

## Company and Sector Performance

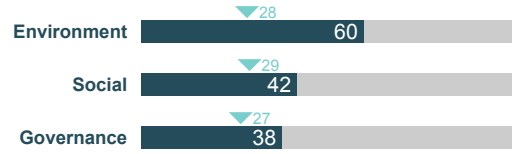
Company performance    Sector average performance    Sector performance

### ESG OVERALL SCORE

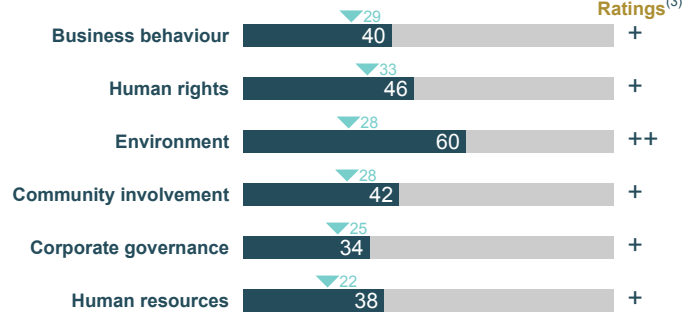


Information rate	66%
sector average	50%
Cooperation level <sup>(2)</sup>	Partially Responsive
High severity controversies	No
Rank in Sector	2/19
Rank in Region	45/890
Rank in Universe	513/4453

### ESG PERFORMANCE (/100)



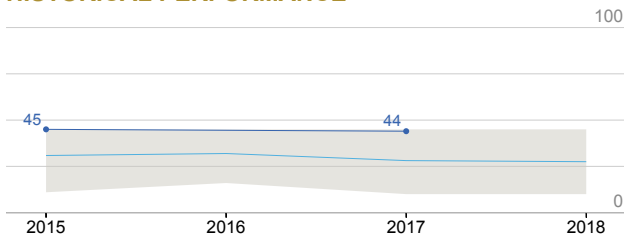
### 6 DOMAINS PERFORMANCE (/100)



Company inclusion in Vigeo Eiris indices<sup>(4)</sup>: Yes

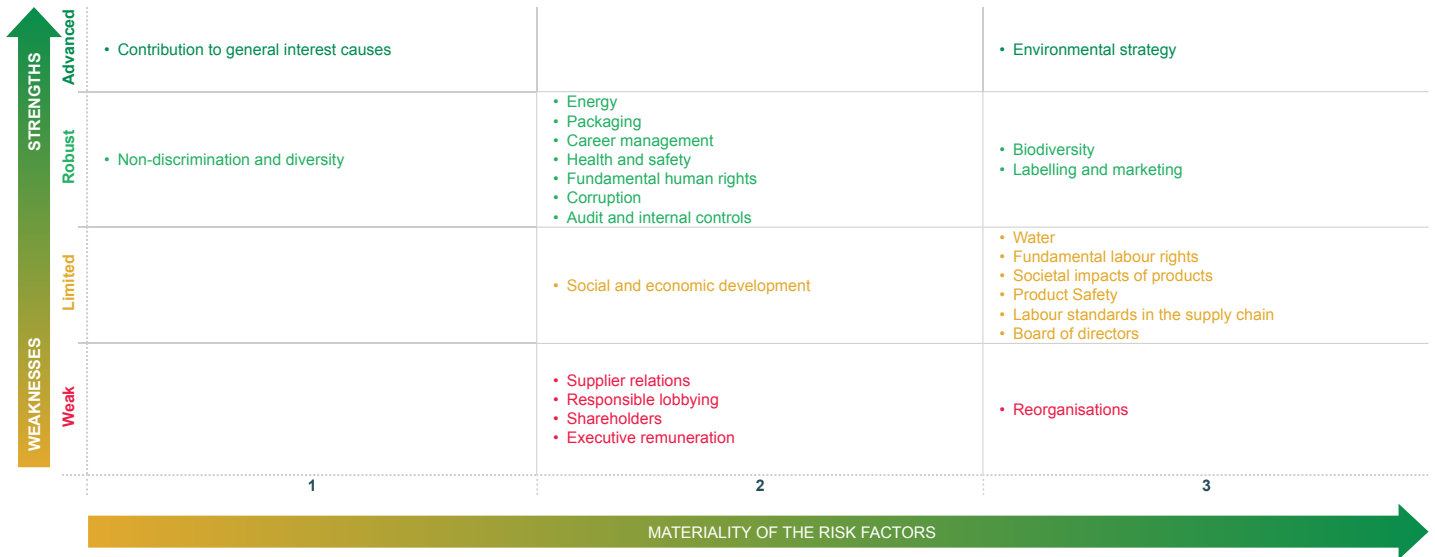


### HISTORICAL PERFORMANCE

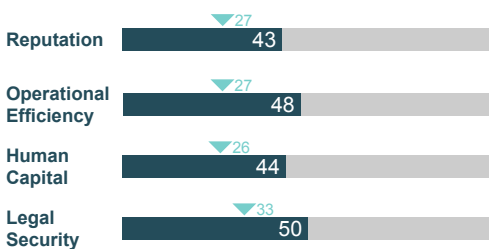


## Management of risks and opportunities

### MATERIALITY & PERFORMANCE MATRIX



### RISK MITIGATION INDEX (/100)



### ANALYST FOCUS

Analyst Focus is not available at this time

## Carbon Footprint and Energy Transition\*

"The Carbon Footprint & Energy Transition research provides an assessment of a company's carbon footprint combined with the strategy to manage risks and opportunities related to the transition to a low carbon economy. NI (No Info) is used to indicate that the information is not available."

### CARBON FOOTPRINT



SCALE	EMISSIONS (T CO2 EQ)	CATEGORIES
A	<100 000	Moderate
B	>= 100 000 and <1 000 000	Significant
C	>= 1 000 000 and <10 000 000	High
D	>= 10 000 000	Intense

### ENERGY TRANSITION SCORE



ENERGY TRANSITION SCORE	CATEGORIES
60-100	Advanced
50-59	Robust
30-49	Limited
0-29	Weak

## Goods and services contributing to sustainable development\*

"Sustainable Goods & Services research provides a positive screening on companies to identify business activities devoted to sustainable solutions."



INVOLVEMENT	CATEGORIES
>=50%	Major
20-49%	Significant
0-19%	Minor
0%	None

## Involvement in controversial activities\*

"The Controversial Activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs."

Involvement in controversial activities: Not available in this version

### Screened Areas:

- Alcohol
- Animal welfare
- Chemicals of concern
- Civilian firearms
- Fossil fuels
- Gambling
- Genetic engineering
- High interest rate lending
- Military
- Nuclear power
- Pornography
- Reproductive medicine
- Tobacco

For more information please contact us at [customer.service@vigeo-eiris.com](mailto:customer.service@vigeo-eiris.com)

(1) Performance level: weak (0-29/100), limited (30-49/100), robust (50-59/100), advanced (60-100/100)  
 (2) Cooperation level on a 4-level scale: proactive, responsive, partially responsive, not responsive  
 (3) Ratings outline companies' benchmarked domain performance within a sector, on a 5-level scale: "-", "=", "+", "++", "+++" (4) Indices: based on the most recent indices at the date of publication. More details on vigeo-eiris.com.

Company performance in all the Sustainability Drivers

			Overall score 44/100				Trend	Score	Leadership	Implementation	Results
Weight											
<b>Environment</b>			→	60	66	54	41				
E	ENV1.1	3	Environmental strategy	→	85	86	83	N/A			
E	ENV1.4	3	Biodiversity	↗	53	100	24	35			
E	ENV2.1	3	Water	↘	48	48	53	43			
E	ENV2.2	2	Energy	↘	59	48	79	50			
E	ENV3.1	2	Packaging	↘	53	30	30	100			
<b>Human Resources</b>			→	38	39	22	53				
S	HRS2.3	3	Reorganisations	↘	12	0	0	35			
S	HRS2.4	2	Career management	↗	59	69	48	60			
S	HRS3.2	2	Health and safety	↗	57	67	29	74			
<b>Human Rights</b>			→	46	48	26	65				
S	HRT2.1	3	Fundamental labour rights	→	35	30	9	65			
S	HRT1.1	2	Fundamental human rights	↘	56	65	39	65			
S	HRT2.4	1	Non-discrimination and diversity	→	59	65	48	65			
<b>Community Involvement</b>			→	42	43	42	42				
S	CIN2.1	3	Societal impacts of products	→	32	30	30	35			
S	CIN1.1	2	Social and economic development	→	46	51	65	22			
S	CIN2.2	1	Contribution to general interest causes	↗	65	65	30	100			
<b>Business Behaviour (C&amp;S)</b>			↘	40	45	36	37				
S	C&S1.1	3	Product Safety	↗	46	27	77	35			
S	C&S1.2	3	Labelling and marketing	→	50	58	26	65			
S	C&S2.4	3	Labour standards in the supply chain	↘	42	74	41	10			
S	C&S2.2	2	Supplier relations	↘	24	37	0	35			
G	C&S3.1	2	Corruption	→	54	65	53	43			
	C&S3.3	2	Responsible lobbying		12	0	0	35			
<b>Corporate Governance</b>			→	34	21	29	52				
G	CGV1.1	3	Board of directors	↗	42	20	26	80			
G	CGV2.1	2	Audit and internal controls	↘	53	46	48	65			
G	CGV3.1	2	Shareholders	↗	22	0	39	26			
G	CGV4.1	2	Executive remuneration	→	16	20	6	22			

■ Weak (0-29/100)   ■ Limited (30-49/100)   ■ Robust (50-59/100)   ■ Advanced (60-100/100)



Involvement in allegations



Involvement in allegations with evidence of corrective measures

## Benchmark

### Position versus sector peers

Position versus sector peers		Environment	Human resources	Human rights	Community involvement	Business behaviour (C&S)	Corporate governance	Overall Score
TRECOLA00011	Coca-Cola Icecek Uretim	+	+	++	+	++	+	45
<b>MXP2861W1067</b>	<b>Coca-Cola Femsa</b>	<b>++</b>	<b>+</b>	<b>+</b>	<b>+</b>	<b>+</b>	<b>+</b>	<b>44</b>
CLP3697S1034	Embotelladora Andina	+	+	+	=	+	+	40
MX01AC100006	Arca Continental	+	+	+	+	+	=	35
CLP1744K1070	Vinedos Emiliana	=	=	+	=	=	+	35
PEP218025000	BACKUS Y JOHNSTON	+	=	=	+	+	-	34
CLP249051044	Compania Cervecerias Unidas	=	=	=	=	=	+	34
MXP320321310	Fomento Economico Mexicano	=	+	+	+	+	-	34
TRAAEFES91A9	Anadolu Efes Biracilik ve Malt Sanayi	+	+	=	=	=	+	33
BRABEVACNOR1	Companhia de Bebidas das Américas (Ambev)	=	+	=	=	=	=	28
CLP3698K1338	Coca-Cola Embonor SA	=	=	-	=	-	=	23
CNE1000004K1	Tsingtao Brewery	-	-	-	=	-	+	23
MA0000010415	Oulmes	-	=	+	+	=	-	22
INE854D01016	United Spirits	-	-	=	-	-	=	22
HK0291001490	China Resources Beer	-	=	-	=	-	=	20
KYG9222R1065	Uni-President China Holdings	-	-	-	--	-	=	19
KR7000080002	Hite Jinro	-	-	-	=	-	-	12
MA0000010365	Brasseries du Maroc	-	--	-	--	-	-	10
KR7005300009	Lotte Chilsung Beverage	-	-	-	--	-	--	10

## General information

Coca-Cola FEMSA, a franchise bottler based in Mexico, produces, markets, sells, and distributes Coca-Cola trademark beverages. In March 2017, the Company together with The Coca-Cola Company bought the

Mexican, Brazilian, Colombian and Argentinian AdeS soy-based beverage business. In December 2016, the Company acquired Vonpar, a Brazilian Bottler of Coca-Cola Trademark products.

## Selected financial data

Key data	Revenues	EBIT	Employees
2016	MXN 177,718m	MXN 14,308m	85,140
2015	MXN 177,718m	MXN 14,726m	83,712
2014	MXN 147,298m	MXN 14,952m	83,371
2013	MXN 156,011m	MXN 17,224m	84,922
2012	MXN 147,739m	MXN 19,992m	73,395

Main shareholders	2017
Fomento Económico Mexicano S.A.B. de C.V. (FEMSA)	47.2%
The Coca-Cola Company	27.8%
Public	25%

Geographical Breakdown	Turnover 2016	Employees
Mexico and Central America	49.3%	59.7%
South America	40.1%	32.9%
Venezuela	10.6%	7.4%

Main economic segment	Turnover 2016
Sparkling Beverages	77.7%

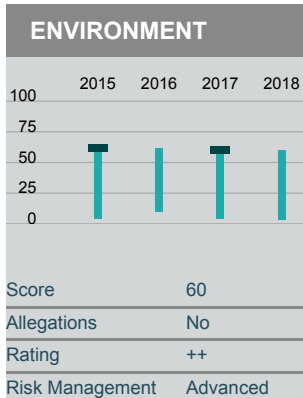
Main economic segment	Turnover 2016
Water & Bulk Water	15.9%
Still Beverages	6.4%

## Selected ESG Indicators

	2016	2015
Non-executive Board member(s) responsible for CSR issues	No Info	No Info
Executive remuneration linked to CSR performance	No Info	No Info
3-year energy consumption trend (normalized to turnover)	↘	↘
Percentage of independent Board members	32	N/A
Percentage of women on Board	14	N/A
Percentage of women in Executive team	N/A	N/A
Percentage of women in workforce	12	10
Transparency on lobbying budget	N/A	N/A
Percentage of employees covered by collective agreements on working conditions	N/A	N/A
3 year trend for safety at work	N/A	N/A
Involvement in armament	No	No
Management of social risks in supply chain	Limited	Limited

CSR performance per domain

■ Sector performance  
■ Company performance  
Rating : min- / max ++

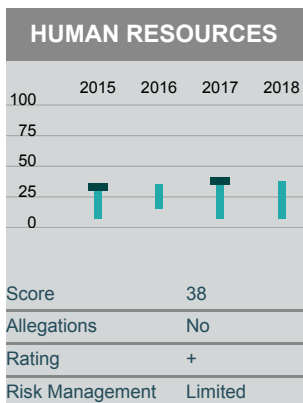


**Key issues**

Beverage companies' main environmental impacts are linked to their upstream impacts through agricultural operations (ENV 1.4) and water management (consumption and emissions) as well as the direct impacts through water use in production processes (ENV 2.1). Moreover, due to the important volumes of goods sold, companies in the sector also have a responsibility to manage the environmental impacts of transportation (ENV 2.7) and of packaging (ENV 3.1).

**Company performance**

- Coca-Cola Femsa's performance in the Environment domain is advanced in absolute terms, which is consistent with the previous review.
- The Company continues to disclose a robust environmental strategy, including ISO14001 certification. In addition, quantified targets are put in place for most of the issues under analysis in this domain. The Company has largely improved its performance in biodiversity protection by disclosing more exhaustive commitments and reporting on additional measures. While reported KPIs on water and energy use show improving trends, the Company no longer seems to report on CO2 emissions.

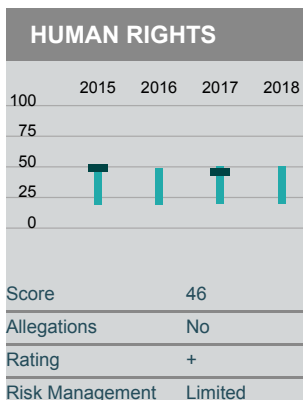


**Key issues**

In a context of restructurings, companies from the Beverage sector are expected to ensure employees' rights are respected and that employee representatives are consulted during reorganisations (HRS 2.3). In addition, given the fact that such power struggles are often to the advantage of companies in this sector, good labour relations (HRS 1.1) are expected to provide employees with an equal footing in negotiations on a range of issues (from training, to remuneration, benefits and working hours etc). Beverage companies should provide adequate training for the evolution of the low skilled workforce (HRS 2.4). Finally, companies should undertake initiatives to improve the often hazardous and stressful conditions of workers (HRS 3.2).

**Company performance**

- Coca-Cola Femsa's performance in the Human Resources domain is limited in absolute terms, representing an improvement since the previous review (+5 points).
- Although the Company has conducted some reorganisations, it still does not disclose any commitment or measures to manage reorganisations responsibly. The Company has largely improved its performance on health and safety by setting targets to reduce fatalities, injuries and absentee rates, and by reporting key performance indicators with positive trends. Additionally, the Company has enhanced its reporting on measures related to career management.



**Key issues**

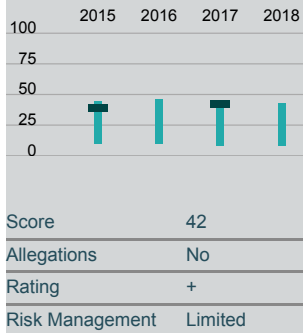
Companies in this sector operate and source raw materials from a range of low and middle income economies where fundamental human rights may be at risk (HRT 1.1). This may be particularly the case if security forces are used to secure locations or if the company is sourcing materials from indigenous peoples. Beverage companies also operate in locations where freedom of association and the right to collective bargaining may be restricted. This therefore, directly exposes them to potential violations of labour rights (HRT 2.1).

**Company performance**

- Coca-Cola Femsa's performance in the Human Rights domain is limited in absolute terms, which is consistent with the previous review.
- Coca-cola FEMSA reports on limited measures including training programmes and internal audits to ensure the promotion of human rights standards. The Company continues to disclose a commitment to fundamental labour rights addressing part of its responsibilities. However, no significant reporting on measures allocated to this issue is visible. The Company appears to address non-discrimination comprehensively, and reports positive trends for the share of women in management positions.

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COMMUNITY INVOLVEMENT



Key issues

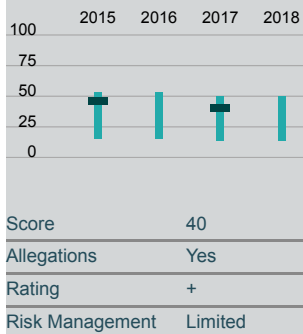
Alcohol mis-consumption, obesity, cardio vascular problems and diabetes are qualified as 'global epidemics' by the World Health Organisation. The beverage industry can help to tackle these problems by raising awareness and acting to protect the most vulnerable populations from misconsumption (CIN 2.1). Oxfam estimates that 75% of the world's poor and undernourished people are directly or indirectly dependent on agriculture for their livelihoods. Thus, through their own activities and their supply chain, beverage companies are also seen as key players in the empowerment of local economies (CIN 1.1), a process that is increasingly being recognised as fundamental to addressing these societal challenges.

Company performance

- Coca-Cola Femsa's performance in the Community Involvement domain is limited in absolute terms, which is consistent with the previous review.

- The Company generally refers to preventing and mitigating the negative societal impacts of its products, however, the Company does not seem to allocate measures in this regard. The Company continues to report measures to promote social and economic development.

BUSINESS BEHAVIOUR (C&S)



Key issues

The systematic application of product safety standards and the establishment of a crisis management system throughout the supply chain (C&S 1.1) continues to be a core issue for beverage companies. The transparency and integrity of the information (i.e. health risks, presence of GMOs) provided to customers (C&S 1.2) is a challenge for the industry. Alongside this, companies also have a responsibility to ensure that stable supply of raw materials is systematically maintained (C&S 2.2). Finally, ensuring decent labour conditions are granted to employees in the supply chain (C&S 2.4) is also a focus. This is particularly relevant given the habitually hard-working labour conditions found in the agricultural supply chain.

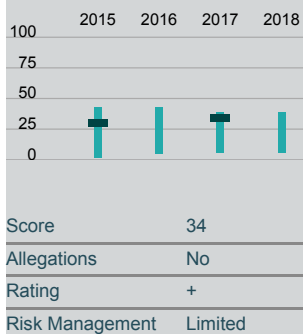
Company performance

- Coca-Cola Femsa's performance in the Business Behaviour domain is limited in absolute terms, representing a deterioration since the previous review (-6 points).

- The Company discloses commitments to almost all issues under review, except for responsible lobbying. In addition, the Company reports to allocated comprehensive resources to ensure product safety and prevent corruption. Some measures are reportedly in place to ensure adequate information to customers and the integration of labour standards in the supply chain.

- The Company faces a minor severity controversy regarding the integration of labour standards in the supply chain and did not react transparently.

CORPORATE GOVERNANCE



Key issues

Sound corporate governance is required to oversee a company's strategic direction, including the CSR strategy. Vigeo's framework has been adapted to capture the level of integration of CSR topics at Board-level, supplementing traditional signals on efficient governance practices. Directors are notably evaluated on their level of diversity and experience with operational, financial, and CSR topics (CGV1.1). The audit and internal controls system is examined regarding the efficiency and reach of its risk management (CGV2.1). Shareholders are expected to have fair voting rights and access to all relevant information on material CSR issues (CGV3.1). Executive remuneration is assessed for transparency and alignment with the interests of company's shareholders and other stakeholders (CGV4.1).


Company performance

- Coca-Cola Femsa's performance in the Corporate Governance domain is limited in absolute terms, which is consistent with the previous review.

- The board of directors' diversity appears to be partial (as there are board members with experience in the Company's business areas and CSR issues), and its level of independence remains low (32%). The audit committee appears to have integrated some CSR issues into its functioning and oversight. Major shareholder voting rights restrictions have been identified. The Company continues to lack transparency regarding executive remuneration.

## CSR performance per criterion

## Detailed Analysis

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HRS2.3 Responsible management of reorganisations	20
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<b>Human rights</b>	<b>25</b>
HRT1.1 Respect for human rights standards and prevention of violations	25
HRT2.1 Respect for freedom of association and the right to collective bargaining	27
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<b>Community involvement</b>	<b>30</b>
CIN1.1 Promotion of the social and economic development	30
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<b>Business behaviour (C&amp;S)</b>	<b>34</b>
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C&S2.3 Integration of environmental factors in the supply chain	38
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C&S3.1 Prevention of corruption	41



C&S3.2	Prevention of anti-competitive practices	43
C&S3.3	Transparency and integrity of influence strategies and practices	44

## Corporate governance

CGV1.1	Board of Directors	45
CGV2.1	Audit & Internal Controls	47
CGV3.1	Shareholders	49
CGV4.1	Executive Remuneration	50

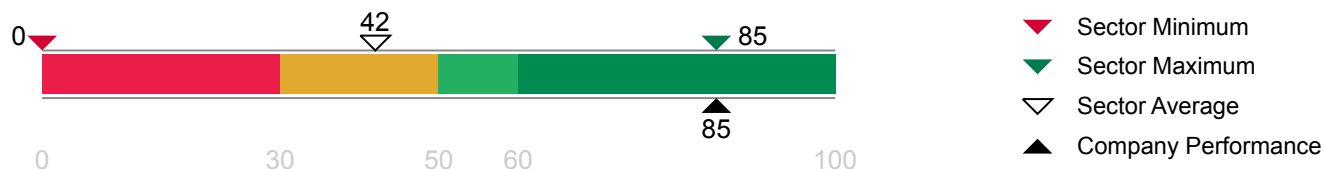
Involvement in allegations    Involvement in allegations with evidence of corrective measures

Environment

Score: 60

ENV1.1 Environmental strategy

(score: 85, weight: 3)



Visibility of commitment to environmental issues

The company has issued a formalised commitment to environmental protection in its Business code of ethics. In addition, Coca-Cola FEMSA has 6 environmental 2020 goals related to water efficiency, water replenishment, energy efficiency, carbon emissions, waste recycling, and use of recycled and renewable material in packaging.

Relevance of environmental strategy

The company commits to all its responsibilities in terms of environmental protection:

- Protection of biodiversity
- Minimising environmental impacts from water consumption
- Minimising environmental impacts from water emission
- Minimising environmental impacts from energy use in production
- Minimising environmental impacts from CO2 emissions
- Eco-design of packaging

Ownership of commitment

The commitment applies throughout the company, supported by senior management. The company has formed the FEMSA foundation, which is responsible of making environmental investments.

Means allocated to environmental management

The company has allocated significant resources to environmental management. The company's ISO 14001 certification covers the majority of its plants, which implies the existence and fulfilment of the requirements below:

- Environmental manual specifying procedures and responsibilities
- Internal audits that assess the effectiveness of the EMS

In addition, the company has also:

- Environmental performance measured against targets

Coverage of certified environmental management systems

More than 75% of the company's sites/offices have a certified environmental management system.

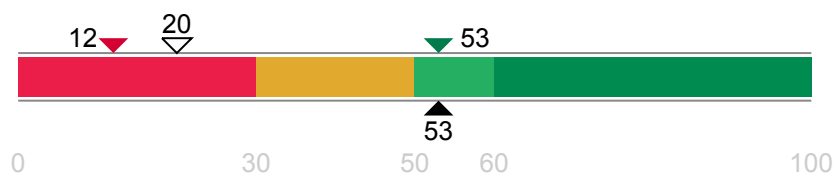
In its response to Vigeo Eiris, the company said that 66 manufacturing facilities are certified with ISO 14001 representing 97% of its manufacturing operations.

Leadership	86
Visibility	100
Relevance	100
Ownership	65

Implementation	83
Means & resources	65
Coverage	100

ENV1.4 Protection of biodiversity

(score: 53, weight: 3)



- ▼ Sector Minimum
- ▼ Sector Maximum
- ▽ Sector Average
- ▲ Company Performance

Relevance of commitment to biodiversity protection

The company's commitment towards biodiversity protection covers all relevant impacts of its activities:

- Promotion of sustainable agriculture
- Preventing GMO contamination

Managerial tools allocated to biodiversity protection

The company has implemented some measures to identify its impacts and integrate biodiversity in the management of its operations such as:

- Environmental risk mapping: The Coca-Cola Company has developed a system to identify and categorize risks as Immediate Notification, Major and Minor Risk, which covers Coca-Cola Femsa. Critical risks could trigger an immediate notification within 24 hours to manage it accordingly. For other major/minor issues the company would work with the facility to correct it.

Coverage of means allocated to biodiversity protection

There is no evidence that the company has taken such measures at a majority of sites.

Prevention of GMO cross contamination

Information obtained from the company and public sources regarding means allocated to prevent cross contamination is insufficient.

Promotion of sustainable agriculture

Based on its response to Vigeo Eiris, the company has allocated some means to promote sustainable agriculture:

- measures to prevent fragmentation of habitats and to protect pollinators: The company reports to promote the protection of natural habitats and biodiversity through the conservation of natural flora and fauna and the maintenance of important ecosystem services such as natural pest and disease controls, pollination and freshwater flows.
- measures to prevent deforestation: the company also works on promoting sustainable forest management and helps protect woodlands from deforestation and illegal harvesting.

Results with regard to biodiversity protection

Information obtained from company and public sources regarding biodiversity indicators on its sites of operations is insufficient.

In its response to Vigeo Eiris the company reports to develop a reforestation programme that have reforested 63,840 ha. However, historical data is not visible in order to determine any trends.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

As of 06/2017, Coca-Cola Femsa did not appear to be involved in any controversy

*related to this sustainability driver*

<b>Leadership</b>	<b>100</b>
Relevance	100

<b>Implementation</b>	<b>24</b>
Means & resources	22
Coverage	30

<b>Results</b>	<b>35</b>
Performance	65
Trends	0

ENV2.1 Protection of water resources

(score: 48, weight: 3)



Relevance of the company's commitment in terms of reducing its water consumption

The company has set quantified targets with regard to its water consumption that cover the entire group. The company aims to increase its water use efficiency to 1.5 liters of water per liter of beverage by 2020. (base year: 2004)

Relevance of the company's commitment in terms of reducing its water emissions

The company's commitment to reduce its water emissions is general.

Means allocated to mitigate water consumption

The company has set up monitoring systems for its water consumption, and has technological systems in place to optimize its processes. The company reports to use the MES programme, a standardized Holistic Monitoring System used to reduce variability and losses, and improve water and quality efficiencies during the process of production

Scope of measures allocated to mitigate water consumption

Measures allocated to mitigating water consumption cover a majority of types of water use:  
 - agricultural practices  
 - industrial water

Means allocated to mitigate water emissions

The company has recycling procedures through 30 plants and three municipal plants for water treatment and has reached 100% recycling of the waste water from operating activities.

Scope of measures allocated to mitigate water emissions

Measures allocated to mitigating water emissions cover a majority of types of water use:  
 - Water used as an ingredient  
 - agricultural practices

Direct water consumption

The company's water consumption, normalised to production (liters/liters), has decreased continuously by 4% over the past three years from 1.80 in 2014 to 1.72 in 2016.

Water discharge

The company does not disclose quantitative data on water discharge.

Wastewater Chemical Oxygen Demand (COD) and Biological Oxygen Demand (BOD)\*

The company does not disclose quantitative data on wastewater chemical oxygen demand (COD).

## Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

*As of 08/2017, Coca-Cola Femsa did not appear to be involved in any controversy related to this sustainability driver*

Leadership	48
Relevance	48

Implementation	53
Means & resources	48
Scope	65

Results	43
Performance	43

ENV2.2 Minimising environmental impacts from energy use

(score: 59, weight: 2)



Relevance of the company's commitment in terms of reducing its energy consumption.

The company has set quantified targets with regard to its energy consumption, but these do not cover the entire group.

*The target is to provide 85% of the manufacturing energy through clean energy in Mexico by 2020 (base year: 2004)*

Relevance of the company's commitment in terms of reducing its related CO2 emissions.

The company has set quantified targets with regard to its related CO2 emissions, and these cover the entire group.

*The target is to reduce by 20% the carbon footprint of the value chain by 2020 (base year: 2010)*

Means allocated.

*The company works to optimize its production processes, in order to reduce its energy consumption. The company monitors its consumption while using optimizing solutions such as the acquisition of the wind power projects, Alternative Energy and Wind Energy Istemena Marena.*

Coverage

The company has taken such measures throughout the company.

Energy consumption

*The company's energy consumption, normalised to production (litres of beverage produced per KWh consumed), has decreased continuously by 7% over the past three years, from 0.88 in 2014 to 0.82 in 2016.*

CO2 emissions linked to energy consumption

Information obtained from the company and public sources regarding CO2 emissions linked to energy consumption is insufficient.

*The company's CO2 emissions linked to energy consumption are disclosed only until 2014.*

Leadership	48	Implementation	79	Results	50
Relevance	48	Means & resources	65	Performance	50
		Coverage	100		

## ENV2.4 Management of atmospheric emissions (deactivated)

This Sustainability Driver is only analyzed for large companies in the Beverage Emerging Market sector. It is therefore not analyzed for this company.



## ENV2.7 Management of environmental impacts from transportation

(deactivated)

This Sustainability Driver is only analysed for large companies in the Beverage Emerging Market sector: it is therefore not analysed for this company.

**ENV3.1 Management of environmental impacts from products' packaging**

(score: 53, weight: 2)



**Relevance of commitment to packaging eco-design** The company commits to address eco-design of packaging in general terms.

**Means allocated to packaging eco-design**

The company has implemented some measures to identify its impacts from products' packaging and integrates some elements of eco-design into its products' packaging:

- Reducing weight: The Company reports that it has implemented measures to lighten PET bottles.
- Increasing the amount of recycled material in packaging: Coca-Cola FEMSA has been increasing the use of recyclable elements in its packaging.
- Increasing the amount of renewable materials in primary packaging: The company has participated in bringing Plant Bottle programme to the market that is the first bottle made of 30% renewable materials .
- Increasing the level of recyclability of packaging: Coca-Cola FEMSA has put in place channels in order to properly handle waste, and has a recycling plant that enable the increase of package recyclability.

**Coverage of measures linked to packaging eco-design**

The company has only taken eco-design measures for a small part of its products' packaging.  
Some measures are reported for PET bottles, however, there is no evidence that a majority of PET bottles are covered

**Share of products whose packaging was eco-designed**

The percentage of renewable recycled PET material in the packaging has increased over the past five years from 4.3% in 2010 to 11.1% in 2014.

<b>Leadership</b>	<b>30</b>	<b>Implementation</b>	<b>30</b>	<b>Results</b>	<b>100</b>
Relevance	30	Means & resources	30	Trends	100
		Coverage	30		

## Human resources

Score: 38

### HRS1.1 Promotion of labour relations

(deactivated)

This Sustainability Driver is only analyzed for large companies in the Beverage Emerging Market sector. It is therefore not analyzed for this company.

**HRS2.3 Responsible management of reorganisations**

(score: 12, weight: 3)



**Relevance of commitment to manage reorganisations responsibly** The company does not disclose any commitment to manage reorganisations responsibly.

**Involvement with employee representatives** The company does not disclose any commitment to inform and consult employee representatives on reorganisations.

**Means allocated to prevent and manage reorganisations** *Information obtained from the company and public sources regarding measures allocated to prevent and manage reorganisations is insufficient.*

**Coverage**

**Result of the company's commitment to manage reorganisations responsibly** The company does not provide any information on the impacts of reorganisations on employment.

**Stakeholders' feedback** A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.  
*As of 06/2017, Coca-Cola Femsa did not appear to be involved in any controversy related to this sustainability driver*

<b>Leadership</b>	0	<b>Implementation</b>	0	<b>Results</b>	35
Relevance	0	Means & resources	0	Performance	35
Ownership	0	Coverage	0		

**HRS2.4 Career management and promotion of employability**

(score: 59, weight: 2)



**Visibility of commitment**

The company makes some general statements promoting career management and training in its Sustainability Report.

**Relevance of commitment**

The company's commitment to promoting career management and training addresses its main responsibilities:

- Anticipate short and long-term employment needs and skill requirements
- Adapt employees' skill sets to their career paths
- Enable the progressive improvement in employees' qualification levels

**Ownership of commitment**

The Head of HR is part of the company's Executive Committee and line managers are evaluated on their performance in terms of human resources management.

**Career management systems**

The company has set up an internal job opportunity marketplace.

**Coverage of career management systems**

These career management systems cover 90% of executives but there is no evidence that they cover also the majority of the company's employees.

**Types of training provided to non-managers**

The training programmes are aimed at adapting employees' skills to the requirements of their current position and also enable them to develop additional skills.

The company reports that employees have access to different learning tools, including virtual courses of FEMSA University, language courses and development of key managerial skills such as leadership and people management.

**Means allocated to training for all employees**

The company has increased the number of training hours per employee by 16% between 2014 to 2016, and now it stands at 1.2h/employee.

**Mobility / turnover**

The monthly employee turnover rate has decreased by 0.5 percentage points between 2014 and 2016 and now stands at 1.7%.

**Training delivered during the year under review**

All the company's employees received training during the year under review.

The company reports that there was a coverage of 94% in training for the year 2016.

Leadership	69	Implementation	48	Results	60
Visibility	30	Means & resources	48	Performance	60
Relevance	65	Scope	65		
Ownership	100	Coverage	30		

**HRS3.2 Improvement of health and safety conditions**

(score: 57, weight: 2)



**Visibility of health & safety commitments**

The company has made a formalised commitment to health and safety issues in its Code of Ethics, and has set up quantitative targets in this regard:

- Achieve a Lost Time Injury Rate (LTIR) of 0.5 per 100 associates by 2020
- Reduce by 20% the general illness absentee rate vs 2010 by 2020
- Zero fatalities from work-related diseases bby 2020

**Relevance of commitment**

The company's commitment only addresses part of its responsibilities:

- Ensure awareness about health and safety issues
- Prevent occupational disease
- Promote well-being

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management. In addition, responsibility for commitments is allocated to a dedicated structure.

In its response to Vigeo Eiris, the company reported employees, including management, administrative and unionized staff are represented in the Occupational Safety and Health committees and subcommittees.

**Means allocated to health and safety**

The company has allocated means to address health and safety issues, including:

- Awareness raising programmes: The company organises a forum " Health Fair" that provides employees with medical services, information and extensive prevention programmes for their families.
- Internal monitoring: the company monitors the number of accidents and fatalities.

**Coverage of health and safety system**

The health and safety measures cover all of the company's employees.

**Means allocated to reduce stress at work**

Information obtained from the company and public sources regarding means allocated to reduce stress is insufficient.

**Coverage of means allocated to reduce stress at work**

**Accident frequency rate**

The rate of total recordable injury has decreased continuously by 69% between 2012 and 2016, to stand at 1.62 in 2016.

**Accident severity rate**

The company reports that its severity rate has decreased continuously from 94.4 in

2012 to 37.8 in 2016.  
Of note, the company reports between 10 and 14 fatalities every year.

## Other health and safety indicators

The company reported to Vigeo Eiris that the occupational disease rate has decreased from 85.5 in 2015 to 77.5 in 2016.

## Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

As of 06/2017, Coca-Cola Femsa did not appear to be involved in any controversy related to this sustainability driver

<b>Leadership</b>	<b>67</b>	<b>Implementation</b>	<b>29</b>	<b>Results</b>	<b>74</b>
Visibility	100	Means & resources	15	Performance	74
Relevance	30	Coverage	50		
Ownership	65				



Human rights

Score: 46

HRT1.1 Respect for human rights standards and prevention of violations

(score: 56, weight: 2)



Visibility of commitment

The company has issued a formalised commitment to respect and promote human rights in society in its Business Code of Conduct.

Relevance of commitment

The company's commitment to respect and promote human rights in society addresses its main responsibilities:  
 - Prevent cruel, inhuman, or degrading treatment caused by private security agents  
 - Prevent complicity in human rights violations

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, the Internal Audit Department is directly involved.

Means allocated

The company has set up a permanent system to ensure the respect and promotion of human rights in society that includes:  
 - Awareness-raising: The company reports that Guidelines on Human Rights directives are communicated through intense awareness raising.  
 - Training programmes for employees: the company reports to provide training on human rights to its employees.  
 - Risk mapping: the company evaluates its suppliers on the fulfillment of human rights laws where the facility operates.  
 - Monitoring and reports on human rights risks and abuses: The HR department and Internal audit are reported to constantly monitor the respect of human rights, and the Reporting system assures a continuous reporting of violations of human rights. Regarding this, the company reports there was no accusations of discrimination against indigenous communities or violation of their human rights.  
 - Internal audits: The internal audit is responsible of regular assessment of Human Rights and compliance with Business Ethics.

Coverage

There is no evidence that high risk countries are covered by such measures.

Scope of measures

These measures cover one of the company's relevant human rights issues:  
 - Prevention of complicity in human rights violations

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

As of 06/2017, Coca-Cola Femsa did not appear to be involved in any controversy related to this sustainability driver

Leadership		Implementation		Results	
Leadership	65	Implementation	39	Results	65
Visibility	65	Means & resources	65	Performance	65
Relevance	65	Scope	30		
Ownership	65	Coverage	0		

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**HRT2.1 Respect for freedom of association and the right to collective bargaining**

(score: 35, weight: 3)



**Visibility of commitment**

The company has made references to freedom of association and the right to collective bargaining in its Sustainability Reort.

**Relevance of commitment**

The company's commitment addresses part of its responsibilities:  
 - Protection of freedom of association and the right to organize  
 - Respect of the right to collective bargaining

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management.

**Monitoring**

It is not clear what steps the company takes to ensure that freedom of association is respected throughout the company's operations (e.g.: through external verification, risk mapping, audits, etc.).

**Coverage**

**Promotion of collective bargaining**

The company has provided employees with some information on their trade union rights through introductory training, contracts, as part of human rights training, etc.  
 The company reports to provide training on freedom of association issues to its employees.

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.  
 As of 06/2017, Coca-Cola Femsa did not appear to be involved in any controversy related to this sustainability driver

<b>Leadership</b>	<b>30</b>	<b>Implementation</b>	<b>9</b>	<b>Results</b>	<b>65</b>
Visibility	30	Means & resources	13	Performance	65
Relevance	30	Coverage	0		
Ownership	30				

**HRT2.4 Non-discrimination**

(score: 59, weight: 1)



**Visibility of commitment**

The company has issued a formalised commitment to non-discrimination in its Business Code of Ethics.

**Relevance of commitment**

The company's commitment to non-discrimination explicitly defines most of the categories covered:

- gender
- race / ethnicity / nationality
- social background
- religion
- sexual orientation
- family responsibilities
- disabilities
- political opinion
- age

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management. In addition, the Internal Audit Department is directly involved.

**Means allocated**

The company has set up significant measures to prevent discrimination and promote diversity:

- Awareness raising: The company reports that an awareness raising programme to promote non-discrimination is conducted.
- Training: The company conducts regular trainings on human rights topics including non-discrimination.
- Monitoring: The Internal Audit Department conducts internal assessments to monitor discrimination cases.
- Confidential reporting system: An email address and phone number are dedicated to confidential reporting through a system called DILO that is known by all collaborators.
- Disciplinary procedures: Coca-Cola Femsa reports that disciplinary measures are taken towards Business Code of Ethics' breakers, which include discrimination cases.

**Coverage**

The confidential reporting system is available in all of the company's sites. However, there is no evidence that the other measures are implemented in the majority of the company's sites.

**Results in terms of gender distribution**

The share of women in management positions has increased but not continuously by 4.6 percentage points from 21% in 2012 to 25.6% in 2016.

## Results in terms of employment of disabled persons

*The share of disabled employees in the total workforce has increased over the past five years by 0.4 percentage points, going from 0.32% of the workforce in 2012 to 0.7% of the workforce in 2016.*

## Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

*As of 06/2017, Coca-Cola Femsa did not appear to be involved in any controversy related to this sustainability driver*

<b>Leadership</b>	<b>65</b>
Visibility	65
Relevance	65
Ownership	65

<b>Implementation</b>	<b>48</b>
Means & resources	65
Coverage	30

<b>Results</b>	<b>65</b>
Performance	65
Trends	65

Community involvement

Score: 42

CIN1.1 Promotion of the social and economic development

(score: 46, weight: 2)



Visibility of the policy

The company has issued a formalized and accessible commitment to promote local social and economic development in its code of ethics.

Relevance of commitment

The company's commitment to promote local social and economic development addresses only part of its responsibilities:  
- Mitigate the impact of operations on the local economy.

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, Internal Audit Department is directly involved.

Means allocated

The company has allocated significant means to address social and economic development, including:  
- Initiatives to support the creation and development of local business: The company reports to provide the possibility for people in the process of reintegration to create their businesses and become a supplier of Coca-Cola Femsa.  
- Education/skills transfers: The company develops different trainings to local communities, in Argentina, Colombia, Brazil and Mexico.  
- Initiatives to not over-exploit water resources: Under the programme Community in Balance, Coca-Cola Femsa reports that it aims to launch projects for sustainable use of water.  
- Support other social development initiatives: Including Health initiatives and environmental activities.

Geographical coverage

These means are allocated in the majority of company sites.  
The measures cover the company's sites in Argentina, Colombia, Brazil and Mexico.

Performance trend of programmes implemented to support social and economic development

The company does not report indicators on social and economic development.

Transparency of tax reporting

The Company does not report any information on taxes paid.

Presence in IMF 'offshore financial centers' and/ or in jurisdictions considered by the OECD as not compliant enough with tax transparency rules

Information on the company's presence in IMF 'offshore financial centres' and/ or jurisdictions considered by the OECD as not compliant enough on tax transparency rules, is not sufficient.

## Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

*As of 08/2017, Coca-Cola Femsa did not appear to be involved in any controversy related to this sustainability driver*

Leadership	51
Visibility	65
Relevance	30
Ownership	65

Implementation	65
Means & resources	65
Coverage	65

Results	22
Performance	30
Trends	0

**CIN2.1 Societal impacts of the company's products**

(score: 32, weight: 3)



**Visibility of the company's policy on preventing and mitigating the negative societal impacts of its products** *The company generally refers to preventing and mitigating the negative societal impacts of its products in its Sustainability Report.*

**Exhaustiveness of the company's policy on preventing and mitigating the negative societal impacts of its products** *The company has a commitment to adapt its products in order to address associated societal problems.*

**Ownership of commitment** *The commitment applies throughout the company, supported by senior management.*

**Measures implemented to prevent and mitigate the negative societal effects linked to its products.** *The company has allocated some measures to prevent and mitigate and negative societal impact of its products:  
- Development of healthier products: the company produced healthier drinks free from sodium.*

**Geographical Coverage** *There is no evidence that the measures are allocated throughout the countries where the company is present.*

**Performance trend of programmes dedicated to address the negative societal impacts of products** *The company does not disclose indicators on the societal impact of its products.*

**Stakeholders' feedback** *A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral  
  
As of 06/2017, Coca-Cola Femsa did not appear to be involved in any controversy related to this sustainability driver*

Leadership	30
Visibility	30
Relevance	30
Ownership	30

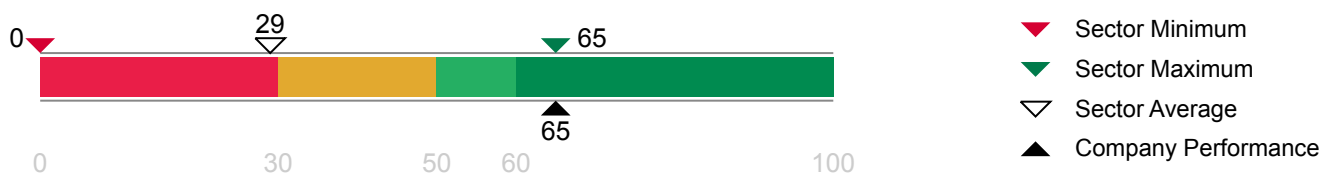
Implementation	30
Means & resources	30
Coverage	30

Results	35
Performance	65
Trends	0



**CIN2.2 Contribution to general interest causes**

(score: 65, weight: 1)



**Relevance of commitment**

The company's commitment to supporting general interest causes addresses some of the relevant issues for the sector:

- Health
- Education
- Vulnerable communities

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management. In addition, other employees are directly involved.

Also the Coca-Cola System is directly engaged and supports many of the activities in the three pillars mentioned before.

**Means allocated**

The company has allocated some means to general interest causes, including:

- In-kind donations: the company has donated sport equipment for the promotion of physical activities.
- Dedicated foundation: the company has set up the FEMSA Foundation for social initiatives.

**Geographical coverage**

There is no evidence that these means are allocated in the majority of company sites.

**Trend in contributions to general interest causes**

The company monitors indicators on contributions to general interest causes, and these have been improving over time.

The company reports 997,949 beneficiaries (509,795 for 2015) for the nutrition and physical activation programmes by the year 2016.

Leadership	65	Implementation	30	Results	100
Relevance	65	Means & resources	30	Trends	100
Ownership	65	Coverage	30		

Business behaviour (C&S)

Score: 40

C&S1.1 Product Safety (process and use)

(score: 46, weight: 3)



Visibility of commitment

The company has made references to product safety in its Sustainability Report.

Relevance of commitment

The company's commitment addresses product safety in line with the HACCP method.

Relevance of the company's policy on transparency regarding the use of nanotechnologies in packaging or in products

It is unclear whether the company is involved in nanotechnologies.

Ownership of commitments

The commitment applies throughout the company, supported by senior management.

Product safety management systems

The company's ISO22000 certification is covering some of the company's plants, which implies the existent and fulfilment of the requirements below:

- application of HACCP method
- sector-specific certification scheme
- internal audits of production processes
- Full traceability of the production chain

Additionally, the systems of the company are certified FSSC 22000, and PAS220.

Coverage

The company has set up such systems throughout the company.

Crisis management system

The company has a system to alert its customers, block further sales and recall products, with full traceability. Moreover the company reviews its production processes based on experience gained from the crisis. The company reports to have a risk management process, which comprises the methodologies to handle incidents and crisis resolution, through which potential risks are permanently being assessed and which responds to the risks and crises that company faces.

Transparency and trends of indicators relative to product safety

The company does not disclose any indicator relative to the outcomes of its product safety policy.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the

company during the period under review: stakeholders' feedback is neutral.

*As of 06/2017, Coca-Cola Femsa did not appear to be involved in any controversy related to this sustainability driver*

Leadership	27
Visibility	30
Relevance	25
Ownership	30

Implementation	77
Means & resources	82
Coverage	65

Results	35
Performance	65
Trends	0

C&S1.2 Information to customers on products

(score: 50, weight: 3)



Visibility of commitment

The company has issued a formalised commitment to adequately inform customers about its products in its Code of Ethics

Relevance of commitment

The company's commitment addresses its main responsibilities:

- Promote responsibility in advertising, marketing and communication.
- Ensure transparent labelling of products.
- Ensure labelling of products linked to guidelines on daily allowance (e.g. GDA or RDA)
- Refrain from targeting children and adolescents in promotional activities

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

Systems to provide information to customers on product content

The company has set up both passive and active information systems to ensure customers are aware of product content:

- Transparent labelling of products on content information: The company reports that it reports the content of their beverages following the GDAs.
- Awareness raising initiatives about product content and labelling: The company supports campaigns that teaches consumers to read nutritional labeling carefully.

Responsible marketing and commercial practices

Information obtained from the company and public sources regarding responsibility in marketing and commercial practices is insufficient.

Coverage of responsible marketing and commercial practices

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

As of 06/2017, Coca-Cola Femsa did not appear to be involved in any controversy related to this sustainability driver

Leadership	58	Implementation	26	Results	65
Visibility	65	Means & resources	37	Performance	65
Relevance	65	Coverage	0		
Ownership	30				

C&S2.2 Sustainable Relationships with suppliers

(score: 24, weight: 2)



Visibility of commitment

The company has issued a formalised commitment to establish sustainable relationships with its suppliers in its Business Code of Conduct.

Relevance of commitment

The company commits to minimal obligations towards its suppliers:  
 - Uphold its contractual obligations  
 - Implement constant dialogue with suppliers

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

Measures established to manage supplier relations

Information obtained from company and public sources regarding measures established to manage sustainable supplier relations is insufficient.

Coverage

Transparency and trends of indicators relative to the outcomes of the company's commitment to ensure balanced and sustainable relations with suppliers

The company does not disclose any indicator relative to the outcomes of its commitment to ensure balanced and sustainable relations with suppliers.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

As of 06/2017, Coca-Cola Femsa did not appear to be involved in any controversy related to this sustainability driver

<b>Leadership</b>	<b>37</b>
Visibility	65
Relevance	30
Ownership	30

<b>Implementation</b>	<b>0</b>
Means & resources	0
Coverage	0

<b>Results</b>	<b>35</b>
Performance	65
Trends	0

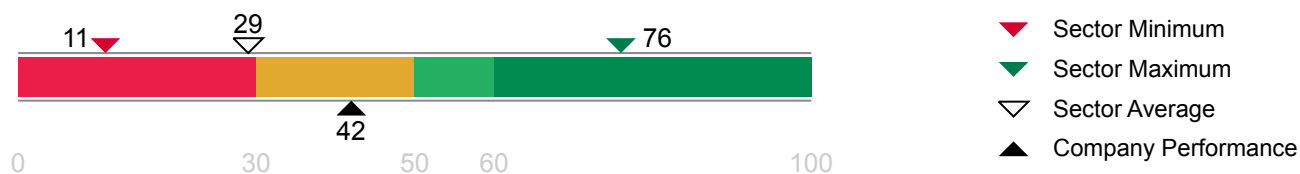
## C&S2.3 Integration of environmental factors in the supply chain

(deactivated)

This Sustainability Driver is only analyzed for large companies in the Beverage Emerging Market sector. It is therefore not analyzed for this company.

C&S2.4 Integration of labour standards in the supply chain

(score: 42, weight: 3)



Visibility of commitment

The company has issued a formalised commitment to including labour standards in supply chain management in its Supplier Guiding Principles.

Relevance of commitment

The company's labour requirements for suppliers address all the relevant issues in the sector:

- Freedom of association and right to collective bargaining
- Abolition of child labour
- Abolition of forced labour
- Non-discrimination
- Health and Safety
- Decent wages
- Working hours
- Human Rights

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

Means allocated to include labour factors in supply chain management

The company has set up awareness-raising measures to address labour standards in its supply chain:

- Communication of labour requirements to suppliers: the company has set a supplier guiding principles for its suppliers to follow.

Coverage

In its response to Vigeo Eiris, the company reported that the measures implemented cover the company's main suppliers.

Audits of suppliers

Dedicated labour audits are carried out by internal auditors.

In 2016, Coca-cola FEMSA evaluated the compliance with human rights policy of the company for 29% of the suppliers' plants.

Share of corrective measures / problems uncovered

The company does not disclose quantitative data on the share of labour problems in the supply chain that were addressed by corrective measures.

Stakeholders' feedback

A review of stakeholders' sources revealed that the Company is involved in isolated controversies of minor severity

As of 06/2017, Coca-Cola Femsa was involved in 1 controversy

- Case 1 (21/03/2017): Children allegedly working in poor conditions as garbage

*pickers at Coca-Cola's Mexican recycling plant*

*A complete analysis of the severity of each case mentioned is available in Vigeo Controversy Product.*

## Company's responsiveness

Overall, the company is non-communicative

*For each of the above mentioned cases, Coca-Cola Femsa's response is considered:*

*- case 1: The company is non communicative: the company denies the facts without further explanations or only provides vague and general statements on the case*

*The analysis of Coca-Cola Femsa management of each case is available in Vigeo's controversy profile.*

<b>Leadership</b>	<b>74</b>
Visibility	65
Relevance	100
Ownership	30

<b>Implementation</b>	<b>41</b>
Means & resources	30
Coverage	65

<b>Results</b>	<b>10</b>
Performance	10



C&S3.1 Prevention of corruption

(score: 54, weight: 2)



Visibility of commitment

The company has issued a formalised commitment to preventing corruption in its Business Code of Ethics.

Relevance of commitment

The company's commitment to preventing corruption addresses its main responsibilities:

- giving and receiving bribes
- Gifts and invitations
- Extortion
- Conflicts of interest
- Illegal financing of political parties

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, Internal Audit Department is directly involved.

Involvement of employees

The company has instituted formal training programmes for relevant employees on corruption prevention.

Moreover, employees are required to sign annual statements of compliance linked to corruption.

Of note, 2% of the entire 2.47 million hours of training were in ethics topics.

Means allocated

The company has set up internal controls to prevent corruption, including a confidential reporting system, that include:

- Dedicated confidential hotline or email address: it is possible to report either by mail or by phone.
- The possibility to contact internal audit, legal or compliance departments directly & confidentially: The company has installed a reporting system ( DILO ), which enables reporting to audit department.
- Internal audits: The company reports that internal auditing has to evaluate the compliance with the provisions of the Business Code of Ethics.

Coverage

The measures implemented cover all significant parts of the company as well as sales agents.

The company reports that its measures are covering all its employees.

Reporting

The company does not disclose any quantitative data on the number or nature of corruption incidents reported internally.

## Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

*As of 06/2017, Coca-Cola Femsa did not appear to be involved in any controversy related to this sustainability driver*

<b>Leadership</b>	<b>65</b>
Visibility	65
Relevance	65
Ownership	65

<b>Implementation</b>	<b>53</b>
Means & resources	48
Coverage	65

<b>Results</b>	<b>43</b>
Performance	43

## C&S3.2 Prevention of anti-competitive practices

(deactivated)

This Sustainability Driver is only analyzed for large companies in the Beverage Emerging Market sector. It is therefore not analyzed for this company.

**C&S3.3 Transparency and integrity of influence strategies and practices**

(score: 12, weight: 2)



**Visibility towards stakeholders**

The visibility of the company's commitment to ensuring transparency and integrity of lobbying practices is insufficient.

**Comprehensiveness of the commitment**

**Ownership of commitment**

**Involvement of employees**

Information regarding the involvement of employees in ensuring transparency and integrity of lobbying practices is insufficient.

**Measures allocated**

*Information regarding measure allocated to ensure transparency and integrity of lobbying practices is insufficient.*

**Coverage**

**Reporting**

The company does not disclose the budget directly and indirectly dedicated to lobbying practices.

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

*As of 06/2017, Coca-Cola Femsa did not appear to be involved in any controversy related to this sustainability driver*

<b>Leadership</b>	<b>0</b>
Visibility	0
Relevance	0
Ownership	0

<b>Implementation</b>	<b>0</b>
Means & resources	0
Coverage	0

<b>Results</b>	<b>35</b>
Performance	35

Corporate governance

Score: 34

CGV1.1 Board of Directors

(score: 42, weight: 3)



[LISTED COMPANIES] Existence and independence of Nomination Committee

Information disclosed on this subject is insufficient or not relevant.

Independence of the Board Chairman

The roles of Chairman and CEO are separated, but the chairman is not considered independent.

Responsibility allocated over CSR issues

Information on the responsibilities allocated over CSR issues is insufficient.

Share of independent shareholder-elected Board members

The Board is between 21 and 33% independent, which is less than the recommended level. Seven members of the 22-member Board are considered independent.

Diversity of the skills and backgrounds of the Board

The Board of Directors diversity appears to be partial:  
 - Board members with demonstrated professional experience in the company's sector of activities: There are board members with experience in the beverage and consumer industries.  
 - Board members with demonstrated expertise on CSR issues: There are board members with experience regarding foundations, human resources, community and environmental aspects.

Training and expertise provided to board members

Information obtained from company and public sources regarding training provided to board members is insufficient.

Regular election of Board members

Board members are eligible for re-election following 1-year terms.

Evaluation of Board's functioning and performance

Information obtained from company and public sources regarding the evaluation of board functioning and performance is insufficient.

Review of CSR issues at Board meeting

Most of the relevant CSR issues for the company are discussed at Board level. The company reports to discuss its progress in sustainability strategy and risk topics in all of its board meetings. This would include the next topics:  
 - water  
 - Biodiversity  
 - Fundamental human rights

- Product safety

**Regularity of and attendance at Board meetings**

Regular meetings are held, and attendance rates are disclosed, but these are below 90%.

*Four Board meetings were held during the last fiscal (ending on December 31, 2016) year with an 80% attendance rate.*

Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	> 9 years on Board	Stock options	Paid>1/2 executive salary	Represent>3% company's shares	Other	Independency
Jose Fernandez	Chairman of the board		X					X	X					
Carlos Salazar		X							X			X		
Miguel Padilla	Chief financial officer	X												
Javier Astaburuaga S			X											X
Federico Reyes			X					X	X			X		
Jhon Santa María	CEO	X												
Paulina Lagüera			X											X
Ricardo Guajardo			X					X						
Alfonso González			X			X								X
Enrique Hernández			X						X			X		
Luis Rubio			X											X
Daniel Servitje			X					X	X					
José Luis Cutrale			X					X	X					
José Reyes			X											X
Irial Finan			X						X			X		
Charles McTier			X			X		X						
Brian Smith			X											X
Bárbara Lagüera			X						X					
Herman Fleishman Cah			X					X						
José Canal	chairman of the Audit Committee		X			X			X					
Francisco Zambrano R			X			X		X	X					
Carlos Aldrete			X											X

**CGV2.1 Audit & Internal Controls**

(score: 53, weight: 2)



**[LISTED COMPANIES] Existence and independence of Audit Committee**

No executive is a member of the committee, but half or fewer are independent.  
One member of the four-member Audit Committee is considered independent.

**Skills and backgrounds of Audit Committee members**

Members appear to have financial and/or audit experience and relevant operational experience.

**Operational and CSR risks covered by the company's internal controls system**

The internal control system covers the standard issues related to financial, operational, and legal risks. In addition, the system covers some of the CSR risks inherent to the company's business operations.  
- Water: The internal control system covers the risk of water scarcity or failure to maintain the current water concessions.

**Role of the Audit Committee in overseeing internal and external controls**

The Audit Committee has a comprehensive role that includes:

- Oversee internal audit and internal controls
- Review accounting policies and be responsible for updates
- Nominate the statutory auditor
- Oversee the work of the external auditor
- Approve the type of audit and non-audit services provided and fees paid to the external auditor

**Management of the CSR risks**

Although the company has set up some measures, it has not gone beyond that to integrate CSR risks in its overall strategy.  
- Risk mapping: The company monitors the risk of water scarcity or failure to maintain the current water concessions.

**Independence of the firm's external auditors**

The audit firm receives non-audit fees, but these represent only 25% or less of total fees.  
Non-audit fees represented 24.2% of total fees paid to Ernst & Young in 2016 (1.4 for 2015 fiscal year).

**Inclusion of CSR issues in the company's reporting**

The company publishes significant CSR reporting on key material issues, with an independent third party assessment of the reliability of key performance indicators, with limited/moderate level of the assurance.  
The company publishes significant CSR reporting on key material issues, with an

*independent third party assessment of the reliability of key performance indicators, with limited level of the assurance.*

## Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

*As of 07/2017, Coca-Cola Femsa did not appear to be involved in any controversy related to this sustainability driver*



CGV3.1 Shareholders

(score: 22, weight: 2)



**Nonexistence of voting rights restrictions**

Major voting rights restrictions have been identified.

Holders of Series L shares, may elect up to three of the 21 directors and are only entitled to vote on specific matters, including certain changes to the corporate form, mergers involving the company when Coca-Cola Femsa is the merged entity or when the principal corporate purpose of the merged entity is not related to corporate purpose of the company. In addition, holders of ADSs, that are listed in New York Stock Exchange, may not be able to vote and may not receive notice of shareholder meetings in sufficient time to enable such holders to return voting instructions to the American Depositary Shares in a timely manner.

**Safeguards on transactions with major shareholder(s)**

No safeguards appear to be in place, which might raise concerns with regard to the fairness of any such transaction.

The company reports that Coca-Cola Company and FEMSA have substantial influence on the conduct of the company business, which may result in taking actions contrary to the interests of remaining shareholders.

**Ability to add items to the agenda of the AGM and to convene an EGM**

No major restrictions have been identified.

**Access to voting at General Meetings**

There are no major restrictions on shareholders' ability to vote, however there is no possibility of voting through online services.

**Ability to vote on relevant issues in separate resolutions at AGM**

Information obtained from company and public sources, regarding which items are customarily put to a vote at the AGM, is insufficient.

**Presentation of CSR strategy to shareholders and investors**

Information disclosed from the entity and public sources regarding the presentation of CSR strategy to shareholders and investors is insufficient.

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

As of 07/2017, Coca-Cola Femsa did not appear to be involved in any controversy related to this sustainability driver

CGV4.1 Executive Remuneration

(score: 16, weight: 2)



No executive is a member of the committee, but half or fewer are independent.

**[LISTED COMPANIES] Existence and independence of Remuneration Committee**

The company has put in place " Corporate Practices Committee" that approves the CEO and relevant officers' compensation. One member of the four-member Corporate Practices Committee is considered independent. Of note, There are two board members that are not board directors.

**Disclosure of senior executives' individual remuneration**

Executive remuneration is disclosed, but on a collective rather than on an individual basis.

**Link between Short Term Incentive Plans and the performance of the company**

Bonuses are linked to predetermined and disclosed economic or operational performance indicators. However the actual quantified targets are not disclosed. The quantitative objectives represent approximately 50% of the bonus and are based on the Economic Value Added ("EVA") methodology.

**Link between the main Long Term Incentive Plan and the performance of the company**

Long-term incentives are linked to performance conditions, but quantified targets are not disclosed. The company has a stock incentive plan for the benefit of its executive officers based on the Economic Value Added methodology (EVA).

**Link between variable remuneration and CSR performance of the company**

There is no disclosure on the links between variable remuneration of executive and the CSR performance of the company. Of note, the company reports that this information is confidential but that it considers business objectives and CSR performance.

**Severance pay for senior executives**

Information obtained from company and public sources regarding severance pay for senior executives is insufficient.

**Evolution of CEO-to-employee compensation ratio**

Information obtained from company and public sources regarding the compensation of CEO and the average employee salary is insufficient.

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

As of 07/2017, Coca-Cola Femsa did not appear to be involved in any controversy related to this sustainability driver

## Detailed Scores and Ratings

## CURRENT AND PREVIOUS RATINGS

Period	Environment	Human resources	Human rights	Community involvement	Business behaviour (C&S)	Corporate governance
2017/09	++	+	+	+	+	+
2015/09	++	+	++	+	+	=
2014/08	+	-	++	+	+	+

## SCORES PER DOMAIN

Domain	Average Score	Leadership	Implementation	Results
Environment	60	66	54	41
Human resources	38	39	22	53
Human rights	46	48	26	65
Community involvement	42	43	42	42
Business behaviour (C&S)	40	45	36	37
Corporate governance	34	21	29	52

## SCORES PER CRITERIA

Sub-domain	Criterion	Score
Environment 1	1	85
	4	53
Environment 2	1	48
	2	59
	4	N/A
Environment 3	7	N/A
	1	53

Sub-domain	Criterion	Score
Human resources 1	1	N/A
Human resources 2	3	12
	4	59
Human resources 3	2	57

Sub-domain	Criterion	Score
Human rights 1	1	56
Human rights 2	1	35
	4	59

Sub-domain	Criterion	Score
Community involvement 1	1	46
	1	32
Community involvement 2	2	65

Sub-domain	Criterion	Score
Business behaviour (C&S) 1	1	46
	2	50
Business behaviour (C&S) 2	2	24
	3	N/A
Business behaviour (C&S) 3	4	42
	1	54
Business behaviour (C&S) 3	2	N/A
	3	12

Sub-domain	Criterion	Score
Corporate governance 1	1	42
Corporate governance 2	1	53
Corporate governance 3	1	22
Corporate governance 4	1	16

## Contacts

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## Overview of the latest updates

Date of the latest update	Information updated
2018/07	Carbon & Energy Transition
2017/09	Sustainable Goods & Services
2017/09	<b>Full ESG profile</b>