

Positively  
transforming our  
**communities**






**FEMSA**

actions creating value

SUSTAINABILITY REPORT 2012

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In FEMSA, we seek to ensure business sustainability through the simultaneous creation of economic, social, and environmental value, and to positively transform our communities.



For more information check our On-line Report. For more information on FEMSA, go to: [www.femsa.com](http://www.femsa.com)



QR Code. This is a quick access to our on-line report. Just scan the code with your smartphone reader. You can also find the report at: [www.sustainabilityreport.femsa.com/](http://www.sustainabilityreport.femsa.com/)





## 2012 in numbers:

Sales: USD \$18,276 million

EBITDA: USD \$2,907 million

Countries in which we operate: 10<sup>1</sup>

Manufacturing facilities: 60<sup>1</sup>

Direct employees: 182,260

Investment in community programs:  
\$276.6 million MXN (USD \$21.3 million)

Investment in environmental programs:  
\$233.9 million MXN (USD \$18 million)

<sup>1</sup> Starting on January 15, 2013, Coca-Cola FEMSA incorporates the Coca-Cola bottler in Philippines to its operations.



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

GRI 1.1, 1.2, and 2.9



Dear reader:

I would like to take advantage of this space to share the strategy that guides our decisions and actions in sustainability issues since 2012; which enables us to align these concepts to our corporate strategy in FEMSA and our Business Units, and respond to the demands of the environment.

We operate our businesses in a world which is evolving rapidly, where the economic, social, and environmental needs require adaptation and dynamic responses. Population growth, recurring economic crises, the need for disclosure, instantaneous communication, climate change, poverty, fast urbanization, increase in energy demand and natural resources, force us to think and act differently.

These challenges of the environment require being integrally managed, thus it was necessary to ensure we had a long-term strategy that allows us to better adapt to changes to benefit the growth of our businesses, as well as to define sustainability goals that we must meet in the short and middle-term.



## The sustainability strategy helped us focus even more on issues on which we can generate a greater positive impact and therefore meet our vision of *positively transforming our communities*.

During 2012 the sustainability strategy helped us focus even more on those topics on which we can generate a greater positive impact and therefore meet our vision of *positively transforming our communities*. We work based on a foundation comprised of Our Ethics and Values and three pillars: **Our People**, where we seek to promote the employees' development; **Our Planet**, with the objective of minimizing our operations' environmental impact; and **Our Community** that focuses on contributing to the generation of sustainable communities.

Undoubtedly, 2012 was a year of challenges for FEMSA. The announcement of the acquisition of 51% of the Coca-Cola franchise in Philippines, and 75% of the YZA Drugstore chain by FEMSA Comercio were events that will determine a new stage for our businesses and for all of us who work in it and will prompt us to be more creative and innovative.

Aware that the growth in our organization requires empowered employees to respond with excellence to the demands of our clients and consumers, we invested \$1,272 million MXN (USD \$98.1 million) to promote comprehensive development in our employees and their families. Here we can highlight **FEMSA University** and the **OXXO Institute**, this last one is one of the best platforms for business education developed by FEMSA Comercio.

Since there is no way we can think about sustainability without considering the environment, we have invested \$233.9 million MXN (USD \$18 million) in projects focused on minimizing the environmental impact from our operations, which seek to optimized the use of resources such as water, energy, and waste management.

In regards to investment in our communities, in 2012 we made important efforts in social programs, such as **Coordinates for Life**, which teaches children between 10 and 18 years old to develop the necessary skills to make responsible decisions, the platform for **peace programs** from Coca-Cola FEMSA in Colombia, that supports the reinsertion of displaced individuals, or the integral regeneration of community environment through the **Edison Polygon Trust** in Monterrey, that is promoted by FEMSA Comercio.

In order to ensure maximization of the positive impact in the communities, these programs are carried out in alliance with other organizations. In 2012, we invested \$276.6 million MXN (USD \$21.3 million) which benefited the communities in the countries where we are present.

On the other hand, through **FEMSA Foundation** we continue focusing on programs for sustainable preservation and usage of water resources, as well as finding opportunities to implement programs that improve quality of life in many communities in Latin America. During 2012, their water and sanitation programs benefitted 25,600 people. Through alliances and important research, we have had excellent results promoting the **Water Center for Latin America and the Caribbean**, the **FEMSA Biotechnology Center of Tecnológico de Monterrey**, as well as launching the **Water Funds**, that will support regeneration of 32 watersheds in the American continent thru 2015 with an investment of more than USD \$27 million.

For the fifth consecutive year we are reporting in compliance with the Global Reporting Initiative guidelines achieving an **A+** application level. This report was also verified by KPMG Mexico. Likewise, this document serves as our 7<sup>th</sup> Communication on progress through which we ratify our commitment to the United Nations Global Compact, to which we subscribed in 2005.

Through the actions shared in this report, we reaffirm our commitment to participate in the development of our stakeholders, with whom we also wish to maintain a transparent and timely communication, hoping our readers find the information shared relevant and allow us to learn their opinion regarding the direction we are taking in this pathway toward sustainability.

### José Antonio Fernández Carbajal

CHAIRMAN OF THE BOARD OF DIRECTORS AND  
CHIEF EXECUTIVE OFFICER OF FEMSA

To know more on our Business Units, please go to: <http://www.femsa.com/en/business>



# FEMSA Profile

Founded in 1890, FEMSA is a leader enterprise in Latin America, integrated by Coca-Cola FEMSA, the largest independent Coca-Cola bottler in the world, FEMSA Comercio, which operates the OXXO store chain, an area for Strategic Procurement that supports the operations of these two Business Units; and it is the second largest shareholder in Heineken. In 2012, FEMSA served more than 330 million people in Latin America, with more than 190 brands and more than 10 thousand OXXO stores in Mexico and Colombia. It has 60 manufacturing facilities, 259 distribution centers and generated revenues for \$238,309 million MXN (USD \$18,383 million). With headquarters in Monterrey, Mexico, FEMSA has its operations in nine countries in Latin America and Philippines.



## Coca-Cola FEMSA

It is the largest independent Coca-Cola bottler in the world. With operations in Argentina, Brazil, Colombia, Costa Rica, Guatemala, Mexico, Nicaragua, Panama, Philippines, and Venezuela. In the beginning of 2012, the merger of the beverage operation of Grupo Fomento Queretano with Coca-Cola FEMSA was closed and the acquisition of 51% of the bottler in Philippines<sup>1</sup> was announced in December. It markets more than 190 beverage brands and distributes its products in more than 2.5 million points of sale.

<sup>1</sup> The acquisition of Philippines was announced in December 2012, and closed in January 2013.



## FEMSA Comercio

With a total of 10,601 stores in Mexico and Colombia, OXXO is the largest retail store chain in Latin America, serving more than 8 million people every day. In 2012, there were 1,029 new stores opened in Mexico and 11 in Colombia. In this same year, store number 10,000 was opened in Chihuahua, Mexico. The acquisition and closing of the purchase of 40% of the shares of Café del Pacífico was announced and in the last quarter of the year the acquisition of 75% of Farmacias YZA, leader in the pharmaceutical field in the Mexican South East, having 333 stores; the closing of this transaction is expected to happen during the first quarter of 2013.

## HEINEKEN Investment in Heineken

Since 2010 FEMSA owns a 20% stake in Heineken, making it the second most important investor in this global Enterprise with presence in more than 70 countries.

## Support Area: Strategic Procurement

It comprises **FEMSA Logística**, **Imbera**, **Imbera Servicios**, and **PTM** (Plásticos Técnicos Mexicanos)<sup>2</sup>.

**FEMSA Logística** provides a broad assortment of logistics and vehicle maintenance services for vehicles in FEMSA Business Units, as well as other clients. It has operations in Brazil, Colombia, Costa Rica, Mexico, Nicaragua, and Panama.

**Imbera** is the second largest producer of commercial refrigerators in the world. It exports to 36 countries from its facilities in Mexico, Brazil and Colombia. Their innovative products generate the least possible environmental impact, saving on electric consumption and maintenance costs. It has sales offices in eight countries and through **Imbera Servicios**, offers maintenance in six countries.

**PTM** was founded in 1976, focused on the design and production of plastic products, oriented to serve the beverage, food and consumer goods' market. It is one of the largest plastic recycling companies in Mexico. It recovers, recycles and transforms close to 8,000 tons of plastic in other useful products each year.

<sup>2</sup> Quimiproducos was sold to Ecolab by the end of 2012.

## FEMSA Corporate Structure

Ownership percentage

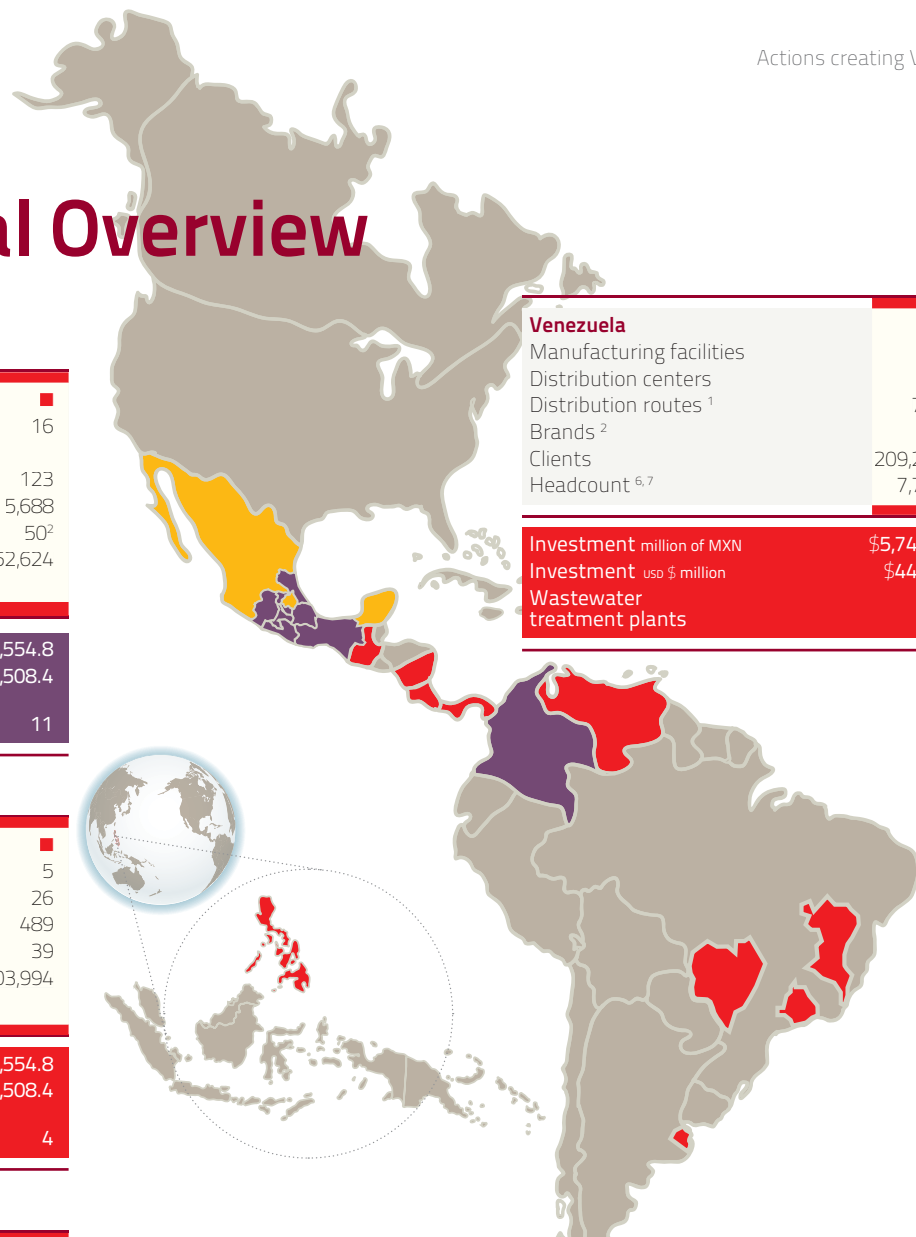


\*Assuming the successful closing of the merger with Grupo Yoli, announced at the beginning of 2013.



# Operational Overview

GRI 2.5, 2.7, 2.8, EC1, and LA1



Mexico	■ ■ ■ ■ ■	■
Manufacturing facilities	–	16
Stores	10,567	
Distribution centers	15	123
Distribution routes <sup>1</sup>	–	5,688
Brands	2 <sup>4</sup>	50 <sup>2</sup>
Clients	>8 <sup>5,8</sup>	852,624
Headcount <sup>6,7</sup>	146,700	

Investment million of MXN	\$19,554.8
Investment usd \$ million	\$1,508.4
Wastewater treatment plants	11

Central America <sup>3</sup>	■
Manufacturing facilities	5
Distribution centers	26
Distribution routes <sup>1</sup>	489
Brands <sup>2</sup>	39
Clients	103,994
Headcount <sup>6,7</sup>	6,076

Investment million of MXN	\$19,554.8
Investment usd \$ million	\$1,508.4
Wastewater treatment plants	4

Colombia	■ ■ ■ ■ ■	■
Manufacturing facilities	–	6
Tiendas	34	
Distribution centers	–	32
Distribution routes <sup>1</sup>	–	1,068
Brands <sup>2</sup>	–	22
Clients	>8 <sup>5,8</sup>	395,012
Headcount <sup>6,7</sup>	6,400	

Investment million of MXN	\$5,749.7
Investment usd \$ million	\$443.5
Wastewater treatment plants	6

Philippines (2013 acquisition)	■
Manufacturing facilities	23
Brands <sup>2</sup>	22
Clients	770,000

Venezuela	■
Manufacturing facilities	4
Distribution centers	33
Distribution routes <sup>1</sup>	742
Brands <sup>2</sup>	15
Clients	209,232
Headcount <sup>6,7</sup>	7,787

Investment million of MXN	\$5,749.7
Investment usd \$ million	\$443.5
Wastewater treatment plants	4

Brazil	■ ■ ■ ■ ■	■
Manufacturing facilities	4	
Distribution centers	28	
Distribution routes <sup>1</sup>	1,748	
Brands <sup>2</sup>	37	
Clients	179,805	
Headcount <sup>6,7</sup>	12,470	

Investment million of MXN	\$5,749.7
Investment usd \$ million	\$443.5
Wastewater treatment plants	3

Argentina	■ ■ ■ ■ ■	■
Manufacturing facilities	2	
Distribution centers	4	
Distribution routes <sup>1</sup>	330	
Brands <sup>2</sup>	29	
Clients	78,504	
Headcount <sup>6,7</sup>	2,827	

Investment million of MXN	\$5,749.7
Investment usd \$ million	\$443.5
Wastewater treatment plants	2

## Business Units

- FEMSA Logística
- FEMSA Comercio
- Coca-Cola FEMSA
- FEMSA Comercio and Coca-Cola FEMSA

- FEMSA Logística
- Imbera
- Imbera Servicios
- PTM

Note: Only includes core business information.

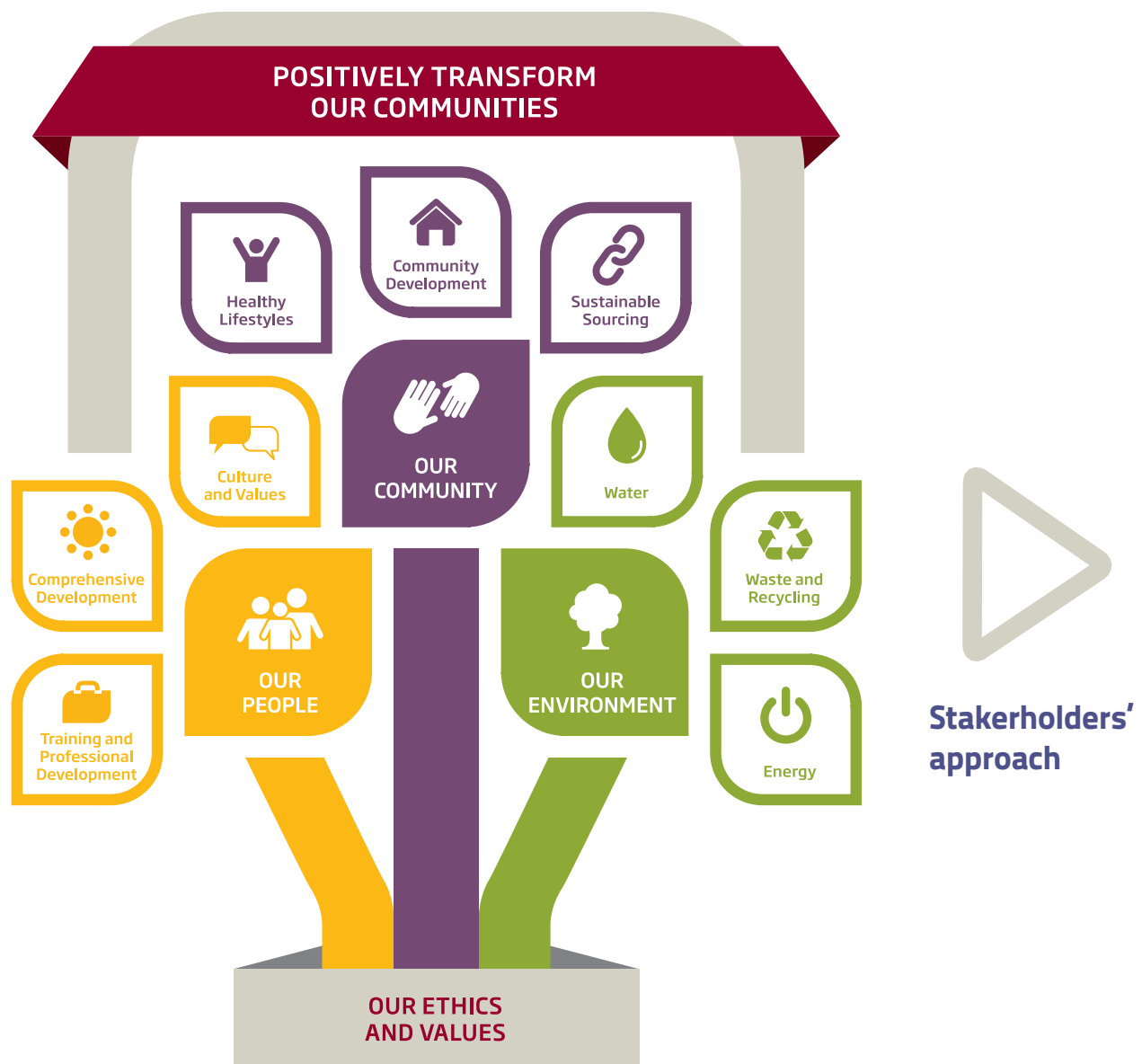
1. Includes third-party distributors.
2. Includes brand extensions.
3. Includes Guatemala, Nicaragua, Costa Rica and Panama.
4. Selected brands.
5. Millions of clients per day based on the number of daily transactions.

6. Includes third-party and centralized services headcount.
7. Includes all personnel of businesses with operations in the country.
8. Information for FEMSA Comercio in Mexico and Colombia.

# Sustainability Strategy

In order to tackle the challenges that the environment where we operate presents us, the review of the long-term Sustainability Strategy and its implementation plan was carried out during 2012, which will enable us to maximize the existing efforts, prioritize and strategically focus our efforts, managing and mitigating the impact of our products, services and activities, adapting better to a constantly changing environment and strengthening our sustainability actions in order to favor the positive transformation of our communities.

Our Sustainability Strategy is represented by the shape of a tree having as foundation our Ethics and Values that make up the roots; the tree lives and grows through its three pillars where Our People and Our Planet are directly related with the activities in our operations, while, Our community includes activities that we perform together with other institutions as active parts of our surroundings, accomplishing in this way our philosophy of simultaneous generation of economic, social and environmental value. Each one of the pillars simulates the tree branches and the leaves represent our action areas through which we focus our efforts. This is how FEMSA wants to positively transform our communities, as the tree does, in harmony with its environment





We consider that it is very important to maintain a relationship of permanent dialogue with our stakeholders, comprised of individuals or groups with whom we interact due to our activities. Both in the corporate structure, and in the business units, there are responsible areas to serve each of these audiences, so that we can make sure that not only do we listen to their concerns, opinions and suggestions, but take actions to improve our relationships, processes, products and services.

Due to the multiple topics and stakeholders with which we work, the Sustainability Strategy considers a series of enabling mechanisms that allow us to impact in different ways and levels, to maximize the positive impact of our actions. These mechanisms include: education, innovation, promotion of public policies, establishing multi-sectorial alliances, investment, and volunteer work, among others.



**FUNDACIÓN  
FEMSA**

Constituted as an independent Civil Association, FEMSA Foundation is focused in the construction of social legacies. Created in 2008, with the goal of becoming an instrument of social investment for the communities in Latin America by supporting projects focused in the preservation and sustainable use of water resources, education, science, and applied technology. The projects are characterized for being sustainable and focused in the improvement of the quality of life of current and future generations.

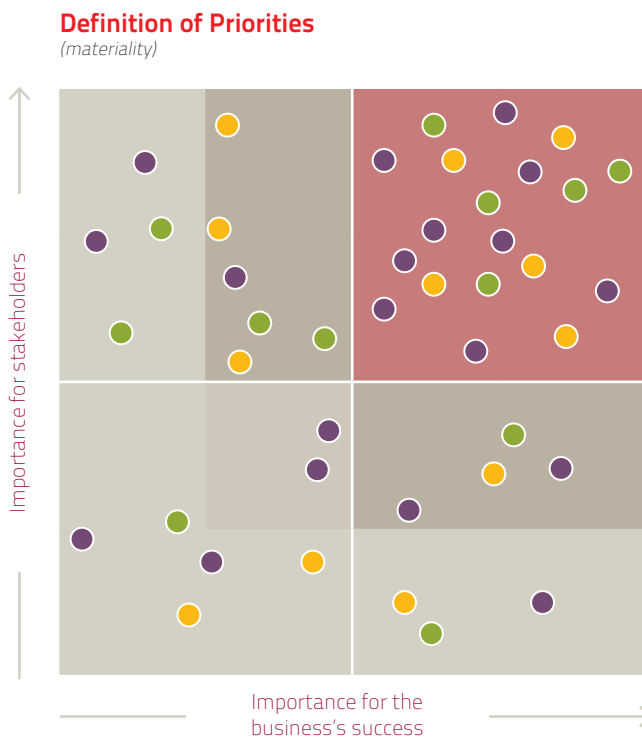
## Definition of Priorities (materiality)

The process to determine the priorities (materiality) in our Sustainability Strategy started with the creation of a cross-functional team integrated by representatives from all the Business Units and coordinated by the Sustainability Direction at FEMSA.

The project included reviewing internal documents, as well as interviewing different executives across the different business areas and representatives from external stakeholders. Likewise, the best practices in sustainability in leader companies were identified.

Based on the information obtained, a materiality analysis was carried out which enabled us to define a series of focus topics for each of the nine action areas, on which we will concentrate our efforts in order to impact on the three pillars that comprise our Sustainability Strategy. These focus topics were considered based on their importance they have for our stakeholders as well as the importance for the success of the business. Such topics will be periodically updated based on the challenges and opportunities the environment shows, as well as according to the progress we make in our actions.

The Sustainability Strategy will enable us to have a common understanding on the focus topics and to give visibility to the different levels of the organization regarding the performance achieved.



## Economic Impact

Our organizational philosophy of more than a century, provides us the certainty that the simultaneous creation of economic, social and environmental value is possible.

- USD \$1,814.4 million** in capital investment (CAPEX)
- USD \$12,825.6 million** paid to suppliers
- USD \$478 million** in dividends to shareholders
- USD \$2,224.4 million** in taxes paid in 9 countries
- USD \$18,383 million** total income
- USD \$22,829 million** in assets
- USD \$17,253 million** in Direct Economic Value Generated <sup>1</sup>
- USD \$2,880 million** in liabilities

For more information regarding financial, fiscal, corporate governance and compliance, performance, among others, please go to our Annual Report 2012 at: <http://www.femsa.com/en/press/annual-reports.htm>



**182,260** direct jobs generated by FEMSA  
**+ 381,680** indirect jobs generated by Coca-Cola FEMSA<sup>2</sup>  
**1,029** new OXXO Stores in Mexico

1. Direct Economic Value Generated= Net Sales+Income from Investments+Asset Sales  
 2. According to data from the National Association of Soft Drink and Carbonated Beverage Producers (ANPRAC), every direct job in this industry generates 5.2 indirect jobs..



# Main programs and results of sustainability at FEMSA and its Business Units

PILLAR	PROGRAM	BU / COUNTRY	DESCRIPTION	KEY RESULTS 2012
 <b>Our People</b>	Integral Talent Management (GIT)	FEMSA and its Business Units (BU) / nine countries	Based on ten organizational competencies, GIT is a platform that seeks the efficient connection between human resources processes in order to guarantee the well-being and growth of our personnel.	79,438 employees were trained through FEMSA University
	Internal Value Proposition for FEMSA Comercio OXXO Employees	FEMSA Comercio / Mexico and Colombia	This proposition seeks satisfaction and transcendence of our employees in OXXO. It is represented graphically by a pyramid including 8 levels: economic security, health and well-being, safe atmosphere, empowerment, freedom of action, recognition, development and transcendence.	We standardize developing schemes and professional development tools for employees.
	Talent Development in Coca-Cola FEMSA	Coca-Cola FEMSA / nine countries	GIT empowerment tools with the purpose of maintaining motivation and developing the necessary competencies in our employees to achieve the objectives of our business, in parallel with their integral development.	<ul style="list-style-type: none"> <li>✓ 1.3 million hours of face-to-face training taught. 86.6% of employees trained on-site.</li> <li>✓ \$127.5 million MXN invested in training (USD \$9.8 million).</li> </ul>
	Occupational Health and Safety Administration System (SASSO)	FEMSA and its Business Units (BU) / nine countries	Enables us to ensure and seek well-being and health for our employees and their families promoting self-care to prevent diseases and minimize work risks.	<ul style="list-style-type: none"> <li>✓ We invested \$478.1 million pesos (USD \$36.8 million).</li> <li>✓ Our accident rate decreased 13% compared to 2011.</li> </ul>
 <b>Our Planet</b>	Water Care	Coca-Cola FEMSA / nine countries	We promote actions of water efficiency by recycling and reusing, wastewater treatment and conservation, creating a culture of water care on the long term.	Our average consumption of water per liter of beverage produced was 22% more efficient than our 2004 average.
	Energy Efficiency and Use of Renewable Energy	FEMSA and its Business Units (BU) / nine countries	Our efforts in energy are focused in three aspects: Improve energy efficiency, diversify the energy portfolio, and improve transportation efficiency.	Through improving energy consumption within our manufacturing facilities in Coca-Cola FEMSA, we have achieved a reduction of 21% over 2004.
	Improvements in Transportation Processes in FEMSA Logística	FEMSA Logística / Brazil, Colombia, Costa Rica, Mexico, Nicaragua and Panama	We continually seek to reduce the environmental impact of our operations through projects and programs in transportation and logistics efficiency.	Thanks to this efforts, we have been able to reduce by 9% the fossil fuel consumption per kilometer compared to 2010 in all our operations in Mexico.
 <b>Our Community</b>	Coordinates for Life	FEMSA, Coca-Cola FEMSA / Argentina, Brazil, Colombia and Mexico	Group of programs that contribute to the development of knowledge, attitudes, and skills so children and youth take good decisions and supports adults in their role as mentors starting with personal experience and approaching the participants' daily situations.	8,360 children and youths from 10 to 18 years old in the 2011-2012 school cycle benefited and 1,260 trained educators, and 6,670 conference attendees.
	Youths with Value	FEMSA / Mexico	Promotes a social entrepreneurship culture between young students, providing them tools, counseling, and seed capital to develop and lead their social, environmental or cultural projects to benefit their communities.	500 youths from 14 to 24 years old benefited through the support of 120 social entrepreneurship projects
	Edison Polygon Trust	FEMSA Comercio / Mexico	Program implemented in neighborhoods surrounding the headquarters facilitating tools for effective relations between neighbors that enable strengthening positively the social fabric.	More than 24,000 neighbors benefited in eight neighborhoods around OXXO headquarters.
	Contributing Time and Community Learning Centers (CCA)	Coca-Cola FEMSA / Colombia	Social integration of individuals displaced by Guerrilla groups in Colombia through training and counseling from executives and employees of Coca-Cola FEMSA Colombia.	221 volunteers counseled 35 projects benefiting 321 participants.
	Planet Mission	Coca-Cola FEMSA / Costa Rica	Coca-Cola FEMSA Costa Rica program promoting a culture of environmental care through collection and recycling of plastic packaging at a national level	More than 2,000 tons recovered.
	Let's Play	Coca-Cola FEMSA / Colombia, Costa Rica, Guatemala, Nicaragua and Panamá	Promotion of sports among children.	465 participating schools, benefiting more than 191,500 children with the program.

# OUR PEOPLE



## “Promoting employees’ integral development”

We are convinced that success at FEMSA is the result of our employees’ talent. Therefore, we dedicate our efforts to offer programs and tools that enable them to develop integrally. Our first sustainability pillar focuses on creating the best conditions to have a working atmosphere based on respect, where people may develop and flourish.

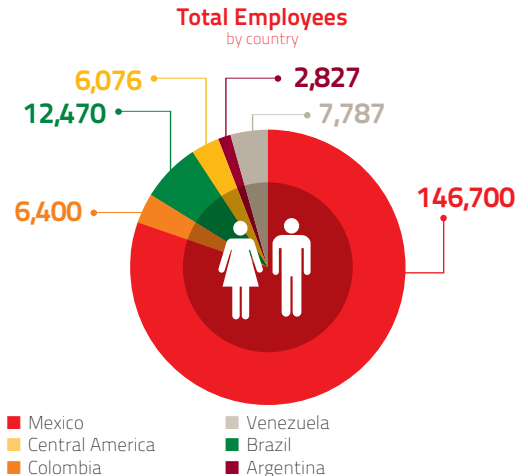
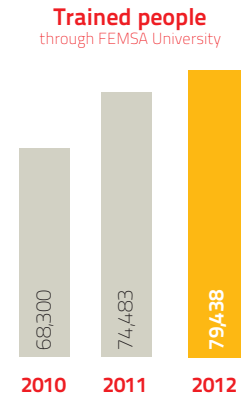
Our People pillar considers policies, benefits, appropriate facilities, management systems, cultural elements, among many other things. Some of the key programs in this pillar are: Comprehensive Talent Management, Development Agendas, Training Cells, Internal Value Proposal for Employees at FEMSA Comercio-OXXO and the Occupational Health and Safety Administration System (SASSO).



**\$368.9** million  
 MXN (USD \$ 28.6 million)  
 invested in education,  
 training and development  
 programs in the nine  
 countries where we operate.



**182,260**  
 direct employees  
 in all our Business  
 Units in 2012.







**OXXO**

**Merit**

FEMSA Comercio, Mexico





## Program: Comprehensive Talent Management (CTM)

**ACTION AREA:** Training and Development



**Paloma**  
MEXICO

Who will be accountable for FEMSA's result?

We have asked ourselves this question more than once and the response is: in great part, all of us who work in the company. From the person who receives the visitors in our work centers, to each one of the employees, managers, and directors, all have a function to meet so the results in the company are achieved. Of course that the economic atmosphere has some influence, as well as the industry dynamics, the geographic characteristics, among others, but those who make the greatest difference are the people who design and implement the company strategies every day.

With this in mind, we work intensively to develop a platform for **Comprehensive Talent Management**, which enables those who are part of the team to develop integrally and at the pace that our organization requires. In defining this work model we used participative leadership, engaging representatives from all the Business Units so the final result would be perfectly aligned to the Business Strategy of FEMSA, considering the unique needs of each one of the businesses

Comprehensive Talent Management (CTM) seeks the efficient connection among all the human resources processes, in such a way that attraction, development, promotion, and employee retention have common criteria, standards and tools that guarantee well-being and development of our personnel, while promoting the skills required in all the Business Units to meet the objectives established. This is done by balancing the necessary leadership and functional competencies according to the different positions in the organization.

Ten key leadership competencies are the foundation for Comprehensive Talent Management, which are transversal to all our employees and have been defined based on the Business Strategy of FEMSA. Therefore, the company growth is comprised by the operating plan, as well as the individuals' skills and needs, which are translated into promotion opportunities within the organization.

FEMSA Leadership competencies:

- ✓ Cultural adaptability
- ✓ Development of strategic relations
- ✓ Customer focus
- ✓ Strategic direction
- ✓ Flawless execution
- ✓ Selling the vision
- ✓ Global insight
- ✓ Change leadership
- ✓ Talent development
- ✓ Innovation

Comprehensive Talent Management comprises six stages and it has enabling programs and tools that allow the permeation and strengthening of the organizational culture among all employees since they start the recruitment process and during their development within the company, but mainly, they give each one of them the certainty about their responsibilities, contribution to the strategy, their goals, results and recognition.



Additionally, there is also the Social Development System, based on a work and life philosophy with the objective of achieving the well-being of our employees and their families, as well as forming better individuals in the family, work, and social nucleus through the following dimensions: work, education, health, values, economy, family and social.

The dimension of our business, the plurality of the markets and countries where we participate, as well as the large number of employees that integrate FEMSA, are factors that represent a great challenge. We firmly believe that thanks to the talent, cultural diversity, and expertise of the employees, we are advancing gradually in the correct direction. We want that every person who works at a FEMSA business, develop and transform positively, and feel proud of being an employee in our enterprise. <

**“The Comprehensive Talent Management is an integral way not only to standardize HR processes of FEMSA, but also to help us communicate and weave these processes to align them to the business strategy and adapt to the growth of our operations.”**

**Paloma González,**

ORGANIZATION DEVELOPMENT DIRECTOR AT FEMSA, MONTERREY, MEXICO



## Talent Development in Coca-Cola FEMSA

**ACTION AREA:** Training and Development

**INVESTMENT:** \$127.5 MILLION MXN (USD \$9.8 MILLION)

**EMPLOYEES TRAINED ONSITE:** 86.6%

**ON-SITE TRAINING HOURS TAUGHT:** 1.3 MILLION

In Coca-Cola FEMSA we require employees who are engaged, motivated, and have the necessary competencies to achieve the objectives of our business, and at the same time their development. Therefore, the Comprehensive Talent Management scheme has programs such as the **Development Agendas** and the **Training Cells**, among others.

The Development Agendas provide our employees the certainty to know where they currently are and where they can advance.

**\$127.5** million MXN  
(USD \$9.8 million) invested  
by Coca-Cola FEMSA in training  
during 2012.



We develop personnel using tools such as: on-line courses at FEMSA University, onsite courses, seminars, language courses and training in commercial and manufacturing models, certifications in quality processes, and development of managerial skills, among others. In 2012, we covered 83% vacant positions with internal individuals and achieved a coverage of 90% in Development Agendas at a directive level, all this in order to promote our executives' growth.

Not only that, but they can also participate in projects with specific start and end dates which enable the employees to obtain international experience in problem-solving regarding topics that will enable them to develop their skills and grow. All this goes on through the Training Cells. <

To know more regarding  
Our People programs,  
please go to:  
[www.femsa.com/en/  
sustainability/scheme/  
people.htm](http://www.femsa.com/en/sustainability/scheme/people.htm)



## Internal Value Proposal for FEMSA Comercio-OXXO Employees

**ACTION AREA:** Culture and Values

FEMSA Comercio, which operates the OXXO stores, has a good example of how Comprehensive Talent Management is carried out and how it has a positive impact in everything that is done in the organization.

In FEMSA Comercio we focus on service, but in order for everyone to provide it, there is an internal chain required that empowers those working at the OXXO stores, enabling them to serve the customers.

A human resources platform called **Internal Value Proposal for the Employees** was established, which is represented graphically by a pyramid including eight levels: economic security, health and well-being safe environment, empowerment, freedom of action, recognition, development, and transcendence. We are convinced that people need to be empowered to achieve their objectives, and the organization's objectives; therefore, FEMSA



“Each one of the steps in the Internal Value Proposal for the Employees covers different needs we have as employees at FEMSA Comercio. The pyramid drives initiatives that satisfy these needs”.

**José Luis Callejas,**

HUMAN RESOURCES AND SOCIAL RESPONSIBILITY FOR OXXO CORPORATE OFFICES MONTERREY, MEXICO.

Comercio facilitates programs related to each aspect in the pyramid so each person may have options according to their needs, so that their daily work can be a means for their fulfillment.

For instance, in economic security, we guarantee that salaries and wages are clear and fair; in health and well-being, we offer major medical insurance coverage and implemented the Occupational Health and Safety Administration System (SASSO), which promotes self-care and a safe environment in the facilities.

Most people want to learn new things, therefore we have empowerment and recognition tools which ease their work performance, provide development mechanisms, and promote freedom of action in making operational decision.

We also have development schemes that provide personal and professional development opportunities through academic education. An outstanding example is the OXXO Institute which offers free seminars, high school programs, and the first Bachelor's Degree in Retail Company Management in Mexico endorsed by the Ministry of Education.

Likewise, we have a volunteer work scheme, where more than 9,289 employees and their families participate in support programs for the community around the stores, as well as other social programs that contribute to improve the quality of life of the inhabitants in our communities.

### Occupational Health and Safety Administration System (SASSO)

**ACTION AREA:** Training and Development

**INVESTMENT:** \$478.1 million MXN (USD \$ 36.8 million)

To ensure and procure well-being and health of our employees, in FEMSA we established the Occupational Health and Safety Administration System (SASSO), which seeks to guarantee the physical integrity of our employees and improve productivity in our business promoting a self-care culture, as well as industrial safety practices in the facilities, to prevent illness and minimize work risks.

An example were the audits that, just like in Mexico, were carried out in Coca-Cola FEMSA Argentina, Brazil, and Colombia to assess the effectiveness of SASSO programs, as well as training on health and security taught in Panama, which enabled us to strengthen the implementation of SASSO in these work centers.





The OXXO employees' success stories are numerous, since our work scheme offers an alternative for employment to thousands of families in Mexico and Colombia, enabling them to develop multiple personal and work competencies.

A satisfied employee who knows the importance of his/her position, dedicates the greatest effort to give the best results, remains in the company, and contributes to its development in all areas, but most of all, is a person who transcends in his/her work, with the family and in the community. <

In 2012, we invested **\$478.1** million MXN (USD \$36.8 million) in our Occupational Health and Safety Administration System (SASSO).

“I started working as a salesperson at Almacenes Vallarta, but when OXXO acquired the company in 1994, I felt it was my opportunity to innovate because I realized that my ideas were being taken into account. I never imagined that I could be in charge of a store as a commission agent; I take care of the store as if it was mine, in order to give the best results. In OXXO, I have learned how to serve the customer with a quality service and good treatment, the same that the company gives me and personnel who work at the stores”.

**Lucina Guerrero Metodio,**

OXXO MEXICO, PLAZA VALLARTA.

We have hundreds of stories like these from individuals for whom working at FEMSA Comercio has changed their life. We invite you to consult them visiting: [www.femsa.com/en/sustainability/multimedia/stories.htm](http://www.femsa.com/en/sustainability/multimedia/stories.htm)



[femsa.com/en/sustainability/multimedia/stories.htm](http://www.femsa.com/en/sustainability/multimedia/stories.htm)



Through this management system, we not only ensure carrying out safe processes and procedures, but at the same time, we evaluate its implementation in the different work centers. Guaranteeing health and promoting self-responsibility among our employees is a priority in FEMSA. We want that each one of the individuals who work in our company return home in perfect physical and moral conditions by the end of the working day, so they continue sharing their talent in order to create a better future for themselves and their families. <

# OUR PLANET



## “Minimizing our operations’ environmental impact”

We operate in healthy, safe environments and in optimum environmental conditions that enable sustainable development in the community and FEMSA simultaneously.

In this section we present actions we have carried out in FEMSA in favor of the environment. This sample of programs highlight some of the efforts carried out to contribute so our planet may be a sustainable home for all of us who live in it and for the future generations.



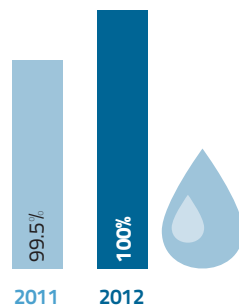
**\$233.9** million  
MXN (USD \$18 million)  
invested in environmental care programs and technologies in all our operations in 2012.



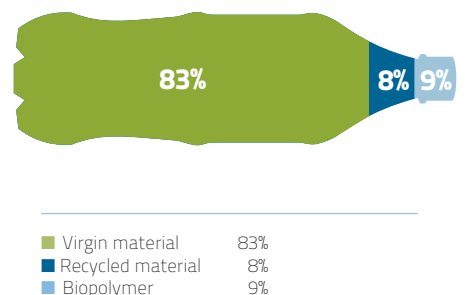
## 1.64 liters

of water per liter of beverage produced, was the average consumption of Coca-Cola FEMSA in 2012, due to its continuous improvement in water usage efficiency.

**Treated waste water discharge, by Coca-Cola FEMSA**  
Percentage



**Used recycled materials**  
Information for 2012 for PTM and Coca-Cola FEMSA





▶ Water



**Ernesto**

Operations Director for  
Coca-Cola FEMSA  
Mexico and Central America Division



## Energy efficiency and use of renewable energy

ACTION AREA: Energy

Energy moves the world. However, in order to guarantee supply for the next generations, a balanced and sustainable movement should take place. We must migrate to renewable energy sources and make the use of conventional energy more efficient.



**Víctor**  
MEXICO

For FEMSA, it is extremely important to achieve a sustainable balance in our energy consumption. We strive to achieve neutralization of our environmental liabilities in order to contribute to the sustainability of our environment.

For this, three main aspects frame our actions in regards to energy: energy efficiency of our operations, diversification of our energy portfolio, and improvement in efficiency of our transportation systems. This is carried out through investment in more efficient technology, participation in renewable energy projects, and optimum usage of fuels in transportation.

Due to our operations' distribution, 83% of the total energy consumption in FEMSA is carried out in Mexico, 60% of which corresponds to electricity. Therefore, we concentrate our efforts in the search of clean energy sources for electricity. We work in finding projects that support this initiative mainly in the regions where renewable resources are more abundant.


An example of this are the efforts to supply energy to our operations through contracts for purchase of electricity generated from renewable sources in Mexico, including projects such as Mareña Renovables Wind Park and Bii Nee Stipa Wind Park, this last one already operating. We are also in the project evaluation stage for wind and solar energy generation for our operations in other regions of the country. Likewise, we are

evaluating thermal energy generation projects from biomass for our Business Units in Central America.

We invest projects of energy efficiency in all our Business Units, which promote the rational use and saving of resources. We have proven that in this way we are able to minimize the environmental impact of our operations, while improving our profitability and competitiveness.

Due to our interest in generating economic, social, and environmental value, our projects and programs focused on the environment include activities and actions that benefit the surrounding populations, as well as protecting for biodiversity in the region. <



 “The use of renewable energy brings environmental benefits because it avoids the emission of green-house gases to the atmosphere, besides we consider these projects to be truly sustainable, as they comply with the three pillars of FEMSA’s Sustainability Strategy”.

**Víctor Treviño,**

ENERGY DIRECTOR AT FEMSA, MONTERREY, MEXICO.

To know more about Our Planet programs, please go to:  
<http://www.femsa.com/en/sustainability/scheme/planet.htm>





## Coca-Cola FEMSA Water Care Program

ACTION AREA: Water

OBJECTIVE BY 2015: Improve water efficiency by 20%, compared to 2004.

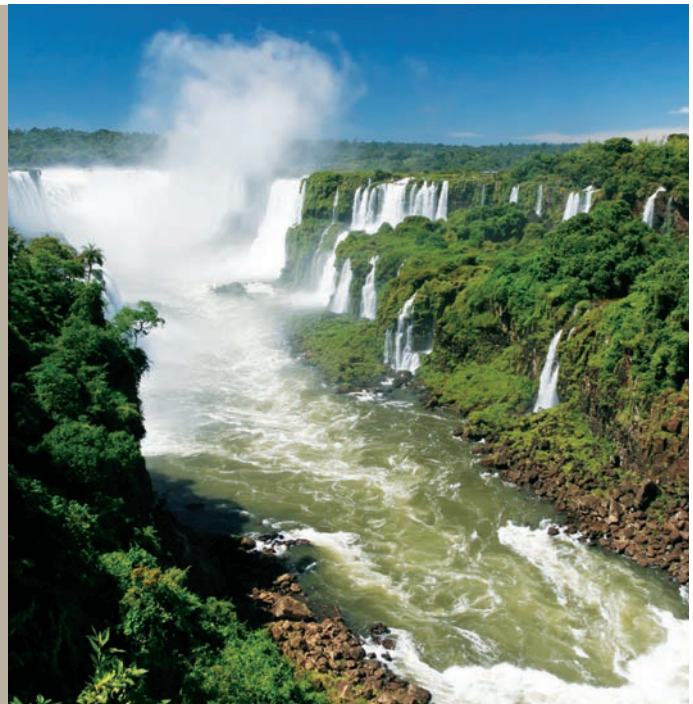
The long-term objective in Coca-Cola FEMSA is to return to nature the same amount of water we use in the elaboration of beverages in our bottling facilities.

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

In order to achieve it, we have focused our water caring strategy in **reducing, recycling, replenishing** and **promoting** long-term sustainability through improvements in our operations and the implementation of community programs.

**Reducing:** we are a world reference of the Coca-Cola System in regards to efficient water usage, using an average of 1.64 liters of water per liter of beverage produced.

**Recycling:** in 2012 we achieved the goal of treating 100% of the waste water in our manufacturing facilities through 30 owned waste water treatment plants and 3 municipal. Within our operations, we reuse water for different general purposes such as irrigation, washing floors and bathrooms, steam



generation and equipment cooling processes, among others.

**Replenishing and preservation:** we promote caring for the environment and water with the execution of different reforestation community programs, cleaning water bodies, donating purifying water plants, and biodiversity preservation plans. ◀

## Improvements in transportation processes in FEMSA Logística

ACTION AREA: Energy

FEMSA Logística, aligned to FEMSA's Sustainability Strategy, focuses its growth in order to satisfy with excellence its customers' needs, always taking into account the social and environmental impact that its operations could generate. A clear example of this is the constant search for balance between the business operation and the resources of its surroundings; confirming its commitment with the caring of resources and development opportunities for future generations.

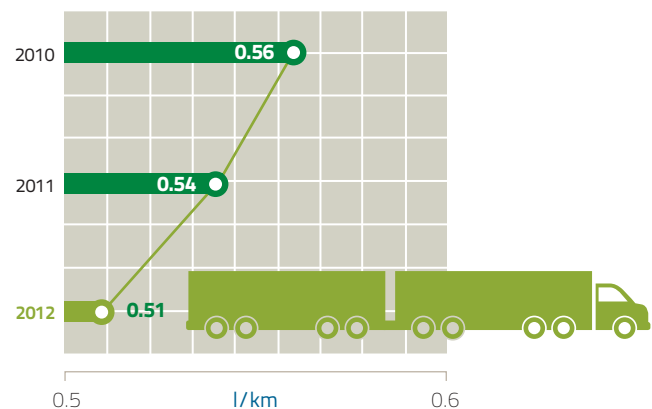
Due to the focus on the impact generated by its operations, FEMSA Logística has designed projects and programs, with the objective of reducing the use of fossil fuels, being able to highlight the following:

- ✓ Design and use of high productivity vehicles that decrease fuel usage.
- ✓ Load optimization programs
- ✓ Participation in Clean Transportation Program of SEMARNAT
- ✓ Implementation of multi-tasking/temperature vehicles

- ✓ Dynamic system for route optimization and restructuring
- ✓ Implementation of eco-efficient systems to optimize fuel consumption
- ✓ Assessment of alternate technologies for transportation (hybrid/electric vehicles)
- ✓ Training personnel on eco-efficient driving techniques

Thanks to these actions, FEMSA Logística has been able to decrease fuel consumption per kilometer travelled, improving with this, the efficiency in their clients' transportation.

Liters of fuel / travelled km



# OUR COMMUNITY



## “Contributing to the generation of sustainable communities”

We seek to positively transform the communities where we operate, sharing with society our culture of simultaneous generation of economic, social, and environmental value.

FEMSA cannot exist without the environment in which it operates. We believe that a solid community is a better place to live and do business, therefore we contribute so all the groups with which we interact have a better quality of life.

Presented below are examples of the efforts carried out during 2012 to meet our objective of providing added value to those who are part of our community.

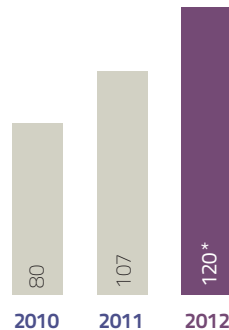


**\$276.6** million MXN (USD \$21.3) invested in programs focused on communities.



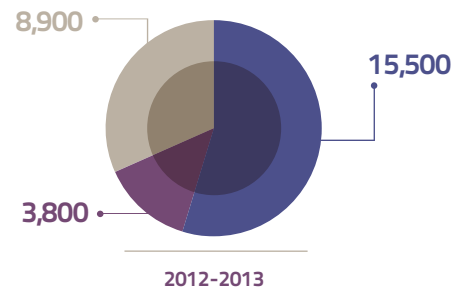
**\$13.8** million MXN (USD \$1 million) invested to promote social entrepreneurship through Youth with Value.

**OXXO Rounding-up Program**  
million mexican pesos



Money collected thanks to donations from our clients  
\*Estimated considering historic data for January and February 2013

**Coordinates for Life**  
people benefitted in school cycle 2012-2013



■ Children and youths  
■ Trained mentors:  
■ Conference attendees



► Coordinates  
for Life



**Guilherme**  
Coordinates for Life  
Brazil



## Coordinates for Life

ACTION AREA: Community Development

SCHOOL CYCLE 2011-2012:

CHILDREN AND YOUTHS BENEFITED 8,360

TRAINED MENTORS 1,260

CONFERENCE ATTENDEES 6,670

COUNTRIES: Argentina, Brazil, Colombia and Mexico.

ALLIANCES: Education Ministries, Human Development and Organizational Change (Mexico), Convivir Foundation (Argentina), SENAC (Brazil), SAF Group and National Police (Colombia), among others.



**Andrea**

BRAZIL

A large number of children and youths around the world live an overwhelming reality facing environments of violence, loneliness, lack of attention, and a variety of social problems. This environment, besides the vulnerabilities of their age, makes evident the need to create opportunities to break the cycle in which they are immersed.

Concerned about these children and youths, **Coordinates for Life** was created comprising a series of programs through which, based on the personal experience and addressing daily situations, knowledge, attitudes, and skills are developed, providing the children and youths, as well as their mentors, values and resources to develop those skills that enable them to make better decisions and decrease their vulnerability when faced with problematic situations.

The approach of Skills for Life is considered by the World Health Organization (WHO) as one of the most efficient ways to strengthen the protecting factors of people. Coordinates for Life addresses topics that are not usually offered within formal



“We care for the communities that live around our operations, therefore, we always seek to promote programs and actions that have a positive impact in the life of these people and bring benefits to them. With the program we ensure that we are near their aspirations and needs. We see education as a great engine for development, thus we want to plant a seed so the development of decision making skills can be addressed, since they will accompany them for life”.

### Andrea Souza Silva,

MANAGER FOR EXTERNAL COMMUNICATIONS AND SUSTAINABILITY AT COCA-COLA FEMSA BRAZIL.

education programs, such as: crisis of values, dishonesty, culture of lawfulness, complex interpersonal relationships (school harassment and violence), food disorders, sexuality, alcohol abuse, tobacco, and drugs, among others.

The program also includes the adults who have the role of educators, they receive tools to perform this important work in topics such as: risk and protection factors, healthy and responsible lifestyles, self-esteem, effective communication, conflict management, assertiveness, among others.

Coordinates for Life started in 2011 in Mexico and Argentina, extending its scope to Brazil and Colombia in 2012. Since its start up, 10,231 children and youths and 1,662 mentors have been benefited with workshops, while 8,683 have attended conferences. <

## Planet Mission

ACTION AREA: Community Development

TONS OF PLASTIC RECOLLECTED: More than 2,000

COUNTRY: Costa Rica

ALLIANCES: The Coca-Cola Company and Ministry of Education

Giving back to our planet a little of what it provides us is everyone's obligation. Thus, we need to develop a culture where each one of us is aware of the importance of carrying out small or great actions to reestablish the environmental balance in the place where we live.

Recovering those things that we carelessly discard in inappropriate places is a transcendental action that prevents the environment from suffering more deterioration. Thinking about this, since 1997 Coca-Cola FEMSA Costa Rica promotes the environmental care culture among the community through packaging recollection and recycling at a national level. The **Planet Mission** program collects tetra-pack packaging, aluminum, PET plastic and HDPE (high density polyethylene) which is 100% recyclable. <





## Youth with Value

ACTION AREA: Community Development

PROJECTS SUPPORTED IN 2011-2012: 210

YOUTHS BENEFITED: 940

COUNTRY: Mexico in the states of Michoacán, Nuevo León, and Veracruz.

ALLIANCES: Ashoka, Servicios a la Juventud A.C., Tecnológico de Monterrey, Universidad de Monterrey, Universidad Valle de Mexico, Instituto de la Juventud Regia, Selíder, among others.

“Youths are the future of our country”, this statement, as many other similar ones are heard continuously without understanding, perhaps, its real scope. In fact, youths represent the hope for a better future for everyone. They are the ones that, with their enthusiasm, energy, motivation, and effort will take the place of those of us who, today are responsible for their education and support, becoming the leaders in our businesses and countries.

If we think in sustainable communities, we cannot overlook the youths. It is up to us that they understand today, that their actions through out their lives will have an impact on those around them.

**Youths with Value** is a FEMSA program carried out since 2011 in alliance with Avancemos Ashoka. The objective is to support 14 to 24 year-old youths to develop and lead social entrepreneurship projects, becoming agents of change in their communities. The program provides them education, technical support, work networks, monitoring, evaluation,

and a seed capital ranging between USD \$700 and USD \$1,300 per project, as well as the expertise and knowledge of the adults who support the youths voluntarily.

Some examples of the subjects addressed by the projects are: environment, economic development, human rights, citizen participation, health, technology, education, social reintegration, rehabilitation of public spaces, sports promotion, sustainable energy, teaching systems, ecotourism, reading encouragement, gender equality, among many others.

Since the program started in 2011, there have been **78 educators** have been trained, they have contributed in preparing **940 youths**, who have submitted **210 initiatives** of social entrepreneurship projects for which FEMSA has invested **\$13.8 million MXN (USD \$1 million)**.

Colectivo Xochitlalli in the State of Veracruz, is an example of social entrepreneurship from Youth with Value. This collective developed a method of worm composting to produce organic fertilizers and generate a positive impact in their community and environment. Likewise, they recycle PET and rent ceramics dishes to avoid the use of disposable products in their community.

Youth with Value strengthens our commitment to simultaneously generate economic, social, and environmental value in projects that contribute to the development of Mexico, with social benefits that promote the development of local sustainable economies. <





## Initiatives for Peace and Reconciliation in Coca-Cola FEMSA Colombia

**ACTION AREA:** Community Development

**COUNTRY:** Colombia

**BENEFICIARIES:** 1,913 individuals directly benefited by the repairing actions of “Peace and Reconciliation Spaces” program in five cities.

**TIME CONTRIBUTED BY VOLUNTEERS:** 1,000 hours

Colombia is a country that, since 2000 has been able to reduce considerably the threat of guerrilla groups, generating with this more than 50,000 people who have put the weapons aside, in the search for development opportunities through initiatives provided by the government in order to restart their lives and definitely abandon.

Nevertheless, the challenge has been difficult to address. Therefore, the Colombian government launched an invitation to the private sector to support the former guerrilla members who needed opportunities to achieve their re-insertion in the productive life. Coca-Cola FEMSA was the first private enterprise to accept the invitation to collaborate in this peace process. This is how the program started in 2009 with the support of the Colombian Reintegration Agency ACR.

The **Contributing Time** initiative consists of the participation of employees from Coca-Cola FEMSA as instructors and trainers for displaced entrepreneurs who need specialized counseling so their business or business plans advance. The program has currently benefited around 400 Colombians in process of reintegration, through trainings led by volunteers from the company in the cities of Barranquilla, Bogotá, Bucaramanga, Cali, Medellín, Montería, and Valledupar.

Complementing this social development and peace promotion project, Coca-Cola FEMSA in Colombia implemented the **Learning Community Centers** to provide distance education and convey knowledge, useful skills and abilities for the beneficiaries. During 2012 we managed agreements between Tecnológico de Monterrey and the municipalities of Aguachica, Barranquilla, Medellín, and Tocancipá for the implementation of four Learning Community Centers. An unexpected result of the program was that these centers became a space that enables having former fighters, victims of the armed conflict and the population share in the same classroom. In this way, the Learning Community Centers contribute positively in the reconstruction of social fabric in Colombia.

Finally, we provided spaces for reconciliation, so former fighters may participate in social service and repair actions to benefit communities and victims of the Colombian armed conflict. A pilot version of the **Peace and Reconciliation Spaces** program was carried out in 2012 in five cities in the country, involving 263 individuals in process of being displaced. ◀

To learn more about Coca-Cola FEMSA's contribution to Colombia's peace process, go to the academic case published by Harvard at <http://goo.gl/7y72U>



## Sign up to Play

**ACTION AREA:** Healthy Lifestyles

**CHILDREN BENEFITED:** More than 191,500

**NUMBER OF SCHOOLS THAT ARE PART OF THE PROGRAM:** 465

**ALLIANCES:** The Coca-Cola Company and Ministries of Education of Argentina, Colombia, Costa Rica, Guatemala, Nicaragua, and Panama.

Sports and play are healthy activities that promote many essential values in children to ensure a healthy society.

In order to develop physical skills in children and promote sports as a lifestyle, we implemented the program **Sign up to Play** in six of the countries where we operate. Through the activities in this initiative, values such as solidarity, respect, and tolerance are promoted, since sports are a great school for team work, lawfulness, support, and empathy.

Through the tools that Sign up to Play provides, physical education or classroom professors are supported, to understand the great value they provide if they become sports promoters particularly among children.

- Some of the key components are:
- ✓ Donation of materials which stimulate physical activity to schools.
  - ✓ Development of manuals for professors and training routines.
  - ✓ Use of physical spaces in schools to promote movement, optimism and leadership. ◀



Initiatives for Peace and Reconciliation in Coca-Cola FEMSA Colombia



## Edison Polygon Trust in FEMSA Comercio

**ACTION AREA:** Community Development

**BENEFICIARIES:** More than 24,000 neighbors in eight neighborhoods surrounding OXXO offices

**INVESTMENT:** \$32 million MXN (USD \$2.4 million)

**COUNTRY:** Mexico, the state of Nuevo León

**ALLIANCES:** Grupo Senda, Municipality of Monterrey, Health Department of Nuevo León, Alianza Educativa Ciudadana por Nuevo León, Reforestación Extrema, Consejo Cívico de Instituciones de Nuevo León, A.C. (CCINLAC), Universidad Autónoma de Nuevo León, among others.

Since 1890, when FEMSA's headquarters were established in the current location, the city of Monterrey has kept a fast-pace growth. Therefore, our installations ended up immerse in a high populated area. Interested in generating relations that benefit our surrounding community, FEMSA Comercio created the **Edison Polygon Trust** project. Through this initiative we seek to be agents of change by contributing to the improvement of the quality of life of the community, promoting their economic growth and fostering comprehensive and sustainable human development.

This program is carried out following five guidelines: citizen activation, environmental culture, human development, education, and quality of life. In all of them, projects involving the neighbors' participation are operated.

The project considers clean up and urban reforestation (with 2,000 trees), rehabilitation of recreation areas, cleaning and painting, enabling sports fields, and spaces in the schools and support for family violence victims. Likewise, three patrol cars were provided to the municipality for better surveillance of the neighborhoods.



Through programs such as the Edison Polygon Trust we seek to build good will, certainty and hope through a model of social harmony focused on reinforcing the social fabric, facilitating tools for effective relations among neighbors and the authorities.

There has been work carried out with young gang members to promote harmony and positive leadership among the neighbors, also a public plaza was built called **Promenade Edison** that is 15,000 m<sup>2</sup> where the neighbors can enjoy recreation areas, playgrounds for children, cobble-stone pathways, basketball field and recreational fountains, providing a safe environment since it is well lit with 92 LED luminaires with solar panels, making them self-sustainable.

Additionally, in the same place, was a water tank built for rainwater harvesting with a capacity for 240 m<sup>3</sup> of water, equivalent to six months of drip irrigation for more than 200 oak trees planted at Promenade Edison. <



To know more regarding Our Community programs, please go to:  
<http://www.femsa.com/en/sustainability/scheme/community.htm>





**FEMSA Foundation is a social investment instrument for communities in Latin America that works in alliance with different**

organizations providing support for projects focused on water preservation and sustainable use as well as the improvement of the quality of life of the communities through education, science, and applied technology. Our projects are characterized for being sustainable and focused on improving the quality of life of current and future generations.

Our efforts are focused on two key areas: Sustainable Development of Water Resources and Quality of Life. Through our area dedicated in water, we support projects focused on solutions that address the conservation and sustainable use of water and that support communities without access to water and sanitation. In the area of Quality of Life, we approach solutions that generate social value in the long run.

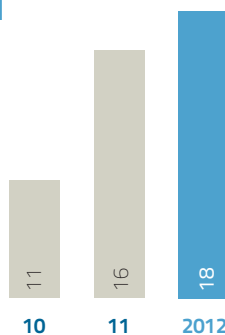


**7** countries supported by FEMSA Foundation's presence  
**+700** water professionals trained by the Water Center for Latin America and the Caribbean

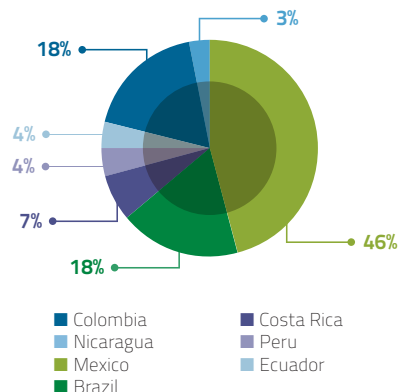


**39** communities supported through projects ranging from access to drinking water and ecosystem preservation to education, nutrition, and sports in marginated communities.

Supported Projects number



Presence 2012 by country





▶ **Safe water in marginalized communities**

**David**

Benefited with a purifying water plant in his community  
El Carmen de Atrato, Colombia



## Water Center for Latin America and the Caribbean

**ACTION AREA:** Sustainable Development of Water Resources  
**ALLIANCES:** Tecnológico de Monterrey, Inter-American Development Bank (IDB)

The Water Center for Latin America and the Caribbean contributes since 2009 to the sustainable management of water in this region through research, technology development, development of human capital, and the design of comprehensive solutions.

By training decision makers and water professionals, we seek to professionalize their practice to improve the way in which this resource is managed. Likewise, the Water Center works integrating projects and leaders, monitoring and communicating research, gathering and sharing regional information related to water, as well as promoting the integration of science and public policies.

An example of this was the partnership signed in 2012 between FEMSA Foundation, CONAGUA, and the Center for Latin America and the Caribbean, all of which made a commitment to continue supporting the documentation and recognition of best practices in water resources care under the criteria of replicability, innovation and engagement through the Inventory of AguaAAA.

The commitment focuses on continuing collaborating with this inventory of good practices from everywhere in the continent regarding water and climate change matters, as well as confirming the second edition of the “Award for Water and Adaptation Actions”, which last year granted the amount of USD \$50,000 to the project “Water Harvesting in Honduras” from Global Communities.

In 2012, the **Water Center for Latin America and the Caribbean**, carried out 15 research projects, trained more than 700 professionals and has carried out 23 specialized publications. <



## Safe Water in marginalized communities and contingency response

**ACTION AREA:** Sustainable Development of Water Resources

**PERMANENT BENEFICIARIES:** 43,300

**DISASTER BENEFICIARIES:** 25,600 people

**COUNTRIES:** Brazil, Colombia, Mexico and Nicaragua

**BENEFITED COMMUNITIES:** 14

The **Safe Water** in marginalized communities' project as well as the **Contingency Response** initiative have been promoted by FEMSA Foundation with the objective to provide drinking water to communities that do not have access to this resource. These projects support the needs caused by natural disasters as well as water shortage situations in rural communities.

Since 2010, FEMSA Foundation, together with local governments in each community, has installed purifying water plants in 13 locations already. The project has benefited 43,300 inhabitants through the installation of MIOX water disinfection equipment, which only requires power and table salt for its operation.

In the case of the Contingency Response project, support has varied according to the country. In the case of Mexico, FEMSA Foundation, with the support of FEMSA Logística and the Civil Protection Department of the State of Nuevo León, Mexico, developed **Ven por Agua** (Come for Water), a specialized vehicle that disinfects water from any source and also makes ice. In the case of Colombia, the mobile water disinfection plant that operates since the winter of 2010 continues travelling along the country bringing water to the people who need it most. Finally, FEMSA Foundation made the donation of two mobile water disinfection plants to the Minas Gerais government, which will be operated by Brazilian authorities.

During 2012, 512,000 liters of water were provided through the use of **Ven por Agua** and the mobile water disinfection plant in Colombia which benefited:

✓ 250 people in Guanajuato, Mexico

✓ 25,350 people in 2 communities in Colombia <



## Latin American Partnership for Water Resources

**ACTION AREA:** Sustainable Development of Water Resources

**ALLIANCES:** *The Nature Conservancy (TNC)*, Inter-American Development Bank (IDB) and Global Environment Facility (GEF).

**COUNTRIES:** Colombia, Ecuador, Brazil, Mexico and Peru.

**CITIES BENEFITED:** 12

This Alliance seeks to create, implement and capitalize at least 32 Water Funds in five Latin American countries. The goal established for 2015, with a current progress of 38%, is achieving the preservation of 3 million hectares of watersheds which could benefit over 50 million people.

**Water Funds** are an innovative way to pay for services that nature provides and reinvesting this money in efforts for watershed preservation.

Watersheds are the place where rural and urban populations obtain water. When they are healthy, watersheds help communities, particularly cities, to mitigate the effects of hurricanes and other natural disasters. Through the Funds

we seek to attract voluntary contributions of large water users downstream, such as aqueducts, hydroelectric plants and other industries. This capital is invested by assigning profits scientifically to the preservation of key lands upstream, which filter and regulate the water supply. Some of the actions supported are reforestation, ecotourism, and water flow monitoring.

The project *Fondo Semilla de Agua* (Water Seed Fund) was launched in 2012 in Chiapas, Mexico. This Fund is the result of an association between public, private and social sectors that share a common vision for the future: to protect the sources of fresh water through the preservation of nature and the sustainable growth of the Alto Grijalva, Sierra Madre and Chiapas Coast watersheds.

The potential impact zone of the Water Seed Fund covers an area larger than 2 million hectares, where more than 2.5 million people live. This area is part of the most important hydroelectric system in Mexico which produces 40% of this kind of energy in the country. ◀

## Nutrigenomics Chair

**ACTION AREA:** Quality of Life

**ALLIANCES:** Tecnológico de Monterrey, and “Salvador Zubirán” National Institute for Medical Sciences and Nutrition

**RESEARCH:** 17 PUBLICATIONS: 50

## FEMSA Biotechnology

Center works with around 20 researching professors, all part of the National Researcher System having as objective the

development of technology and knowledge transfer to industry and productive sectors related with food, health, and biodiversity.

Through the partnership with the National Institute of Medical Sciences and Nutrition “Salvador Zubirán” the Chair of Nutrigenomics of the FEMSA Biotechnology Center was formed in 2010. This chair has 45 master students and 67 doctorate students participating. The projects developed focus on engineering and processing of functional foods, developed to improve health or reduce the possibility of getting a disease.

As part of the projects, new products focused on genetic design and the production of biofortified foods are also developed. Likewise, they participate in the assessment of nourishment impact on genes and health.

In 2012, three researchers of the Chair in Nutrigenomics Dr. Sergio Serna Saldivar, M.C. Enrique García Pérez, and M.C. Valeria Natalia Lobos Sujo, were awarded in three different categories of the AgroBio Awards. Likewise, Dr. Daniel Jacobo together with Dr. Jorge Benavides and Engineer Alejandro Becerra, were awarded the National Food Science and Technology Award from CONACYT. The award was given for a research on alternate technologies in genetic engineering that has a strong potential in preventing diseases such as diabetes and HIV. ◀





# ACTIONS CREATING VALUE 2012

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# Global Reporting Initiative (GRI) Report

## FEMSA Profile

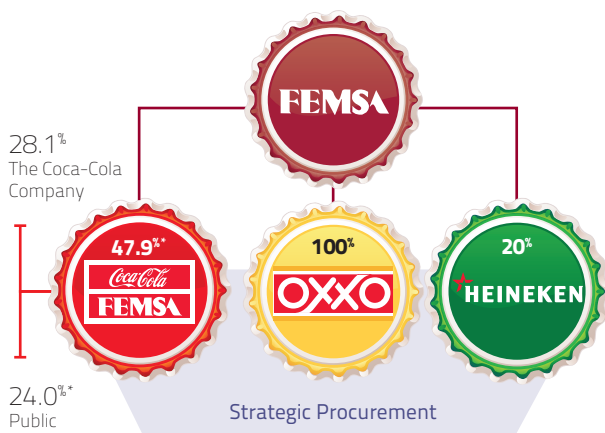
GRI: 2.1, 2.2, 2.3, 2.5, 2.6, 2.7, and 2.8

Founded in 1890, Fomento Económico Mexicano, S.A.B. de C.V., FEMSA, is a leader enterprise in Latin America, integrated by Coca-Cola FEMSA, the largest independent Coca-Cola products bottler in the world, FEMSA Comercio, which operates the OXXO store chain, an area for Strategic Procurement supporting operations of these two Business Units; and is the second largest Heineken shareholder.

In 2012 FEMSA served more than 330 million people in Latin America, with more than 190 brands and more than 10 thousand OXXO stores in Mexico and Colombia; it has 60 production plants<sup>1</sup>, 259 distribution centers and generated revenues for \$238,309 million MXN (USD \$18,383 million).

Its founders Isaac Garza, Francisco Sada Gómez, José Calderón, José A. Muguerza, and Joseph M. Schnaider, established an enterprise based on values which currently remain and are a fundamental part of the organizational culture.

### Corporate Structure Ownership Percentage



\*Assuming the successful closing of the merger with Grupo Yoli, announced at the beginning of 2013.

### Business Units Coca-Cola FEMSA

It is the largest independent Coca-Cola bottler in the world, with operations in Argentina, Brazil, Colombia, Costa Rica, Guatemala, Mexico, Nicaragua, Panamá, Philippines, and Venezuela. The merger of the beverage operation of Grupo Fomento Queretano with Coca-Cola FEMSA was finalized in the beginning of 2012 and the acquisition of 51% of the Coca-Cola bottler in Philippines was announced in the same year in December, closing the transaction on January 15, 2013. It markets more than 190 beverage brands and distributes its products to more than 2.5 million points of sale.

1 Includes Philippines.

### FEMSA Comercio

With a total of 10,601 stores in Mexico and Colombia, OXXO is the largest retail store chain and with the fastest growth in Latin America, serving more than 8 million people every day. In 2012 1,029 stores new opened in Mexico and 11 in Colombia.

The acquisition and closing of the purchase of 40% share of Café del Pacífico was announced this year, and in the last quarter in 2012 the acquisition of 75% of Farmacias YZA, leader in the pharmaceutical field in the South East of Mexico which has 333 stores; closing of this transaction is expected during the first quarter in 2013.

### Support area: Strategic Procurement

It comprises FEMSA Logística, Imbera, Imbera Servicios, and PTM (Plásticos Técnicos Mexicanos)<sup>2</sup>.

FEMSA Logística provides a broad assortment of logistics and vehicle maintenance services for vehicles in FEMSA Business Units, as well as other clients. It has operations in Brazil, Colombia, Costa Rica, Mexico, Nicaragua, and Panamá.

Imbera is the second producer for commercial refrigerators in the world. It exports to 36 countries from its facilities in Mexico, Brazil and Colombia. Their innovative products generate the least possible environmental impact, saving on electric consumption and maintenance costs. It has sales offices in eight countries and through Imbera Services, offers maintenance in six countries.

PTM was founded in 1976 focused on design and production of plastic products, oriented to serve the beverage, food and consumer goods' market. It is one of the largest plastic recycling companies in Mexico. It recovers, recycles and transforms close to 8,000 tons of plastic in other useful products each year.

### Heineken

Since 2010, FEMSA has 20% participation in Heineken stocks, making it the second most important investor in this global enterprise present in more than 70 countries.

2 Quimiproducos was sold to Ecolab by the end of 2012

## Economic Performance

GRI: 2.8, EC1, and EC9

Our century-long business philosophy gives us certainty that it is possible to create economic, social, and environmental value simultaneously.

**USD \$1,814.4** million in capital investment (CAPEX)  
**USD \$12,825.6** million in supplier payments  
**USD \$478** million dividends paid to shareholders  
**USD \$2,224.4** million in paid taxes in 9 countries  
**USD \$18,383** million in total earnings  
**USD \$22,829** million in assets  
**USD \$17,253** million in Direct Economic Value Generated<sup>3</sup>  
**USD \$2,880** million on debt

**182,260** direct employments generated by FEMSA

More than **381,654** indirect jobs generated  
 by Coca-Cola FEMSA<sup>4</sup>

**1,029** new OXXO stores in Mexico

Total consolidated revenues increased 18.2% reaching \$238,309 million MXN in 2012 in comparison with \$201,540 million MXN in 2011. Total earnings in Coca-Cola FEMSA increased 19.9% to \$147,739 million MXN. Total earnings in FEMSA Comercio increased 16.6% to \$86,433 million MXN mainly due to opening of 1,029 new stores during the year and average increase in sales - same-stores of 7.7%.

To know more information regarding the economic performance of FEMSA and its Business Units, please go to: <http://www.femsa.com/en/press/annual-reports.htm>



<sup>3</sup> Direct Economic Value Generated = net sales + earnings due to financial investments + asset sales

<sup>4</sup> According to data from the National Association of Soft Drink and Carbonated Beverages Producers (ANPRAC), for each direct employment generated in this industry, there are 5.2 indirect employments generated.

Financial highlights	2012 <sup>1</sup>	2012	2011 <sup>2</sup>	% Change
Million pesos of 2012				
Total revenues	18,383	238,309	201,540	18.2%
Income from operations <sup>3</sup>	2,255	29,227	24,484	19.4%
Consolidated net income	2,164	28,051	20,901	34.2%
Controlling Interest <sup>4</sup>	1,597	20,707	15,332	35.1%
Non-Controlling Interest	567	7,344	5,569	31.9%
Total assets	22,829	295,942	263,362	12.4%
Total liabilities	6,617	85,781	71,191	20.5%
Total equity	16,212	210,161	192,171	9.4%
Capital expenditures	1,200	15,560	12,609	23.4%
Controlling interest book value per share <sup>5</sup>	0.67	8.68	8.06	7.7%
Net controlling interest income per share <sup>5</sup>	0.09	1.16	0.86	35.1%
Headcount <sup>6</sup>		182,260	168,370	8.2%

<sup>1</sup> U.S. dollar figures are converted from Mexican pesos using the noon-buying rate published by U.S. Federal Reserve Board, which was Ps. 12.9635 per US\$1.00 as of December 31, 2012.

<sup>2</sup> The figures for this year were restated for comparison with 2012 as a result of transition to International Financial Reporting Standards (IFRS).

<sup>3</sup> Company's key performance indicator, calculated using IFRS figures.

<sup>4</sup> Represents the net income that is assigned to the controlling shareholders of the entity.

<sup>5</sup> Data based on outstanding shares of 17,891,131,350.

<sup>6</sup> Includes headcount from Coca-Cola FEMSA, FEMSA Comercio and Other Business of FEMSA.



## Corporate Governance

GRI: 4.8, PR9, SO2, SO7, and SO8

Corporate Governance at FEMSA and its Business Units is formed by a set of governance and monitoring organs and processes that provide soundness and trust to our shareholders, employees, clients, and stakeholders, which are supported with executives with a high business expertise and moral quality.

Our corporate practices meet the applicable regulations for the businesses that quote in Mexico and in the United States, including the Securities Market Law and the Sarbanes-Oxley Act in the United States, the regulations of the Mexican Stock Market and New York Stock Exchange, as well as the recommendations of the Code for Corporate Best Practices from the Business Coordinating Council in Mexico.

There were no complaints filed related with monopolistic practices or against free competition during 2012, nor significant penalties recorded due to non-compliance to national laws in the countries where we operate, related to regulations on use and supply of products and services.

## Board of Directors

GRI: 1.2, 4.1, 4.3, 4.4, 4.5, 4.6, 4.7, 4.9, 4.10, 4.11, LA13, EC2, SO2, SO4, HR1, HR4, HR6, HR7, HR9, HR10, HR11, and PR8

The Board of Directors is the organ responsible for determining the corporate strategy, approving and overseeing implementation of business plans and ensure adherence to values and vision of the company, as well as approving those carried out off the regular course of business.

Our Board of Directors is governed by the Mexican Securities Market Law and related regulations applicable, and meets the requirements of such regulations in regards to integration and independence of the Board members. The Board of Directors in FEMSA is currently formed by 17 proprietary members, out of which four are women and 15 are alternate members. According to the Securities Market Law, more than 25% of our board members are independent.

The board members are elected by the Ordinary Shareholder's Meeting for a one-year period, with the possibility of being reelected. Their economic compensation complies with standards of enterprises similar to FEMSA.

The Board of Directors meets at least once every three months but may celebrate extraordinary meetings when the board deems necessary.

The Board of Directors is supported by three committees that analyze different business aspects and offer recommendations to the Board of Directors, according to their competency areas. Company executives interact with the committees at least quarterly to present relevant aspects. Each committee has a secretary who is not a committee member but a high-level company executive that participates in meetings. The three committees that provide support to the Board of Directors are:

- ✓ **Audit Committee.** Responsible for reviewing accuracy and integrity of the quarterly and annual financial reports based on accounting, internal control, and auditing requirements; naming, hiring, defining compensation, and overseeing the external auditor, who reports directly to this committee; and identifying and following-up on contingencies and legal procedures.
- ✓ **Planning and Finance Committee.** It is responsible of: assessing investment policies and financing policies proposed by the Chief Executive Officer, assessing the risk factors to which the enterprise is exposed, as well as assessing its management policies.
- ✓ **Corporate Practices Committee.** It is responsible for preventing or reducing risks in operations carried out that could harm the value of our company. The Committee is also responsible of approving policies regarding the use of company assets or transactions with related parties, as well as approving the compensation plan for the executive directors and key executives. In compliance with the Securities Market Law, the members of the Corporate Practices Committee and the Audit Committee are independent board members.

In form 20-F and the annual report we submit to the securities authorities in the United States and in Mexico, information is provided regarding the identification of the stock owners with more than 5% in any series, the mechanisms and procedures related with the voting right and other rights of our minority shareholders, among other general aspects of the company.

The Investor Relations areas in FEMSA and Coca-Cola FEMSA are the ones responsible for addressing and managing shareholders' and investors' concerns and comments to be communicated to the Board of Directors. Through these areas, shareholders and investors may submit their comments or requests for information electronically or face-to-face. In 2012 such areas had 1,248 meetings with investors.

## Policies, processes and tools of information and control

PM I, II, III, IV, V, and X

With the conviction that our operations are developed under reliability and transparency schemes, we adhere to the highest ethical principles in all our businesses.

The **Business Code of Ethics**, and the **Corporate Policy Manual**, the **Risk Management Manual**, and the **Internal Control Manual** are documents that guide the behavior of all FEMSA employees. Our employees know the implications and sanctions for non-compliance to the Business Code of Ethics and we share this document with our stakeholders through FEMSA Internet Webpage and physical copies of them in case it is required.

At FEMSA and its Business Units, we have established mechanisms that enable us to strengthen implementation and follow-up of the guidelines comprised in these documents, along our organization of more than 182,260 individuals. One of the key mechanisms through which any individual may file a complaint regarding behaviors that violate our corporate guidelines is the **Whistle-Blower System**. The system has a 1-800 line and Internet webpage which are available in several languages, 365 days a year, 24 hours a day, to receive any comment, with the option of filing anonymously.

The Whistle-Blower System is served by a third party, enabling to ensure confidentiality, transparency, and objectivity of the information received.

Through this System we have the possibility to detect possible risk situations and address violations in subjects like human rights, trade agreements, contract clauses or any situation of non-compliance with organizational standards. Complaints related to discrimination, sexual and/or labor harassment, robbery and corruption are also received. In 2012 we did not identify situations related to our clients or operations where it was necessary to establish clauses to protect human rights, since we didn't find these were in risk of violation.

### DURING 2012:

- ✓ There were 657 complaints received through this system in the nine countries where we operate.
- ✓ Out of total complaints, 38% were determined well-founded and have been addressed according to the severity of the fault. The sanctions applied varied from a warning up to dismissal or legal action.
- ✓ 39.2% of the complaints were not founded and 22.7% are in process of resolution.

Following our values the culture of lawfulness, as well as the principles established in the United Nations Global Compact, we emphatically reject forced or child labor. With our own tools, and support from third parties, we oversee punctual compliance of these topics and ensure we extend this culture of legality in the process of acquisition of new operations, as well as with the suppliers and contractors who provide services.

In 2012 there were no complaints detected or received in regards to privacy protection and confidentiality of personal data in the hands of FEMSA and its Business Units.

For more about our financial, fiscal, corporate governance, and regulatory performance, you can consult Form 20-F at: <http://ir.femsa.com/en/sec.cfm>



## Managing of the Environment

The environmental risks and opportunities are evaluated and incorporated in the business planning processes through the different management tools. These methodologies enable us to maintain the risks related with social, economic, environmental, financial, strategic, compliance, operational, fraud, bribery or corruption aspects permanently identified, as well as their analysis and evaluation to generate strategies for mitigation and/or adaptation. These tools are:

- ✓ Incident Management and Crisis Resolution Program
- ✓ Business Risks Integral Management System
- ✓ Environmental Master Plan

**Incident Management and Crisis Resolution Program** is designed to create and maintain an efficient structure for incident prevention and management, in topics related with individuals, products, infrastructure, information, financial assets, and the community and natural environment.

The **Business Risks Integral Management System** is a tool available for top management for management, assessment, control, and monitoring of its risks.

Due to the use of this tool, we have identified the risk factors related to businesses within our company, as well as from the countries in which we operate. Among the most important risks related with the operation of our businesses are:

### Coca-Cola FEMSA

- ✓ The Coca-Cola FEMSA business depends on its relation with The Coca-Cola Company.
- ✓ Changes in consumer preference.
- ✓ Water shortage or inability to maintain the existing concessions.
- ✓ Increase in raw material price could increase production costs.
- ✓ Significant changes in regulation affairs.

### FEMSA Comercio

- ✓ Impact on sales due to changes in economic conditions in Mexico.
- ✓ Impact due to an increase in crime in Mexico, as well as changes in information technology.

### Risks related with the countries in which we operate

- ✓ Economic and political conditions.
- ✓ Depreciation of local currency in the countries where we operate.
- ✓ Insecurity in Mexico.

For more information in regards to these risk factors, we ask you to check the annual reports that FEMSA submits to the security regulators in Mexico and the United States in FEMSA's web page [www.femsa.com](http://www.femsa.com)

Another tool used by Coca-Cola FEMSA to manage risks and opportunities in local operations in a reactive as well as proactive manner is the **Environment Master Plan**. This tool operates through the following risk classification:

- ✓ General risks: those in which we focus in a proactive manner since they are recurring in the beverage industry: water, sustainable packing, healthy lifestyle, and climate change.
- ✓ Specific risks: those that emerge as challenges from the environment where our operations are immersed.

## Sustainability Strategy

GRI: 1.2, 4.9, 4.12, 4.17, EN26, and SO1

In FEMSA's we seek the simultaneous creation of economic, social, and environmental value that ensures business sustainability and contributes to the positive transformation of our communities.

In order to continue generating of social and environmental value in the most efficient way and with the greatest impact possible, during 2012 we were devoted to updating our long-term Sustainability Strategy. It will enable us to maximize and strengthen the existing initiatives in regards to sustainability, align and strategically focus our efforts, manage and mitigate the impact of our products, services, and activities, and better adapt to a constantly changing environment, and therefore benefit with this the positive transformation of our communities.

This strategy comprises a foundation, three pillars, and nine action areas that enable us to focus and ensure the achievement of our objectives:

### Foundation Our Ethics and Values

Defines the commitment for acting, deciding, and organizing in adherence to our corporate values and culture, to the highest business ethics and corporate governance standards as well as fully complying with the applicable laws in the countries where we operate, contributing in the establishment of a culture of lawfulness. We seek to be a role model and share this commitment with the communities with which we are related.

### Pillars Our People

We seek to **promote** the comprehensive development of the employees.

Our employees are our main asset and are key for the sustainability of the businesses, not only because we depend on their work and dedication, but because they are our best ambassadors of the company and have the potential to be the change agents that our communities need. The action areas in this pillar are:

- ✓ Culture and values
- ✓ Training and development
- ✓ Comprehensive development

### Our Planet

We seek to **minimize** the environmental impact from our operations.

In FEMSA we believe that sustainable development is only possible in healthy, safe environments and in optimum environmental conditions, thus we constantly work in capitalizing the opportunities in our operation under sustainable environmental criteria and reduce the risks that the environment could generate. The action areas are:

- ✓ Water
- ✓ Energy
- ✓ Waste and recycling



### Our Community

We seek to **contribute** in the generation of sustainable communities.

The sustainability of our enterprise is directly linked to the development and quality of life of the communities where we operate. We seek that success in our business may come from strengthening communities, joining our effort and talent with our trade partners, suppliers, neighbors, and external stakeholders in order to build prosper, safe, and sustainable communities. The three action areas comprise:

- ✓ Community development
- ✓ Healthy lifestyles
- ✓ Sustainable sourcing

The Sustainability Strategy considers a series of enabling mechanisms that allow us to impact in different ways and levels to maximize the positive impact of our actions. These mechanisms include: education, innovation, fostering public policies, establishing multi-sectorial alliances, investment, volunteer work, among others.

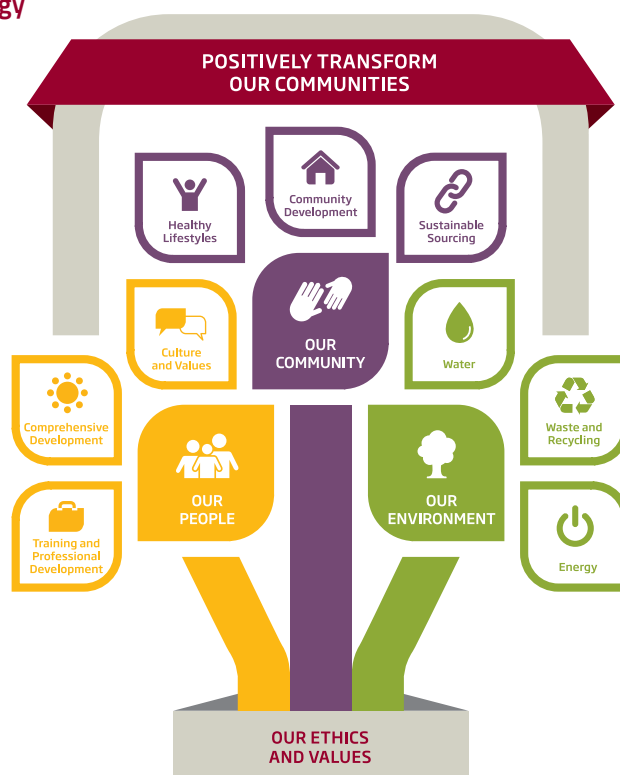
On the other hand and in synergy with these mechanisms, **FEMSA Foundation**, established as an independent civil association, seeks to generate long-term legacies through the promotion of programs that support water preservation and sustainable use, and improve quality of life currently and for future generations.

The process in defining priorities (materiality) in our Sustainability Strategy started with the creation of a multidisciplinary work team integrated by representatives from all the Business Units and coordinated by the Sustainability Direction at FEMSA. Likewise, it included the review of internal documents, interviews with 37 key executives in different Business Unit areas, 24 interviews with representatives of the external stakeholders, and the identification of best practices in 17 enterprise leaders in sustainability.

Based on the information obtained during this process, there was a materiality analysis carried out that enabled to define a series of focus topics which comprise the nine action areas, the foundation, and the three pillars in our sustainability strategy, where we will focus our efforts. The focus topics were considered based on their importance for our stakeholders, as well as the success of our business, and can be updated periodically, based on the challenges and opportunities that the environment presents.

The Sustainability Strategy will enable having a common understanding in regards to focus topics and giving visibility to the different levels in the organization regarding the performance achieved. For this reason, the Sustainability Information System is being strengthened and will enable capturing, reporting, monitoring, and verifying the key indicators in this field, through a periodical updating process.

### FEMSA's Sustainability Strategy



## Stakeholders

GRI: 4.4, 4.13, 4.14, 4.15, 4.16, 4.17, EC2, PR5, and SO5

We consider extremely important to maintain a permanent dialog relation with our stakeholders comprised by all those individuals or groups with whom we have interaction due to

our activities. In the corporate structure as well as in the Business Units, there are individuals directly responsible for serving each one of these groups, with which we ensure not only listening to their concerns, opinions, and suggestions, but carrying out actions to improve our relation, processes, products, and services.

Dialogue channels with Stakeholders									
	Whistle-blower System	1-800 Line	Mail / Web site	DICOYES*	Community Studies	Dialogue Meetings	Forum Participation	Area responsible for attention	Key interest topics identified
Employees and their families	◆	◆	◆	◆		◆	◆	Human Resources and Social Development	Business philosophy, sense of ownership and work conditions.
Community	◆	◆	◆		◆	◆	◆	Human Resources, Sustainability, and Corporate Communication	Strategy and impact of sustainability programs, product portfolio, job opportunities, donations, sponsorships and safety in our work centers.
Clients and Consumers	◆	◆	◆			◆	◆	Commercial	Requests for miscellaneous information, OXXO stores operation, product portfolio of the Business Units, job opportunities, donations, technical support, and sales.
Supplier	◆	◆	◆			◆	◆	Procurement	Presentation of service proposals, invoicing, delivery dates and payment.
Investors and Shareholders	◆		◆			◆	◆	Investor Relations	Status of Business Units including macro-economic atmosphere, consumption patterns and financial results; company strategy and investment plans.
Authorities, Unions and Business Associations	◆		◆		◆	◆	◆	Regulatory Affairs, Institutional Relations, Labor Relations, and Sustainability	Annual negotiations for collective bargaining agreements and new productivity schemes. Work on initiatives regarding healthy lifestyles and physical activity, obesity, transportation, and water.
Civil Society Organizations	◆		◆		◆	◆	◆	Sustainability, Public Relations, and FEMSA Foundation	Propositions for joint work to achieve a greater impact, donations, in-kind support, among others.
Media	◆		◆		◆	◆	◆	Corporate Communication	Business strategy, operations results, sustainability programs, and institutional positioning in juncture subjects.
Educational Institutions	◆		◆			◆	◆	Sustainability, Human Resources, and Social Development	Propositions for joint work, sponsorships, among others.

\*Organizational Climate Diagnosis and Sociometric Study

◆ = Permanent

◆ = Bialal

◆ = Variable

For instance, through **OXXO Listens**, in 2012, there were 29,966 comments or information requests received, mainly related to resumés, land offerings, store operation, service attitude, among others. Through FEMSA Internet webpage there were 5,119 mails received, most related to job opportunities, sponsorships, service and distribution offerings, complaints, among others, which were channelled to the corresponding areas for their attention.

At OXXO we live a permanent continuous improvement process; that is why we annually assess our customers' satisfaction level to ensure their preference. In the study carried out in Mexico in 2012 on a national level sample, 49% expressed being very satisfied, 44% showed being satisfied with their purchasing experience at OXXO and only 7% indicated being a somewhat or not satisfied.

On the other hand, Coca-Cola FEMSA has different channels to find out customer satisfaction, and its efforts have given results, example of this is the **Modern Consumer of Excellence in Customer Service** award where Coca-Cola FEMSA Brazil was selected as the winner for the eighth consecutive year in the beverage category thanks to its excellent strategies in customer relations.

### Inter-sectorial Alliances

We recognize that joining efforts is the best formula to solve global challenges and generate a greater positive impact in our communities.

Through participation in forums, associations, and the interaction with our stakeholders, we strive to generate alliances with public as well as private organizations, where there is exchange in knowledge, abilities, and the will to solve and address common challenges.

We seek to participate in those organizations that work in business, education, community and environmental issues. Our participation varies and it may be taking part in their government boards, operating initiatives, participation with economic resources or in-kind support, among others.

Likewise, we maintain a respectful and permanent dialogue with groups and individuals who are responsible for the development of public policies. Based on our values, policies and the FEMSA Business Code of Ethics we establish a relation with such authorities, always in compliance with the law and transparency.

#### DURING 2012:

We participated in public and private organization consultations and initiatives related to climate change, for instance:

- ✓ Through associations and chambers we are part of, we integrated a multi-sectorial group that participated with the House of Representatives and Senators, in the consultation processes and comments on the **Law for Climate Change** in Mexico with the purpose of creating a common agenda around mitigation and adaptation to climate change.
- ✓ In collaboration with **GEI Mexico Program**, coordinated by the Ministry of Environment and Natural Resources (SEMARNAT) and the Commission for Private Sector Studies in Sustainable Development (CESPEDES) we reported greenhouse gas emissions from the operations at FEMSA in Mexico.
- ✓ FEMSA and Coca-Cola FEMSA joined the Carbon Disclosure Project (CDP), making the declaration of greenhouse gas emissions and the strategy based on the risks and opportunities for companies facing climate change, participating thus in the CDP effort to generate the capabilities necessary around mitigation and adaptation to climate change.

During 2012 we also participated in different Confederations, Chambers, and Associations in the different countries where we operate: three in Argentina, nine in Brazil, 28 in Central America, seven in Colombia, and 26 in Mexico . Some examples are:

Country	Association
Argentina	Association of Coca-Cola Bottlers in Argentina
Brazil	Associação Brasileira das Indústrias de Refrigerantes e de Bebidas Não Alcoólicas (ABIR)
Colombia	National Businessmen Association in Colombia (ANDI)
	Business Corporation of North of the Cauca (CENCAUCA)
Costa Rica	Chamber for the Food Industry in Costa Rica (CACIA)
Mexico	National Association for Soft Drink and Carbonated Beverages (ANPRAC)
	National Association of Supermarkets and Department Stores (ANTAD)
	Association of Coca-Cola Bottlers (ASCOCA)
	National Association of Private Transportation (ANTP)
	Mexican Confederation of Employers (COPARMEX)
	Chamber for Industrial Manufacturing in Nuevo León (CAINTRA)
	Business Coordinating Council (CCE)
	Confederation of Industrial Chambers (CONCAMIN)
Global Institute for Sustainability (IGS)	
Nicaragua	Ministry for Promotion, Industry and Trade (MIFIC)
Panama	Trade, Industry, and Agriculture Chamber of Panamá (PANACAMARA)
Venezuela	National Association for Refreshing Beverages (ANBER)



In our Sustainability Report 2011, we established several commitments, and thus, we present their status accomplished by the end of 2012:

Status of commitments established in Sustainability Report 2011		
Topic	Commitments for 2012	Status
Code of Ethics	Request suppliers to sign FEMSA's Business Code of Ethics.	In process
Social Development System	Communicate System in all FEMSA operations particularly in new businesses incorporated in 2011.	Achieved
Comprehensive Talent Management	Consolidate the model as part of FEMSA's work culture and focus on efforts for leadership development, culture, and integral recognition.	In Process
Occupational Health and Safety Administration System (SASSO)	Ensuring SASSO's availability in each one of the work centers.	Achieved
	Implement the System in the businesses incorporated in 2011.	In process
	Continue with the downward trend in accident rates.	In process
Coordinates for Life	Benefiting in 2012 more than 14,500 children and 3,500 mentors.	In process (school year 2012-2013 in progress)
	Implementing in Brazil and Colombia	Achieved
	Incorporating FEMSA volunteers.	In process
	<b>Mexico:</b>	
	✓ Implementing in the states of Nuevo León, Puebla and Veracruz.	Achieved
	✓ Implementing within the company through SCYF and Coca-Cola FEMSA Corporate.	In process
	<b>Argentina:</b>	
✓ Implementing within the company and in public elementary schools.	Achieved	
Youth with Value	Providing follow-up to the 90 social entrepreneurship projects already developed to strengthen their feasibility.	Achieved
	Incorporating FEMSA volunteers as mentors who counsel youths.	In process
	Supporting 150 new social entrepreneurship projects, benefiting more than 600 youths and 70 mentors.	In process
Mareña Renovables Wind Farm	Covering 85% of the energy requirements for FEMSA businesses in Mexico with clean and renewable energy by 2013.	In process
Energy (Emissions)	Carrying out the analysis of Carbon Footprint in businesses in Mexico and designing action plans that enable minimizing the impact of our growth.	Achieved
FEMSA Sustainability Report	Verifying the Sustainability Report externally every two years.	Achieved

To know more about our commitments established in 2011, please refer to our Sustainability Report 2011 in: [http://www.femsa.com/en/sustainability/social\\_report.htm](http://www.femsa.com/en/sustainability/social_report.htm)



# Our People



“Promoting employees’ comprehensive development”

In 2012 there were \$1,272 million MXN (USD \$98.1 million) invested in training programs, social development, health and safety to contribute in improving our employees and their families’ quality of life.\*

## Culture and Values

GRI: 4.8

In FEMSA, we promote a culture of ethics amongst our employees through attitudes and actions that contribute positively in our growth as an enterprise, as well as wellness for their families and communities.

We have a work culture based on values that we practice since our foundation that, while it has been adapted through the years, we have always maintained the principles of respect to human dignity as a sound foundation, which is above every economic consideration.

Through living our values we are able to meet our mission of “Satisfy and please the beverage consumer with excellence”.

### Values

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

## Training and Development

GRI: EC7, LA1, LA10, LA11, LA12, LA13, HR3, HR8, and SO3

### Comprehensive Talent Management (CTM)

Organizational platform aligned to the business strategy of the business whose objectives are generating the ability for talent development, building a systematic vision of talent management through homologating criteria and providing strategic information for decision making. The aforementioned has the purpose to be able to have employees who meet the necessary skills to adapt the fast-pace and sustained growth of our organization.

### CTM Elements:

- ✓ Development of FEMSA leadership competencies: integrated by ten transversal key competencies for all our employees.

- ✓ **Talent planning:** determines the abilities, competencies and availability of human talent required by the organization to implement the business strategy.
- ✓ **TOPS System:** competitive results evaluation.
- ✓ **Training and Development:** process to develop knowledge, skills and attitudes necessary to integrate employees to FEMSA culture, and thus improve their performance. It also seeks to develop their career potential, taking into consideration the organizational needs and objectives.
- ✓ **Talent development culture:** management practices implemented by bosses who are a relevant part in the learning process, since they exert influence and motivation on their teams so they increase their continuously knowledge, competencies, and performance, and generate results for the organization.
- ✓ **Infrastructure:** integral technology platform which supports the CTM process model, helping obtain strategic information for decision making, alignment of Human Resources to the business strategy and standardization and continuous improvement of their processes.

In FEMSA we firmly believe that our employees’ performance is closely related to their personal and professional development. We consider work as a means for human beings’ fulfilment through which it is possible to transcend.

Therefore, we provide our employees development platforms that enable them to acquire knowledge, develop skills, and prepare themselves for excellent performance in their functions.

With the purpose of generating growth and compensation strategies and plans, we assess our employees under different methodologies based on the Business Unit they are part of, or according to the organizational level they have.

Our directors and professionals are assessed through The One Page System methodology, where their critical success factors are established and follow-up is given to the compliance of their objectives, which are addressed to their corresponding teams. Out of a total of 21,339 employees who comprise this group, 63.9% were assessed by this methodology during 2012.

\* Following the update of the Sustainability Strategy, information on the internal dimension of the Health and Wellness core area, integrates to the current pillar of Our People.

The rest of the employees are assessed under FEMSA's Key Competencies and other particular methodologies for each Business Unit.

The internal training process in the nine countries where we operate is carried out through the **FEMSA University** whether on-site as well as on-line, having the latter an educational offering of more than 24,927 options.

#### DURING 2012:

- ✓ There were more than \$368.9 million MXN (USD \$28.4 million) invested in training and more than 1.7 million on-site hours were taught to our employees.

Committed to respecting human rights of all the individuals with whom we interact, in FEMSA we teach several forming courses for our employees related with this topic according to their contribution. For instance, 100% of our security personnel in Mexico received training on topics related with human rights.

Online training through FEMSA University		
Year	Investment*	Employees trained
2010	43.4	68,300
2011	37.7	74,483
2012	31.6	79,438
<b>Total</b>	<b>112.7</b>	<b>222,221</b>

\* Million Mexican pesos

On-site training to employees		
Type of contract	Hours	Average on-site training hours per employee *
Employees	1,503,233.61	38.88
Unionized	214,228.85	2.64
External services	7,381.33	0.59
<b>Total</b>	<b>1,724,843.79</b>	<b>9.46</b>

\* From the total number of employees by type of contract

On-site training hours to employees by topic									
Hours	Human Rights					Ethics and Corruption	Sustainability	Languages	Technical Knowledge / Others
	SASSO (Safety and Occupational Health Administration System)	Discrimination and Inclusion	Dignified treatment	Collective association and union rights	Others				
Type of Contract									
Employees	395,675.42	874.20	1,090.20	1,136.25	25,619.29	2,682.75	3,184.50	13,946.00	1,059,025.00
Unionized	128,107.80	523.00	576.00	597.80	20,177.00	4,436.75	3,756.00	-	56,054.50
External services	4,659.00	5.00	272.00	8.00	87.00	187.00	129.00	-	2,034.33
<b>TOTAL</b>	<b>528,442.22</b>	<b>1,402.20</b>	<b>1,938.20</b>	<b>1,742.05</b>	<b>45,883.29</b>	<b>7,306.50</b>	<b>7,069.50</b>	<b>13,946.00</b>	<b>1,117,113.83</b>

Other training programs		
Business Unit	Program	Description
Coca-Cola FEMSA	Training Cells	Focused on supporting organizational knowledge transfer and replication of best practices in the company.
	Internal Coaching and Mentoring	Supports the development of leadership competencies at a direction and managerial level.
	Functional Programs	Tool that makes the development of abilities required by the business easier.
FEMSA Comercio	OXXO Institute	Offers an Undergraduate program in Retail Business Administration for FEMSA Comercio employees and their Business Units.
Strategic Procurement - Imbera and PTM	Education Scholarships	Offers education scholarships for employees and their children.
Strategic Procurement - FEMSA Logística	FL Institute	Develops the employees' abilities and enables operator and technician certification.
	Academic Excellence Awards	Incentive and recognition program for employees and their families due to good school performance.
	School support	Offers school support for employees and their children.
	Worker Excellence Recognition	Recognizes workers based on a series of productivity and seniority indicators.



In order to transversally consolidate the topics related with sustainability and integrate them into the business management, in 2012 the Sustainability topic was included in:

- ✓ Induction programs.
- ✓ Meetings with functional areas in the Business Units.
- ✓ Institutional meetings in the Business Units, FEMSA and Coca-Cola FEMSA Communication Day, FEMSA Annual Directors Meeting and the FEMSA Logística Operations Meeting.
- ✓ FEMSA and Business Units School for Mentor Leaders.
- ✓ Diagnosis of Organizational Climate and Sociometric Study.
- ✓ Weekly newsletters for key audiences with global trends on sustainability.
- ✓ Internal awareness campaigns.
- ✓ Monthly newsletters with relevant notes from the Business Units.

### FEMSA Employees

In FEMSA we achieve our business objectives thanks to our employees' talent and capabilities, therefore we are interested in continuing to attract and keep the best talent based on their professional abilities, and not based on demographic aspects of gender, race or age. We promote equal opportunities and provide vacant positions or newly created jobs to every individual who meets the competencies required by the responsibilities of the position to be covered to develop work with excellence and addressing the needs of our clients and consumers.

Employees by country or region	
Country/region	Employees
Argentina	2,827
Brazil	12,470
Central America	6,076
Colombia	6,400
Mexico	146,700
Venezuela	7,787
<b>Total</b>	<b>182,260</b>

Diversity enriches our interaction and development in the personal and professional atmosphere, as well as at work, for this reason, since 2011 we developed the **FEMSA Diversity Model** which considers six action areas:

- ✓ **Gender:** promoting gender equality.
- ✓ **Individuals with disabilities:** promoting work and social integration in equal opportunities.
- ✓ **Ethnicity:** integration of individuals with different nationality, race, ethnic origin and/ or religion.
- ✓ **Age:** having talent in different generations.
- ✓ **Sexual orientation:** promoting equal opportunities respecting sexual preferences.
- ✓ **Socio-cultural:** integrating personnel with different educational, cultural, and socio-economic levels into work positions.

**FEMSA Workplace Integration System** is an example of how to implement our Diversity Model in one of its action areas.

Employees by age group and gender*								
	18-34		35-44		45+		Total	
	2011	2012	2011	2012	2011	2012	2011	2012
Women	35,723	29,755	12,427	19,716	6,389	6,436	<b>54,539</b>	<b>55,907</b>
Men	81,022	65,696	28,090	37,122	13,819	14,226	<b>122,931</b>	<b>117,044</b>
ND**								<b>9,309</b>
<b>Total</b>	<b>116,745</b>	<b>95,451***</b>	<b>40,517</b>	<b>56,838</b>	<b>20,208</b>	<b>20,662</b>	<b>177,470</b>	<b>182,260</b>

\*Total in the nine countries, includes Quimiproducos and acquired operations by the end of 2012.

\*\* Information on some providers of external services to Coca-Cola FEMSA is not available

\*\*\*In Brazil and Venezuela we met the Law of Young Apprentices

Employees by gender and type of contract*										
	Employees		Unionized		External services		Store Commissioner OXXO <sup>1</sup>		Total	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Women	8,206	8,583	18,179	19,408	3,602	819	24,552	27,097	<b>54,539</b>	<b>55,907</b>
Men	27,417	30,072	54,017	61,574	17,153	2,316	24,344	23,082	<b>122,931</b>	<b>117,044</b>
ND**										<b>9,309</b>
<b>Total</b>	<b>35,623</b>	<b>38,655</b>	<b>72,196</b>	<b>80,982</b>	<b>20,755</b>	<b>3,135</b>	<b>48,896</b>	<b>50,179</b>	<b>177,470</b>	<b>182,260</b>

\*Total in the nine countries, includes Quimiproducos and acquired operations by the end of 2012.

\*\* Information on some providers of external services to Coca-Cola FEMSA is not available

<sup>1</sup> Only in Mexico

Employees integrated in 2011 and 2012*						
Business Unit	People with Disabilities		Senior Citizens		Total 2011	Total 2012
	2011	2012	2011	2012		
Coca-Cola FEMSA	240	648	20	248	260	996
FEMSA Comercio	243	537	227	696	470	1,233
FEMSA Corporate and Strategic Procurement	7	32	3	119	10	151
<b>Total</b>	<b>490</b>	<b>1,217</b>	<b>250</b>	<b>1,163</b>	<b>740</b>	<b>2,380</b>

\*Starting in 2012, only the number of employees with disabilities and senior citizens will be considered in the report

We seek to integrate in the communities in each of the countries where we work, therefore we foster local hiring as much as possible.

Percentage of director positions in the countries where we operate occupied by local people		
2010	2011	2012
75.1%	78.2%	81.2%

**DURING 2012:**

We worked in the design and development of the equality gender initiative that will be implemented in 2013 and will search process improvements to ease inclusion.

## Safety and Occupational Health

GRI: LA7, and LA8

The well-being and integrity of our employees are closely related to our success as a business, therefore we develop programs and actions focused on providing the best workplace conditions.

Committed to promote a safe working environment for all our employees, in 2012 we invested \$478.1 million MXN (USD \$36.8) in our **Safety and Occupational Health Administration System (SASSO)**.

SASSO started its implementation since 2006 in all the Business Units, in the nine countries where we are present and, in 2012 it was taken for the first time to 10 new operations. Through the System, a culture of prevention for overall diseases and work risks is promoted, by the identification, elimination and/or control of internal risks and the environment.

SASSO has been recognized by The Coca-Cola Company as a program which meets and exceeds international standards in safety and health matters such as OSHAS 18001. SASSO comprises occupational health programs specific for the Business Units and best international practices for industrial safety culture which, opposed to other systems, incorporates aspects related to employees' quality of life, injury prevention

in sports, quality in industrial cafeterias, medical check-up due to position promotion or retirement, among other indicators used in the industries in which we participate.

Accident rate, illness, and lost days *			
	2011**	2012	Variation
Accident rate	4.08	3.57	-13%
Rate for general illness	43.08	43.77	2%
Rate of lost days due to accident	72.66	72.65	0%
Rate of lost days due to illness	227.05	267.7	18%

\* Number of incidents per 100 workers.

\*\*Note: In 2012, the calculation methods of the SASSO indicators were complemented, thus the data corresponding to 2011 were homologated in order to make them comparable.

Note: The Human Resources direction in FEMSA is accountable for overseeing work security in all the organization.

FEMSA Logística has a solid system for occupational health and safety prevention. As an example of efficient management in regards to vial prevention, the company has achieved successful results due to the **Prevention System for Road Risks in Transportation**. Due to this program it is one of the safest transportation enterprises in the American continent, having one of the lowest accident rates per million kilometers driven. Part of its work culture is to prioritize individuals and their safety through processes established within daily operations, based mainly in policies, standards, and professional development of the operators. Likewise, in 2012 it achieved the National Award for Road Safety for the seventh consecutive year, and 146 operators in primary and secondary distribution have been recognized with the National Award for Road Safety in the Operator Category awarded by the National Association for Private Transportation (ANTP). All this is shown since FEMSA Logística has the lowest turnover rate in the Transportation Industry, with 13%<sup>1</sup>, while the average personnel turnover in the transportation companies in Mexico is above 30%<sup>2</sup>.

### Compensation and benefits

GRI: 4.5, EC3, EC5, LA3, LA11, and LA14

In FEMSA we aspire to maintain our appeal as employers in the locations where we operate. We know that our employees' performance and motivation is integrated by several factors among which the outstanding one is a fair and appealing retribution system for all those who are part of our team.

Therefore, we have processes for compensation, benefits, and competitive incentives for our industry in the locations where we are present, setting our employees' compensations based on their performance, individual competencies, and responsibilities assigned, without any distinction of gender, age, or nationality. Likewise, we meet

1 Personnel turnover at FEMSA Logística in freight transportation and maintenance.  
2 Based on an analysis carried out by an independent third party with information reported in 2011.

—and at times exceed— the labor legislations in the nine countries where we operate aligning benefits, and salaries to such standards, without any distinction based on the temporary nature.

The general minimum wage that, due to legal regulations governs in the communities where we work, is respected without exception. In the operations in Mexico during 2012, our initial average wage was 2.41 times higher than the legal minimum salary.

Variable compensation for top directors and executives includes a calculated portion based on their performance evaluation and another one based on Economic Value Added (EVA) of the company.

We have retirement plans according to the legislation in each country, and in those countries where it is deemed necessary, FEMSA offers a supplementary scheme to provide retirement which represents a lifelong payment, with medical attention. The company performs annual reviews to determine the amount to cover according to the work life that the worker has to meet in order to achieve retirement. For this, we create the necessary trusts, following the legislation in each country where we are present, which enables us to guarantee the correct allocation of these funds, which are managed independently from operating resources.

## Comprehensive Development

GRI: 4.4, LA4, LA6, LA9, HR5, and FP3

FEMSA's **Social Development System** is based on six elements: FEMSA History, Humanistic Philosophy, Social Development Policy, programs aligned to the seven Dimensions for Comprehensive Development and Quality of Life, Internal Employees Association, and Mentor Leader.

Our history and philosophy reflect the foundations which have maintained us engaged with the comprehensive wellness of our employees and their families during more than 120 years, and it is through the Social Development Policy that the System is institutionalized. The seven dimensions for Comprehensive Development and Quality of Life ensure that the programs offered focus on strengthening values, family integration, health and sports, the economic, social, work, and educational aspects.

The ones promoting and giving life to the Social Development System every day are:

- ✓ **The Internal Employee Association** which implies the co-responsible participation in the Work Centers.<sup>3</sup>

- ✓ **The Mentor Leader** who foster making the six elements which comprise the System a reality while promoting comprehensive development of our employees and their families. Through their example of simplicity, human quality, congruence, persistence, and humility, they inspire the work teams to be an example in society.

### DURING 2012:

There were 225 Internal Employee Associations integrated for Social Development, 218 employees participated in the Mentor Leader School and there were 2,447 programs carried out, or activities related with the seven dimensions of FEMSA's Social Development System.

Among the main programs promoted we find those that promote education development and family integration, human development, sports and health promotion, patrimonial strength, volunteer work, among other fundamental aspects in personal and family life for our employees.

In 2012, more than 42,600 employees and relatives integrated the **FEMSA volunteer NETWORK**, who transcended while benefiting other people who are part of the communities where FEMSA has operations through 266 volunteer work activities, within our four action lines: education, health, environmental care, community support, and legality.

In FEMSA we are open to two-way communication with all our employees. This enables us to monitor those relevant matters for an appropriate performance of our operations, and it is an opportunity for those who are part of the company to express their concerns. The **Organizational Climate Diagnosis and Sociometric Study**, is applied at least every two years in all the work centers and enables us to learn our employees' perception in regards to their working conditions. In 2012 it was applied to 69,070 employees, representing 91.03% of the target population for this year.

The right to association and collective negotiation, to freedom of union association, as well as fundamental rights is respected in FEMSA and its Business Units. Out of our total employees, 44.4% are unionized, out of which 100% are covered by a collective bargaining contract or pact and most of them are represented through the commissions formed in the work centers. These commissions are integrated by worker representatives, the company, and union delegates, and address labor topics, hygiene, and industrial safety issues.

### DURING 2012:

There were no activities or events detected where our employees' freedom of association was at risk in any of the countries where we have operations. There were no hours lost due to strikes, disputes or work stoppages either. <

<sup>3</sup> According to the culture and legislation in each country, they may adopt the name that provides a feeling of ownership and legality: Internal Employee Association, Committee, Basic Team, Directive Meeting, etc.



# Our Planet

“Minimizing our operations’ environmental impact”

GRI: EN28, and EN30

We invested \$ 233.9 million MXN (USD \$18 million) in initiatives to improve the environmental performance of our operations:

For FEMSA it is of outmost importance to operate in healthy, and safe atmospheres and in optimum environmental conditions that enable sustainable development of the community and the company simultaneously.

The demand of natural resources is increasing and the impacts generated by the inefficient use of resources is a risk factor for all human beings. Therefore, in FEMSA we have implemented concrete actions that enable us to mitigate the impact of our operations on the environment.

### Environmental investment 2012

Consolidated investment of FEMSA and its Business Units



15%  
Water



81%  
Energy



4%  
Waste and  
Recycling

Convinced that credibility with our stakeholders is achieved only through concrete facts and congruence in our actions, FEMSA’s operations, in the nine countries where we have

### Environmental Management Systems (EMS)

in FEMSA and its Business Units

presence, comply with laws and regulations of the different government levels in environmental protection matters. Based on the Environmental Management Systems that we have, in 2012 there were no significant fines for non-compliance of environmental regulations. Additionally, we have worked in specific projects and actions that in some cases, enable us to exceed the expectations of compliance with these regulations.

The **Environmental Management System (EMS)** is a tool to coordinate the planning activities, processes, key performance indicators, and measurement tools. It also establishes the resources to develop, implement, review, and maintain current procedures according to the applicable environmental regulation. Currently, in FEMSA and its Business Units we use three types of EMS’s:

The **One Planet Living** initiative, developed by World Wide Fund for Nature (WWF) and BioRegional was adopted in 2011 by **Imbera’s** facility in San Juan del Río, in Querétaro, Mexico and concluded its certification during 2012. Imbera is the first company in the Commercial Refrigeration Industry worldwide level and the first enterprise in Latin America engaged in working under the framework of this initiative.



#### ISO 14001

PTM’s facility and 10 Coca-Cola FEMSA’s facilities certified

#### One Planet

- ✓ Imbera’s facility in San Juan del Río certified as One Planet company
- ✓ PTM and Imbera Brasil are undergoing the certification process. Imbera Colombia will start its certification process in 2013.

#### Internal Systems

FEMSA Logística, following the guidelines of our environmental policy, developed its EMS, which will enable continuous improvement and process documentation to develop programs and environmental objectives.

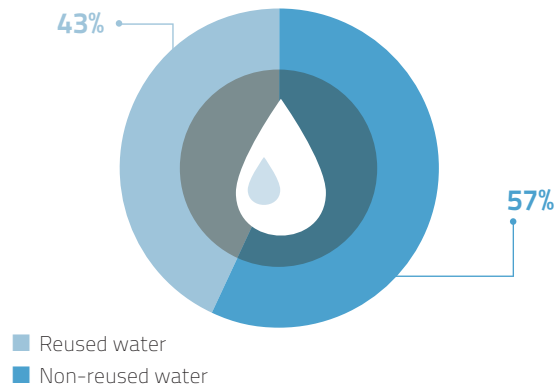
One Planet Living has the objective of reducing the carbon footprint in our processes as well as in our collaborators' homes and the community; promoting care for water, waste management, local food promotion, sustainable transportation, among others.

This initiative is based on ten principles:

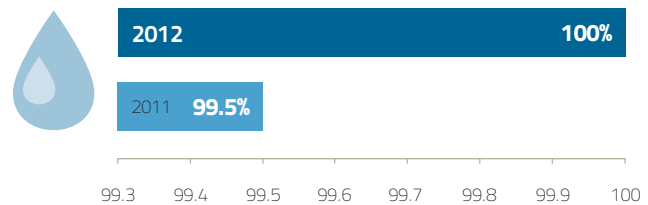
1. Zero carbon
2. Sustainable water
3. Zero waste
4. Land use and wildlife
5. Sustainable transport
6. Culture and community
7. Local and sustainable materials
8. Equity and local economy
9. Local and sustainable food
10. Health and happiness

**Percentage of reused water (volume)**

Reused of water for landscape irrigation at Imbera's facility in San Juan del Río



**Percentage of waste water treatment at Coca-Cola FEMSA**



**Water**

GRI: EN8, EN9, EN10, EN11, EN12, EN13, EN14, EN15, EN21, and EN25 | PM VII

Water care is a key factor for our business, therefore, during 2012 we carried out actions focused on increasing efficiency in its usage, recycling and reuse, waste water treatment, preserve the watersheds, as well as generating a water preservation culture with a long-term vision.

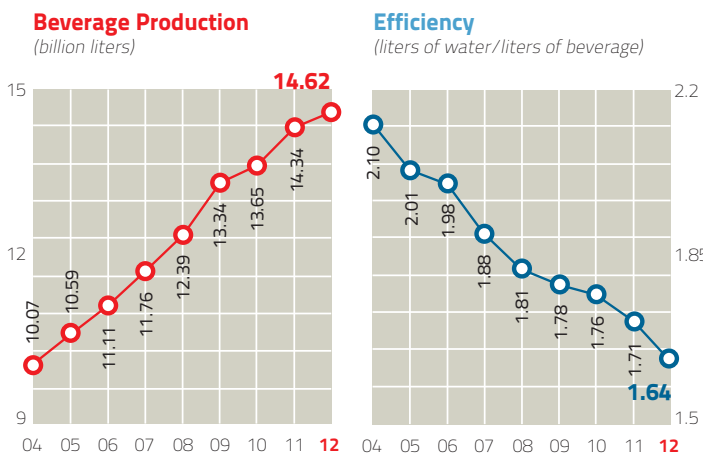
Besides the watersheds basin studies in Mexico, in FEMSA, we have measurement mechanisms and programs related to water consumption and post-consumption treatment.

In regards to biodiversity impact, in FEMSA we recognize the importance of preserving the ecosystems that surround our operations. Therefore, before opening, enlarging or modifying any of our facilities, we evaluate environmental impact and carry out specialized studies, according to the need in each situation. The location and procedures carried out within our facilities do not impact or interfere with the superficial water resources or the adjacent lands, therefore the ecosystem and biodiversity are preserved.

All the aforementioned, together with the waste water treatment processes, have enabled us to minimize our environmental impacts, as well as manage them appropriately. In 2012 there were no environmental impacts due to water discharges on water resources or habitats near our operations.

**Water consumption**

Optimization program of water consumption at Coca-Cola FEMSA



In June 2012, during the United Nations Conference on Sustainable Development RIO+20, the Corporate Eco Forum and the Nature Conservancy launched the platform - **The New Business Imperative: Valuing Natural Capital**, integrated by 24 initiatives from the private sector which show the way in which leader companies are realizing their efforts in protecting and restoring ecosystems. FEMSA joined the platform and, together with the Corporate Eco Forum and The Nature Conservancy, launched an invitation for more Latin American enterprises join this knowledge exchange through initiatives for natural capital valuing<sup>1</sup>.

1 [www.corporateecoforum.com/valuingnaturalcapital](http://www.corporateecoforum.com/valuingnaturalcapital)

Besides these actions, we have prioritized and carried out studies for watershed efficient use and preservation. Through the alliance created between the Water Center for Latin America and the Caribbean from Tecnológico de Monterrey and FEMSA Foundation, in 2009 an agreement was established to study 14 watersheds in Mexico, in addition to three other watersheds studies committed by the alliance between Coca-Cola FEMSA, the National Institute for Forestry, Agriculture and Livestock Research (INIFAP), and FEMSA Foundation. These studies comprise the diagnosis and integral mapping of the basins through analysis of variables and their interrelation (meteorology, characteristics of catchment area, and the different uses, pollution sources, treatment systems, among others), with the purpose of identifying concrete intervention actions that may improve the health of the watersheds. By 2012 seven studies have been carried out in the states of Guanajuato (León City basin), Tlaxcala (Zahuapán River basin), Chiapas (San Cristóbal de las Casas basin), Veracruz (La Antigua River basin and Blanco River basin), Michoacán (Cuitzeo Lake basin) and Nuevo León (San Juan River basin).

## Energy

GRI: EN3, EN4, EN5, EN6, EN7, EN16, EN17, EN18, EN19, EN20, EN26, EN29, LT3, LT4, LT5, LT6, and LT8 | **PM VII, VIII, and IX**

Our strategy related to energy focuses on three areas: increasing energy efficiency in our operations, diversifying the energy portfolio, and improving transportation efficiency. In 2012 we continued developing initiatives to decrease energy consumption so our operations generate less greenhouse gas emissions to the atmosphere and therefore contribute to international efforts on climate change matters.

As part of these efforts, FEMSA joined the **Sustainable Energy for All** initiative promoted by the United Nations Secretary General, that seeks to double the use of renewable energy globally increase the energy efficiency rates and increase access to clean energy.

We are not only concerned about environmental impact in our manufacturing and service operations but also in our administrative operations. Therefore, the new Coca-Cola FEMSA corporate building in Mexico City, which started operating at the end of 2012, was designed as a sustainable building and is certified under the Leadership in Energy & Environmental Design (LEED<sup>2</sup>) achieving Platinum level in the Core and Shell category.

Additionally, the measurement, analysis, and improvement implementation process at the FEMSA Corporate Building in Monterrey is being carried out in order to obtain the LEED certification under the “existing buildings” category. Within the main actions implemented we consider change to high energy efficiency equipment, improvements in lighting, installation of low environmental impact furniture and carpeting, and recovery of condensate from air conditioners. In the facade of the building, there will be 650m<sup>2</sup> of photovoltaic panels installed, which will serve as thermal insulation and will generate around 18MWh/year of electric energy, equivalent to a 9.6 ton reduction of CO<sub>2</sub> per year<sup>3</sup>. This will be the first photovoltaic project in its kind in Mexico and will be finished during 2013.

Likewise, our commitment with climate change led us to register the FEMSA Business Units which were not participating in the **GEI Mexico Program** yet in 2012. This meant carrying out an inventory of the carbon footprint for all our operations in Mexico, which enabled us to identify more accurately the emission sources, as well as focusing on actions to reduce the greenhouse gas emissions. This analysis was carried out under The Greenhouse Gas Protocol Corporate Standard (GHG Protocol) developed by the World Resources Institute and the World Business Council for Sustainable Development.

Additionally, Coca-Cola FEMSA Colombia carried out the measurement of its carbon footprint considering emissions of scope I, II, and III, integrating it to their Environmental Management System.

FEMSA Logística continuously strives, through different initiatives, to reduce the environmental impact of their transport operations and improve its operating efficiencies. An example of this are the efforts related with purchasing and design of the most efficient equipment and the load optimization, transportation routes, and empty movements.

Our commitment of providing 85% of the electrical energy to our operations in Mexico with renewable energy (based on the size of our operations in 2010) still stands, nevertheless, due to delays in the development and construction process of one of the projects, this engagement is considered to be achieved during 2014.

<sup>2</sup> Certification System for Sustainable Construction developed by the U.S. Green Building Council

<sup>3</sup> The 2011 electric emission factor was obtained from the “Methodology for estimating the electric emission factor for corporate GHG emissions inventories for the GEI Mexico Program” made by the Mexican Minister of Environmental and Natural Resources.



FEMSA participates as one of the coordinators in the **Green Growth Action Alliance (G2A2)**. This initiative coordinated by the World Economic Forum has the objective of joining efforts from international organizations to promote projects focused on green growth through the identification of innovating financing models and the creation of public policies that will promote environmental technologies and solutions.

With the support of management systems we manage the energy consumptions in our operations and give follow-up to our strategies and energy efficiency programs, emissions reduction, transportation efficiency, and utilization of renewable energies.

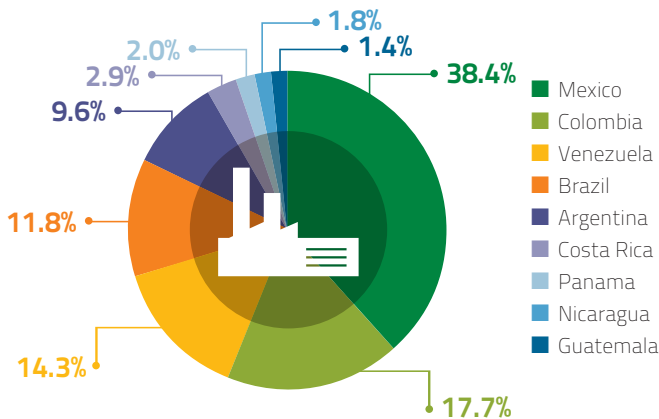
**Direct energy consumption through primary sources**

Completed initiatives:

- ✓ Energy reduction program at Coca-Cola FEMSA

**Direct energy consumption (stationary)**

Non-renewable sources (1,524,567 GJ)



Information for 2012 IMBERA (Mexico and Brazil), PTM, Quimiproducos and Coca-Cola FEMSA. There is no direct energy consumption of renewable sources.

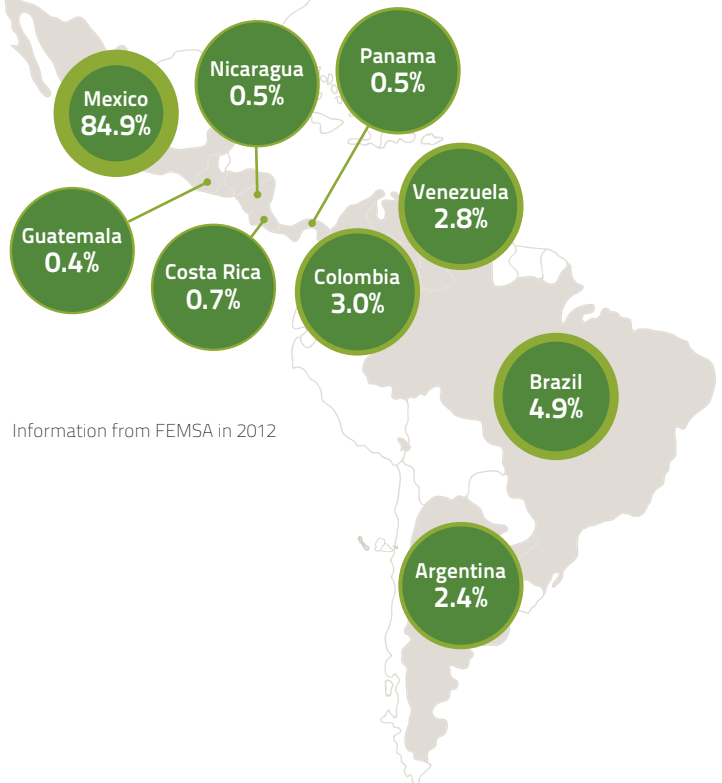
**Indirect energy consumption through primary sources**

Completed initiatives:

- ✓ Instalation of solar control film for energy savings at OXXO stores
- ✓ Energy reduction program – One Planet Living at Imbera
- ✓ Projects for technology enhancement at Imbera
- ✓ Bii Nee Stipa Wind project at Coca-Cola FEMSA
- ✓ Mareña Renovables Wind Project (in progress).

**Indirect energy consumption**

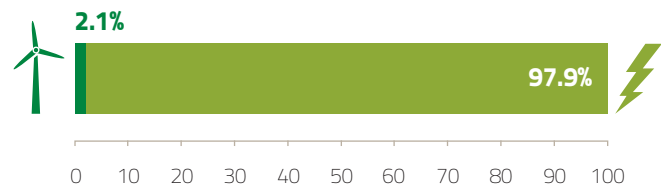
Indirect renewable and non-renewable sources (6,346,309 GJ)



Information from FEMSA in 2012

**Indirect energy consumption in Mexico**

(FEMSA 2012)



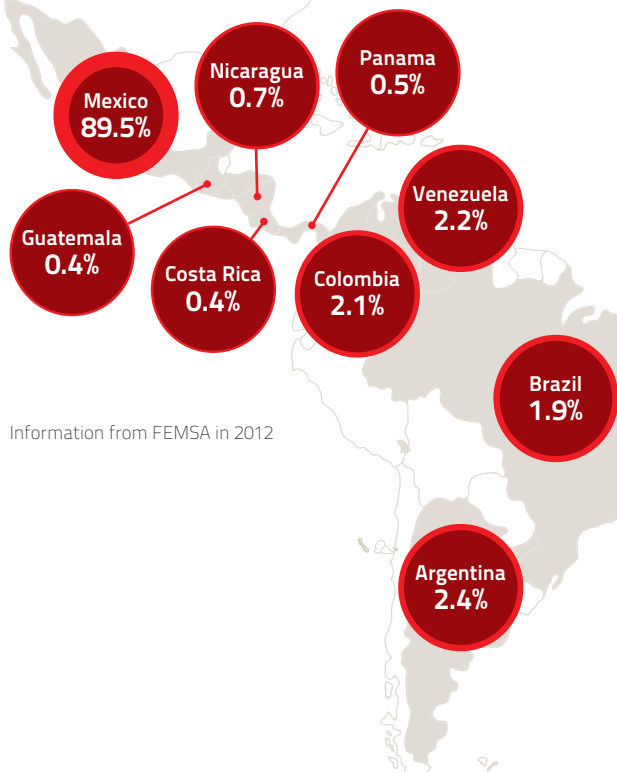
- Renewable sources
- National Electric Grid

**Total emissions, direct and indirect, from greenhouse gases**

Completed initiatives:

- ✓ Development of high efficiency refrigeration equipment at Imbera
- ✓ Measurement of carbon footprint in all mexican operations in Mexico at FEMSA
- ✓ Measurement of carbon footprint at Coca-Cola FEMSA Colombia
- ✓ Participation in Carbon Disclosure Project at FEMSA and Coca-Cola FEMSA

### Total Emissions Scope1 (stationary) + Scope2 (950,652 ton CO<sub>2</sub>e)



Information from FEMSA in 2012

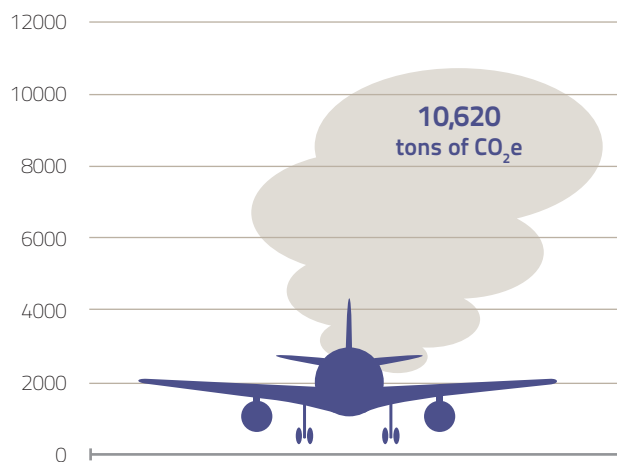
### Other indirect greenhouse gas emissions

Completed initiatives:

- ✓ Use of videoconferencing in offices to decrease business traveling in FEMSA and Business Units.
- ✓ Car Pooling program in Coca-Cola FEMSA Mexico and Imbera's facility in San Juan del Río

### Tons of CO<sub>2</sub>e resulting from employee flights

Tons of CO<sub>2</sub>e



Flights purchased by FEMSA in Mexico during 2012

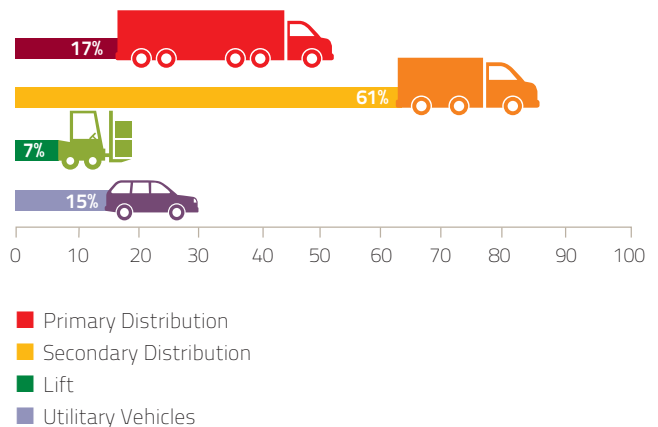
### Environmental impact: transportation and logistics

Completed initiatives:

- ✓ Load optimization program at FEMSA Logística
- ✓ Participation in Clean Transportation Program in FEMSA Logística, Coca-Cola FEMSA, and FEMSA Comercio.
- ✓ Implementation of multi-task temperature vehicles at FEMSA Logística
- ✓ Dynamic system for optimization route and restructuring at FEMSA Logística
- ✓ Implementation of eco-efficient systems to optimize fuel consumption at FEMSA Logística
- ✓ Management of higher efficiency fuel usage at FEMSA Logística
- ✓ Evaluation of alternate technologies for transportation such as hybrid/electric vehicles at FEMSA Logística
- ✓ Fleet renewal at Coca-Cola FEMSA
- ✓ Personnel training in eco-efficient driving techniques at FEMSA Logística

### Direct energy consumption in Mexico (mobile)

(3,205,513 GJ = 226,196 ton CO<sub>2</sub>e)



\* Includes FEMSA and Business Units, except PTM.

In Coca-Cola FEMSA we have the objective to increase our efficiency in beverage production per unit of energy used in 2% per year. Our efforts to improve energy consumption within our manufacturing facilities have made possible to have a 21% reduction compared to our consumption in 2004, achieving in 2012 an average of 4.85 liters of beverage produced by mega joule of energy consumed.

On the other hand, Imbera reduced more than 80% the energy consumption in their refrigeration equipments in the last 10 years considering the Life Cycle Climate

Performance (LCCP) which is the most complete tool to measure environmental impact of refrigeration equipment<sup>4</sup>.

Imbera has been pioneer incorporating environmental efficiency technologies, which are now the standard in the industry, such as the Intelligent Function Control, natural refrigeration gases, LED illumination, maintenance-free condensers, electronic motors, variable speed compressors, and customized plastic components.

Additionally, it has ensure that the products are environmentally friendly: withdrawing the use of ozone-depleting substances, using cyclopentane foaming agents and ecological refrigerants.

During the United Nations Conference on Sustainable Development RIO+20, Imbera committed to using natural refrigerant gases in 50% of the equipment produced by 2015. This will mean substituting refrigerant gases with high global warming potentials (HFC) for natural gases.

In turn, Coca-Cola FEMSA is implementing an ambitious plan for refrigeration equipment renewal with micro and small businesses with the purpose of supporting its distributor base, as well as to contribute in energy savings in Mexico and Central America. In 2012, Coca-Cola FEMSA renewed more than 75,000 units that used to operate with less efficient technologies.

From 2009, Coca-Cola FEMSA and FEMSA Logística renewed their freight transportation for primary distribution with new units that have the EPA04, technology, which, in average, sends 38% less NO<sub>x</sub> emissions than models EPA98<sup>5</sup>.

## Waste and Recycling

GRI: EN1, EN2, EN22, EN23, EN24, EN27, and EN28 | **PM VIII and IX**

In FEMSA we strive to generate mechanisms that increase efficiency in the use of materials, and promote their optimum disposal, as well as its recycling. Therefore, we promote the reduction of materials used in our products' packaging, but still meeting the strict standards for product protection. All these contributes so our products' environmental impact can be minimized during their life cycle.

In Coca-Cola FEMSA we continuously work in

optimizing the materials used, this is evident with the initiatives for lightening PET bottles and caps in different products. In Brazil, we have the largest returnable bottling line in Coca-Cola FEMSA, with a capacity of 50 million boxes per year. In Mexico, we have IMER, the first PET Recycling Plant (food grade) in Mexico, which recycles more than 12 thousand tons per year.

In turn, PTM recycles more than 7,000 tons of plastic every year and more than half of its raw material may be recycled according to their customers' needs. The **Inside Injection Foaming (IIF)**, patented technology, allows us to increase significantly the performance of manufactured plastic pallets, through a structural foam system that can include high percentages of recycled material. Impact resistance has been increased up to five times in the "Ultra Pallet" which increases considerably the life cycle and prevents using new material, with the environmental benefits that this implies. These efforts in innovation and technology development allow us to manufacture products with the highest quality using practically any post-processing plastic materials.

Aware of the responsibility we have in the correct handling and confinement of our waste, we have controls and guidelines that allow us to comply the regulations in every country where we operate. Thanks to these measures, during 2012 there were no hazardous materials spills in our operations. Likewise, our businesses do not treat, carry, export nor import hazardous waste; all the waste generated is channeled through specialized companies that ensure that the final handling and disposal is appropriate.

Some of the most significant actions regarding waste and recycling, as well as performance of FEMSA are presented in the following page:

<sup>4</sup> The LCCP concept (Life Cycle Climate Performance) was introduced by the "Technology and Economy Assessment Panel" (TEAP) from the Montreal Protocol in 1999. It was proposed by Dr's Stella Papasava and Stephen Andersen to replace the TEWI (Total Equivalent Warming Impact) concept. It is supported worldwide as the most objective way to calculate and support the environmental impact of refrigeration systems. [http://imberacooling.com/costo\\_total\\_propiedad.html](http://imberacooling.com/costo_total_propiedad.html)

<sup>5</sup> EPA04 and EPA98 refer to emission standards established by the Environmental Protection Agency of the United States. [http://www.epa.gov/region1/eco/diesel/basic\\_info.html](http://www.epa.gov/region1/eco/diesel/basic_info.html)

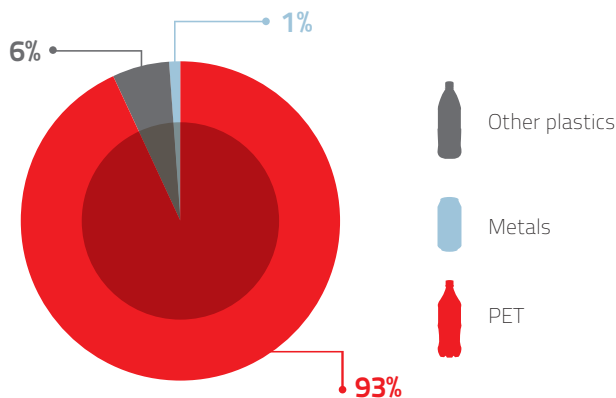


### Materials used by weight or volume and percentage of the materials used that are valued materials

Completed initiatives:

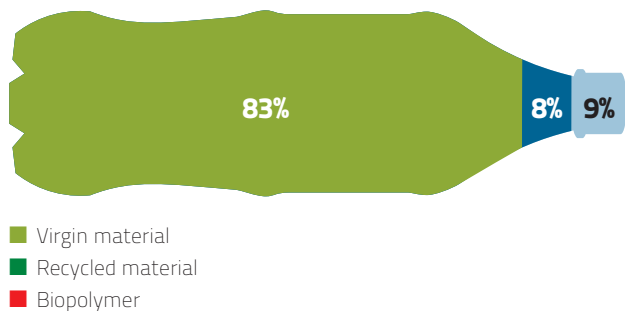
- ✓ Lightening PET bottles and caps at Coca-Cola FEMSA
- ✓ Plant Bottle initiative at Coca-Cola FEMSA
- ✓ Cloth or paper bags as alternative to plastic bag usage at FEMSA Headquarter's cafeteria

### Percentage of used materials (279,329 tons)



Information for 2012 of IMBERA (Mexico and Brazil) and Imbera Servicios, PTM, Quimiproducos, and Coca-Cola FEMSA. This chart does not show the total amount of the materials used in our production processes.

### Usage of recycled materials Percentage



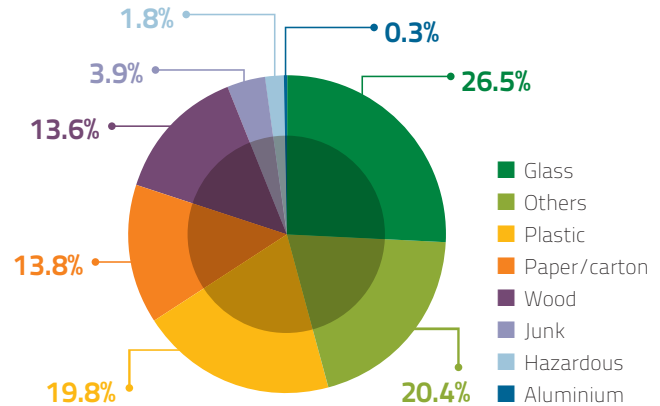
Information for 2012 of PTM and Coca-Cola FEMSA.

### Total weight of waste managed, according to type and treatment method

Completed initiatives:

- ✓ Integral management procedure for hazardous waste at FEMSA Logística
- ✓ Control and disposal for special waste management at FEMSA Logística
- ✓ Integral waste management plan for office and distribution centers at FEMSA Comercio
- ✓ Zero Waste – One Planet Living Program at Imbera

### Generated Waste (98,153 tons)



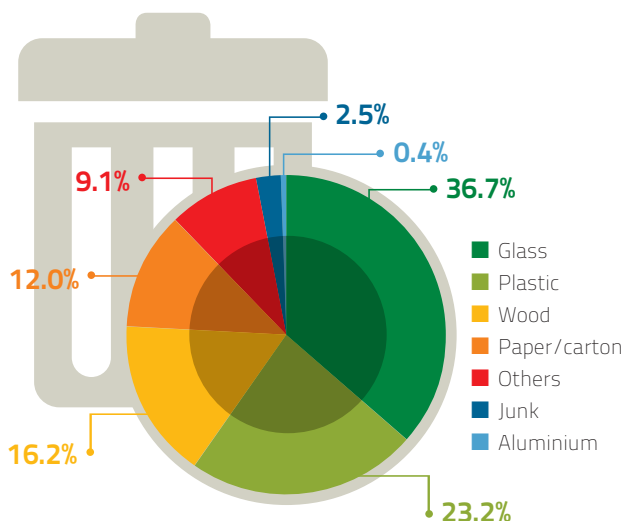
\*Information from FEMSA for 2012. FEMSA Logística is not included

### Recycling Plant in Mexico

Completed initiatives:

- ✓ Recycling Plant for the Mexican Recycling Industry (IMER).
- ✓ Recycling of generated waste at Coca-Cola FEMSA

### Recycled material from generated waste at Coca-Cola FEMSA (70,613 tons)



83.1% of the waste generated is recycled

## Our community



“Contribute to the generation of sustainable communities”

GRI: 4.17, EC1 and EC8

In 2012 we invested \$276.6 million MXN (USD \$21.3 million) in activities and programs focused on the community.

We seek to positively transform the communities where we operate sharing with society our culture of simultaneous generation of economic, social, and environmental value.

### Community Development

GRI: 4.8

In response to the great challenges that the environment where we operate presents, in FEMSA we search to contribute – through activities and programs in the development of safer communities and with better social conditions where their citizens take an active role.

We have a methodology to carry out community studies that enable us to learn the community needs and therefore design plans and work programs with specific goals that generate a mutual benefit.

#### Social well-being in communities

GRI: SO1 | PM II y VIII

In FEMSA, through different programs, for which we maintain constant monitoring of results, we strive to generate value for all those audiences with whom we are related.

Undoubtedly, impact measurement of our investments in regards to sustainability is a challenge. Therefore, in 2012 we carried out efforts focused on fine-tuning the methodologies for impact measurement in three of our institutional programs: Coordinates for Life, Youth with Value, and Your Best Move.

#### Coordinates for Life

The program seeks to strengthen the development of decision making skills in children and youths from 10 thru 18 years old. In 2012 it was implemented in Nuevo León, Puebla, and Veracruz in Mexico; Buenos Aires, Argentina; São Paulo, Brazil; and Bogotá, Colombia, together with education authorities and civil society organizations.

The program comprises workshops, conferences, and social skill guides focused on children and youths, as well as for the adults responsible for their education. Topics such

as bullying, culture of lawfulness, responsible use of information technologies, healthy lifestyles, peer-pressure management, among others are addressed. During the 2011-2012 school cycle more than 8,360 children and youths, and more than 1,260 educators received the benefits of participating in the workshops. Additionally, more than 6,670 people attended the conferences.

The goal for the 2012-2013 school cycle is to benefit more than 15,500 children and youths, more than 3,800 educators and 8,900 attendees to the conferences provided in the program.

In order to measure the impact of **Coordinates for Life**, there is a baseline evaluation carried out before starting the implementation; the same evaluation is carried out six months later, and again one year after starting the intervention, in order to learn how the behavior patterns of the participating community evolve in topics such as sexuality, addiction prevention, healthy lifestyle habits, leadership models, and culture of lawfulness.

#### Youth with Value

This is a program carried out in alliance with Avancemos Ashoka, where the objective is to support youths from 14 to 24 years old so they develop and lead social entrepreneurship projects, becoming agents of change in their communities. The first generation supported 90 projects in which 440 youths participated and 58 educators were trained in the states of Nuevo León, Michoacán and Veracruz, in Mexico. The second generation promotes 120 new projects in these three locations, benefiting more than 500 youths.

The program provides education, technical support, work networks, monitoring, and assessment, a seed capital up to \$1,300 USD per project, as well as the adults' expertise and knowledge while guiding the youths voluntarily.

In order to assess the impact of **Youth with Value**, the development of individual, group, and community skills of the youths is measured, as well as the process they follow to carry out their entrepreneurship, and the opinion of the community benefited.

### OXXO Rounding-Up Program

Thanks to the generosity of its clients, it has supported 1,563 associations in Mexico since 2002, raising \$657.7 million MXN (USD \$50.7 million).

During the period from March 2012 to February 2013, a total of \$120 million MXN (USD \$ 9.2 million)<sup>1</sup> were raised which were dedicated to 241 institutions in Mexico that address health, education, and social welfare projects.

### Edison Polygon Trust

This program is being implemented in the eight neighborhoods around FEMSA Comercio Headquarters in Monterrey, Mexico. Through this program we seek to contribute to improve the quality of life of the immediate community, with social and urban infrastructure, promoting comprehensive and sustainable human development and promoting the economic advance of its inhabitants.

With an investment of \$32 million MXN (USD \$2.4 million), there are social work actions and conditioning of educational and public spaces carried out, together with the community, benefiting more than 24,000 neighbors.

### Citizens' Plaza

With the purpose of creating community awareness regarding citizen engagement and the importance of participation in practices with the final purpose of common good, every year Coca-Cola FEMSA carries out this program in different regions in Brazil.

In 2012 we were able to have four **Citizens' Plazas** in coordination with 59 public organizations, departments, municipal secretariats, civil society organizations, universities and education institutions where there were 11,500 people benefited.

### Local environmental impacts

We believe that education is a very good investment to face environmental challenges. Therefore, we have several programs through which we work together with the community in the construction of a better planet.

### I recycle big

The program consisting of a PET collection contest in schools for its further recycling, seeks to make the school community aware of the importance of adopting the recycling culture. During 2012 it was possible to recover 238 tons of PET due to the participation of students of participant schools from different municipalities in the State of Mexico.

### OXXO Ecology Award

This program celebrated its 26<sup>th</sup> edition in 2012, being carried out in Hermosillo, Chihuahua, and Monterrey, Mexico. This year it had the participation of 1,064 schools and more than 247,170 students who carry out actions caring for the environment linked to social causes.

### Planet Mission

Through Planet Mission, Coca-Cola FEMSA Costa Rica promotes collection and recycling of plastic containers, promoting a culture of recycling among the employees and the communities benefited through the collection journeys, cleaning, educational campaigns and classification process. The material collected is taken to the recycling plant for Coca-Cola FEMSA located in Naranjo, Costa Rica, where it is processed and exported in order to be used as polyester fiber to manufacture clothes, luggage, packing materials, and other products. During 2012 there were more than 2,000 tons of plastic recovered.

## Responsible Marketing and Communication

GRI: FP6, FP7, FP8, PR1, PR2, PR3, PR4, PR6, and PR7

We offer clear and transparent information in regards to our products' characteristics with the purpose of providing elements that help our consumers make a decision and manage their consumption.

As part of our commitment with clear and transparent communication, our Business Code of Ethics has a section regarding Responsible Marketing applicable to all our Business Units.

In Coca-Cola FEMSA we promote the appropriate and healthy consumption of our products, offering a broad portfolio of brands and presentations that adapt to the different hydration requirements of our consumers. In OXXO we provide a mix of products that respond to the different types of convenience our clients require.

All our products meet the current standards and regulations regarding labeling and information supplied in all the countries where we have operations. From 100% of sale volume of beverages in Coca-Cola FEMSA during 2012, 21.1% corresponds to products reduced in calories<sup>2</sup> and 2.4% to beverages with vitamins, fibers, minerals or nutritional supplements added, together representing a 23.5% of total volume.

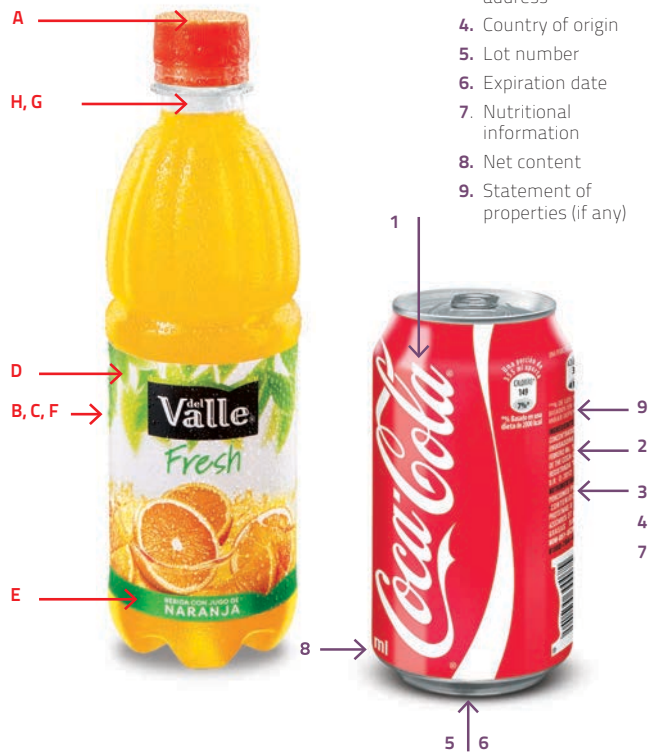
<sup>1</sup> Estimate based on historic data for January and February 2013.

<sup>2</sup> Includes light products and water.



In Mexico we adhere to the Code for Self-regulation of Food and Non-Alcoholic Beverages Advertising focused on children audiences through which responsible advertising is promoted in topics like health, consumer protection, and nourishment orientation.

- A. Country of origin
- B. Free customer service number and nutritional information
- C. Company name and address
- D. Name or denomination
- E. Net content
- F. Ingredients
- G. Production lot
- H. Expiration date



1. Name or denomination
2. Ingredients
3. Company name and address
4. Country of origin
5. Lot number
6. Expiration date
7. Nutritional information
8. Net content
9. Statement of properties (if any)

Additionally, in Coca-Cola FEMSA we meet the **Global Responsible Marketing Policy** from The Coca-Cola Company, which establishes that advertising shall not be purchased in media where more than 35% of the target audiences are children under 12 years old. This policy applies for all media including television, radio, press, Internet, and mobile phones. We are committed to monitor and measure compliance of this policy in all the markets where we participate. Consistent with this policy, in Mexico we adhere to the “AGREEMENT through which the general guidelines are established for food and beverage sales or distribution for school consumption in elementary schools”.

In the case of OXXO, in products that are subject to selling regulations such as alcohol and cigarettes, there are training programs carried out for the store managers and there are work guidelines established to ensure regulation and standards compliance.

As a result of these practices, during 2012 there were no significant incidents derived from governmental regulation non-compliance, regarding impact on our clients' health and safety, or the regulation regarding information and labeling of the product, as well as the voluntary codes of advertising in our Business Units.

To know more about nutritional subjects please go to: <http://www.coca-colacompany.com/brands/policy-on-nutrition-labeling-and-nutrition-information>



To know more about the Global Policy on Responsible Marketing please go to: [http://www.thecoca-colacompany.com/citizenship/responsible\\_marketing.html](http://www.thecoca-colacompany.com/citizenship/responsible_marketing.html)



## Sustainable Product and Service Offering

GRI: PR1, and FP5

In FEMSA we seek to generate a product and service offering with sustainable attributes that facilitates our clients and consumers minimizing the environmental impact or improving its social contribution through a responsible consumption

In Coca-Cola FEMSA, and as part of the Coca-Cola System, we are subject to the evaluation that the latter makes regarding the impact that our products might have in our clients and consumers' health and safety during the different stages in the life of the products we market.

We are committed to offering our consumers products with a high quality standard and in order to guarantee consistency and reliability, the Coca-Cola System operates according to the Coca-Cola Operations Requirements (KORE). Likewise, we work jointly with The Coca-Cola Company ensuring that the ingredients, materials, and processes we use in the elaboration of our products look after our consumers' health and safety.

Additionally we have implemented a Food Safety Management System in Coca-Cola FEMSA that meets the legal requirements of the countries where we have operations, based on the FSSC 22000 Certification System which incorporates ISO 22000 and PAS220 international standards for food manufacturers.

## Healthy Lifestyles

GRI: FP4

The promotion of healthy habits is part of our business philosophy since we are convinced that the development of a community is related to its levels of wellness and integral health. We promote programs that contribute to maximize individuals' potential and creating a culture of health and self-care.

### Your Best Move

Through this program we promote integral development of Mexican students in elementary school and high school through sports and physical activation as means to achieve physical, psychological, and social development, as well as improving academic performance. This program, implemented in the states of Nuevo León, Mexico City, and Puebla in Mexico, trains physical education professors in a methodology specially designed to work with children and youths in their neuro-psychomotor development and social harmony skills.

**300** Schools implementing the program

**300** Professors trained

**105,000** Students benefited

There are eleven indicators to measure the impact of this program: application of values important for socialization, emotion control, success or failure management, physical control, the ability to follow instructions, and the movement synchronization, among others.

### Together for your Wellness

It has the purpose of promoting a healthy lifestyle, good nutrition and hydration, and encouragement of physical activity among children and youths in schools in Mexico. Since 2009 Coca-Cola FEMSA implements the program comprising health brigades, and presentations for parents and teachers.

With the **health brigades**, we visit schools with mobile medical units to carry out a general weight diagnosis, body mass index, and vital signs to the students, besides promoting physical activity amongst children and youths, as well as the importance of being aware of their health and appropriate nourishment and hydration. Likewise we offer **conferences**

**for parents and teachers** to provide scientifically validated information regarding nourishment, hydration, and physical activity for them and their families.

As a supplementary initiative, we have the project **Drinking Fountains in Public Schools in Mexico City**, that seeks to provide a water filtration system to elementary and high schools in Mexico City, with the support of the local Government.

### DURING 2012:

- ✓ More than 55,800 children benefited with health brigades in 300 activations in 152 schools in the states of: Chiapas, State of Mexico, Michoacán, Puebla, Veracruz, Morelos and Mexico City.
- ✓ More than 9,000 students benefited with the installation of 80 drinking fountains in 20 schools in Mexico City.
- ✓ More than 12,300 parents attended the hydration and nutrition presentations in 158 activations.

### 21K OXXO

Committed with promoting sports and healthy habits, for 22 years, the **21K OXXO** race is carried out in Chihuahua, Mexico. In edition 2012, there were 5,274 running participants.

### Sign Up to Play

This program implemented by Coca-Cola FEMSA in alliance with The Coca-Cola Company and the Education Ministries in Colombia, Costa Rica, Guatemala, Nicaragua and Panamá since 2008. Through donation of sports materials to schools, training for physical education teachers and elaboration of student manuals with training routines for children, physical activities are encouraged and healthy sharing of the children. The program helps them to develop skills and encourages values such as solidarity, respect and tolerance. In 2012, more than 191,500 students were benefited through training of more than 3,875 teachers in 465 schools.

### Baseball Program

Coca-Cola FEMSA Venezuela implements this program carrying out baseball clinics which are taught by professional players to underprivileged children between 5 and 15 years old with the purpose of promoting sports, creating awareness in regards to the importance of discipline and promoting healthy lifestyles. During 2012 there were 75 clinics, where more than 7,700 children participated.

## Sustainable Sourcing

GRI: 4.14, 4.15, EC6, FP1, FP2, HR2, HR6, and HR7 | **PM I, II, IV, and V**

In FEMSA we work with our suppliers to reduce environmental and social impacts generated by our commercial interactions, which is a network that comprises more than 51,700 suppliers of goods and services. Aware of the importance that our commercial relations have, we are working to achieve sustainable development in the different Business Units through concrete actions.

In order to meet the sustainable sourcing policies and standards, in Coca-Cola FEMSA we joined compliance of the **Supplier Guiding Principles** of The Coca-Cola Company, which establish, among other subjects, guidelines for human rights promotion and respect, prohibition of forced labor and children labor. Our suppliers and key input contractors are evaluated and authorized based on compliance of these principles.

Likewise, the suppliers in all our Business Units shall adhere to what is established in FEMSA Business Code of Ethics, as well as the commercial criteria in our organization. In 2012 there were no contracts rejected or modified due to non-compliance in human rights topics nor did we have commercial transaction with suppliers that have required a specific analysis due to non-compliance of our policies.

Among the aspects which are commonly evaluated in our suppliers we find compliance with quality criteria, price, warranties, customer service, and geographical coverage according to the needs in FEMSA and its Business Units. Additionally we have a Procurement Committee, formed by representatives from all the procurement areas in our Business Units which creates synergies in the procurement topic and aligns criteria.

As part of our commitment with sustainability, we promote commercial relations with local suppliers, to benefit the development of the communities in which we operate and minimize the environmental impacts. In 2012, 93% of our suppliers in the nine countries where we are present were of local origin<sup>3</sup>. In turn in Mexico, the product catalogue offered by OXXO is comprised of 99.82% national products.

### Value Chain Projects

In 2012 we worked together with some of our suppliers in projects focused on promotion and compliance of a culture of lawfulness and sustainable development. For this purpose, there were different actions carried out such as events, communications and programs to train our value chain in this subject.

- ✓ FEMSA Comercio started a pilot program on value chain (Sustainable Sourcing OXXO) to identify and strengthen the sustainability actions that suppliers and service companies are or plan to develop. Each of these companies established a work plan to foresee actions to be implemented in the short, medium and long-term regarding environmental and social issues.
- ✓ Within the One Planet Living, Imbera developed its **Policy for Sustainable Purchases**.
- ✓ Imbera in Mexico, implemented the **Environmental Leadership Program for Competitiveness** together with PROFEPA<sup>4</sup>, whose objective is improving the environmental performance of the value chain through the development of eco-efficiency projects that generate economic savings and increase competitiveness of the companies. There were 16 suppliers participating in this program with projects focused on energy savings, reduction of CO<sub>2</sub> emissions and waste, who saw savings of 8.78 million MXN (USD \$677.2 thousand) during 2012.
- ✓ Imbera in Mexico designed an environmental survey that is currently being applied to acknowledge our direct suppliers' current situation, and its results will enable to identify and develop improvement projects. Additionally, a communication was sent to 92.8% of Imbera Mexico direct suppliers conveying the expectations regarding compliance and adherence to a culture of lawfulness, rejection to corruption, as well as requesting their participation in a survey related to business ethics.
- ✓ In turn, Coca-Cola FEMSA Mexico and Central America have in their supplier portal, a communication available regarding the importance of compliance and adherence to culture of lawfulness.
- ✓ FEMSA joined the **Pilot Program for Competitiveness in micro, small and mid-size enterprises (MiPYMES)** through Sustainable Practices, promoted by the Global Institute for Sustainability at Tecnológico de Monterrey and the Multilateral Investments Fund (FOMIN) from the Inter-American Development Bank. This program seeks to create awareness, train and counsel the Mexican micro, small and medium size enterprises on the competitive advantages of internalizing the sustainability variable in their business strategies. It will also enable generating a diagnosis regarding environmental performance of MiPyMes, information that will contribute in formulating public policies and specialized financial instruments.
- ✓ FEMSA supported some small and medium size suppliers through the USEM (Social Union for Mexican Business owners) training program that lasts one year, where they are guided in the implementation of a management model for social responsibility in their enterprises.

<sup>3</sup> The definition of local refers to suppliers originally from the country where the operations are.

<sup>4</sup> Federal Environmental Protection Agency.

# About This Report

GRI: 2.5, 2.9, 3.1, 3.2, 3.3, 3.5, 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, and 3.13

In FEMSA we have the corporate philosophy of generating economic, social and environmental value simultaneously, this is why, besides reporting the economic performance every year, we also have the commitment to report the sustainability actions through this report.

The FEMSA 2012 Sustainability Report presents the results achieved during the year, both in FEMSA as well as its Business Units: **Coca-Cola FEMSA**, **FEMSA Comercio** and the **Strategic Procurement** area in the nine countries where FEMSA is present: **Argentina, Brazil, Colombia, Costa Rica, Guatemala, Mexico, Nicaragua, Panama, and Venezuela.**

Although FEMSA is the second most important investor in Heineken, the company has no operational influence, therefore is not included in the current report. Likewise there is no information included of those businesses that, due to their size, are not significant, or of which we assumed to operate during the year prior to the closing date of this report.

During 2012, Coca-Cola FEMSA concluded the merger of the beverage operation of Grupo Fomento Queretano and announced the acquisition of 51% of the Coca-Cola franchise in Philippines, which was closed on January 15, 2013. FEMSA Comercio acquired 40% of Café del Pacífico and announced the purchase of 75% of Farmacias YZA, expecting this transaction to close during the first quarter in 2013. The Strategic Procurement area sold Quimiproducos. These changes are relevant when making comparisons with the reports previously presented.

The current document is structured in two sections. The first one comprises the message from the Chairman of the Board and Chief Executive Officer of FEMSA, description of the company profile, the Sustainability Strategy at FEMSA and a summary of the performance of some programs and outstanding actions in regards to sustainability, as well as the achievements in FEMSA Foundation.

The second section presents information about the sustainability of the company, grouped in the three pillars of the Sustainability Strategy and using as the basis the guide for the elaboration of sustainability reports of the Global Reporting Initiative (GRI G3.1), achieving an **A+** application level, having the external verification from KPMG Mexico.

Likewise, the report considers the indicators that correspond to the Food Processing Sector Supplement as well as information only applicable to Coca-Cola FEMSA and the Sector Supplement for Transportation and Logistics that applies only to FEMSA Logística operations.

The content of the current document was determined according to the following criteria: congruence and continuity to the information reported in the 2011 Sustainability Report; results of the definition of materiality carried out during the updating process of the Sustainability Strategy, facts, programs and relevant actions in 2012 in regards to sustainability; as well as findings obtained in the dialogue sessions with stakeholders.

The measuring methods are based on internal indicators, as well as in the protocols suggested by external bodies such as GRI and the Carbon Disclosure Project. The conversions from MXN pesos to USD dollars are figured out based on the exchange rate at noon on December 31, 2012 based on \$12.9635 MXN pesos per USD \$1. The financial results submitted are consistent with the ones submitted to the Mexican Stock Exchange and New York Stock Exchange. The economic amounts reported in this report correspond to the realization of programs and projects of which only a representative sample is described in this document.

This Report comprises also our Communication on Progress in the implementation of the ten principles of the United Nations Global Compact, to which we adhered since 2005.

Throughout the document there is reference made to the GRI indicators highlighted in **GRAY** color, while the principles of the World Compact are in **BURGUNDY** color.

As a supplement to the current report, there is an information platform integrated by different tools in the sustainability section of the FEMSA Internet web page: <http://www.femsa.com/en/sustainability>



# Global Reporting Initiative Index

GRI: 3.12

## GRI 3.1 Food Processing Sector Supplement and Transportation and Logistics Supplement

GRI	Content	Page	Report
<b>1.</b>	<b>STRATEGY AND ANALYSIS</b>		
1.1	Statement from Chairman of the Board and Chief Executive Officer	2	Complete
1.2	Impacts, risks, and opportunities	2, 33, 35	Complete
<b>2.</b>	<b>COMPANY PROFILE</b>		
2.1	Name	31, inside back cover	Complete
2.2	Brands, products and/or services	31	Complete
2.3	Operational structure	31	Complete
2.4	Headquarters	inside back cover	Complete
2.5	Countries with operations	5, 31, 57	Complete
2.6	Nature of ownership and legal form	31	Complete
2.7	Markets served	5, 31	Complete
2.8	Scale of the reporting organization	5, 31, 32	Complete
2.9	Significant changes during the period covered	57	Complete
2.10	Awards and Distinctions	66	Complete
<b>3.</b>	<b>REPORT PARAMETERS</b>		
3.1	Reporting period	57	Complete
3.2	Date of most recent previous report	57	Complete
3.3	Reporting Cycle	57	Complete
3.4	Contact point	inside back cover	Complete
3.5	Process for defining report content	57	Complete
3.6	Coverage	57	Complete
3.7	Limitations on scope or coverage	57	Complete
3.8	Information included in case of joint ventures	57	Complete
3.9	Data measurement techniques and bases for calculations	57	Complete
3.10	Effect of any re-statements of information provided in earlier reports.	57	Complete
3.11	Significant changes from previous periods	57	Complete
3.12	Table of contents	58	Complete
3.13	External verification	57	Complete
<b>4.</b>	<b>GOVERNANCE, COMMITMENTS, AND STAKEHOLDERS' PARTICIPATION</b>		
4.1	Governance	33	Complete
4.2	Governance	José Antonio Fernández Carbajal is the CEO and Chairman of the Board of FEMSA	Complete
4.3	Governance	33	Complete
4.4	Governance	33, 37, 44	Complete
4.5	Governance	33, 43	Complete
4.6	Governance	33	Complete
4.7	Governance	33	Complete
4.8	Mission, values, code of ethics and relevant principles	33, 40, 52	Complete
4.9	Governance	33, 35	Complete

GRI	Content	Page	Report
4.10	Performance evaluation of highest governance body	33	Complete
4.11	Precautionary principle	33	Complete
4.12	Social, environmental, and economic programs and initiatives	35, 66	Complete
4.13	Presence in associations	37	Complete
4.14	Stakeholders	37, 56	Complete
4.15	Stakeholders	37, 56	Complete
4.16	Stakeholders	37	Complete
4.17	Stakeholders	17, 37, 52	Complete
<b>ECONOMIC PERFORMANCE</b>			
	<b>Economic performance</b>	31, 32	Complete
	<b>Market presence</b>	5, 31, 32	Complete
	<b>Indirect economic impacts</b>	8, 32	Complete
EC1	Direct economic value generated	5, 32, 52	Complete
EC2	Consequences , risks and opportunities due to climate change	33, 37	Complete
EC3	Social benefit programs	43	Complete
EC4	Government financial support	In accordance to the laws in each country, we received from the governments of Brazil, Mexico, and Nicaragua financial stimuli equivalent to \$40.8 million MXN (\$3.1 million USD) for cultural promotion, exports, and food support programs.	Complete
EC5	Standard entry wage	43	Complete
EC6	Suppliers	56	Complete
EC7	Local hiring	40	Complete
EC8	Investments in infrastructure and services provided for public benefit	52	Complete
EC9	Indirect economic impact	32	Complete
<b>ENVIRONMENTAL PERFORMANCE</b>			
	<b>Materials</b>	50, 51	Complete
	<b>Energy</b>	18, 47, 50	Complete
	<b>Water</b>	19, 46, 47	Complete
	<b>Biodiversity</b>	46	Complete
	<b>Emissions, effluents, and waste</b>	47-51	Complete
	<b>Products and services</b>	45-51	Complete
	<b>Compliance</b>	45-51	Complete
	<b>Transportation</b>	19, 47, 49, 50	Complete
	<b>Overall</b>	45-51	Complete
EN1	Materials used	50	Complete
EN2	Materials	50	Complete
EN3	Direct energy consumption	47	Complete
EN4	Indirect energy consumption	47	Complete
EN5	Energy	47	Complete
EN6	Energy	47	Complete
EN7	Energy	47	Complete
EN8	Total water withdrawal by sources	46	Complete
EN9	Water sources affected by withdrawal of water	46	Complete

GRI	Content	Page	Report
EN10	Water recycled and reused	46	Complete
EN11	Natural spaces or high biodiversity areas	46	Complete
EN12	Impact on biodiversity	46	Complete
EN13	Habitat protection	46	Complete
EN14	Biodiversity	46	Complete
EN15	Species and habitats affected	46	Complete
EN16	Emissions	47	Complete
EN17	Emissions	47	Complete
EN18	Emissions	47	Complete
EN19	Emissions	47	Complete
EN20	Emissions	47	Complete
EN21	Water discharge	46	Complete
EN22	Waste management	50	Complete
EN23	Spills	50	Complete
EN24	Waste	50	Complete
EN25	Water resources	46	Complete
EN26	Mitigation of environmental impacts	35, 47	Complete
EN27	Recovery of packaging materials	50	Complete
EN28	Fines for environmental regulation non-compliance	45-50	Complete
EN29	Transportation	47	Complete
EN30	Environmental investments	45	Complete
<b>LABOR PRACTICES AND DIGNIFIED WORK PERFORMANCE</b>			
	<b>Employment</b>	42	Complete
	<b>Employee/management relations</b>	40, 43, 44	Complete
	<b>Occupational health and safety</b>	43	Complete
	<b>Training and education</b>	40-43	Complete
	<b>Diversity and equal opportunity</b>	43, 44	Complete
LA1	Employment	5, 40	Complete
LA2	Employment	N/D <sup>1</sup>	Complete
LA3	Benefits	43	Complete
LA4	Collective bargaining agreements	44	Complete
LA5	Pre-notification of organizational changes and specification in collective agreements	There are no minimum periods for pre-notification since communication varies according to the channel used and the information to be communicated.	Complete
LA6	Health and Safety Committees	44	Complete
LA7	Absenteeism and lost days	43	Complete
LA8	Health	43	Complete
LA9	Health	44	Complete
LA10	Training	40	Complete
LA11	Training	40, 43	Parcial
LA12	Professional performance and development	40	Complete
LA13	Diversity	40	Complete
LA14	Ratio of base salary between men and women	33, 43	Complete
<b>HUMAN RIGHTS PERFORMANCE</b>			
	<b>Investment and procurement practices</b>	52, 53, 55	Complete
	<b>Non-discrimination</b>	33, 44	Complete

GRI	Content	Page	Report
	Freedom of association and collective bargaining	44	Complete
	Abolition of child labor	34	Complete
	Forced and compulsory labor prevention	34	Complete
	Complaints and grievance practices	33, 34, 37	Complete
	Security practices	41, 43	Complete
	Indigenous rights	33	Complete
HR1	Investment agreements including human rights clauses	33	Complete
HR2	Distributors and contractors analyzed in human rights matters	55	Complete
HR3	Training on human rights	40	Complete
HR4	Discrimination incidents	33	Complete
HR5	Freedom of association	32, 44	Complete
HR6	Actions taken against child exploitation	33, 55	Complete
HR7	Actions taken against forced labor	33, 55	Complete
HR8	Security personnel training	40	Complete
HR9	Indigenous rights	33	Complete
HR10	Percentage and total number of operations which have been subject to reviews or impact evaluation in regards to human rights.	33	Complete
HR11	Number of complaints related to human rights that have been turned in, addressed and solved through formal conciliation mechanisms.	33	Complete
<b>SOCIAL PERFORMANCE</b>			
	Community	52-56	Complete
	Corruption	33, 34, 56	Complete
	Public policy	38, 47, 56	Complete
	Anti-competitive behavior	34	Complete
	Regulation compliance	34	Complete
S01	Impact on communities	35, 52	Complete
S02	Anti-corruption risks, policies and procedures	33	Complete
S03	Employees trained in anti-corruption policies and procedures	40	Complete
S04	Actions taken in response to corruption incidents	33	Complete
S05	Public policies and lobbying	37	Complete
S06	Contributions to political parties or related institutions.	We strictly comply with local legislation that regulates the participation of companies in these matter.	Complete
S07	Anti-trust and free competition	33	Complete
S08	Fines and sanctions	33	Complete
S09	Operations with real or potential significant negative impact in local communities.	There are no real or potential risks identified in the communities where we operate	Complete
S010	Prevention and mitigation actions implemented in operation with real or potential negative impacts in local communities.	There are no real or potential risks identified in the communities where we operate	Complete
<b>PRODUCT RESPONSIBILITY PERFORMANCE</b>			
	Customer health and safety	53, 54	Complete
	Product and service labeling	53, 54	Complete
	Marketing communications	53, 54	Complete
	Customer privacy	34, 53, 54	Complete
	Regulation compliance	53, 54	Complete
PR1	Product life cycle evaluation in regards to customer health and safety	53	Complete



GRI	Content	Page	Report
PR2	Regulations and voluntary codes on health and safety	53	Complete
PR3	Product information	53	Complete
PR4	Regulations and voluntary codes on labeling	53	Complete
PR5	Customer satisfaction practices	37	Complete
PR6	Adherence to voluntary codes on advertising	53	Complete
PR7	Incidents related to marketing, advertising, promotion, and sponsoring.	53	Complete
PR8	Customer privacy	53	Complete
PR9	Fines for non-compliance in regulations regarding product and service use and supply	33	Complete

**FOOD PROCESSING SECTOR SUPPLEMENT**

**SOURCING**

	Natural resources protection	45	Complete
	Toxicity minimization		N/A
	Fair trade	56	Complete
	Fair labor compensation	43, 44	Complete
	Traceability	52-56	Complete
	Genetically modified organisms (GMO)		N/A
	Animal welfare		N/A
	Biofuels		N/A
FP1	Percentage of volume purchased from suppliers compliant with company sourcing policy	56	Complete
FP2	Percentage of volume purchased, verified with internationally recognized production standards	56	Complete
FP3	Percentage of working time lost due to strikes, disputes, or work stoppage.	44	Complete

**SOCIAL**

	Healthy and affordable food	54	Complete
FP4	Programs that promote healthy lifestyles, prevention of chronic disease, access to healthy, nutritious and affordable food; and improvement in community wellness	55	Complete

**PRODUCT RESPONSIBILITY**

FP5	Percentage of production volume certified by independent third party, according to recognized food safety international standards	54	Complete
FP6	Percentage of total sales of products low in added sugars	53	Complete
FP7	Percentage of total sales of products which contain nutritional ingredients such as fiber, vitamins, minerals or functional nutritional additives	53	Complete
FP8	Communication about ingredients and nutritional information beyond legal requirements	53	Complete

**ANIMAL WELFARE**

FP9	Percentage and total animals raised and/or processed by species and breed type		N/A
FP10	Policies and practices by species and breed type related with physical alterations and use of anesthetics.		N/A
FP11	Percentage and total animals raised and/or processed by species and breed type by type of breeding.		N/A
FP12	Policies and practices regarding antibiotics, anti-inflammatories, hormones and/or treatments by species and breed type		N/A
FP13	Total number of incidents of law and regulations violation and adherence to voluntary codes related to transportation, handling and slaughter practices for terrestrial and aquatic animals		N/A

**TRANSPORTATION AND LOGISTICS SECTOR SUPPLEMENT**

	Economic dimension		
	Shipment record		

GRI	Content	Page	Report
LT1	Number of ships controlled by the organization		N/A
	<b>Environmental division</b>		
	<b>Fleet composition</b>		
LT2	Fleet composition	Units Managed: Primary Distribution 36% Secondary Distribution 42% Liters of Fuel: Primary Distribution 58% Secondary Distribution 14%	Complete
	<b>Policies</b>		
LT3	Description of environmental impact policies and programs	47	Complete
	<b>Energy</b>		
LT4	Description of initiatives for renewable energy sources utilization and energy efficiency increase	47	Complete
	<b>Urban pollution</b>		
LT5	Description of initiatives for emission control to the environment in regards to land transportation	47	Complete
	<b>Traffic Jams</b>		
LT6	Description of implemented policies and programs to manage traffic jam impact	47	Complete
	<b>Noise/vibration</b>		
LT7	Description of policies and programs for noise management	FEMSA Logística ensures that during the useful life of the transportation units there are original parts used and thus comply with regulations requirements.	Complete
	<b>Development of transportation infrastructure</b>		
LT8	Environmental impact description of the key assets of the infrastructure of the reporting organization.	47	Complete
	<b>Social Dimension</b>		
	<b>Work patterns</b>		
LT9	Description of the policies and programs to determine the hours worked and rested, resting facilities and driving permits	FEMSA Logística has work journey policies and traffic operations which comply with current regulations. Such policies establish work and resting hours with which the operators manage effectively each trip, promoting thus care and development of the operators, and integration of the family nucleus by ensuring the operators meet the necessary resting times. There are operating processes regarding trips such as pre-traveling medical evaluations to the operators, and unit inspections ensuring the optimum conditions to operate.	Complete
	<b>Road safety</b>		
LT12	Number of driver road fatalities per million kilometers traveled	Data considered as confidential	Complete
	<b>Ship security inspections</b>		
LT13	Number incidents when ships have been stopped by inspectors in port		N/A

GRI	Content	Page	Report
	<b>Mail access</b>		
LT14	Description of policies and programs for public access to mail services		N/A
	<b>Humanitarian programs</b>		
LT15	Logistics and transportation competency supplied in delivering humanitarian assistance and in kind contributions during disaster response.	It is FEMSA's policy to have a separate budget for natural disasters as well as providing logistic services and support to humanitarian needs whenever they happen.	Complete
	<b>Labor programs</b>		
LT16	Criteria for hiring service selection and personnel placement.	This indicator is not considered material.	Complete
	<b>Job continuity</b>		
LT17	Measures that facilitate income security and job continuity of the workers hired temporarily.	This indicator is not considered material.	Complete

1 We do not have homologated data for average turnover segmented by groups of similar ages and gender, not considering this material for all the businesses since the turnover rates and needs for segmentation vary according to the different industries in which we participate.

## Global Reporting Initiative (GRI G3.1) Application Level Check



# KPMG Mexico Letter of Verification



**KPMG Cárdenas Dosal**  
 Boulevard Manuel Ávila Camacho 176  
 Col. Reforma Social  
 11650 México, D.F.

Teléfono: + 01(55) 52 46 83 00  
 Fax: + 01(55) 55 96 80 60  
 kpmg.com.mx

## 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 Sustainability Direction of Fomento Económico Mexicano, S.A.B. de C.V. (hereinafter, FEMSA) to examine the non-financial information for fiscal year 2012, contained in its 2012 Sustainability Report (hereinafter, the Report), of which preparation, including the decision to include the related topics, is the responsibility of FEMSA's Sustainability Direction.

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, confirming the application of the AA1000 Assurance Standard (AA1000 AS (2008)) Type 2 and Version 3.1 of the Global Reporting Initiative Guidelines (GRI G3.1), in accordance with the Company's level of declaration, statement of the GRI's application level check and a limited level of assurance in accordance with the ISAE 3000 standard, which is consistent with the AA1000 AS(2008) moderate level.

Our review considered:

- 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 AA1000 AS (2008) Type 2 standard and the GRI G3.1 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 Audits or Reviews 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 AA1000 AS (2008) Type 2, 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 G3.1 Guidelines used by FEMSA of which understanding and application is described in the section entitled "About this Report".

### Work completed

#### a) Verifying the quantitative data and other qualitative data contained in the Report

We have reviewed the quantitative and qualitative data in FEMSA's 2012 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.
- Sampling random reviews of the information / GRI indicators at the following business units:

	Business Unit
FEMSA	FEMSA Monterrey Corporate Offices
	OXXO Corporate Offices 10 OXXO stores within the national territory 1 distribution center
	Coca-Cola FEMSA Corporate Offices 1 production plant
	Strategic Procurement Corporate Offices 1 manufacturing plant, Imbera
	FEMSA Logística Corporate Offices 1 operative base CSD and MTK

- 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.

#### b) Examining the criteria and principles alignment used to define the content of the Report and its scope per AA1000 AS (2008) and the GRI G3.1 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 eventual 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 in this letter, 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 the existence of any significant deviations or omissions.

Additionally, regarding FEMSA's application of the Principles defined by AA1000 (AA1000 APS (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 "Sustainability Strategy, Our Community and Stakeholders".

In addition, we suggest FEMSA to consider the observations provided in the Improvement Opportunities letter. For the preparation of future Sustainability Reports, some of the main recommendations are as follows:

- To standardize, through the various business units, basic template forms and recording units related to applicable environmental and social issues.
- To formalize, and communicate internally, the structure of data suppliers through the different business units.

KPMG Cárdenas Dosal, S.C.

Jesús González Arellano.  
 México, D.F. on March 1st 2013.



**AA1000**  
 Licensed Assurance Provider  
 000-31



# Sustainability Recognitions in 2012

GRI: 3.12

FEMSA	
Socially Responsible Enterprise 2012 (CEMEFI, Mexico)	
Award for Ethics and Values in Industry 2011 (CONCAMIN, Mexico)	
Coca-Cola FEMSA	
Argentina	
Award for community participation in Safety at Barracas Pompeya (National Security Ministry)	
Mexico	
Socially Responsible Enterprise 2012 (CEMEFI)	
National Award for Road Safety (ANTP)	
Award for Clean Transportation (SEMARNAT)	
FEMSA Comercio	
Socially Responsible Enterprise 2012 (CEMEFI, Mexico)	
Nuevo León Recognition for greenhouse emissions mitigation 2012 (Gov. of Nuevo León, Mexico)	
Award for Ecologic Merit (Municipality of Monterrey, N.L., Mexico)	
Baja California Recognition for Philanthropy and Social Responsibility (Baja California, Mexico)	
Socially Responsible Enterprise (Municipality of Tlajomulco de Zúñiga, Guadalajara, Mexico)	
Strategic Procurement	
Socially Responsible Enterprise 2012 (CEMEFI, Mexico)	
Imbera	
Clean Industry (SEMARNAT, Mexico)	
Award for Best Practices on Social Responsibility, Environmental Care and Preservation Category (CEMEFI, Mexico)	
Environmental Leadership (SEMARNAT, Mexico)	
Crime Prevention Recognition (San Juan del Río, Querétaro, Mexico)	
PTM	
Certification for Clean Industry (PROFEPA, Mexico)	
Quimiproducos	
Environmental Leadership for Competitiveness (SEMARNAT, Mexico)	
FEMSA Logística	
National Award on Road Transportation, Enterprise Category (ANTP, Mexico)	
National Award on Road Transportation, Operators Category (ANTP, Mexico)	
Clean Transportation (SEMARNAT, Mexico)	
National Program on Greenhouse Gases Effect Measurement (SEMARNAT, Mexico)	
Socially Responsible Enterprise 2012 (CEMEFI, Mexico)	
Yellow Diamond Award (Movilidad y Desarrollo Mexico, A.C.)	

# Support for the United Nations Global Compact

GRI: 4.12

## Human Rights

### Principle I (PM I)

Support and respect the protection of human rights.

### Principle II (PM II)

Not being an accomplice in human rights abuse.

## Labor conditions

### Principle III (PM III)

Uphold the freedom of association principles and the right to collective bargaining.

### Principle IV (PM IV)

Eliminate forced and compulsory labor.

### Principle V (PM V)

Abolish any form of child labor.

### Principle VI (PM VI)

Eliminate discrimination in employment and occupation matters.

## Environment

### Principle VII (PM VII)

Support a precautionary approach to environmental challenges.

### Principle VIII (PM VIII)

Promote greater environmental responsibility.

### Principle IX (PM IX)

Encourage the development and communication of environmentally respectful technologies.

## Fight against Corruption

### Principle X (PM X)

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

# Responsible printing

GRI: 2.1, 2.4, and 3.4

Aware that all efforts are important and although printing of this report is relatively reduced, we show our commitment with the environment using harmless materials.

Following we indicate the savings achieved using recycled fiber instead of virgin fiber in this document, in which we use paper with 30% post-consumption recycled material.

## 9.15 million BTU's in energy

in non-used energy = 0.06 taking this many homes off the power grid

**0.04 acres preserved** via sustainable forestry

**13.11 less trees** consumed

**1,387.35 lbs. of greenhouse gases**

eliminated = 0.08 taking this many cars off the road

**4,770.15 gallons of water** not used

The estimates for environmental impact were carried out based on the Earth Savings Calculator, available in: <http://www.earthcolor.com/sustainability/earth-savings-calculator>

This report was printed in paper:

Cover FSC Accent Opaque Cover

(30% Post Consumer fiber, cover)

80# Text FSC Accent Opaque Cover

(30% Post Consumer fiber, interiors)

80# Text Environment Tortilla

(30% Post Consumer fiber, interiors)

Certified by FSC and Rainforest Alliance, manufactured in conditions free of acid with 30% post-consumption recycled material.



To access more information please go to: [www.femsa.com/en/sustainability](http://www.femsa.com/en/sustainability) or visit our Sustainability Report 2012: [www.sustainabilityreport.femsa.com/](http://www.sustainabilityreport.femsa.com/)

## Sustainability Report of our Business Units:

Coca-Cola FEMSA:

<http://www.coca-colafemsa.com/kof/sostenibilidad/info2012>

FEMSA Comercio:

<http://www.oxxo.com/comunidad/responsabilidad-social.htm>

FEMSA Logística:

<http://www.fl.com.mx/sostenibilidad>

You can also download from iTunes our app **Sustainability Report FEMSA 2012**.

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## Contact and Information

### Corporate Communication Department

Carolina Alvear Sevilla

Karla Torres Elizondo

Phone: (52) 81.8328.6046

Fax: (52) 81.8328.6117

[comunicacion@femsa.com](mailto:comunicacion@femsa.com)

### Sustainability Department

Francisco Suárez Hernández

Anik Varés Leal

Luis Fernando Ramírez Yañez

Phone: (52) 81.8318.1956

Fax: (52) 81.8328.6117

[sostenibilidad@femsa.com.mx](mailto:sostenibilidad@femsa.com.mx)

# FEMSA

actions creating value



[www.femsa.com](http://www.femsa.com)



EMPRESA  
SOCIALMENTE  
RESPONSABLE

**Fomento Económico Mexicano,  
S.A.B. de C.V.**

General Anaya 601 Pte.  
Col. Bella Vista C.P. 64410  
Monterrey, Nuevo León, México

