. Sports tournaments were also organized, like the Tour de la Copa, the Milan Junior Camp, bike races, swimming and walking contests, and the Coca-Cola family race, open to the entire Venezuelan community.

In Colombia, a program was created to equip sports parks and leisure areas. Through **Agua Brisa Parks** (Parques Agua Brisa), communities in six Colombian cities were able to take part in a contest to win a fully landscaped and equipped children's playground.

With an investment of US\$201,000, FEMSA and Coca-Cola FEMSA, in an alliance with the **Center for Integral Development through Sports** and the Ministry of Education of Mexico City, implemented the program **Integral Development through Sports**, which provides physical education teachers a methodology designed for children to strengthen their neuropsychomotor development through sports. Besides encouraging sports and values like discipline, re-

spect, and teamwork, the methodology also helps improve classroom performance by practicing coordination, periods of attention, and retention, among other aspects. In 2010, this methodology was applied in 50 primary schools of Mexico City, benefiting more than 19,000 children and training more than 130 physical education teachers.

FEMSA Comercio continued to promote health in Mexican communities by supporting different sports events. In the state of Durango, it organized the **Race for Durango's Future**, as well as the now-traditional **21K OXXO** race in Chihuahua, which celebrated its 20<sup>th</sup> year in 2010 with more than 4,700 participants.

At FEMSA and Coca-Cola FEMSA, we continued our support for a program called **Charting my Own Destiny** (Trazando mi Propio Destino). This program was designed in 2006 by the University of Monterrey at the request of Cuauhtémoc Moctezuma, and helps children and young people to develop life skills. The methodology helps students to acquire the tools they need to make responsible decisions in their daily lives, including adopting a healthy and responsible lifestyle.

In 2010 we brought this program to the state of Veracruz and Mexico City, and introduced a pilot program in Brazil, benefiting more than 64,700 students. The program has also been carried to the states of Campeche, Chihuahua, and Nuevo León, and since its launch in 2007, it has touched the lives of more than 750,000 children and young people.

In 2010, we continued to support the **FEMSA Biotechnology Center** at the Tecnológico de Monterrey, and among its outstanding achievements was the creation of the Chair in Nutrigenomics, under which 15 research projects were begun regarding the relationship between genes and health. This year, the Center's diagnostic lab obtained the certification for the AH1N1 Flu Vaccine, and expanded the bio-processing plant for research in the beverage industry, in search of options to produce beverages, that take advantage of the properties of certain ingredients that benefit health.

## Achieving Health through Play

In 2008, Coca Cola FEMSA, in an alliance with The Coca-Cola Company and the Ministries of Education of Panama, Costa Rica, and Nicaragua introduced a program called **Let's Play** (Apúntate a Jugar), which promotes health and physical activity among primary schoolchildren, through play. Because this program is intended as an inclusive way to support all children, based on play rather than competition, it has had a special impact on children that do not often participate in sports because they feel they lack the necessary skills and abilities.

Adilia de Pérez, of the Panamanian Ministry of Education, shared these remarks: "The **Let's Play** program has benefited Panama's schools with new alternatives and methodologies for teaching through physical activity. For physical education teachers, it has proven a new and different tool to help us better develop boys and girls in the early grade levels. We've seen how, through playing, they develop and sharpen their skills. These Coca-Cola FEMSA initiatives are worthy of recognition, because they open the door for the Ministry of Education and the private sector to continue working together for the welfare of our youth."



*"These Coca-Cola FEMSA initiatives are worthy of recognition, because they open the door for the Ministry of Education and the private sector to continue working together for the welfare of our youth."*



# Community engagement

core  
area 3

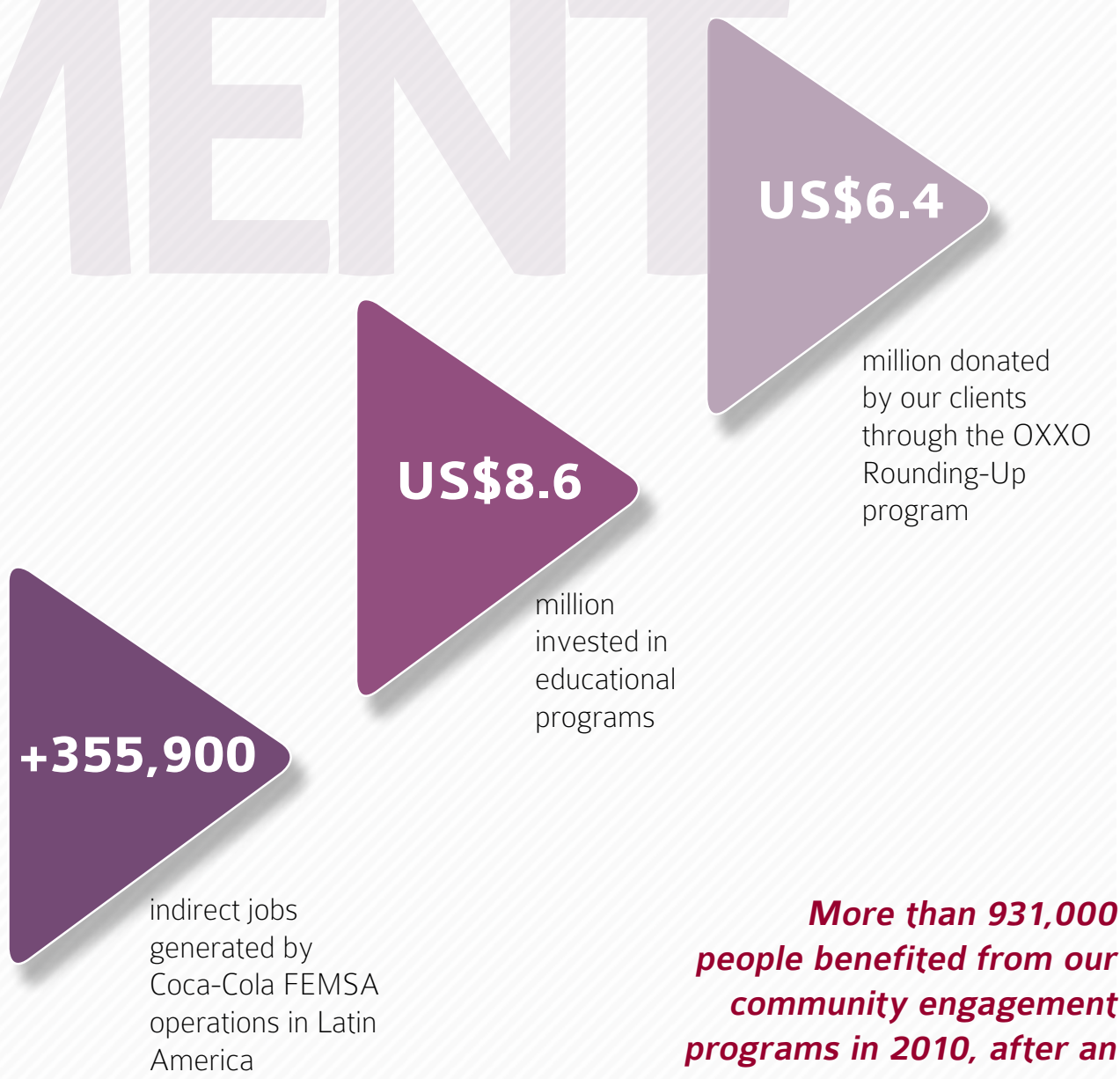
# COMMIT



GRI 4.12

At FEMSA, we play an active role in contributing to the economic and social development of the communities where we operate, and we strive to create ties of cooperation and harmonious relationships with those around us. To ensure that our community engagement programs have as much impact as possible, we focus our efforts on areas or topics where we have experience and influence, based on the nature of our business.

# COMMUNITY ENGAGEMENT



**More than 931,000 people benefited from our community engagement programs in 2010, after an investment of more than US\$10.8 million.**



**Eduardo Padilla**  
Chief Executive  
Officer, FEMSA  
Comercio

### *OXXO, a Good Neighbor*

At FEMSA Comercio we know we are an important part of the communities with which we share spaces, development, and growth. We place a special value on our relationship with them, because we work to serve them.

In 2010 we strengthened our strategy of community engagement, which focuses all our efforts on being a Good Neighbor, and directs them toward programs in environmental education, reforestation and recycling, cleanup of public spaces, and encouraging health and sports.

I would particularly like to share with you this year's campaign, which we developed to commemorate the bicentennial of Mexico's Independence and centennial of the Revolution, **Mexico, I Believe in You** (México, Creo en Ti). Through various messages we raised awareness among Mexicans about the importance of action by each individual citizen in contributing to the development of our country. In every community where there's an OXXO store, we feel like we are an integrated member of the neighborhood. We know very well that a healthy environment translates into better conditions for our business, and as a result we can generate even more economic and social benefits for our neighbors, clients, and suppliers in that area.

*In 2010, we continued to support our institutional programs aimed at improving the quality of life in our communities. These include our support to the Tecnológico de Monterrey since its founding, guided tours to our plants, the OXXO Rounding-Up program, the FEMSA Art Collection and FEMSA Monterrey Biennial, among others. We also place a priority on initiatives that promote social responsibility, education, and the generation of economic opportunities, such as our support to the Time Bank and Community Learning Centers, in Colombia.*

### **Education**

Based on our commitment to wellbeing and education in our communities, and to the conservation of our natural resources, Coca-Cola FEMSA Colombia developed a program called **Caring for Myself and Caring for the Environment** (Cuidándome y Cuidando el Medio Ambiente), in partnership with Dividendo por Colombia. This initiative stimulates reading and healthy lifestyle habits, as well as respect for human beings and the environment among children from disadvantaged communities in that country. This is achieved through the donation of library sets comprised by books designed especially for teaching young children and helping them to learn. In 2010, 30 library sets containing books donated by company employees were allocated in four cities of Colombia, benefiting more than 20,000 children.

We continue to support community engagement through **guided visits to our plants**, primarily for students, who have an opportunity to learn about our production process, obtain information about the proper consumption of the products, tips for healthy living, and the right way to dispose of containers. In 2010 alone, more than 12,700 students in Mexico visited our facilities. Our plants in Colombia, Costa Rica, Nicaragua, and Venezuela also opened their doors to the community.

Aware of the importance of journalists and publishers as opinion leaders and builders of economic and social development, FEMSA offers a **Diploma for Journalists** to members of the leading communication media in Latin America. The course was developed by the Tecnológico de Monterrey at FEMSA's request, and it is taught through that university's virtual network. The



## Centers for Training People and Rebuilding Communities

Motivated by the successful experience of the **Time Bank** program, Coca-Cola FEMSA Colombia, the high Council on Reintegration, local mayors' offices, and the Tecnológico de Monterrey, started up eight **Community Learning Centers** in the country in May of 2010. Through these Centers, people who have been particularly hard hit by the effects of violence and are reintegrating into civil life have access to a quality education platform. The Centers offer 80 online self-teaching courses and 10 tutored programs, benefiting more than 1,800 people.

The Centers not only provide training and technical education, but promote peace and reconciliation.

For Carlos Suárez, Corporate Affairs manager at Coca-Cola FEMSA, who is also a volunteer in the **Time Bank** reintegration program, the Community Learning Centers go beyond providing training to communities: "This is a story of peace and forgiveness. For example, the family of one of our facilitators was directly affected by the guerrilla war, and now she's teaching people who used to be part

of those forces. We who make up this nation must learn to forgive, and that's what we're promoting through our programs for peace and reconciliation. We want to go beyond rebuilding the social fabric; we want to continue benefiting more Colombians each and every day.



*"We're not just training people, we're building the fabric of society."*

diploma strives to update knowledge through tools and techniques for research, administration, finance, ethics, and leadership. The first class of more than 100 journalists graduated in 2010, and the second generation will complete its coursework in the summer of 2011.

### Economic and Social Development and Protection of Human Rights

*GRI EC4, EC6, HR1, HR2, HR6, and HR7 / GCI, II, IV, and V*

As part of our commitment to the economic development of the areas where we operate, we always strive to work with as many local or national suppliers as possible. For example, Coca-Cola FEMSA México and the companies of FEMSA Empaques, where 99.7% and 97% of their suppliers are of national origin, respectively.

In keeping with the laws of each country, in 2010 we received US\$42.9 million in financial stimulus funds due to our

investments in science and technology, among other projects, in Mexico, support to dietary and cultural promotion programs in Brazil, investments in Colombia, and export credit in Nicaragua.

All of FEMSA's operations are undertaken with full respect and compliance to human rights. Our policies and Whistle-blowing System allow us to detect and address any complaint regarding possible violations, both in our daily operations, as well as when making capital investments or acquisitions.

At Coca-Cola FEMSA, we join efforts with The Coca-Cola Company in order to work together towards the compliance of the Supplier Guiding Principles, a set of guidelines for the promotion and respect of human rights in the workplace. Our leading suppliers and distributors receive authorization only if they comply with these principles.



Additionally, in the tender of processes in Coca-Cola FEMSA México, we establish clauses that seek to guarantee that practices that violate human rights do not take place. These apply to 100% of actual and potential suppliers that participate in a tender process for a project or product.

In compliance with the applicable laws of the countries where we operate, and based on our corporate policies, child and forced labor are forbidden at FEMSA. We are aware of the need to extend this commitment to our value chain, through suppliers and distributors that give us some sort of contracted service. In order to minimize the possibility of such events, we have control mechanisms that help us to ensure that third parties that provide any service comply with legal and labor obligations.

*GRI EC8, EC9, and SO1*

We endeavor to maintain an open, mutually respectful relationship with the communities where we operate. To serve them, we provide a number of communication channels—telephone hotlines, customer service centers, e-mail addresses, and web pages. Also, in the interest of hearing about their wishes, needs and surrounding conditions, we conduct **Community Assessments** that provide information for developing work plans and projects that bring benefits for the company and for the overall community.

In 2007, Coca-Cola FEMSA was the first company to support the **Time Bank** program, developed by the High Council on Reintegration. Its objective is to provide opportunities for former members of Colombia's guerrilla forces and for people mobilized by the armed conflict, to become micro-entrepreneurs and rejoin civil life. At the close of 2010, more than 100 company volunteers in six cities of Colombia shared their time and know-how, so that they could together build a process of peace and progress.

We know that the community's needs are considerable, but there are also many people and institutions working for a better world. Because of these, in 1993, FEMSA, together with the Tecnológico de Monterrey, created the **Eugenio Garza Sada Award**, in order to recognize such efforts. In 2010, in the individual category, the award honored the philanthropic work of Alberto Santos de Hoyos and, in the institutional category, Lazos IAP, from México Unido Foundation. Coca-Cola FEMSA Venezuela also joined forces with the Venezuela Sin Límites Foundation and other organizations to

give out the **Social Entrepreneur of the Year Award**. In 2010, this honor went to Claudia Valladares, of Banca Comunitaria Banesco, for promoting projects that benefit the community.

As one more neighbor, OXXO is interested in improving conditions of security and civic participation, both of which are fundamental for building a better community. In 2010 it ratified its support for **Neighborhood Alert** in the municipality of San Pedro Garza García in Nuevo León, Mexico, involving municipal authorities and neighborhood committees. The purpose of the program is to create a forum for community members to meet and together learn and apply measures that can help build a safer environment. This past year, an estimate of 53,500 inhabitants of this municipality, were benefited with this program.

### Culture

For FEMSA, culture plays an important role in the well balanced development of individuals and communities. Through FEMSA's Cultural Program we share with the public the **FEMSA Art Collection**, made up of more than 1,000 works of art, one of the largest private collections of Latin American contemporary art in the world. In 2010, nine exhibitions were held in different countries such as Spain, the U.S. and Mexico, along with five conferences and one workshop, which were attended by an estimate of more than 789,700 individuals. Because this is a traveling collection with a program of lending art works to other museums, we ensure that a larger share of the public has the opportunity to experience the art of the great Latin American masters.

In another effort to encourage artistic creation and recognize talent, the **FEMSA Monterrey Biennial** was created in 1992. This fine arts competition, that has put to consideration of a jury 16,238 works of art of more than 7,000 artists, has become one of the most important in Mexico. The most recent



### FEMSA Art Collection

For more information about the FEMSA Art Collection, as well as the works it includes, visit the website:



<http://www.coleccionfemsa.com>

edition was held in 2009, and in 2010, the selected works and winners were presented at traveling exhibitions in the cities of Monterrey, Puebla, and Tijuana, in Mexico. The next competition will be launched in 2011.

### Social Assistance

Through **OXXO's Rounding-Up Program**, since 2002 this company and its clients have supported 1,067 philanthropic organizations with more than US\$32.7 million. Thanks to the generosity of our clients, between March 2010 and January 2011, the program collected a total of US\$6.4 million, which

went to 190 associations in Mexico that work in the areas of health, education, and social assistance.

As part of our commitment to the war on hunger, OXXO Distribution Centers in the cities of Guadalajara, Monterrey, León, and Mérida, together with the Mexican Food Bank Association, supported **PRO Alimentos**, which channels excess food in good conditions to communities in need. In 2010, more than 60,540 cases of cookies, sandwiches, cereals, and dairy products, along with 11 pallets of milk chocolate and candy, and 698 cases of soft drinks, water, juices, and milk, among other items, were delivered.

## Alliances that save Lives

Every story has different faces, and everyone has their role, their own story and their motivations. The belief that working together with others can bring greater and better results allowed these three faces to come together:

Having a son with cancer inspired Javier Garza Guajardo to found the Children's Anti-Cancer Alliance in 1995, in the city of Monterrey. His only purpose was to ensure that children with few economic resources who were diagnosed with this illness could receive full treatment that would ensure their recovery in equal conditions to children that did have such resources. At the close of 2010, the association had helped more than 1,800 children to face this terrible illness. "We're a considerable number of people who work every day to guarantee that our children and their families are fully served and can overcome cancer. Economic resources are fundamental, and can make the difference between life and death. What motivates us is children like Luis, whose will to live and enthusiasm were contagious to all of us."

For Alma Quiroga, head of **OXXO's Rounding-Up Program**, its growth since it was launched in 2002 has been rich in learning experiences: "We couldn't have imagined the impact we could have on the lives of people who receive support through the generosity of our clients day after day. OXXO is a way for people to support the organizations operating in their community,

and the Children's Anti-Cancer Alliance is one example of this. Today, by just donating a few cents, we can really make the difference in the lives of people who need it. Javier and Luis are here as a testimony to that.

For 7-year-old Luis Moreno, his life changed forever when he was diagnosed with cancer. His parents, Leonor and Xenón did not have the money for his treatment, so they came to the Children's Anti-Cancer Alliance. Today Luis receives his treatments, feels better, and the results have been encouraging. "I'd like to tell everybody that buys at OXXO to keep donating for kids like me so we can be cured. That way I can help when I'm better. Above all, and despite it all, I'm happy. Thank you for your support."



*"Above all, and despite it all, I'm happy. Thank you for your support."*



# Environmental care

core  
area 4

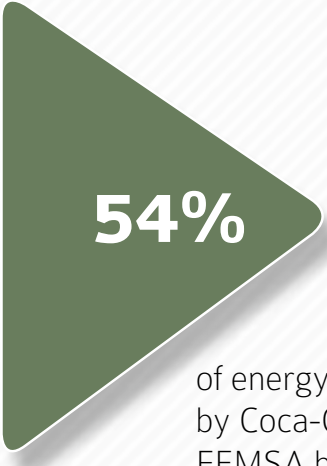
# PRESERVATION



GRI 4.12 / GC VII, VIII, and IX

We are aware of our responsibility towards the environment where we operate and which we share with present and future generations. For this reason, we have developed processes and programs focused on preserving the environment and creating a broad-based culture towards its protection.

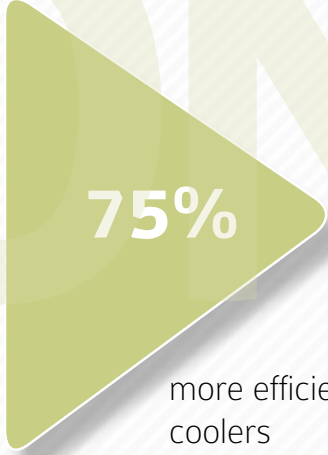
# INNOVATION



of energy used by Coca-Cola FEMSA bottling plants comes from renewable sources



of OXXO stores with the Intelligent OXXO Store System that reduces energy consumption



more efficient coolers produced by Imbera

***In 2010, we invested more than US\$19.4 million in environmental care programs.***



GRI EC2



**Sergio Sáenz**  
Chief Executive  
Officer, Strategic  
Procurement Area

### **Innovation that Reduces Water and Carbon Footprint**

At FEMSA, we have had visionary leaders that founded a socially responsible company even before the term was known. Since then, we have always incorporated environmental care criteria into our business decisions, which have resulted in guidelines that make us industry leaders today.

At FEMSA Strategic Procurement, we are careful about our carbon and water footprint, not just to make our operations more efficient, but for our own conviction. This has been the impetus behind the evolution of technologies and processes. One example of this evolution is the development of more efficient ways to transport our products. Currently, at FEMSA Logística we can move more cargo with a much lower impact than we did only a few years ago. At the same time, Quimiproduktos has developed raw materials that allow our beverage companies to carry out some processes in a dry form that previously required water, thus reducing the water footprint to our clients.

Another example is the development of better refrigeration technologies. Today, Imbera produces the most efficient coolers with the smallest carbon footprint in the world, using only 25% of the energy required to run those built in 2000.

It is with great pride that we can say that we are a benchmark in the refrigeration and logistics industry, and this is the result of a century-old business vision that is enriched by young talent, which is always present to renew and innovate.

GRI EC2

*Our environmental action strategy is focused on three pillars: achieving neutrality in the water we consume by improving the efficiency of its use and recharging aquifers; incorporating materials from renewable sources, increasing recycling and reducing waste; and mitigating climate change through a more efficient use of energy and renewable energy sources.*

*Climate change is perhaps the greatest challenge that humanity has faced in its history, as its advance will significantly affect our quality of life, diminishing our capacity to meet our fundamental needs. It will cause greater and more frequent natural disasters, as well as alterations in the food chain, modifying the configuration of ecosystems.*

*That is why the agenda on climate change is a fundamental part of all our business strategies, and in 2010 we made substantial progress in environmental matters, which we shared within the framework of the 16<sup>th</sup> edition of the Conference of the Parties of the United Nations Framework Convention on Climate Change (COP16) held in the city of Cancún, Quintana Roo.*

### **Water**

GRI EN10, EN25, EN26, and EN30

In our operations, the conservation and optimization of water consumption is a priority, and because this vital liquid is a fundamental part of our production, we have become one of the global benchmarks for the Coca-Cola System in efficient water use. Our Toluca plant achieved to use only 1.26 liters of water for every liter of beverage produced in May 2010.

Coca-Cola FEMSA is committed to returning to nature the same amount of water we use in preparing our beverages, in a condition appropriate for sustaining aquatic life; and for making more efficient use of water throughout our value chain. For this reason, in 2010 we have improved our processes to save more than 368,000 cubic meters of water, equivalent to the minimum annual consumption of 67,214 people<sup>1</sup>.

1 The World Health Organization states that the minimum consumption per person in order to survive is of 15 liters a day. Reference: List of Guidelines for Health Emergency / Minimum Water Quantity.

Additionally, this year we developed a blow-fill block technology that allowed us to eliminate the use of water for rinsing bottles.

In 2010 we reached the goal of treating 99.5% of the wastewater from Coca-Cola FEMSA manufacturing facilities, compared to 95% in 2009. We did this through 28 of our own wastewater treatment plants, and the use of three municipal plants with which we signed contracts for treating wastewater. At Coca-Cola FEMSA we reuse water from our various processes to provide general services such as irrigation, floor cleaning, toilets, steam generation, and equipment cooling processes, among others.

The improvements to our Latin American beverage plants have saved more than 15 billion liters of water in the past six years, equivalent to the annual minimum average consumption of water of more than 2.739 billion people.

At FEMSA Logística, we performed maintenance on our distribution vehicles in Mexico in our own repair shops, located in our 12 operational bases. Four of them have an automatic washing system with capacity to recycle more water and collect waste. The oils, silts, and other residues that could be considered haz-

ardous are collected, transported, and confined according to existing regulations.

*GRI EN11, EN12, EN15, EN21, EN23, EN25, and EN28*

At FEMSA, before opening or expanding facilities, we apply environmental impact criteria and develop specialized studies when required by authorities. These measures, along with our wastewater treatment processes, enable us to minimize our environmental impact. In 2010 we were able to report that no water resources or habitats surrounding our operations were affected.

*GRI EN9, EN13, and EN14*

To meet our goal of returning to nature all the water we use in producing our beverages, FEMSA has taken actions that support the water cycle, and trees play a fundamental role in this. For this reason, we have joined efforts with Coca-Cola de México to reach the goal of planting 30 million trees in five years, reforesting 25,000 hectares. We also took part in the **Water Factory** (Fábrica de Agua), where we actively monitored and cared for the more than 1.3 million trees planted in association with Probosque, in the Nevado de Toluca National Park since 2006.

*GRI EN30*

## Clean Energy for Everyone

On April 1, 2010, the **Bii Nee Stipa** wind park started up operations in Oaxaca, Mexico, and is expected to supply renewable energy for Coca-Cola FEMSA's operations in Mexico.

For Carlos Pacheco, Corporate Environmental Manager at Coca-Cola FEMSA, signing the contract for the supply of eolic energy was a step forward in the pursuit of sustainability, and strengthens the company's commitment to social responsibility: "We can say that, in Mexico, we're among the pioneers who use a significant amount of wind energy in their operations. The benefits for the environment are impressive, since using a different type of energy allows us to avoid emitting thousands of metric tons of CO<sub>2</sub> a year. This is a clear example of how, with a long-term vision, we can build win-win relationships: the local community benefits from the creation of direct jobs, we reduce our fossil fuel consumption, and we ease the pressure on our electrical supply facilities; at the same time, the country receives substantial investment in cutting-edge technology, and consumers enjoy products with less environmental impact."



*"This is a clear example of how, with a long-term vision, we can build win-win relationships."*



GRI EC2, EN5, EN6, and EN26

## Leaders in Energy Efficiency

In 2005, Coca-Cola FEMSA invested in technology to achieve that the coolers manufactured by Imbera and used at points of sale, were the most energy-efficient in the market. Working together, the Engineering, Manufacturing, and Supplier Development Areas began to research and develop proprietary technologies and seek out specialized suppliers that would bring them closer to this goal.

When in 2009 The Coca-Cola Company established guidelines to reduce the company's carbon footprint worldwide, Imbera was already one step ahead. As Carlos Montoya, Engineering Manager, puts it: "By adjusting technology, we were able to reduce the carbon footprint by 75% between 2000 and 2010. To do this, we designed smart controls; used better insulating materials that also have a carbon footprint 99% smaller than traditional insulation;

incorporated LED lighting, variable-speed compressors, and electric motors. All of these saved more than 1.3 million metric tons of CO<sub>2</sub> production, equivalent to the annual emissions produced by 235,000 cars. In this, we are a benchmark for the Coca-Cola System worldwide."

For Manufacturing Manager Sergio Ramírez, this process also inspired a new attitude in the workplace: "We wanted not only a smaller footprint for our coolers, but also in the entire production process. We installed solar cells in our office, recycle materials, and have a stronger commitment to caring for natural resources."

"All of these technological developments mean that we will continue to reduce our carbon footprint" remarks Carlos Montoya.

In São Paulo and Minas Gerais, we supported the **Aguas das Florestas Tropicais Brasileiras**, initiative in partnership with The Coca-Cola Company and the organization SOS Mata Atlântica, which intends to reforest 3,000 hectares with 33 million trees in five years to preserve Brazil's tropical rainforest, the "lungs of the planet."

In the search to protect biodiversity and aquifers, Coca-Cola FEMSA and FEMSA Foundation, in collaboration with the Water Center for Latin America and the Caribbean, launched a project in 2009 to study 14 watersheds in Mexico. The purpose is to determine their current status and design a strategy for their long-term sustainability. In 2010 **studies were finalized on four watersheds**, which not only generated information on the condition of each, but proposed concrete actions regarding their care and conservation. They also revealed that our operations have not affected these sources of water.

As a group, Coca-Cola FEMSA, FEMSA Foundation, and The Coca-Cola Company financed the installation of three water purification plants in Nicaragua and Colombia, supplying this vital liquid to more than 33,400 people.

### Energy

GRI EN3, EN4, EN5, EN6, EN7, EN26, and EN30

We know that the efficient use of energy in all its forms can not only help protect the environment but can bring savings

to our operations. We have therefore begun several initiatives to reduce our consumption of energy and therefore reduce emissions that contribute to global warming and the exhaustion of non-renewable sources of energy.

In 2010, we made a commitment to fulfill 85% of the energy needs of all of FEMSA companies in Mexico (Coca-Cola FEMSA, OXXO, Imbera, Plásticos Técnicos Mexicanos, Quimiproducos, and FEMSA Logística) through wind energy by 2013. An important step forward was made with the contract for wind supply signed with the **Bii Nee Stipa** wind park in the state of Oaxaca, Mexico. It is expected that this facility will provide 100 million KW/hr per year, thus avoiding the emission of 50,000 metric tons of CO<sub>2</sub> annually, equivalent to taking 8,670 automobiles off the road for a year<sup>2</sup>.

Coca-Cola FEMSA's plants in Latin America are leaders in the international Coca-Cola System regarding energy efficiency. In 2010, the operations had energy savings of more than 117,000 Gigajoules. In the last six years they have saved 150,000 metric tons of CO<sub>2</sub> emissions, equivalent to taking more than 26,000 automobiles off the road for a year.

Besides using renewable sources of energy, our operations also use other types of energy purchased from third parties.

<sup>2</sup> Source to establish equivalence: Calculator of the U.S. Environmental Protection Agency.





*"With our super-efficient coolers, six out of every ten consumers in Latin America reduce their carbon footprint every day by consuming Coca-Cola FEMSA products."*

**DIRECT AND INDIRECT ENERGY CONSUMPTION  
2010 COCA-COLA FEMSA**

Gigajoules type of energy	Total
Electricity*	1,452,392.01
Gas LP	161,811.22
Natural Gas	877,889.97
Fuel Oil	273,457.42
Diesel	207,511.08

Includes only manufacturing plants.

\*Indirect

We invest continuously in research for developing alternative energy forms, and we are currently testing the use of solar energy for our coolers. Today, Imbera's offices in Querétaro supply part of their energy needs with solar energy.

To make a more efficient use of energy in its stores, OXXO has the **Intelligent OXXO Store System** currently installed in more than 70% of its facilities, reducing the use of electricity by 12% through the automatization of refrigeration systems, air conditioning, and internal and external lighting. In 2010, 110,200 Gigajoules of energy were saved with this system.

Our offices also participate in efforts to save and make more efficient use of energy, through programs like **Add Yourself Up, live our Culture** (Súmate, Vive nuestra Cultura), whose aim is to raise awareness about environmental care and resource conservation. In FEMSA's corporate headquarters in Monterrey alone, CO<sub>2</sub> emissions were reduced by 825.4 metric tons through energy-saving measures, such as the elimination of unnecessary lighting; the replacement of existing lights with more efficient products; establishing hours for turning on and off lights and air conditioning; and developing awareness campaigns. By installing videoconferencing equipment we were able to reduce business travel and avoid the emission of CO<sub>2</sub>. This program was extended to the offices of our Business Units in 2010.

**Emissions**

*GRI EN16, EN17, EN18, EN20, EN26, EN29, and EN30*

Coca-Cola FEMSA has an explicit commitment to "Grow the Business, not the Carbon Footprint." It set a goal to keep CO<sub>2</sub> emissions in 2015 at their 2004 levels. This would mean cutting more than 690,000 metric tons of CO<sub>2</sub> emissions.

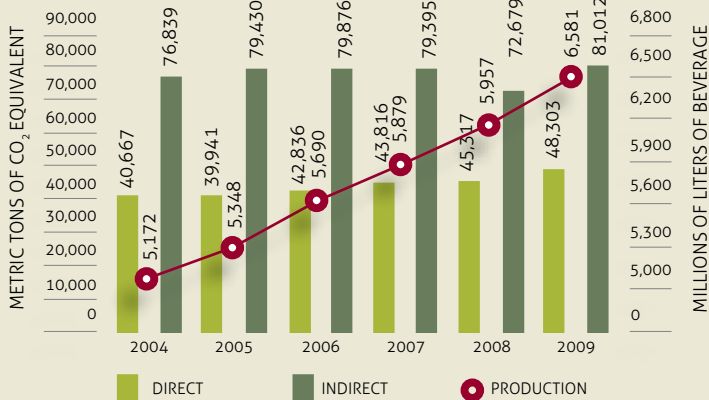
To contribute to this objective, Coca-Cola FEMSA Mexico participates in the **Voluntary Accounting and Reporting of Greenhouse Gases Program**. The report shows that between 2004 and 2009, CO<sub>2</sub> emissions have grown by only 10%, despite an increase of about 27% in production.

FEMSA Logística's efficiency improvements stem from its commitment to efficient fuel use and from the progress made in developing innovative units that allow it to carry more product per trip—in strict compliance with the laws on weights and dimensions—thus reducing fuel consumption and emissions. Another innovation in this area was the gradual introduction of 359 multi-temperature trucks to OXXO's distribution fleet since 2004, 68 of which were acquired in 2010. The use of this type of vehicle has allowed us to avoid shipping refrigerated and unrefrigerated product in separate trips.

The efficiency FEMSA Logística achieved through these measures is evident in the fact that even though the volume of our products shipped rose 8.6% between 2008 and 2010, emissions were reduced by 4.5% in the same period. Among the benefits of this measure were annual savings of an estimate of 38 million liters of diesel fuel in Latin America, and therefore, the reduction of 100,000 metric tons of CO<sub>2</sub> per year.



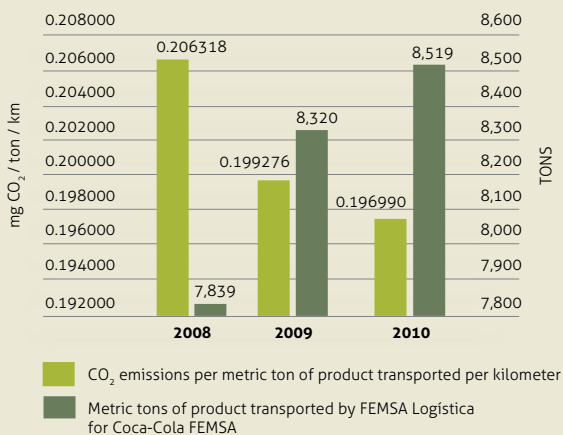
### CO<sub>2</sub> EMISSIONS, COCA-COLA FEMSA MEXICO\*



All figures were adjusted by subtracting emissions and operations from the plants of Juchitán and Cedro.  
 \* Reported in 2010; it only includes bottling plants.

In 2010, in our operations in Tuxtla Gutiérrez, Mexico, we brought in eight vehicles that run on biodiesel fuel made from used food oil. Also last year, we introduced 12 electrical distribution vehicles in Colombia that were added to the already existing in Mexico, which are being used for supervision and pre-sale operation. Also, we introduced two hybrid trucks for operations in Mexico.

### EFFICIENCIES IN PRODUCT TRANSPORTATION AND CO<sub>2</sub> EMISSIONS / FEMSA LOGISTICA



In the transportation industry, the emissions of NO<sub>x</sub> and SO<sub>x</sub> are not indicators that can be measured in the direct operation. Its control is done through the use of vehicles that comply with the current norms in each country. In Coca-Cola FEMSA, these emissions that stem from fixed sources are not reported because they are not significant when compared to CO<sub>2</sub> emissions.

### Recycling

GRI EN1, EN2, EN26, EN27, and EN30

Through recycling, we avoid generating solid waste and the use of virgin materials. We have introduced initiatives throughout our operations to ensure the proper recycling of packaging and waste generated. We seek that these efforts go beyond our own facilities, which is why we have implemented programs to the community that promote recycling practices.

Coca-Cola FEMSA has invested in technologies that create more environmentally-friendly packaging. The results include a PET bottle that is in average, 20% lighter between 2007 and 2010. We have also optimized bottle caps, labels, and the packaging material used for product transportation in pallets,

## Educating Generations in Sustainability and Human Values

For Verónica Flores, a teacher at the Secundaria No. 2 public junior high school in Hermosillo, Mexico, it was a trip to the past when her students won the **OXXO Human Ecology Award** in July 2010. When she was a junior high school student in 1993, she was a member of the OXXO Human Ecology Award steering committee. "When I found out that my students could participate, I didn't hesitate to encourage them, and now they know how important this award is."

Angélica Tapia, one of Verónica's students, was among the most active members of the high school's Ecology Club, organizing activities that simultaneously promote environmental care and appreciation for nature while

reducing the weight of caps by 17% on 20-oz bottles, in the same period of time.

In 2010, we launched the **Plantbottle™**, which is made from 30% renewable materials and has a carbon footprint 15% smaller than conventional PET bottles.

In 2005, through a joint investment by Coca-Cola FEMSA, ALPLA and Coca-Cola de México, a PET recycling plant called **IMER** started operations in the State of Mexico. After recycling post-consumed PET at IMER, food-grade PET resin is obtained. This accounts for up to 35% of the weight of new bottles. In 2010, IMER recycled more than 15,000 metric tons of PET, equivalent to 750 million 20-oz bottles, conserving non-renewable natural resources and emitting 25,000 metric tons less of CO<sub>2</sub>. Between 2007 and 2009, IMER has processed 50,000 metric tons of PET, equivalent to more than 2.5 billion 20-oz bottles, and prevented the emission of more than 87,000 metric tons of CO<sub>2</sub> into the atmosphere.

In Brazil, Coca-Cola FEMSA supports **Collection Cooperatives** with equipment to facilitate recycling work. Between February 2009 and July 2010, 1,145.85 metric tons of PET, 2,537 metric tons of glass, and 293.8 metric tons of cans were collected. An-

other important program is **Planet Mission** in Costa Rica, which has been promoting PET recycling through schools and mass beverage consumption centers for 12 years. Through this initiative 1,439 metric tons of PET were collected in 2010.

Together with these efforts, in Coca-Cola FEMSA's plants and distribution centers in the nine countries where we operate, 80% of the waste generated in 2010 was recycled. Between 2004 and 2010, we recycled more than 96,000 metric tons of plastic, 163,000 metric tons of glass, 50,000 metric tons of cardboard, 36,000 metric tons of wood, and 1,400 tons of aluminum.

### Waste Materials

*GRI EN22, EN23, EN24, and EN28*

In accordance with company guidelines and waste management programs, we reported no spills of hazardous materials in 2010. Our businesses do not treat, transport, export or import hazardous waste, and all the waste that we generate is channeled through companies that specialize in their proper handling.

FEMSA Logística in Mexico also looks for sustainable ways to reduce waste, like the disposal of used tires from its 12 operative bases as a source of fuel in cement plants.



*"It's a life experience that's worth passing on."*

providing help to one's neighbors. Her group organized PET collection activities and bicycle tours that also supported the RAS Movement, which works with children with cancer. "It's a wonderful experience, sharing with those who have less. I'm in my junior year of high school and we worked hard to promote a race in which 110 bike riders participated and donated more than 500 vitamin-based beverages for kids."

"The **OXXO Human Ecology Award** not only teaches young people to care for the environment, but also makes them more sensitive to community needs and gets them involved. "It's hard to describe how it felt when we won, but being part of this process was a learning experience. I hope to continue encouraging more classes of students to participate and learn that we can all be active, committed, and responsible citizens from a very young age," says Verónica.

# FEMSA Foundation

Only two years since the date it was created, FEMSA Foundation has benefited an increasing number of communities in Latin America through projects that bring long-term solutions to the people of this region. In 2010, our social investment continued to focus on Sustainable Development, aimed at the conservation and sustainable use of water and Quality of Life for communities, oriented towards the improvement of health and the development of biotechnology, both promoted through education, science, and technology.

The **Water Center for Latin America and the Caribbean**, which was created in partnership with the Interamerican Development Bank (IDB) and Tecnológico de Monterrey, was FEMSA Foundation's first great action, and it has made some significant achievements. The Center is the only private institution invited by the Mexican government to take part in the coordinating team for the **2030 Water Agenda Forum**. It also held the **Second International Symposium** in Monterrey, Mexico, which brought together a host of international experts. In addition to its ongoing effort to train water professionals, the Center has created a core group of scientific researchers who have developed projects that range from the reuse of water and minimization of industrial wastewater, up to the generation of glucose-based bioethanol.

As part of its **Sustainable Development Projects**, in collaboration with Coca-Cola FEMSA, FEMSA Foundation **donated three cutting-edge water purification plants** for treating water in the municipalities of Sopó, Cundinamarca and Argelia, Antioquia in **Colombia**, and San Francisco de Cuapa, Chontales in **Nicaragua**.

The donated equipment produces chlorine oxidants on-site, using water, salt, and electricity, which safely replace the more complicated homemade chlorination systems that were formerly in use, and posed a risk to communities in the transportation and handling of chlorine gas. This guarantees the quality and safety of the water supply for 17,000 individuals and gives them permanent access to this vital liquid.

Another major achievement for FEMSA Foundation was the presentation and startup of a **disaster response water purification vehicle** in early September 2010. The vehicle, called **Come for Water** (Ven por Agua) was developed with the support and technical supervision of FEMSA Logística and the advice of authorities from the Civil Protection department of Nuevo León, Mexico. It supplies free drinking water and ice to communities in disaster-ridden zones. **Come for Water** was introduced in the framework of the Regional Civil Protection Conferences held in the city of Monterrey, which brought together organizations from various states of Mexico.

The vehicle has mobile water purification equipment that provides on-site treatment of water from any source, and can produce almost 2,160 5-gallon jugs of purified water a day, meaning it can **serve 2,880 individuals daily**. Its electricity generator allows it to run without external power for at least 96 continuous hours. It also has an ice production machine to help disaster victims preserve food and medicines. Finally, it is equipped with a control center and telecommunications office



17,000 people in Colombia and Nicaragua obtain drinking water from purification plants installed in three communities.

and a dormitory for FEMSA personnel who operate the vehicle in coordination with the Mexican Civil Protection department.

**Come for Water** was used for the first time in Veracruz, where it supported more than 5,000 individuals in two communities by distributing almost 80,000 liters of drinking water in the wake of hurricane Matthew. The vehicle will remain ready to serve Mexican populations affected by disasters, at the request of the Civil Protection department.



**Come for Water** can supply the equivalent of more than 71,000 20-oz bottles of water a day.

In an alliance with the Fund for Peace, FEMSA Foundation also gave **communities in the Huasteca region of San Luis Potosí** access to drinking water. In this region, more than 55% of the population can only obtain water by carrying it from its natural sources, a two-and-a-half hour trip on foot. By **building 263 rainwater capture systems** in the municipalities of San Antonio and Tanlajás in San Luis Potosí, residents of these communities now enjoy a better quality of life.

The rainwater capture systems have a total storage capacity of 4 million liters of water. In addition, FEMSA Foundation sponsored more than **600 water conservation talks**. Each of these actions improved relations among the inhabitants, helping even the most vulnerable members of society—the elderly, or persons with special needs—to participate in the construction work, which strengthened the social fabric in these communities.

## FUNDACIÓN FEMSA

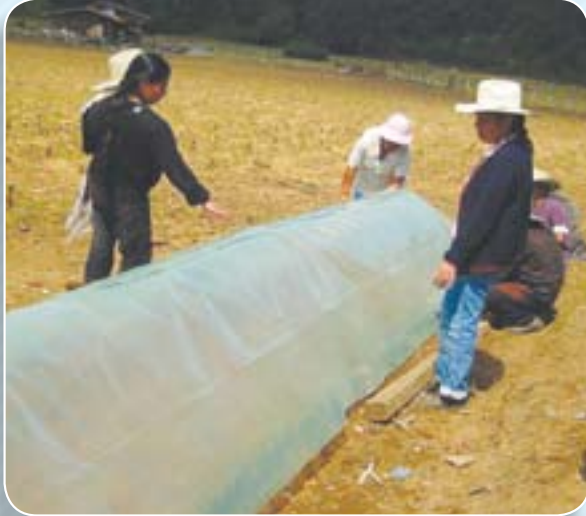
FEMSA Foundation is a social investment instrument that supports education, science, and technology in the areas of water conservation and sustainable use, as well as the improvement of the quality of life within communities.

Together with Pronatura Noreste, in 2010 FEMSA Foundation supported the creation of 15 hectares of ground water recharge wells and 30 hectares of sloping terraces in the Cumbres de Monterrey National Park. These systems make reforestation more successful and allow the earth to attract more water. The forests of the **Cumbres de Monterrey National Park** are the main source of water supply for the city of Monterrey Mexico, accounting for more than 80% of the water used in the metropolitan area.

Each hectare has 600 wells that can capture up to **3.5 million liters of water per year** from its subsoil, and retain 169 cu-



By building 263 rainwater capture systems in San Luis Potosí, Mexico, the quality of life of residents has been improved.



The Eco-techniques project in the State of Mexico has benefited more than 2,000 families. Its goal is to reach 6,000 families in the region who lacked drinking water and proper sanitation systems.

bic meters of soil that would otherwise be lost by erosion. The project also offers inhabitants of neighboring communities an economic remuneration from temporary jobs in building and maintaining the wells and terraces. Through the work supported by FEMSA Foundation, the inhabitants of neighboring farmers' cooperatives, who do not have a fixed source of income, have an option for earning money, while allowing the forests to function again by recharging their ground wells and improving the quality of the water that reaches the city.

Over the course of the year, FEMSA Foundation continued to support the **Procuencia Valle de Bravo** project in the State of Mexico, whose purpose was the conservation of the Amanalco-Valle de Bravo basin through the introduction of eco-techniques to the community—alternative, cheaper technology that generates savings to support the sustainable use of water. In 2010, a total of **73 families benefited** from the construction of integrated rainwater capture system and firewood-saving ovens. The project, which has been in operation for seven years, has today reached more than 2,000 families, in its goal of reaching 6,000 in the region who lacked drinking water and proper sanitation systems.

In 2010, FEMSA Foundation and other organizations from the region began to work on the **Latin American and Caribbean regional initiative for the Alliance for Water Stewardship (AWS-ALC)**, a global organization that is working to develop a certification for major water users, currently active in Latin America and in Australia, Europe, and North America as well. On November 2010, the **first AWS-ALC Forum** was held in San José, Costa Rica. The forum gathered **more than 60 participants** and officials of Latin America, all of them representing regional or multilateral agencies, private companies, water operation and sanitation organizations, government agencies, and non-government organizations (NGOs) as well as academic and research institutions focused on the use, conservation and responsible management of water.

Among other projects, FEMSA Foundation, in collaboration with Mexico's National Water Commission (CONAGUA) was actively involved in the **Regional Policy Dialogue for Latin America and the Caribbean: Challenges and Opportunities in adapting to Climate Change in the Area of Water**. This is a structured process whose purpose is to face the challenges that climate change poses to the water sector. The progress was presented during **COP16** in Cancún, Mexico, bringing the issue of water and its relationship to climate change to the forefront of the agenda. The process will continue in 2011, seeking to identify priorities and opportunities in water resources management on which to base actions aimed at addressing climate change that will be useful to decision and policy makers.



FEMSA Foundation, in collaboration with Mexico's National Water Commission, discussed the progress of the Regional Policy Dialogue for Latin America and the Caribbean during COP16 in Cancún, Mexico.



The second edition of the Water Prize for Latin America and the Caribbean IDB-FEMSA was awarded to Servicios de Agua y Drenaje de Monterrey, Mexico and to the Government of the State of Amazonas, Brazil.

In last year's **World Water Week**—a meeting held each year to deal with the most urgent issues for the planet regarding water—in Stockholm, Sweden, FEMSA Foundation, alongside institutions like the Interamerican Development Bank (IDB) the National Water Commission (CONAGUA), the World Bank, the World Wide Fund for Nature, UN-Habitat, the Nature Conservancy, the Global Water Partnership and Tecnológico de Monterrey, among others, organized the first **Latin America Day**. With full plenary sessions and the participation of government ministries and academic and scientific experts, the event promises to become an international forum to work for a solution to problems relating to water management throughout the Latin American region.

As part of the World Water Week proceedings, the **IDB-FEMSA Water Prize for Latin America and the Caribbean** was awarded to the Mexican organization Servicios de Agua y Drenaje de Monterrey (SADM), in recognition of its program for management demand, repair, reduction, and control of water leaks; and to the Government of the State of Amazonas from Brazil, for its Social and Environmental Program in the Igarapés and Manaus regions, in the categories of Water Management and Wastewater Management, respectively. Honorable mentions went to

the Colombian organization Aguas de Cartagena, and Empresa Nicaragüense de Acueductos y Alcantarrillados (ENACAL) from Nicaragua. The ceremony was headed in Stockholm by Genaro Borrego Estrada, FEMSA's General Director of Corporate Affairs, and by Federico Basañes, Director of the Interamerican Development Bank Initiative for Water and Sanitation. Later, in Hamburg, Germany, the **Water Prize** for Solid Waste Management was awarded to the Mayors Council of Renca Chile, for their comprehensive solid waste management policy in the Santiago metropolitan area.



The Nutrigenomics Chair's objective is to work on scientific research about the interaction between the human genome and nutrients, as a source of integral health.

In the area of Quality of Life initiatives, a **Chair in Nutrigenomics** was created at the FEMSA Biotechnology Center of the Tecnológico de Monterrey, in collaboration with the Salvador Zubirán National Institute for Medical Sciences and Nutrition. The Chair's objective will be to develop scientific research in three areas: evaluating the impact of diet on the interaction between genes and health; engineering and processing of functional foods; and genetic design and production of new agro-fortified foods.

Through actions like these, which multiply resources and generate strategic alliances, FEMSA Foundation continues its work in Latin America to create a better future for everyone.

# Global Vision

Our value-based work ethics is rooted in a humanist philosophy that recognizes that there is no economic consideration that lies above human dignity. At FEMSA, we place special importance on bringing our corporate DNA to all the territories where we operate. Today, in nine countries we have the privilege of sharing and continually enriching our work ethic and our Social Development Strategy, that promote the complete development of our employees and their families.

# COLLABORATION







# Argentina

## 2010:

Employment <sup>1</sup> :	<b>3,992</b>
Investment <sup>2</sup> Ps. million	<b>\$ 2,595.5</b>
Investment <sup>2</sup> US\$ million	<b>\$ 209.6</b>
Wastewater treatment plants	<b>2</b>

<sup>1</sup> Includes external

<sup>2</sup> In 2010, Mercosur region, including Argentina and Brazil



## Quality of life in the company

### Self-Development System

To further the development and personal growth of Coca-Cola FEMSA's employees, the Training Department created a **Self-Development System**. Through this initiative, during 2010 more than 250 employees received an average of 20 hours training in different courses, among them respiration techniques and stress management.

### Vacation Festival

Coca-Cola FEMSA Argentina celebrated the 16<sup>th</sup> edition of the **Vacation Festival**, an initiative that promotes the integration and values of FEMSA among 7 and 18-year old children of our employees. In this two-week program, that in 2010 was called FEMSA United Youth, more than 300 children and adolescents took part in workshops, open-air activities, educational games and sports. They also painted some 700 wooden toys that were later donated to various institutions in their communities.

## Health and wellness

### Healthy Space

In this gymnasium built at the Alcorta Plant in Coca-Cola FEMSA Buenos Aires, employees have access to exercise facilities and reinforce the practice of healthy habits.

## Community engagement

### Reconstructing Bonds

Together with the Argentinean government, Coca-Cola FEMSA promoted the initiative **Reconstructing Bonds**, through which people in vulnerable situations can have the opportunity to participate in work practices, therefore furthering work culture and inclusion as a means of strengthening social bonds.

## Environmental care

### Garrahan Foundation

As is now a tradition, Coca-Cola FEMSA supported the Garrahan's Foundation recycling projects as a means of collecting funds for the Garrahan Pediatric Hospital and raise awareness about environmental care.

### Transforming Optimism

A joint program with Wal-Mart, it is aimed at inviting customers in participant stores to classify their PET bottles; these are later recycled.

### San Isidro Recycles

Through this initiative, implemented together with the San Isidro municipality, the Hábitat & Desarrollo Foundation, Tetra Pak, Cli-ba, Disco and Reciclar, S.A., an invitation is extended to the community to take part in the collection of waste materials.



# Brazil

## 2010:

Employment <sup>1</sup> :	14,711
Investment <sup>2</sup> Ps. million	\$ 2,595.5
Investment <sup>2</sup> US\$ million	\$ 209.6
Wastewater treatment plants	3

<sup>1</sup> Includes external

<sup>2</sup> In 2010, Mercosur region, including Argentina and Brazil

## Quality of life in the company

### FEMSA Station

Coca-Cola FEMSA organized a new chapter of the **FEMSA Station** program, an event that promotes integration and recreational activities among our employees' children on topics such as healthy lifestyles, values and sustainability from their social, economic and environmental dimensions.

## Community engagement

### Education for Work

Through **Education for Work**, Coca-Cola FEMSA promotes community development through training and giving young people access to the labor market.

### Charting my Own Destiny

During 2010, more than 120 young people who participated in the Education for Work program took the course on **Charting my Own Destiny**, aimed at developing the necessary abilities to make responsible decisions and become a factor of change in their community.

### FEMSA's Citizens' Plaza

In alliance with governments and various institutions, we offer the community information and advice on topics related to a healthy life and the care of natural resources.

### Dancing Coke

Coca-Cola FEMSA celebrated the 10<sup>th</sup> edition of **Dancing Coke**, an inclusive event aimed at handicapped young people



## Environmental care

### Support for the Association of PET Collectors

In order to simplify their PET collection work, Coca-Cola FEMSA supports the Association of **PET Collectors** with equipment. Through this initiative, between February 2009 and July 2010, 1,145.45 metric tons of PET were collected, as well as 2,537 metric tons of glass and 293.8 metric tons of cans.

### Águas das Florestas Tropicais

In alliance with The Coca-Cola Company and the organization SOS Mata Atlântica, Coca-Cola FEMSA promotes the recovery and protection of the natural water sources through the reforestation of Brazil's tropical rainforest, the lungs of the planet. Through this initiative, 3,000 hectares will be reforested planting 33 million trees in five years.

### Floresta do Futuro Água Cristal

This initiative aims at promoting the conservation of biodiversity and the cultural diversity in the Atlantic region, through the reforestation and preservation of natural water sources, including rivers and reservoirs.



## Central America

### 2010:

Employment <sup>1</sup> :	<b>5,385</b>
Investment <sup>2</sup> Ps. million	<b>\$ 2,278.6</b>
Investment <sup>2</sup> US\$ million	<b>\$ 184</b>
Wastewater treatment plants	<b>4</b>

<sup>1</sup> Includes external

<sup>2</sup> In 2010, Latincentro region includes Central America, Colombia, and Venezuela

### Quality of life in the company

#### Coca-Cola FEMSA Summer

Coca-Cola FEMSA Panama celebrated a new edition of **Coca-Cola FEMSA Summer**, a recreational and awareness-raising activity destined for the children of employees. The event included information sessions on the environment and the roles each person can play to participate in its care and conservation.

### Health and wellness

#### Children's Day 2010

To celebrate **Children's Day** in Costa Rica, a **Health Festival for Children 2010** was organized by Coca-Cola FEMSA Central America during the month of September. More than 200 employees and their children were invited to take part in a health campaign that started with a medical and pediatric evaluation, besides giving them advice on nutrition, physiotherapeutics and odontology.

#### Let's Play

In 2010, Coca-Cola FEMSA in Nicaragua, Costa Rica and Panama, together with The Coca-Cola Company and the Ministries of Education of all three countries promoted this program to



encourage physical activity among primary-school children through entertaining dynamics and games. The program aims at teaching participating children how physical activity benefits their health.

#### Coca-Cola Cup

Aiming at reducing school dropout and promoting sports, Coca-Cola FEMSA joined efforts with The Coca-Cola Company to organize the **Coca-Cola Cup** football tournament in Costa Rica, Guatemala, Nicaragua and Panama.

### Environmental care

#### Water Supervisors

In order to provide students with information about the rational use of water, Coca-Cola FEMSA, in alliance with the Ministries of Education and World Wide Fund for Nature (WWF) implemented the program **Water Supervisors** in Costa Rica and Panama.

#### HIDROCEC

In 2010, FEMSA Foundation supported the creation of the Center for Water Resources for Central America and the Caribbean (HIDROCEC) in Costa Rica, whose purpose is to provide technical assistance and training for the conservation of the aquifers in the region.

#### Planet Mission

Through this initiative, PET collection in schools and centers where beverages are consumed has been carried out for the past 12 years. In 2010, more than 1,439 metric tons of PET were collected, besides supporting volunteer programs for the cleanup of water sources and for raising awareness about caring for the environment and recycling. An important activity during the year, was the beach cleanup campaign called "I want a Clean Costa Rica," which comprised a number of cleanup sessions.

#### Beach Cleanup Day

Working together with Ocean Conservancy, Coca-Cola FEMSA Costa Rica celebrated the **Beach Cleanup Day**. The activity was carried out at Chacarita beach, on the western region of the country. Some 270 employees helped collect waste materials. Panama too joined this initiative and, with the help of more employees and their families, cleaned the Panama Viejo beach.

#### Wastewater Treatment Plant

During the month of May and with an investment of US\$2.5 million, Coca-Cola FEMSA Panama inaugurated a modern plant for treating wastewater.



# Colombia

## 2010:

Employment <sup>1</sup> :	8,622
Investment <sup>2</sup> Ps. million	\$ 2,278.6
Investment <sup>2</sup> US\$ million	\$ 184
Wastewater treatment plants	6

<sup>1</sup> Includes external

<sup>2</sup> In 2010, Latincentro region includes Central America, Colombia, and Venezuela

## Health and wellness

### Emergency Brigades

Coca-Cola FEMSA offered a series of training units to its employees called **Emergency Brigades**, which included modules on firefighting maneuvers and extinguisher handling, rescue in confined spaces, first aid and cardio-pulmonary resuscitation, and others. These abilities are highly useful for employees both in the workplace and at home.

### Support for the Bogotá Bike Path

In order to encourage higher standards of physical activity among Colombians, Coca-Cola FEMSA, in an alliance with the Institute for Recreation and Sports, introduced mobile hydration and recycling points along the main roads of Colombia's capital, in order to raise awareness on the importance of proper hydration during exercise, and the importance of recycling.

### Agua Brisa Parks

A program aimed at improving sports parks and recreational areas was created in Colombia. Through the **Agua Brisa Parks** program, communities in six cities took part in the contest to have a fully equipped children's park.

## Community engagement

### Caring for Myself and Caring for the Environment

Based on our commitment to wellbeing and education in our communities, and to the conservation of natural resources,



Coca-Cola FEMSA Colombia developed a program called **Caring for Myself and Caring for the Environment**, in partnership with Dividendo por Colombia. This initiative stimulates reading and healthy lifestyles, as well as respect for human beings and the environment among children from disadvantaged communities in that country. This is achieved through the donation of library sets comprised by books designed especially for teaching young children and helping them to learn. In 2010, 30 libraries sets containing books donated by company employees were allocated in four cities of Colombia, benefiting more than 20,000 Colombian children.

### Computers to Educate

In order to provide learning resources to underfunded schools located close to Coca-Cola FEMSA's plants and distribution centers, we supported a program called **Computers to Educate**. The Colombian Ministry of Communications and strategic partners participate in this program.

### Community Learning Centers

Coca-Cola FEMSA, in partnership with the High Council on Reintegration, the Tecnológico de Monterrey, and local mayors' offices, started up eight **Community Learning Centers** in four municipalities of Colombia, in May of 2010. Through these Centers, communities who have been particularly afflicted

by violence and are in the process of reintegrating into civil life have access to a quality educational platform. The Centers offer 80 online self-learning courses and 10 tutored programs, benefiting more than 1,800 people.

#### Time Bank

In 2007, Coca-Cola FEMSA was the first company to support the **Time Bank** program, developed by the High Council on Reintegration. Its objective is to provide opportunities for former members of Colombia's guerrilla forces and for people mobilized by the armed conflict, to become micro-entrepreneurs and re-join civil life. At the close of 2010, more than 100 company volunteers in six cities of Colombia shared their time and know-how to build a process of peace and progress.

### Environmental care

#### Plant your Footprint

As part of the festivities surrounding Colombia's Independence bicentennial, this initiative's objective was planting and caring



for more than a million trees. The program is conducted under an alliance with the Bogotá Chamber of Commerce, the Corporación Ambiental Empresarial, the District Ministry of the Environment, the Bogotá Botanical Garden, and the Ministry of Education.

#### Everyone for Water

In partnership with various companies, authorities, civil society organizations and communities, Coca-Cola FEMSA carried out a program called **Everyone for Water** in 2010, the purpose of which was to preserve Colombia's biodiversity through intense days of cleanup efforts on coastlines, rivers and wetlands throughout the country.

#### Recycling has Value

Through its leadership, Coca-Cola FEMSA introduced this program to raise environmental awareness on the appropriate management of solid recyclable waste in communities through recycling containers. In 2010, collection centers were set up in the cities of Bogotá and Medellín. This waste was channeled through the Bogotá Association of Waste Collectors and the Medellín Multi-Active Recyclers' Cooperative.

#### Water Purification Plans

Through the joint efforts of FEMSA Foundation and Coca-Cola FEMSA, two mixed oxidant generating plants were donated to supply 100% drinking water to the municipalities of Sopó, Cundinamarca and Argelia, Antioquia, an indispensable resource for the health and wellness of rural communities.

#### Recovery of Endangered Species

Coca-Cola FEMSA introduced the **Recovery of Endangered Species program** in order to identify, protect, and propagate endangered species that play a fundamental role in the balance of ecosystems and water sources in Colombia. In April, 7,000 seedlings of six species of trees native to the La Calera region were planted.



# Mexico

## 2010:

Employment <sup>1</sup> :	112,811
Investment Ps. million	\$ 6,297
Investment US\$ million	\$ 516.5
Wastewater treatment plants	11

<sup>1</sup> Includes external

## Quality of life in the company

### Inclusive Workplace System

The good results OXXO has achieved in integrating persons with disabilities, senior citizens and other members of vulnerable groups into the workplace earned it the **Best Social Responsibility Practices Award** in 2010, from the Mexican Center for Philanthropy. In 2010, through this initiative, OXXO provided employment opportunities to more than 1,100 individuals.

### OXXO In-Store Training

FEMSA Comercio created an in-store training program, which encourages a well-balanced growth of store managers and their employees. This program entailed the development of special e-learning content, the installation of computer equipment in the stores' stockroom areas, and introducing an online teaching methodology and reinforcement practice in the store itself. The pilot program began in the state of Puebla with 120 stores, and was highly successful in reducing store managers' employee turnover index from an average of 108% to 21.66% in participating stores.

### FEMSA Logística Training

FEMSA Logística has also made a concerted effort to train and develop its employees, and through its initiatives, 18 operators were certified in the skills necessary to be instructors of other operators, more than 100 as welding engineers, while 13 individuals were certified as forklift operators and 105 in administrative skills.

### KOF Kids

Coca-Cola FEMSA held the **KOF Kids** event to recognize more than 3,000 children of our employees who achieved a grade point average of between 90 and 100 in the previous school year. This initiative is intended to encourage good study habits and reward good grades.

## Health and wellness

### Training in Industrial Safety

Quimiproduktos employees received more than 7,227 hours of training in the proper handling of electrical equipment and forklifts, fire prevention and management, ergonomics, injury prevention, and more. Besides these courses, industrial safety training modules were developed to reinforce the operating processes that entailed the greatest risk to our employees.

### Security at FEMSA Comercio Stores and Offices

In its effort to create a healthy and safe business for its employees, suppliers and clients, OXXO developed a **Stores and Offices Safety Manual** that provides information on how to react in a variety of emergencies. Also in 2010, a program was introduced to develop emotional skills in order to allow employees to deal with post-traumatic stress in the event of a store robbery or natural disaster. Through these initiatives, more than 14,500 FEMSA Comercio employees were trained in workplace safety in 2010.

### Charting my Own Destiny

At FEMSA and Coca-Cola FEMSA, we continue to support **Charting my Own Destiny**. This program, created in 2006 by the University of Monterrey at the request of Cuauhtémoc Moctezuma, encourages children and young people to develop life skills. The methodology creates opportunities for students to acquire the tools they need to make responsible decisions in their daily lives, including adopting a healthy and responsible lifestyle. In 2010 we brought this program to the state of Veracruz and Mexico City, and introduced a pilot program in Brazil, benefiting more than 64,700 students. The program has also been implemented in the states of Campeche, Chihuahua, and Nuevo León, touching the lives of more than 750,000 children and young people.

### Together for your Wellness

This Coca-Cola FEMSA program is a comprehensive plan of education and prevention introduced in primary schools to promote healthy lifestyles, good nutrition and physical activity. The program is divided into four basic activities: children's theater plays, health brigades, sports clinics and a drawing contest.

### Community engagement

#### Diploma for Journalists

FEMSA offers a **Diploma for Journalists** to members of the leading communication media in Latin America. The course was developed by the Tecnológico de Monterrey at FEMSA's request, and it is taught through that university's virtual network. The diploma strives to update knowledge through tools and techniques for research, administration, finance, ethics, and leadership. The first class of more than 100 journalists graduated in 2010, and the second generation will complete its coursework in the summer of 2011.

#### FEMSA Art Collection

The **FEMSA Art Collection** is one of the largest private collections of Latin American contemporary art in the world. In 2010, nine exhibitions were held in Spain, the U.S. and Mexico, along with five conferences and one workshop, which were attended by an estimate of more than 789,700 individuals. Because this is a traveling collection with a program of lending works to other museums, we ensure that a larger share of the public has the opportunity to experience the art of the great Latin American masters.

#### OXXO Rounding-Up Program (PRO)

Through **OXXO's PRO Rounding-Up Program**, since 2002 this company and its clients have supported 1,067 philanthropic organizations with more than US\$32.7 million. Between March 2010 and January 2011, the program collected, thanks to the generosity of our clients, a total of US\$6.4 million, which went to 190 associations in Mexico working in areas like health, education, and social assistance.

### Environmental care

#### Watershed Studies

In the search to protect biodiversity and aquifers, Coca-Cola FEMSA and FEMSA Foundation, in collaboration with the Water Center for Latin America and the Caribbean, launched in 2009 a project to study 14 watershed basins in Mexico in order to determine their current status and design a strategy for their long-term sustainability. In 2010 studies were finalized on four watersheds.

#### Reforestation

In order to achieve our goal of returning to nature the water used in the production of our beverages, at FEMSA we have put in practice actions that support the water cycle and, in this, trees have a fundamental role. That is why we joined efforts with Coca-Cola de México to achieve the goal of planting 30 million trees in five years, reforesting 25,000 hectares. We also took part in the **Water Factory** (Fábrica de Agua) project carried out by Probosque, where we actively monitor and take care of the more than 1.3 million trees planted since 2006 in the Nevado de Toluca National Park.

#### Tree Nursery in Apizaco

Under an agreement between Coca-Cola FEMSA and the municipality of Apizaco, we began building a nursery that will produce 50,000 plants a year, to be used in reforesting various zones of the state of Tlaxcala.

#### Intelligent OXXO Stores

To make more efficient use of energy in its stores, OXXO has the **Intelligent OXXO Store System** currently installed in more than 70% of its facilities, reducing electricity use by 12% through internal controls for the refrigeration, air conditioning, external and internal lighting systems. In 2010, using this system saved 110,200 Gigajoules of energy.

#### OXXO Ecology Award

We began awarding the **OXXO Ecology Award** in 1986 in the city of Monterrey, and today it is also awarded in the cities of Chihuahua and Hermosillo, where pre-school, primary and high school students take part. Through reforestation and recycling activities, brigades to clean up schools, parks, rivers and plazas, and supporting philanthropic organizations, they learn about caring for the environment and the importance of participating in community development.



# Venezuela

## 2010:

Employment <sup>1</sup> :	8,288
Investment <sup>2</sup> Ps. million	\$ 2,278.6
Investment <sup>2</sup> US\$ million	\$ 184
Wastewater treatment plants	2

<sup>1</sup> Includes external

<sup>2</sup> In 2010, Latincentro region includes Central America, Colombia and Venezuela

## Health and wellness

### Promoting Sports

In Venezuela, Coca-Cola FEMSA held several sports programs, among them **Let's Play** (Vamo' a Jugá), that introduces children from disadvantaged communities to baseball, guided by seven professional players who also provided an example of how we can reach our dreams through discipline and effort. This program benefited more than 8,800 children between 7 and 15 years of age, through 49 baseball clinics given across the country. Sports tournaments were also organized, like the Tour de la Copa, the Milan Junior Camp, bike races, swimming and walking contests, and the Coca-Cola family race, open to the entire Venezuelan community.

### Sport Games Caracas 2010

Under the name 'More sports, more health', employees of the workplaces in the Caracas region and their families, took part in



the **Sport Games Caracas 2010**. During the event, teams from various areas of the organization participated in disciplines such as basketball, volleyball, and softball among others. Through this initiative Coca-Cola FEMSA seeks to provide spaces that promote healthy lifestyles, the prevention of addictions, as well as the integration of the employees.

## Community engagement

### Cultural Exhibitions

This past year, FEMSA promoted art in a variety of spaces, holding cultural exhibitions of many types, from painting shows to art with recycled materials.

### Social Entrepreneur of the Year

Coca-Cola FEMSA joined forces with the Venezuela Sin Límites Foundation and other organizations to give out the **Social Entrepreneur of the Year Award**. In 2010, this honor went to Claudia Valladares of Banca Comunitaria Banesco, who promoted projects that benefit the community.

## Environmental care

### Coastal Cleanup

In the month of September, 700 volunteers from Coca-Cola FEMSA Venezuela joined in for the fifth year in a row for our **Annual Coastal Cleanup Day**, in which 25 metric tons of solid waste were collected from the Vargas, Zulia, Carabobo and Anzoátegui regions.





GRI 2.5, 3.1, 3.2, 3.3, 3.5, 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, and 3.13

# About this Report

This report discusses FEMSA's activities in the area of sustainability in 2010. It is the fifth sustainability report to date. As part of our commitment, we publish this report on an annual basis, so this one immediately follows the 2009 document. For the third year in a row, we used the Global Reporting Initiative (GRI G3) Guidelines and for the sixth year in a row, we support the 10 Principles of the UN Global Compact. Throughout this document, each reference to a specific GRI core indicator is printed in **burgundy**-colored ink, while references related to the UN Global Compact are printed in **blue**.

The actions reported cover our programs in the nine countries where we operate: Argentina, Brazil, Colombia, Costa Rica, Guatemala, Mexico, Nicaragua, Panama, and Venezuela, and includes operations by business areas: Coca-Cola FEMSA, FEMSA Comercio, and the Strategic Procurement area, which includes FEMSA Empaques and FEMSA Logística. It does not include information on less significant businesses or those less than a year old.

In April of this year we completed a deal with Heineken to exchange 100% of our beer business, for a 20% stake in Heineken's global capital. Also, at the end of 2010, we sold Grafo Regia, a subsidiary of the Strategic Procurement Area, which is why this report does not include information on Cuauhtémoc Moctezuma, FAMOSA and SIVESA or Grafo Regia. This aspect should be taken into account when comparing information against other FEMSA reports previous to 2010.

To define the content of this report, we followed three criteria: the first was preserving congruence with the 2009 edition; the second were the most important facts of 2010; the third, the relevance of indicators for our industry, based on what our stakeholders have communicated to us through the various communications channels available to them. Measurement methods were based on GRI guidelines; to restate Mexican peso figures in U.S. dollars, we used the exchange rate in effect at noon on December 30, 2010, which was 12.3825 Mexican pesos per US\$1.00. The financial results were entered with this exchange rate in order to be consistent with our financial reports

to the Mexican and New York stock exchanges. The economic results mentioned in our report include those relating to programs and projects of which only a representative sample is covered in this document.

For the purposes of clarity, this document is organized in six sections: the first one presents relevant data of 2010, followed by a description of the most important activities of the business and the territories where we operate. Then comes a timeline that includes some of the social responsibility actions that we have carried out during our 120 years of history, followed by a message from our Chairman of the Board and Chief Executive Officer. The second section includes a description of our business profile, financial highlights and FEMSA's sustainability strategy, followed by FEMSA ethics and values. The third section includes the four core values of our social responsibility strategy:

-  **Quality of life in the company**
-  **Health and wellness**
-  **Community engagement**
-  **Environmental care**

The fourth section is devoted to FEMSA Foundation. The fifth section provides a Global Vision, which summarizes the programs carried out in the countries where FEMSA operates. The report concludes with an index of GRI indicators, a letter from the auditing firm KPMG, the assessment of the GRI application level check and a listing of the 10 Principles of the United Nations Global Compact, which we have adopted for the sixth year in a row. The report ends with the most important social responsibility awards that we have received during the year.

This Sustainability Report is the second to be prepared with GRI Application Level Check and the first to be verified by an independent firm. This past year we worked with KPMG Mexico, and with their verification, we obtained an application level **A+**, the highest on their GRI rating scale.

For the third year in a row, our reporting methodology followed the Global Reporting Initiative (GRI G3) Guidelines, which are today the standard indicators in the industries in which we participate.

# Global Reporting Initiative (G3)

## Index

GRI Indicator	Content	Page	Report
<b>1. Strategy and analysis</b>			
1.1	Statement of the Chairman of the Board and CEO	4	Fully
1.2	Impacts, risks, and opportunities	4, 6, 7, and 11	Fully
<b>2. Company profile</b>			
2.1	Name	Inside back cover	Fully
2.2	Brands, products and/or services	I	Fully
2.3	Operating structure	I	Fully
2.4	Headquarters	I and 6	Fully
2.5	Countries where the company operates	I, II, and 53	Fully
2.6	Nature of ownership and legal form	II	Fully
2.7	Markets served	I and II	Fully
2.8	Scale of the reporting organization	I and II	Fully
2.9	Significant changes during the reporting period	I and 53	Fully
2.10	Awards received in the reporting period	58	Fully
<b>3. Report parameters</b>			
3.1	Reporting period	4 and 53	Fully
3.2	Date of most recent previous report	53	Fully
3.3	Reporting cycle	53	Fully
3.4	Contact point	Inside back cover	Fully
3.5	Process for defining report content	53	Fully
3.6	Boundary of the report	53	Fully
3.7	Specific limitations on the scope or boundary of the report	I and 53	Fully
3.8	Basis for reporting on joint ventures	II and 53	Fully
3.9	Data measurement techniques and the bases of calculations	53	Fully
3.10	Effect of any re-statements of information provided in earlier reports, and reasons for re-statement	I, 15, 16, 18, and 53	Fully
3.11	Significant changes from previous reporting periods	I and 53	Fully
3.12	Content index	54	Fully
3.13	External assurance	III, 53, and 56	Fully
<b>4. Governance, commitments, and engagement</b>			
4.1	Governance	11	Fully
4.2	Governance	4	Fully
4.3	Governance	11	Fully
4.4	Governance	11 and 18	Fully
4.5	Governance	11	Fully
4.6	Governance	10 and 11	Fully
4.7	Governance	11	Fully
4.8	Mission or values, codes of conduct, and relevant principles	10	Fully
4.9	Governance	11	Fully
4.10	Processes for evaluating highest governance body's performance	11	Fully
4.11	Precautionary principle	11	Fully
4.12	Economic, environmental, and social charters, principles, or other initiatives	11, 21, 24, 27, and 33	Fully
4.13	Presence in associations	9	Fully
4.14	Stakeholders	8	Fully
4.15	Stakeholders	8	Fully
4.16	Stakeholders	8	Fully
4.17	Stakeholders	8	Fully

### Economic performance

#### Disclosure on Management Approach

<i>Economic performance</i>		6	
<i>Market presence</i>		I and II	
<i>Indirect economic impacts</i>		6	
EC1	Direct economic value	II and 6	Fully
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	34 and 36	Fully
EC3	Benefit plan obligations	19	Fully
EC4	Significant financial assistance	29	Fully
EC5	Entry level wage	16	Fully
EC6	Suppliers	29	Fully
EC7	Procedures for local hiring	18	Fully
EC8	Infrastructure investments and services provided primarily for public benefit	24 and 30	Fully
EC9	Indirect economic impact	6, 29, and 30	Fully

GRI Indicator	Content
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### Environmental performance

#### Información sobre el enfoque de gestión

##### Materials

##### Energy

##### Water

##### Biodiversity

##### Emissions, effluents and waste

##### Products and services

##### Compliance

##### Transport

##### Overall

EN1	Materials used by weight or volume
EN2	Recycled input materials
EN3	Direct energy consumption by primary energy source
EN4	Indirect energy consumption by primary source
EN5	Energy saved
EN6	Energy-efficient or renewable energy based products
EN7	Initiatives to reduce indirect energy consumption
EN8	Total water withdrawal by source
EN9	Water sources significantly affected by withdrawal of water
EN10	Water recycled and reused
EN11	Land adjacent to protected areas
EN12	Significant impacts of activities on biodiversity in protected areas
EN13	Habitats protected or restored
EN14	Strategies for managing impacts on biodiversity
EN15	Number of species affected by operations
EN16	Total greenhouse gas emissions
EN17	Other relevant indirect greenhouse gas emissions by weight
EN18	Initiatives to reduce greenhouse gas emissions
EN19	Emissions of ozone-depleting substances by weight
EN20	NOx SOx and other significant air emissions
EN21	Total water discharge
EN22	Total weight of waste
EN23	Total number and volume of significant spills
EN24	Hazardous waste
EN25	Status and biodiversity value of water bodies affected by discharges of water and runoff
EN26	Initiatives to mitigate environmental impacts
EN27	Reclamation of packaging materials
EN28	Monetary value of significant fines
EN29	Environmental impacts of transporting products
EN30	Environmental investment

### Labor practices and decent work

#### Disclosure on Management Approach

##### Employment

##### Labor/management relations

##### Occupational health and safety

##### Training and education

##### Diversity and equal opportunity

LA1	Total workforce by employment type
LA2	Employee turnover
LA3	Benefits
LA4	Collective bargaining agreements
LA5	Minimum notice period regarding operational changes it is specified in collective agreements
LA6	Health and safety committees
LA7	Absenteeism and lost days
LA8	Health education
LA9	Health and safety topics in agreements
LA10	Average hours of training
LA11	Skills management and lifelong learning
LA12	Employees receiving performance and career development
LA13	Diversity indicators
LA14	Ratio of basic salary of men to women by employee category

Page	Report
34 and 39	Fully
34 and 36	Fully
34	Fully
35	Fully
37 and 39	Fully
34 - 39	Fully
34 - 39	Fully
38	Fully
34 - 39	Fully
39	Fully
39	Fully
36	Fully
36	Fully
36	Fully
36	Fully
36	Fully
Information considered confidential	
35	Fully
34	Fully
35	Fully
35	Fully
35	Fully
35	Fully
37 and 38	Fully
37	Fully
37	Fully
In our coolers use inert gases such as R-134 <sup>a</sup>	
37	<sup>1</sup>
34	Fully
39	Fully
39	Fully
39	Fully
34	Fully
34, 36, 37, and 39	Fully
39	Fully
10, 35, and 39	Fully
37	Fully
34, 35, 36, and 37	Fully
14	
18	
22	
15	
16	
1 and 16	Fully <sup>2</sup>
16	N/A <sup>3</sup>
18	Fully
18	Fully
18	Fully
22 and 24	Fully
18	Fully
18	N/A <sup>4</sup>
15 and 22	Fully
19	Fully
11 and 16	Fully
16	Fully

GRI Indicator	Content	Page	Report
<b>Human Rights</b>			
<b>Disclosure on Management Approach</b>			
	<i>Investment and procurement practices</i>	29	
	<i>Non-discrimination</i>	10 and 16	
	<i>Freedom of association and collective bargaining</i>	18	
	<i>Abolition of child labor</i>	30	
	<i>Forced and compulsory labor</i>	30	
	<i>Complaints and grievance practices</i>	10	
	<i>Security practices</i>	19 and 29	
	<i>Indigenous rights</i>	10	
HR1	Percentage and total number of investment agreements that include human rights clauses	29	Fully
HR2	Significant suppliers and contractors that have undergone screening on human rights	29 and 30	Fully
HR3	Total hours of employee training in human rights	19	Fully
HR4	Incidents of discrimination	10	Fully
HR5	Risks and actions to support freedom of association	18	Fully
HR6	Risks for incidents of child labor	29	Fully
HR7	Risks for incidents of forced labor	29	Fully
HR8	Security personnel trained in human rights	19	Fully
HR9	Violations to rights of indigenous people	10	Fully
<b>Social Performance</b>			
<b>Disclosure on Management Approach</b>			
	<i>Community</i>	4 and 28	
	<i>Corruption</i>	10 and 11	
	<i>Public policy</i>	9	
	<i>Anti-competitive behavior</i>	10	
	<i>Compliance</i>	10	
S01	Programs to assess impacts of operations on communities	4, 28, and 30	Fully
S02	Risks related to corruption	10 and 11	Fully
S03	Employees trained in anti-corruption policies	10	Fully
S04	Actions taken regarding incidents of corruption	10	Fully
S05	Public policy and lobbying	9	Fully
S06	Contributions to political parties and related institutions, by country		We do not make such contributions
S07	Anti-competitive behavior, anti-trust and monopoly practices	10	Fully
S08	Fines and non-monetary sanctions for non-compliance with laws	10	Fully
<b>Product responsibility</b>			
<b>Disclosure on Management Approach</b>			
	<i>Customer health and safety</i>	9 and 22	
	<i>Product and service labelling</i>	9	
	<i>Marketing communications</i>	9	
	<i>Customer privacy</i>	10	
	<i>Compliance</i>	9 - 11	
PR1	Life cycle stages in which health and safety impacts of products and services are assessed		Fully <sup>5</sup>
PR2	Regulations and voluntary codes of health and safety	9	Fully
PR3	Product and service information	8 and 9	Fully
PR4	Product and service information and labeling	9	Fully
PR5	Practices related to customer satisfaction	8 and 9	Fully
PR6	Adherence to voluntary codes related to marketing	8 and 9	Fully
PR7	Incidents related to marketing, promotion and sponsorship	9	Fully
PR8	Customer privacy	10	Fully
PR9	Fines for non-compliance with laws and regulations concerning the provision and use of products and services	9 and 10	Fully

1 In the transportation industry, the emissions of NOx and SOx are not indicators that can be measured in the direct operation. Its control is done through the use of vehicles that comply with the current norms in each country. In Coca-Cola FEMSA these emissions that stem from fixed sources are not reported because they are not significant when compared to CO<sub>2</sub> emissions.

2 The company's strategy states that only full-time contracts should be established.

3 We do not have standardized data on average turnover rate segmented by similar age groups and gender. This data is not considered material for all our businesses since the turnover rate and the needs for segmentation vary according to the different industries in which we participate.

4 In 2010, FEMSA University consolidated as the training platform. It is estimated that by 2013, standardized indicators that allow the calculation of the average hours of training by employee and by employee category will be available across the different businesses.

5 Being a Coca-Cola bottler, the evaluation of the impacts that our products might have in the health and safety of our clients during the life stages of the products, is undertaken by The Coca-Cola Company (TCCC) for the entire portfolio. Additionally, Coca-Cola FEMSA has the Complete Quality System (Sistema Integral de Calidad) that ensures the compliance of sanitation and quality standards set by TCCC for the production processes and those related with packaging. For more information visit Coca-Cola the Mexico's 2009 Sustainability Report in <http://www.coca-colamexico.com.mx/content.do?page=iis>

# KPMG México Letter of Verification



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## Assurance Letter

(Free translation from the original in Spanish. In case of discrepancy, the Spanish language version prevails).

To the readers of this Report

### Introduction

We were retained by the Corporate Affairs Office of Fomento Económico Mexicano S.A.B. de C.V. (hereinafter, FEMSA) to examine the non-financial information for fiscal year 2010, contained in its 2010 Sustainability Report (hereinafter, the Report), of which preparation, including the decision to include the related topics, is the responsibility of FEMSA's Corporate Affairs Head Office.

As for the financial information included in this Report, our work has been limited to verify data that comes from FEMSA's annual accounts, which have been audited by independent third parties.

### Scope

The Report describes the efforts and progress FEMSA has made as it strives for a more sustainable and socially responsible development. Our responsibility consists of examining the aforementioned Report, conforming the application of the AA1000 Assurance Standard (AA1000AS(2008)) Type 2 and Version 3 of the Global Reporting Initiative Guidelines (GRI G3), in accordance with the Company's level of self-declaration and a limited level of assurance in accordance with the ISAE 3000 standard, which is consistent with the AA1000AS(2008) moderate level.

### Our review consisted:

- That the reported quantitative data comes from reliable sources.
- That the qualitative information that appears in the Report is adequately supported by internal or third party documentation.
- The application of the AA1000AS(2008) Type 2 standard and the GRI G3 Guidelines for the A+ application level.

### Criteria to carry out the review

We completed our work according to the International Standard for Assurance Engagements (ISAE 3000): Assurance Engagements other than Audit or Review of Historical Financial Information developed by the International Auditing and Assurance Standards Board (IAASB). This standard establishes the following requirements:

- The team working on the project must have the specific knowledge and the professional skills and abilities needed to understand and examine the information contained in this Report, and its members must comply with the requirements established in the Professional Ethics Code of the International Federation of Accountants (IFAC) to ensure their independence.
- Each time a limited assurance on the information is provided, which is at a lower level than the reasonable assurance, a limited conclusion on the work must also be provided.

In our review, we followed the assurance principles and criteria included in the AA1000AS(2008) Type 2 norm, which includes assessing the nature and scope of compliance in accordance with the Principles of Accountability and the reliability of specific information included in the Report. Moreover, to elaborate the Report, we followed the GRI G3 Guidelines used by FEMSA of which understanding and application is described in the section entitled "About this Report"

### Work completed

#### As Verifying the quantitative data and other qualitative data contained in the Report

We have reviewed the quantitative and qualitative data in FEMSA's 2010 Sustainability Report, limited to the scope described above and through the following activities:

- Interviewing those responsible of providing the information contained in this Report.
- Identifying the systems that were used to generate, add and make the data available.
- Analyzing the scope and presentation of the offered information.

- Examining the data consolidation developed at a corporate level, through sampling and recalculation processes.
- Examining that the qualitative information is reasonably supported by internal or third party documents.
- Random sample reviews of the information / GRI indicators at the following business units:

Business Unit	
FEMSA	FEMSA Monterrey Corporate Offices
	OSXO Corporate Offices 101 OSXO stores within the national territory
	Coca-Cola FEMSA Corporate Offices 1 production plant and 1 distribution center
	FEMSA Empaques Corporate Offices 1 manufacturing plant, 1 others
	FEMSA Logística Corporate Offices 1 operative base

- Examining samples of information generated by the organization and presented in a consolidated and/or by country manner, in aspects and data considered relevant by FEMSA. The following are countries where FEMSA operates and therefore provided information for the development of the report:

- Argentina, Brazil, Colombia, Costa Rica, Guatemala, Mexico, Nicaragua, Panama and Venezuela.

#### As Examining the criteria and principles alignment used to define the content of the Report and its scope per AA1000AS(2008) and the GRI G3 Guidelines.

The documents related to the Principles and Criteria used to define the content of the Report have been examined, in accordance with the scope described for this purpose and considering the needs raised by its stakeholders.

The presentation criteria on the aforementioned information concerning the scope of the Report, including the essential limitations to the same, as well as the relevance and integration and aggregation methods of the data provided by FEMSA, are generally described in the section titled, "About this Report" and, in particular manner, within the different chapters that address the presentation of the non-financial information.

### Conclusions

Based on the activities described above and the specific scope of our review as expressed here, we have not found any circumstances that would indicate that the data collected in the Report was not obtained in a reliable manner, that the information is not properly presented, as well as any significant deviations or omissions.

Additionally, regarding FEMSA's application of the Principles defined by AA1000AP(2008) - Inclusivity, Materiality and Responsiveness - we conclude that the processes used to identify stakeholders, understand their needs and select the contents to be included in the report, are generally described in the section entitled "Core value 3. Community Engagement", Communication channels with our stakeholders, and Inter-sectorial alliances.

In addition, we suggest FEMSA should consider the observations made in the Improvement Opportunities Report for future Sustainability Reports. Some of the main recommendations are the following:

- Standardize, through the various business units, the registration forms and units related to the applicable environmental and social issues.
- Increase internal diffusion of the use and value of the Report, before, during and after its elaboration, in order to potentiate it as a management tool and not only as a reporting one.

KPMG Cárdenas Dosal, S.C.

Iván González Arriola,  
México, D.F., on March 14th 2011.



AA1000  
Licensed Assurance Provider  
006-31

## Global Reporting Initiative Application Level Check



### Statement GRI Application Level Check

GRI hereby states that Fomento Económico Mexicano SAB de CV (FEMSA) has presented its report "2010 Sustainability Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

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

15 March 2011, Amsterdam

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The "+" has been added to this Application Level because Fomento Económico Mexicano SAB de CV has submitted (part of) this report for external assurance. GRI accepts the reporter's own judgment for choosing its assurance Provider and for deciding the scope of the assurance.

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

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 3 March 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

## Support for United Nations Global Compact



We ratify our support for the 10 Principles of the United Nations Global Compact

### Human Rights

#### Principle I (GC I)

Support and respect the protection of internationally proclaimed human rights.

#### Principle II (GC II)

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

### Labor conditions

#### Principle III (GC III)

Uphold the freedom of association and the effective recognition of the right to collective bargaining.

#### Principle IV (GC IV)

Uphold the elimination of all forms of forced and compulsory labor.

#### Principle V (GC V)

Uphold the effective abolition of child labor.

#### Principle VI (GC VI)

Uphold the elimination of discrimination in respect of employment and occupation.

### Environment

#### Principle VII (GC VII)

Support a precautionary approach to environmental challenges.

#### Principle VIII (GC VIII)

Undertake initiatives to promote greater environmental responsibility.

#### Principle IX (GC IX)

Encourage the development and diffusion of environmentally friendly technologies.

### Fight against corruption

#### Principle X (GC X)

Work against corruption in all its forms, including extortion and bribery.

## Social Responsibility Recognitions 2010

### FEMSA

Socially Responsible Company (CEMEFI)<sup>1</sup>

Industry Ethics and Values (CONCAMIN)<sup>2</sup>

Best Corporate Social Responsibility Practices, granted for Charting my own Destiny Program in the Community Engagement Category (CEMEFI)<sup>1</sup>

### Coca-Cola FEMSA

#### Mexico

Socially Responsible Company (CEMEFI)<sup>1</sup>

Clean Industry (PROFEPA)<sup>3</sup>

#### Argentina

Great Place to Work (Great Place to Work Institute)

#### Brazil

ISO 14001

### FEMSA Comercio

Socially Responsible Company (CEMEFI)<sup>1</sup>

Best Corporate Social Responsibility Practices, granted for Inclusive Workplace System in the Quality of Life in the Company Category (CEMEFI)<sup>1</sup>

### Strategic Procurement Area

#### FEMSA Empaques

Socially Responsible Company (CEMEFI)<sup>1</sup>

Clean Industry (PROFEPA)<sup>3</sup>

#### FEMSA Logística

Socially Responsible Company (CEMEFI)<sup>1</sup>

National Safety Award (ANTP)<sup>4</sup>

Clean Industry (PROFEPA)<sup>3</sup>

<sup>1</sup> Mexican Center for Philanthropy

<sup>2</sup> Confederation of Industry Chambers

<sup>3</sup> Environmental Federal Protection Agency

<sup>4</sup> Private Transport National Association

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Sustainability Report **2010**



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