

Build a Portfolio for
Every Occasion

Drive Overall Digital
Transformation

Ensure Business
Sustainability

Foster a Collaborative
Culture

OUR STRATEGIC PRIORITIES



BUILD A PORTFOLIO FOR EVERY OCCASION



Driven by our obsessive focus on our consumers and customers, we are consolidating a leading total beverage portfolio with options for every consumer taste and lifestyle, while promoting healthy habits—prioritizing the safety and wellbeing of our employees, customers, consumers, and communities throughout the course of the COVID-19 pandemic.



CONSUMER-CENTRIC PORTFOLIO

Our strategy aims to build a winning consumer-centric portfolio for every occasion by leveraging affordability to drive sustainable sparkling beverage growth; capturing new consumption occasions and preferences through portfolio innovation; and consolidating our market leadership in emerging beverage categories, such as hydration, nutrition, and energy, while exploring new categories with discipline.

Our customers and consumers are at the center of everything we do. By deeply understanding their changing tastes and buying habits, we act faster than competitors to adapt our portfolio, product promotion, and packaging to evolving consumer behavior.

38.8%

of our brands are
low- and no-sugar
beverages

By deeply understanding our shoppers and consumers' changing tastes and buying habits, we act faster than our competitors to adapt our portfolio to satisfy their everchanging needs.



BRAZIL

SUCCESS STORIES

FULFILLING CONSUMERS' ESSENTIAL NEEDS

To fulfill our Brazilian consumers' essential needs, we leveraged our market coverage to expand our compelling cross-category combos of Brazilian food staples products—such as rice, beans, and pasta—with our core sparkling beverage brands across the modern trade channel. Because of these succesful actions, we have rolled out a specific end of year promotion, in which buying a 2-liters Coca-Cola and a turkey, the consumer would get a 2-liters Fanta for free.



MEXICO

SCALING DIGITAL CONSUMER EXPERIENCE

As consumers reshape their online purchasing patterns and preferences, we're accelerating our growth and first mover advantage across the digital channel, from pure players to grocery and food aggregators to e-retailers. In Mexico, we scaled our digital consumer experience—including a growing array of convenient single-serve multipacks—to generate revenue growth of 137% across the digital trade channel year over year.

EXPANDING CONVENIENT HOME DELIVERY

As at-home consumption occasions and preferences change, we continue to expand our home delivery routes, while broadening our portfolio strategies and promotions, to serve the evolving needs of more than 550 thousand households across Mexico City. Thanks to our increasing routes, technological advancements, and portfolio initiatives, we generated 20% total portfolio revenue growth in the home delivery channel—led by a 30.0% increase in our non-jug-water portfolio—in Mexico City this year.

LEVERAGE AFFORDABILITY TO DRIVE SUSTAINABLE SPARKLING BEVERAGE GROWTH

Throughout the year, affordability remained an important engine for our sparkling beverage growth. Our agile affordable packaging strategies gained even greater relevance as our cost-conscious consumers adapted their purchasing patterns and preferences across our operating countries.



2.8%
volume growth in our
sparkling beverage
category in Brazil
year over year



BRAZIL

CAPTURING GROWTH AND MARKET SHARE GAINS

Through our multi-serve returnable affordability strategy, we captured market share gains and consolidated our competitive advantage across the sparkling beverage category—achieving more than 19% growth in our returnable 2-liter presentations. This year, we continued to capitalize on the increasing popularity of our convenient, affordable dual packs of Coke and our core flavored sparkling beverage brands in our 2-liter, family-size, non-returnable presentations. Harnessing the power of brand Coca-Cola to increase our competitive position in flavors, our dual packs volume grew over 130% year over year, while capturing our share of sales at our points of sale across the modern and traditional trade channels.

SUCCESS STORIES

MEXICO

EXPANDING AFFORDABLE PORTFOLIO

In Mexico, our portfolio of affordable multi-serve returnable presentations continued to gain ground in an exceptionally challenging consumer environment, achieving 15% volume growth and 3.8% share of sales growth in the traditional trade channel. Among our strategic initiatives, we began to roll out our multi-serve returnable presentations beyond the traditional trade channel to the modern trade channel, including approximately 100 supermarkets across the country. In Mexico City, we further launched a new affordable 1.35-liter one-way PET presentation of brand Coca-Cola at 20 pesos and our flavored sparkling brands at 15 pesos in the traditional trade channel.



LATAM & MX

ARGENTINA & CENTRAL AMERICA: GROWING AFFORDABILITY IN THE MIX

To regain share and reconnect with our consumers, we reshaped our portfolio to include a growing proportion of affordable, family-size returnable presentations in Argentina and Central America. By the end of 2020, our mix of refillable multi-serve presentations increased to almost 9% of our portfolio in Argentina, 18% of our portfolio in Cost Rica, over 6% of our portfolio in Guatemala, and nearly 10% of our portfolio in Nicaragua. Indeed, thanks to our market segmentation strategy, we were able to offer the right product at the right price across diverse socioeconomic segments of our Argentina franchise territory.

ARGENTINA, COLOMBIA, MEXICO & URUGUAY: LAUNCHING UNIVERSAL BOTTLE

This year, we successfully launched our new universal multi-serve returnable PET bottle in Argentina, Colombia, Mexico, and Uruguay. Expanding our returnable reach beyond brand Coca-Cola, this transformational bottling technology enables us to launch returnable PET presentations of our flavored sparkling beverage, juice, and tea brands to compete more effectively and profitably in the market. During 2020, we launched our 2.5-liter universal returnable bottle for almost 10 of our flavored sparkling beverages and juices in the Valley of Mexico, with almost 50% of our sales coming from our Mundet and Valle Frut brands. Similarly, we rolled out our 1-liter universal returnable bottle for our core Coca-Cola, Fanta, and Sprite brands across the traditional trade channel in Argentina, Colombia, and Uruguay.

CAPTURE NEW CONSUMPTION OCCASIONS THROUGH PORTFOLIO INNOVATION

Through ongoing portfolio innovation, we continue to focus on improving our competitive position and capturing the most value from our sparkling beverage brands by closely aligning our portfolio with consumers' tastes and preferences. Among our initiatives, we continue to drive the development of our no- and low-sugar portfolio of sparkling beverages to satisfy and stimulate demand for our products, while adapting our portfolio to evolving consumer behavior.

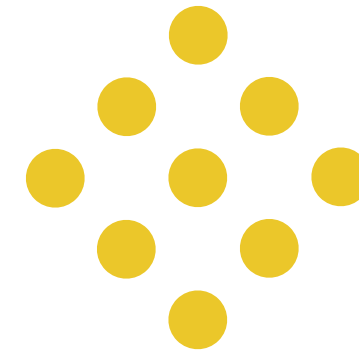
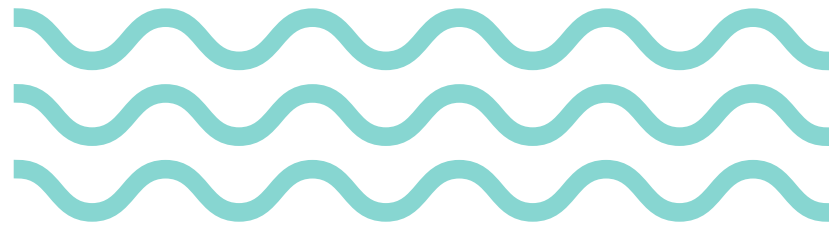


1.2%

Growth in our colas
category in South
America year over year



SUCCESS STORIES



BRAZIL

BUILDING ON THE POPULARITY OF COCA-COLA SEM AÇÚCAR

This year, we managed to build on the popularity of Coca-Cola Sem Açúcar through our attractive 2-liter multi-serve presentation across our Brazilian franchise territories, despite the challenges faced by the on-premise channel due to COVID-19. Driven by our unmatched market execution, this convenient and affordable consumer choice generated 6.4% volume growth on sales of 31.8 million unit cases for the year.

MX & LATAM

MEXICO, CENTRAL AMERICA & SOUTH AMERICA: NEW FORMULA OFFERS GREAT TASTE, LESS SUGAR

This year, we continued the rollout of our original Coca-Cola and flavored sparkling beverage brand recipes with reduced sugar content across our Argentina, Central America, Colombia, and Mexico franchise territories. In Mexico, we finished the rollout of our original brand recipes with reduced sugar content across our portfolio of multi-serve one-way presentations, while we're wrapping up our rollout of these innovative new brand formulas across our multi-serve returnable presentations.

URUGUAY

REFRESHING, SUGAR-FREE SCHWEPPES GRAPEFRUIT SPURS CATEGORY GROWTH

Building on our successful launch of sugar-free Schweppes naturally flavored grapefruit sparkling soda, we not only gained market share, but also expanded the country's no-sugar beverage category. Thanks to the popularity of this refreshing sugar-free alternative, coupled with our superior market execution, we significantly increased our share of sales in Uruguay's sparkling beverage category, while achieving market leadership in the country's no-sugar beverage category.

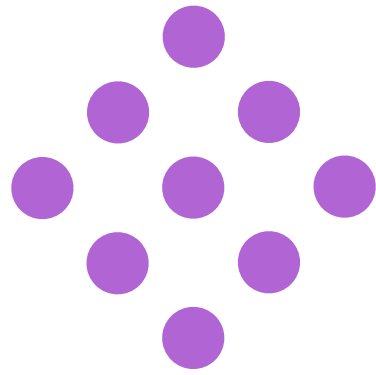
CAPITALIZE ON EMERGING BEVERAGE CATEGORIES

We continue to capture market share across emerging beverage categories—from hydration to nutrition, and energy—while exploring new categories with discipline. Among our strategies we continue to grow our innovative water portfolio to refresh and rehydrate our consumers throughout their day, while developing our broader portfolio to seize value share leadership across the still beverage category.

Successful launch of **Topo Chico Hard Seltzer**, the Coca-Cola system's entry into the alcoholic ready-to-drink space in Latin America



SUCCESS STORIES



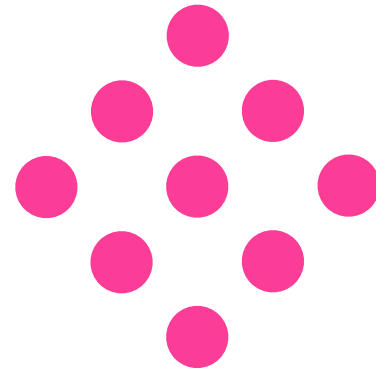
COLOMBIA

CARBONATE SOFT DRINKS & JUICES GROWTH, DRIVEN BY NEW CLIENT ACQUISITION PLANS AND AVAILABILITY INITIATIVES

In Colombia, we gained market share and achieved volume growth in Carbonate Soft Drinks by increasing the number of clients served and improving point of sales execution. We continued satisfying a growing demand for refreshing juice beverages through the launch of Del Valle new flavors in order to complement our existing portfolio. During this year portfolio expansion among other strategic initiatives were key to reach record number of customers, which enhanced our competitive position in the country's challenging juice environment.



MEXICO



LAUNCHING PREMIUM SPARKLING MINERAL WATER

The power of portfolio innovation and expansion is exemplified by our successful launch of Topo Chico brand sparkling mineral water in Mexico. Already growing at an impressive pace, this naturally sourced mineral water complements our portfolio as a superb premium offering. After its launch in the modern trade channel in early 2020, we're expanding Topo Chico mineral water's rollout to the traditional trade channel. We're further capitalizing on Topo Chico's brand strength in Mexico with our recent launch of Topo Chico Twist with lemon and grapefruit flavored sparkling water during the fourth quarter.



CONTINUING NUTRITIOUS DAIRY GROWTH

This year, we continued to accelerate growth across the value-added dairy category. Under our joint venture with The Coca-Cola Company, we satisfied growing consumer demand for our portfolio of wholesome Santa Clara brand UHT whole milk, specialized milk, and flavored milk products. Thanks to our efforts, we increased our volume growth by almost 20% year over year across the traditional trade channel.

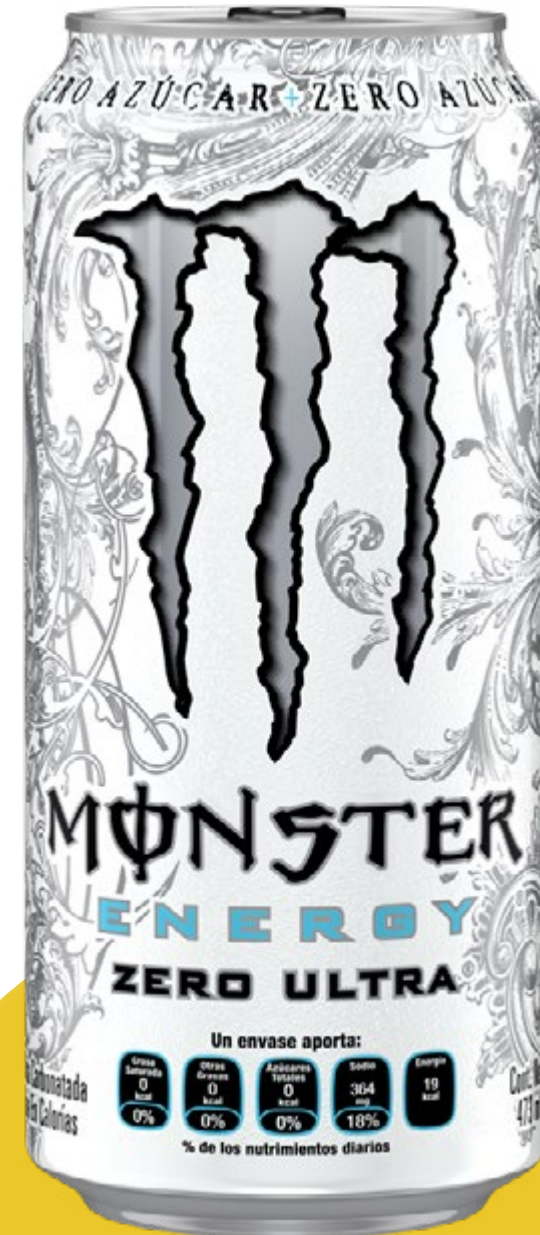


BRAZIL & MEXICO: ENERGIZING GROWTH AND LEADERSHIP

Bolstered by our popular Monster brand, we have become Brazil's energy category leader in volume and share of sales—both important industry benchmarks. Moreover, in Mexico, we have successfully launched Predator, a more affordable value brand from the Monster family, which complements our energy portfolio across sales channels, while enabling us to capture significant incremental share of sales in this attractive, emerging beverage category.

MEXICO & COSTA RICA: INTRODUCING TOPO CHICO HARD SELTZER

This year, together with the Coca-Cola system, we took our first step into the alcoholic ready-to-drink space with the launch of Topo Chico Hard Seltzer across selected cities in Mexico and full country Costa Rica. Currently available in three tantalizing flavors—Tangy Lemon Lime, Pineapple Twist, and Strawberry Guava—this brand is primarily focused on convenience stores and the modern trade channel. We are excited for the growth potential that this new category represents for the system.



BRAZIL

CAPITALIZING ON THREE-TIER WATER STRATEGY

We continued to build on our three-tier water strategy to increase our share of sales across our Brazilian franchise territories. In the mainstream water segment, we repositioned our Crystal mineral water brand with a sustainability edge by rolling out our 100% recycled blue PET bottles across the traditional and modern trade channels. In the enhanced water segment, we continued to capitalize on the momentum of our naturally flavored Crystal sparkling water, achieving double-digit volume growth year over year. We further navigated an exceptionally challenging environment for our premium Smartwater brand. As a result of this strategy, we significantly grew our share of sales across the country's emerging water category.

TANTALIZING TEA GROWTH

We capitalized on our reformulated portfolio to cater to our Brazilian consumers' growing demand for refreshing teas. Strategically, the combination of our new cold-fill formula together with the rollout of GuaraLeão and Green Tea enabled us to increase our share of sales by over 7.3 pp for the year, significantly expanding our share of this fast-growing beverage category.

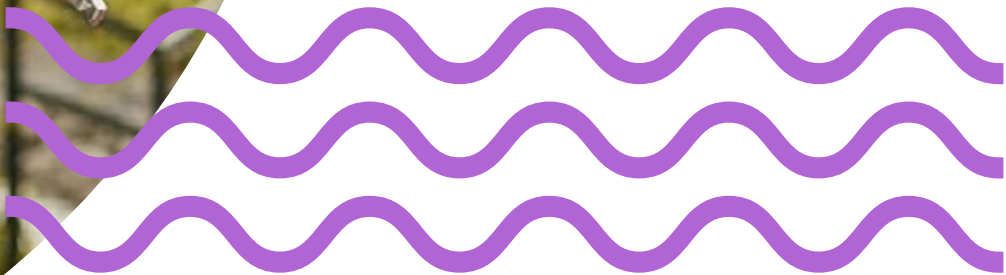
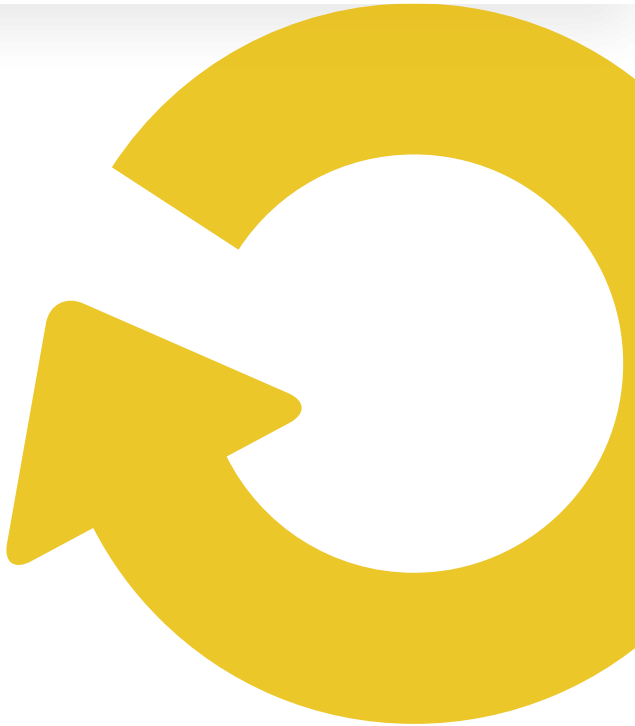




7.2 MILLION
people benefited
with our nutrition and
physical activation
programs and
initiatives.

HEALTHY HABITS

As leaders in the beverage industry, we continue to meet the changing lifestyles of our consumers and the communities we serve. Among our actions, we carry on driving the development of our low- or no-sugar portfolio across our markets ahead of consumer demand. We also strive to promote healthy habits in our communities through multi-sector coalitions and local initiatives focused on fostering healthy habits, proper nutrition, and physical activity.



**Surpassing our
2020 goal by 2
million people**

PRIORITIZING CUSTOMER & CONSUMER SAFETY

Through the “Mi tienda segura” (My safe store) program, we helped more than 50 thousand of our most vulnerable customers to reopen safely by extending protective measures, promotions and commercial initiatives.

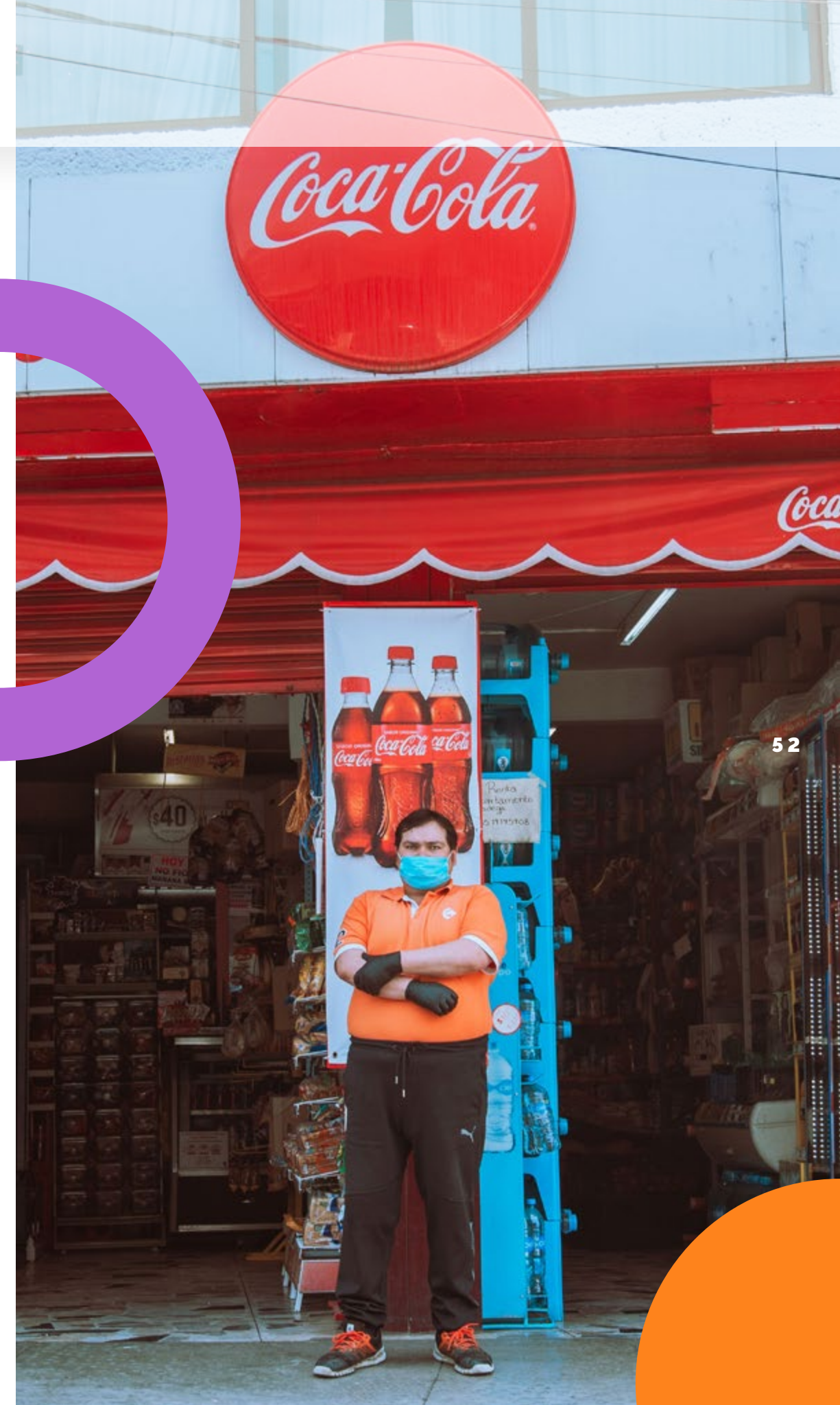
Aligned with our DNA, we obsessively focus on our customers and consumers. Accordingly, throughout the course of the COVID-19 pandemic, we continue to concentrate on their needs, their safety, and their wellbeing, providing them with the best service and assuring their health and economic security, while emphasizing that our commitment to healthcare flows in both directions.

To this end, we strengthened our health protocols and activated initiatives for proportional protection that enable our customers to offer essential consumer products to our communities. Notably, our digital initiatives—from our omnichannel platforms to our digital route-to-market models—enabled us to maintain frequent

contact with our customers while reducing physical exposure, ensuring our clients could remain open for business in a safe and healthy way.

Through the “Mi tienda segura” (My safe store) program, we helped more than 50 thousand of our most vulnerable customers to reopen safely by extending protective measures, promotions and commercial initiatives. Among our initiatives, we

displayed COVID-19 Warning Alert Banners on our delivery trucks; we printed 28 million labels with prevention messages; and we delivered 26 thousand protective screens, masks and safety kits to our clients in the traditional trade channel—helping them to keep their doors open and to provide basic consumer goods to families in the region.



RESPONSIBLE MARKETING

At Coca-Cola FEMSA, our consumers are at the center of our decisions and actions. Therefore, transparency, fact-based information, and a high sense of responsibility are the guiding principles for our marketing practices.

01 Informed nutritional decisions

To enable our consumers to make healthy informed choices across every one of our operations, our upfront product labels include clear, easy-to-find nutritional content information, including the nutrients, fats, sugar, and sodium in each of our products. Our nutritional labeling strategy is based on providing consumers with clear and complete information in full compliance with applicable regulations in each of the countries we serve. Our aim is to ensure that our consumers are provided with high-quality information; therefore, we are always willing to take part in any regulatory changes. Importantly, during 2020, we adopted a new labeling model and nutrient profile according to changes in regulation in Mexico.



02 Responsible marketing


As part of our commitment to the well-being of our consumers, our advertising adheres to The Coca-Cola Company's Responsible Marketing Policy and Global School Beverage Guidelines. For instance, as part of the Coca-Cola system, we diligently follow and enforce The Coca-Cola Company's Responsible Marketing Policy, and we do not market products in channels with an audience predominantly of children under 12. In this and other ways, we underscore our devotion to the healthy habits of our consumers.

03 Highest quality

Our production processes fulfill the highest quality standards; our ingredients comply with each of our operations' local regulations and international standards of other regulatory agencies, including CODEX, FDA, JEFCA, and EFSA. Our processes are performed in state-of-the-art bottling facilities within the global beverage industry—all FSSC 22000 certified—thus guaranteeing only the best quality products for our consumers.



DRIVE OVERALL DIGITAL TRANSFORMATION



Our vision is to develop a fully digital, interconnected, agile, and flexible customer- and consumer-centric platform—deploying capabilities across our commercial, supply chain, finance, and human resources functions.



COMMERCIAL

Aligned with our vision, our Commercial Center of Excellence enhances our company's commercial processes, while strengthening our commercial capabilities:

- **Market segmentation.** To provide the best value proposition to our customers, shoppers, and consumers.
- **Revenue growth management,** including our portfolio, pricing, and promotions.
- **Demand planning.** To guarantee fulfillment of our products in the markets we serve.
- **Commercial execution.** To ensure our product portfolio is presented in the best way possible to shoppers.
- **Route-to-market.** To better serve our customers in the most efficient and profitable way according to their service needs.

To further develop our commercial capabilities, over the course of the year, we focused on three digital priorities:



- **Customer service and engagement.** To build strong, long-standing relationships with our customers.
- **Commercial analytics and data management.** To generate powerful insights and transform them into winning strategies.
- **Digital technologies and enablers.** To develop the most innovative, cutting-edge solutions to support our operations and enhance our customer and consumer's experience.



01

advanced commercial analytics platform



02

business-to-business (B2B) and business-to-consumer (B2C) commercial platforms




03

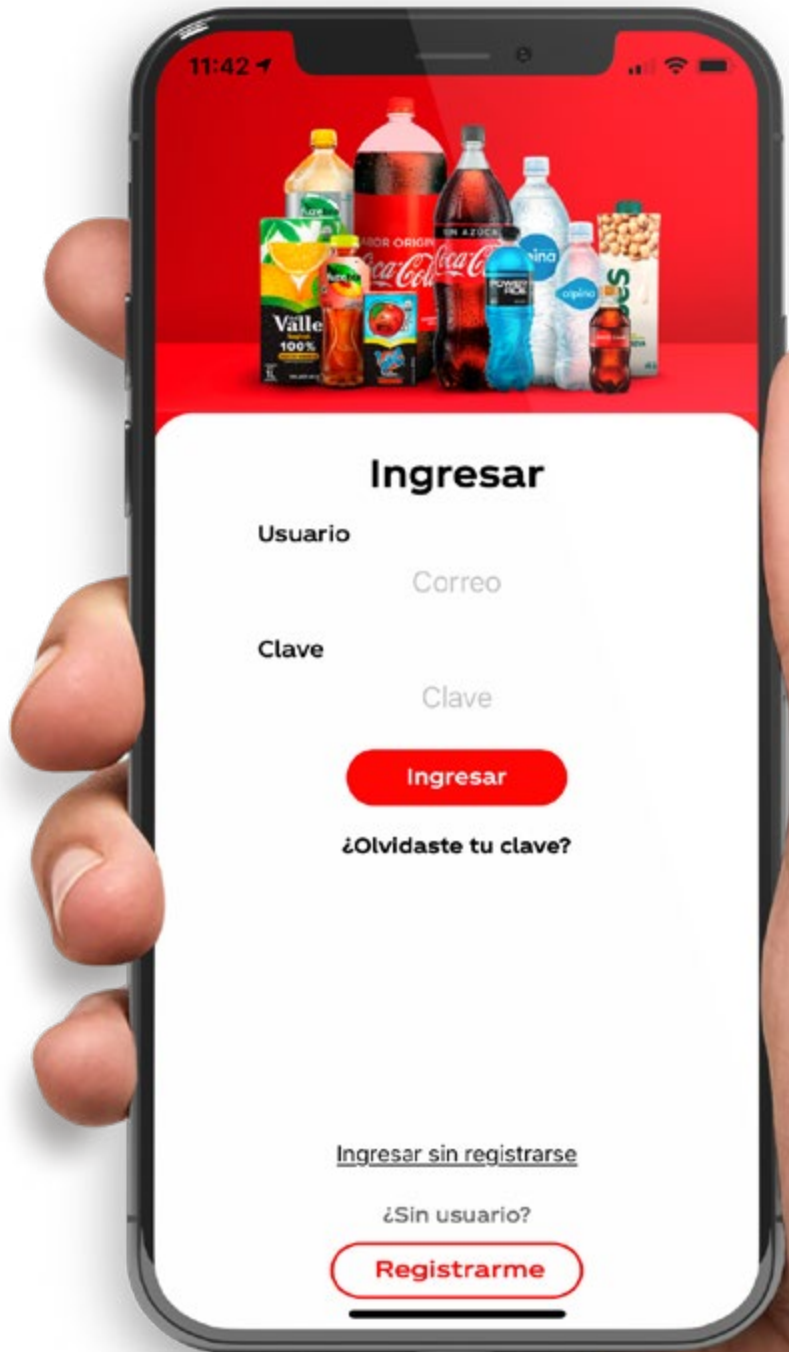
digital trade channel capabilities



ADVANCED COMMERCIAL ANALYTICS PLATFORM



Already live in Mexico, Colombia, and Brazil, our advanced commercial analytics platform enables our operations to extract greater value by improving their pricing, portfolio, promotion optimization, demand forecasting, and market segmentation capabilities. Moreover, to leverage the insights, skills, and abilities acquired from the development of our commercial analytics platform, we are rolling out internal engines to offer specific capabilities—such as pricing and promotion optimization—to other operations such as Argentina, Costa Rica, and Guatemala. Furthermore, we fully rolled out Victoria, our machine learning prescriptive analytical engine, across our Mexico operations this year, significantly enhancing demand forecast accuracy.

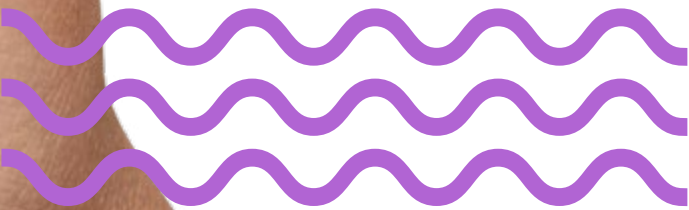


OMNICHANNEL SOLUTION

Consistent with our vision of becoming a digitally driven, interconnected commercial beverage platform, we are accelerating the development and deployment of our customer-centric omnichannel solution, connecting every point of contact in real time—from pre-sellers and contact centers to digital touch points such as direct messaging, web portals, mobile apps, and electronic data interchange (EDI).

To this end, our omnichannel strategy focuses on leveraging state-of-the-art digital enablers to enhance our customers' experience when they contact and interact with us, intensifying our market presence while taking advantage of real-time fully integrated platforms and information. Currently, we are rolling out three major enablers:

an advanced chatbot-enabled order-taking platform that leverages WhatsApp mobile messaging; an e-commerce platform for digital order entry and customer engagement via an app or a web portal; and developing order tracking capabilities. These digital enablers—which are all fully integrated into our transactional system—allow for seamless order taking with an enhanced customer experience and a lower cost to serve. Through these B2B initiatives, we expect to increase sales by expanding customers' service window to 24/7, improve their value offer and customer experience, while enhancing our efficiency and productivity. To complement our B2B platforms, we designed our direct-to-consumer omnichannel strategy, which we will begin to deploy over the coming year.



01 Juan has been our client for some years. Today, as every Monday, Juan is visited by Mario, his usual pre-seller.

While Juan is busy taking care of his business, he asks Mario to place his weekly order.



02 Hours later, Juan realizes that he forgot to order a specific product, but it is too late. Mario will visit him again in a few days.

Juan then uses KOF's WhatsApp chatbot to place an additional order, including the specific product he had forgotten.



03 Mario instantly receives a notification in his hand held: "Juan has placed an additional order."



04 Mario decides to call Juan to confirm his new request.

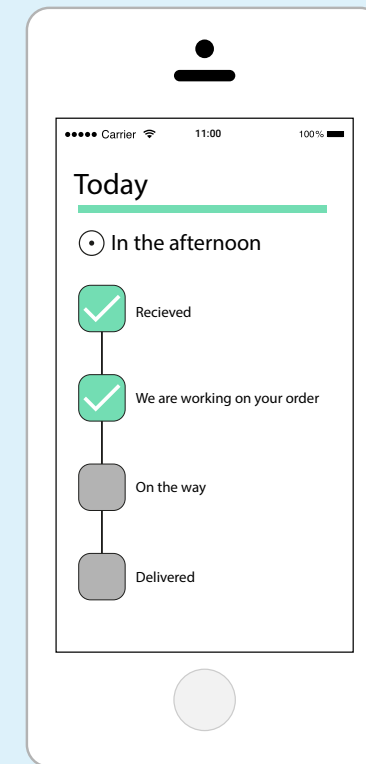
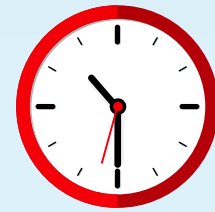


05

Overnight, Juan's cooler malfunctioned.

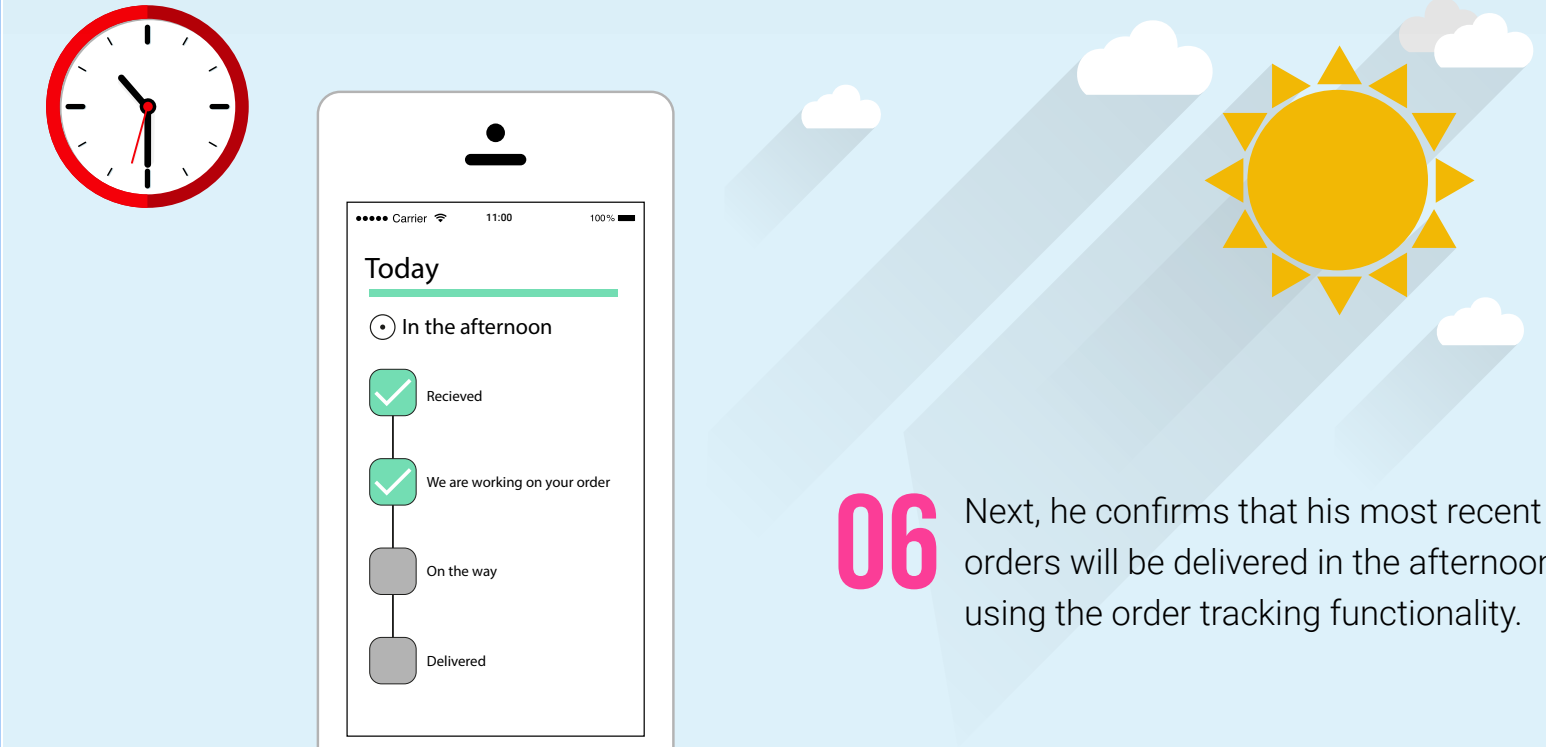
Using his cellphone, Juan accesses KOF's mobile app and creates a service order to evaluate and repair his cooler.

Juan receives a call from the Contact Center: "A technician will visit you in the next few hours."



06

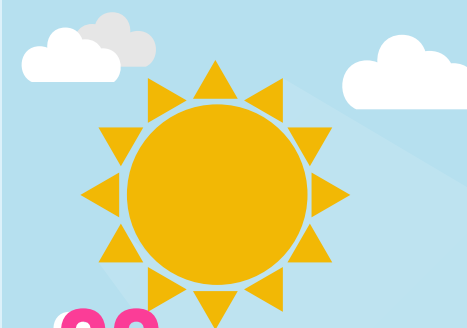
Next, he confirms that his most recent orders will be delivered in the afternoon, using the order tracking functionality.



08

The delivery truck arrives, and Juan receives both of his orders. He uses the built in e-payment system in KOF's mobile app to create a QR Code.

Juan validates his payment was successful and verifies his total balance. Juan is a satisfied customer.



The delivery truck arrives, and Juan receives both of his orders. He uses the built in e-payment system in KOF's mobile app to create a QR Code.

Juan validates his payment was successful and verifies his total balance. Juan is a satisfied customer.

07

As the delivery truck approaches Juan's business, he receives a WhatsApp notification: "Your order is about to be delivered. You will be the next customer in our route to be served."



08

The delivery truck arrives, and Juan receives both of his orders. He uses the built in e-payment system in KOF's mobile app to create a QR Code.

Juan validates his payment was successful and verifies his total balance. Juan is a satisfied customer.

DYNAMIC DIGITAL TRADE CHANNELS

During 2020, we continued to accelerate our first mover advantage across digital trade channels. Capitalizing on our market segmentation capabilities, we put in place agile teams throughout all of our operations to manage, measure, and execute clear strategies for each of these digital customer relationships—from pure players to grocery and food aggregators to e-retailers. Consequently, our company's gross merchandize value flowing through digital trade channels grew four times or almost 400% year over year, while we continued to win market share and improve commercial execution.



SUCCESS STORIES

ADVANCED COMMERCIAL ANALYTICS PLATFORM

As part of our day-to-day operation in Mexico, we are significantly improving our commercial capabilities—from pricing to promotion optimization—with our advanced commercial analytics platform. Among this platform's benefits, we have optimized our promotional return on investment by 16% year-over-year and by more than 90% over the past five years. In Mexico's traditional trade channel, we have also increased our average price ahead of inflation while gaining market share every year for the last three years.

ARTIFICIAL INTELLIGENCE

This year, we fully rolled out Victoria, our machine learning prescriptive analytical engine, across our Mexico operations. With Victoria, we've significantly improved demand forecast accuracy, while generating inventory and transportation savings, throughout our Mexico operations. Indeed, it took Victoria only four weeks to understand and adjust our demand forecasting for the impact of COVID-19.

MEXICO



Our digital channels grew triple digits.

US \$178 MILLION
total sales in digital channels during 2020

BR, MX & LATAM

BRAZIL, MEXICO: CHATBOT-ENABLED WHATSAPP B2B PLATFORM

As part of our omnichannel strategy, we completed an accelerated rollout of our advanced chatbot-enabled order-taking platform to 200 thousand active customers across our Brazilian operations, as well as 70 thousand active customers in Mexico. Enabling up to 15,000 daily orders in Brazil, this advanced digital platform complements pre-sellers personal client visits, offering a 24/7 customer service window while significantly lowering cost to serve. During 2020, customers placed 800 thousand orders, and generated sales of 23 million unit cases on this WhatsApp-based B2B platform.

ARGENTINA, BRAZIL: B2B CUSTOMER ENGAGEMENT PLATFORM

In combination with our WhatsApp platform, we rolled out the full version of our B2B customer engagement web portal and app in Brazil and Argentina, serving 20 thousand registered customers. We further deployed a light version of this platform in only six weeks across Colombia, Costa Rica, Panama, and Uruguay, serving another 20 thousand registered customers. Beyond placing orders, our platform offers a growing array of over 25 client functionalities, from order tracking to promotions, service orders, and customer care capabilities. During 2020, clients placed 70 thousand orders, and generated sales of 3 million unit cases on this platform.

COMPANYWIDE: DIGITAL TRADE CHANNELS

We are rapidly building on our first mover advantage across digital trade channels, designing clear commercial strategies for pure players, e-retailers, and grocery and food aggregators. As a result, we have been consistently winning market share in these customer segments and improving market execution—enjoying triple digit growth in the number of digital clients as compared to 2019—resulting in sales of US\$178 million and volume growth of over 380% from these digital channels for 2020.

CUSTOMER-CENTRIC ROUTE-TO-MARKET MODELS

This year, we capitalized on our expanding digital capabilities to accelerate the evolution of our customer-centric direct and indirect route-to-market (RTM) models. Through the right combination of direct and indirect RTM models, we continue to improve productivity, maximize customer value creation, and optimize cost to serve.

Harnessing our customer-centric market segmentation, we are scaling and deploying our flexible indirect RTM platform to better serve clients across select territories, sales channels, and beverage categories. Through this platform, we not only prospect and identify the market opportunity, but also pinpoint the right partner, providing them with the appropriate business model and digital (ERP) solution to expand their commercial capabilities. Cur-

rently, we are rolling out our indirect RTM platform in Costa Rica, Nicaragua, and Mexico, significantly increasing market reach, improving customer service, and expanding portfolio availability to foster volume growth.

To achieve our vision of becoming a fully digital, interconnected platform, we are merging our digital omnichannel solutions with our physical commercial resources—from pre-sellers to supervisors and call centers—to transform our direct route-to-market models. Through our evolving Commercial Control Tower, we aim to monitor and manage our entire commercial operation, enabling both real-time and dynamic routing. With real-time routing, we adapt our delivery processes—from pre-sellers' visits to digital apps—to un-

planned daily events. For example, our Commercial Control Tower activates "wingman," a feature that enables pre-sellers to complete a missed visit virtually, allowing us to recover approximately 25% of otherwise lost sales. With dynamic routing, we will design, adjust, and move our commercial resources dynamically, depending on daily, weekly, and monthly market developments.

To achieve our vision of becoming a fully digital, interconnected platform, we are merging our digital omnichannel solutions with our physical commercial resources.



SUCCESS STORIES

MEXICO

INCREASING OUR AVAILABILITY AND PROFITABILITY THROUGH AN INDIRECT RTM MODEL

Building on our successful pilot, we began to selectively deploy our indirect RTM model to better serve smaller and specialized clients in urban areas. Complementing our direct pre-sale model, we are working with wholesalers and distributors to expand market reach and to improve service for small clients, including specific routes for categories such as dairy, orangeades, and soy beverages. Consequently, we're not only enlarging our client and consumer base, but also expanding our portfolio's availability to capture significant volume growth.

HOME DELIVERY ROUTES

In the Valley of Mexico, our home delivery routes generated 20% total portfolio revenue growth led by an over 30% increase for the year in our non-jug-water portfolio. During the year, we added 50 new routes in Mexico City and the surrounding metropolitan area for a total of 982 routes serving more than 550 thousand households. We further deployed our digital (ERP) solution across more than 300 routes, significantly improving our productivity per route.

LATAM

COSTA RICA & NICARAGUA: INDIRECT DISTRIBUTORS MODEL

We continued the rollout of our sustainable distributors model in Costa Rica and Nicaragua, optimizing the productivity of our secondary distribution fleet through an approved network of distributors. Aligned with our market execution standards, this model is enabling us to not only increase market execution, but also reduce cost to serve, while improving client service, volume growth, and return on invested capital.



BRAZIL

KOF EDGE PLATFORM

In Brazil, we successfully deployed our KOF EDGE omnichannel platform to literally and figuratively connect all of the dots—from omnichannel order entry to real-time routing and delivery traceability to alternative payment solutions. Notably, our chatbot-enabled WhatsApp platform allowed us to develop our hybrid "Face&Bot" RTM model, allowing us to capture increased revenue from higher drop-size customers due to higher frequency of interactions and an improved sales conversion and to reduce cost to serve for lower drop-size clients.



SUPPLY CHAIN

Closely aligned with our company's strategy and DNA, the supply chain function's vision focuses on six main pillars:

Aligned with our supply chain vision, we continued to implement our Supply Chain Reinvention initiative to collaboratively and systemically share, adopt, and devise best practices and processes, bolster talent, and capture productivity opportunities throughout our company's supply chain. As part of this four-year reinvention, we are undertaking end-to-end portfolio analysis and network optimization; maximizing asset utilization and direct material allocation; optimizing primary transportation and load sharing; and designing manufacturing, warehouse, and distribution operations of tomorrow—catering to our business' future needs.

01

Define, embed, and maintain high levels of **quality, safety, and environmental stewardship** across our operations

02

Continuously raise the bar on our **operational excellence** standards and continuous end-to-end improvement

03

Support our operations as a **reliable business partner**, consistently meeting our business' key performance indicators (KPIs) and enabling our marketing strategy and commercial plans

04

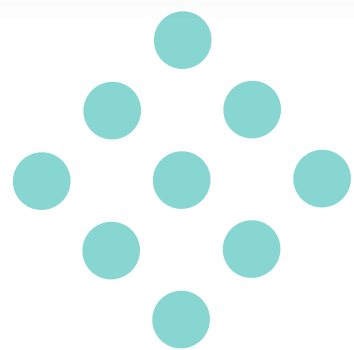
Embrace a systemic approach that actively advances a **demand-driven, customer-centric supply chain**

05

Maximize our **return on invested capital** through a robust capital and operational expense allocation and management process for all of our strategic assets

06

Ensure we enjoy the **best talent, culture, and behavior (KOF DNA)** as the primary pillars to achieve our vision



DIGITAL DISTRIBUTION

This year, we continued the evolution of our Digital Distribution 2.0 platform with the rollout of real-time routing across 2,900 of our Brazilian operation's secondary distribution routes, serving 38,000 clients per day. With real-time routing, we adapt our delivery process to unplanned daily events—constantly integrating and analyzing traffic, road, climate, and other conditions—to define the most efficient delivery sequence and route, thereby fulfilling our sales promise while improving customer service and engagement.

Aligned with our omnichannel strategy, we developed our order-tracking platform to enable customers to track their orders created on any commercial channel from the

moment of shipment to delivery. Already deployed in Brazil and Argentina, we plan to develop this digital tool for our other operations over the coming year.

Building on its successful deployment in Brazil and Mexico, we implemented our Digital Distribution 1.0 platform, including a web-based app, mobile delivery devices, and vehicle telemetry equipment, across our Colombia, Panama, and Uruguay operations during 2020. Moving forward, we will continue our evolving digital distribution journey throughout our operations.

38,000

clients served per day, thanks to our Digital Distribution 2.0 platform in Brazil



SUCCESS STORIES

KOF LOGISTICS SERVICES (KLS) SUPPLY CHAIN PLANNING PLATFORM

After the successful implementation of KOF Logistics Services (KLS) Supply Chain Planning platform across 100% of our operations last year, we worked together with the Jugos del Valle and Santa Clara teams to implement this platform for our juices and milk joint ventures' logistics planning during 2020. Using this new model, we are already capturing significant savings—from improvements to the supply matrix to decreased production batches.



MEXICO

DIGITAL DISTRIBUTION 2.0

Building on the successful deployment of our Digital Distribution 2.0 platform throughout our Brazilian operations, we implemented this platform across 32 operating units and 631 routes in Mexico over the course of 2020. Addressing the entire strategic and tactical planning cycle of our secondary distribution process—from analytics to delivery route planning and execution—this enhanced platform features route traceability, a new web-based app for supervisors, end-to-end supply chain network analysis, and digital real-time control of our distribution operation.

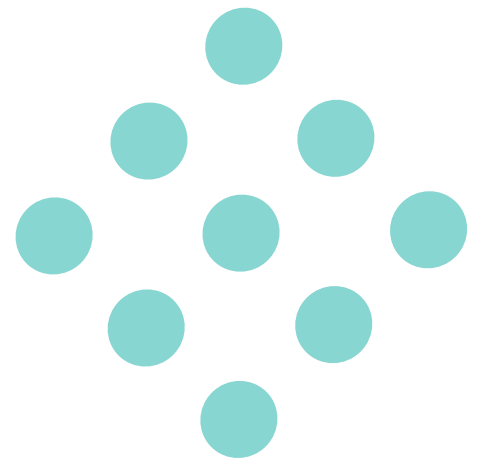
BR, MX & LATAM

BRAZIL & MEXICO: DELIVERY SUPERVISOR APP

Aligned with the deployment of our Digital Distribution 2.0 platform, we implemented our new web-based Delivery Supervisor App to better enable delivery supervisors to manage their teams in Brazil and Mexico. By connecting our route monitoring tools and telemetry equipment, this app allows managers to not only make quick inquiries about routes, drivers, and customers, but also to act swiftly to account for any incidents or deviations during the execution of delivery routes.

BRAZIL, COLOMBIA & MEXICO: SUPPLY CHAIN CONTROL TOWER

This year, we completed the deployment of our centralized Supply Chain Control Tower in Brazil, Colombia, and Mexico. The tower houses all of our capabilities and utilizes a data lake to store our growing quantity of business intelligence data. The tower not only monitors, but also provides visibility across all of our supply chain activities.





WAREHOUSE OPTIMIZATION & DIGITALIZATION

During the year, we completed the design of our new Warehouse Operating Model in collaboration with our operations. This model aims to guarantee and continuously improve warehouse service, productivity, and safety levels through the standardization and replication of best operating practices. Within this model, we further defined the key competencies for our warehouse teams' professional development, aligned with KOF DNA.

Moreover, we continued the digital transformation of our warehouses with the systematic deployment of real and optimal

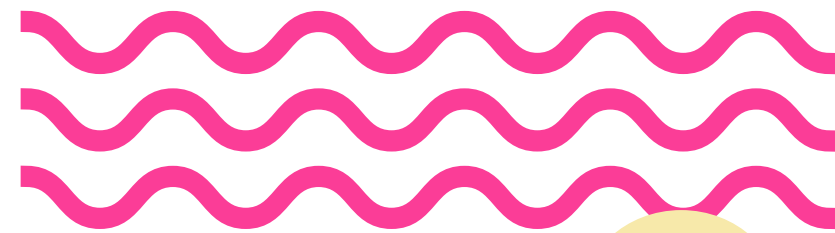
During 2020, we integrated real picking across 100% of our Brazilian operating units, and rolled out optimal picking to seven operating units.

picking. Utilizing voice and digital images, these technological enablers improve our warehouses' level of service through the assertive assembly of mixed pallets according to client's specific needs, maximizing load and route optimization while increasing productivity. During 2020, we integrated real picking across 100% of our Brazilian operating units, and rolled out optimal picking to seven operating units.



TALENT DEVELOPMENT

Furthermore, we are reinforcing the right talent pipeline at the operational level, including a growing pool of manufacturing, distribution, and logistics managers. To this end, we worked closely with our human resources function to establish KLS Academy, a standardized learning platform designed to assure we possess the right technical competencies and functional capabilities across our operations. To complement KLS University, we are also developing functional Distribution, Manufacturing, Warehouse, and Engineering Academies to standardize and develop core capabilities, improve performance, and ensure operational excellence for years to come.



2.7 **MILLION**
training hours





FINANCE

The ambition of our digitally driven Finance Operating Model is to serve as a business partner to our operations by delivering valuable insights for better and faster decision-making to maximize shareholder value, while ensuring compliance and transactional efficiency. To achieve this ambition, our priorities are to:

- Maximize our **return on invested capital (ROIC)** and shareholder value creation through disciplined capital allocation, working capital optimization, and profitability insights.
- **Co-design business strategies** and support our operations by delivering valuable insights for better and faster decision-making to maximize shareholder value, while ensuring compliance and transactional efficiency.
- **Proactively manage risks** by designing our internal control system and actively address financial, legal, and cyber-security risks.
- **Prioritize efficiency** for all of our transactional activities by boosting penetration and adoption of **shared services** and **digital solutions**.
- Ensure accuracy of our **financial information** and compliance with **statutory obligations**.

This year, we continued to improve our company's ROIC and shareholder value creation through proactive cost and expense containment, working capital optimization, and disciplined capital allocation. Notably, our implementation of cash control towers enabled us to not only improve cash from operations by 12% year over year, driven by cost and expense controls, but also monitor and enhance working capital management. These towers deliver greater clarity to every single operation on their financial needs on a rolling basis for a period of 13 weeks. We further leveraged our disciplined approach to capital allocation, working hand in hand with operators to reprioritize capital expenditures (CAPEX) while ensuring investments in key projects across our operations.

Importantly, we reinforced our role as a business partner to our operations over the course of this challenging year. Among our actions, we supported our operations by taking the lead in driving cost and expense savings, including significant savings from route-to-market initiatives, non-core labor costs, and efficient marketing expense and discount allocation. We acted quickly to tap the international capital markets before, during, and after

+12%

**improvement
of cash from
operations year
over year**



the pandemic hit. In fact, thanks to our proactive debt-refinancing strategies, we extended the average life of our debt from seven to nine years, leaving our company with a comfortable debt maturity profile for the coming years. Furthermore, we maintained capital investment in key projects—from improvements to manufacturing plants and warehouse facilities to the launch of new distribution centers to the installation of returnable production lines and labelers. In this way, we worked to ensure operating continuity and product supply, expand our affordable returnable portfolio, and accelerate the rollout of transformational initiatives across our operations.

Moreover, to proactively manage our company's risks, we are currently upgrading and redesigning our internal control system. As part of this initiative, we are implementing digitally enabled controls to not only monitor, but also actively address financial, legal, and cyber-security risks.

Over the course of the year, we further accelerated the development of our digitally driven Finance Operating Model. Among our initiatives, we are transitioning to a more agile and adaptable cloud-based

Moreover, to proactively manage our company's risks, we are currently upgrading and redesigning our internal control system. As part of this initiative, we are implementing digitally enabled controls to not only monitor, but also actively address financial, legal, and cyber-security risks.

budgeting platform. Enabled by our digital planning tool, we are working closely with our operations to develop a robust online platform to facilitate financial planning, analysis, and forecasts for every country. Powered by our cloud-based software solution, we are implementing a platform to administer not only our company's CAPEX projects, but also our strategic operational expense initiatives—expediting authorization processes, sharing best practices, and delivering valuable insights for most of our operations' investment projects. Furthermore, aligned with our initiative to redefine our process architecture, we are

utilizing a range of digital tools to streamline, optimize, and integrate key financial processes—from agile record-to-report to unified order-to-cash processes.

Finally, we continued to deploy our shared financial services strategy, centralizing and consolidating our operations' transactional activities, such as data processing and reporting, within KOF Global Business Services (GBS) platform. During the year, we expanded the scale and reach of our GBS platform, integrating our Guatemala, Costa Rica, and Panama operations.





HUMAN RESOURCES

As part of our multi-year cultural transformation journey, we defined the vision for our Human Resources (HR) organizational model for the years to come:

Aligned with this vision, we support our business growth by leading cultural change, developing the best talent, and continuing on our path to digital—accelerating the development of automated HR platforms and processes, while always prioritizing employee experience.



Attract and develop the best talent

Ensure our talent becomes the competitive advantage to achieve our company's strategic goals



Enable our organizational capabilities

Adapt our company's organizational capabilities to meet evolving business needs



Accelerate HR process standardization and automation

Promote HR processes automation to deliver faster and better services

PATH TO DIGITAL



GLOBAL TALENT PLATFORM

Enhance talent visibility and performance management

Continued deployment of this platform to integrate, improve, and simplify leader and employee experience



EMPLOYEE CENTRAL

Transform personnel administration management

Completed implementation of this tool to promote leader empowerment and improve employee experience



HR PROCESS

Standardization & Automation

Third Parties Management, Time & Attendance, and Variable Compensation

Simplification, standardization, and selection of automation tool

CYBERSECURITY & INFORMATION SECURITY

The purpose of our Cybersecurity function is to enable a secure and sustainable business. This entails the challenge of strengthening security in the existing infrastructure and systems and implementing security in the digital transformation initiatives. Our vision is to add value by protecting information and our business continuity.

To address this, we have set the following strategic objectives:

1. Support digital transformation, embedding security by design.
2. Build a strong cybersecurity culture in the organization.
3. Build resilience to cybersecurity incidents.

4. Reach a cybersecurity level consistent with our industry and our business risks.
5. Enable secure ways of working, appropriate to the post-COVID-19 reality.

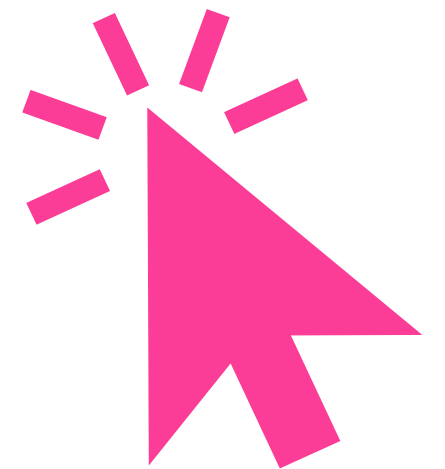
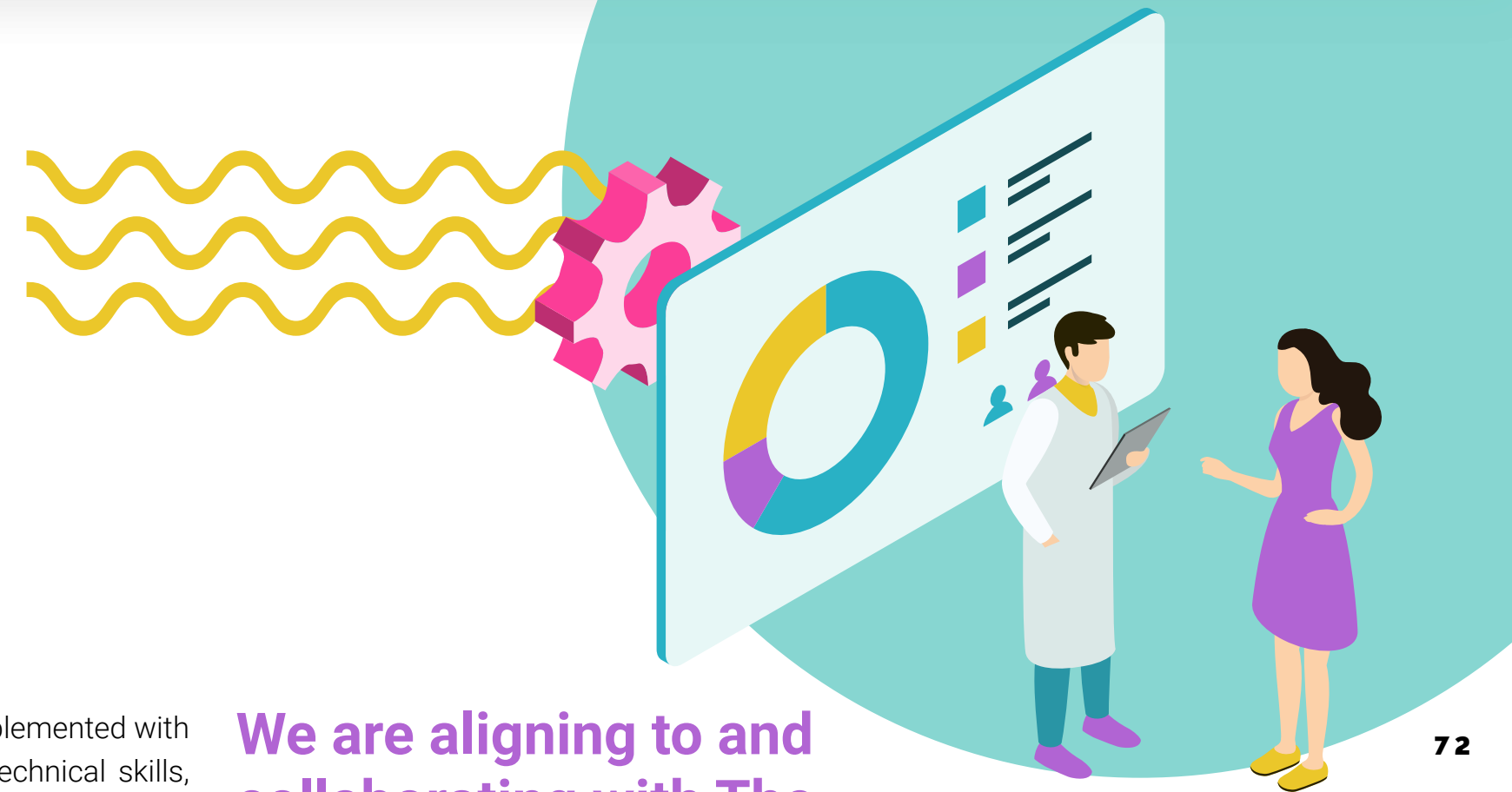
Our strategy is built on:

- A proper governance model, with a CISO (Chief Information Security Officer) reporting to the CFO and the Audit Committee of the Board, while cybersecurity operations report to our newly appointed CIO.
- A cybersecurity framework based on international standards and the periodic assessments conducted by independent cybersecurity experts.

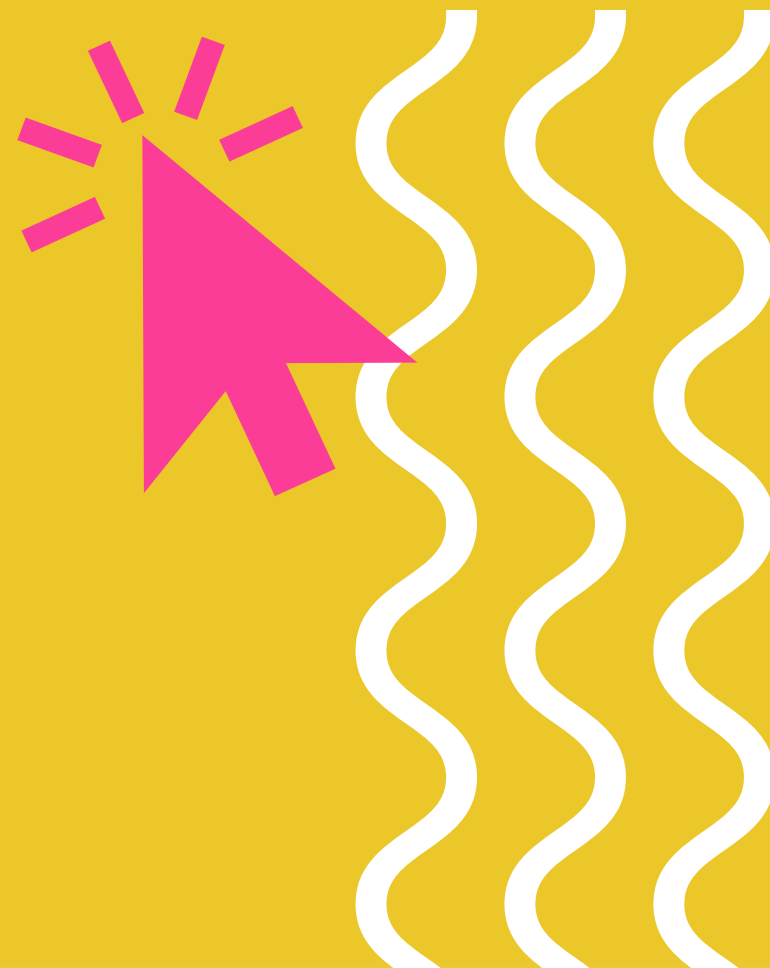
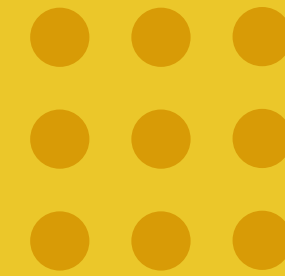
All of these elements, complemented with our team's expertise and technical skills, allow us to have a cybersecurity strategy for the short- and medium-term. During 2020, we implemented several initiatives that have impacted technology, processes, and people, including those to strengthen identity and access management, infrastructure protection, cloud security, internal policies and compliance, data protection and privacy, risk management, and incident response capabilities.

With this approach and keeping up to date with the evolution of the threat environment, we seek to meet the aforementioned objectives in the middle term.

We are aligning to and collaborating with The Coca-Cola Company's cybersecurity requirements for the system to provide an additional compliance frame of reference for continuous improvement.



ENSURE BUSINESS SUSTAINABILITY



As an enabler of our company's strategic growth, we ensure sustainability is fully integrated throughout our day-to-day decision-making processes and business operations. With the long-term sustainability of our business in mind, we strategically, proactively, and responsibly address our operations' sustainability challenges across our value chain—from climate change to clean energy, water stewardship, waste management, community development, and safety.



CLIMATE ACTION

Climate change is a strategic risk that we manage through our new 2030 Emissions Reduction Plan. This strategy is designed to drive positive environmental change across the entire value chain—from suppliers to our operations, customers, and consumers.

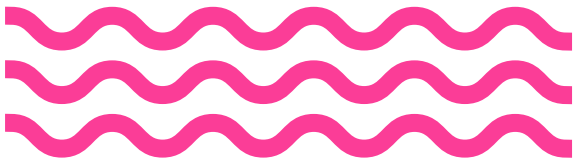
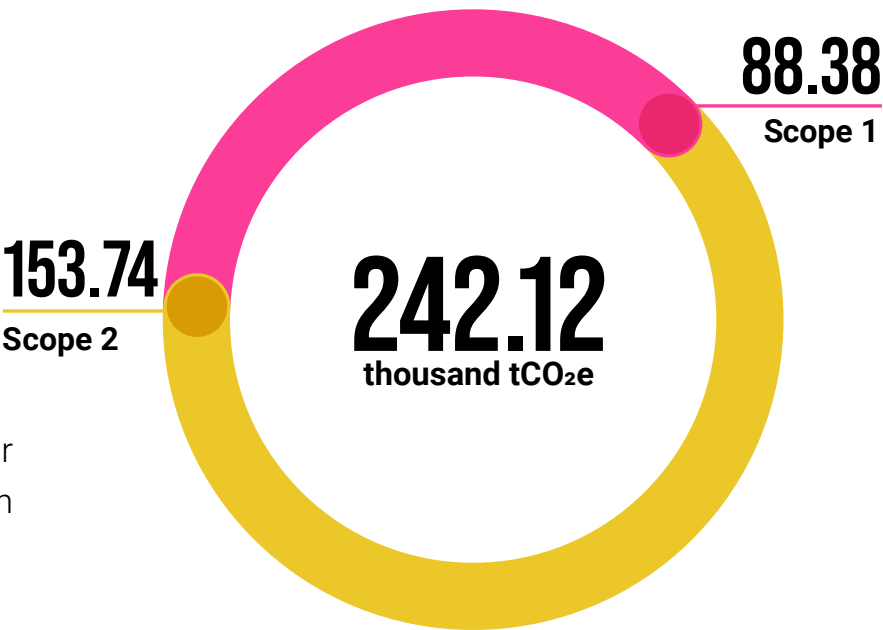
In order to become a low-carbon company, we adopted the Science Based Targets initiative (SBTi) approach, aligned with the goal of the 2015 Paris Agreement to limit global warming at well below 2°C above pre-industrial levels. Consequently, in 2020, we became the first Mexican company and the third in Latin America to achieve the official approval of our emissions reduction targets by the SBTi. Through this companywide effort, we measured and accounted for the carbon footprint of our entire value chain and adopted science-based targets for emissions reduction that reflect our commitment to

a low-carbon economy. Accordingly, our new 2030 commitments (compared with a 2015 baseline) are to:

- Reduce absolute scope 1 and 2 greenhouse gas (GHG) emissions from our operations by 50%
- Reduce absolute scope 3 GHG emissions from the value chain (covering purchased goods and services and upstream transportation and distribution) by 20%
- Achieve 100% renewable electricity for our operations.

Importantly, our absolute emissions targets decouple business growth from GHG emissions. We thereby ensure that, no matter the overall size of our business in 2030, we will make our operations, along with the entire value chain, less carbon intensive than our 2015 baseline.

MANUFACTURING CO₂e EMISSIONS

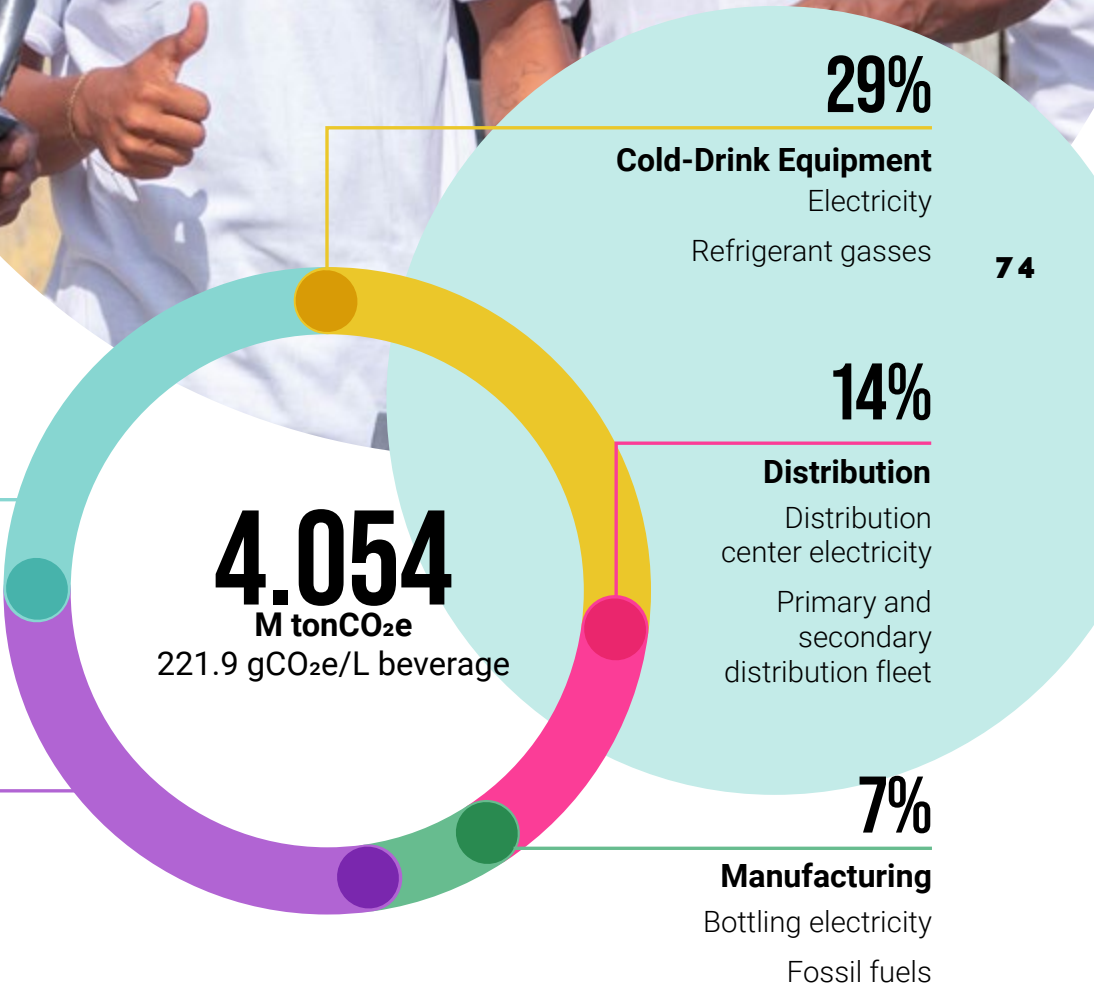


We are the first Mexican Company to achieve the official approval our 2030 emissions reduction goals by the Science Based Targets initiative.



29%
Ingredients
Sweeteners
CO₂

22%
Packaging
PET
RefPET
Glass
Aluminum
Others



2019 VALUE CHAIN EMISSIONS*

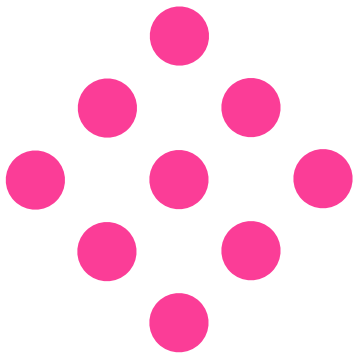
4.054
M tonCO₂e
221.9 gCO₂e/L beverage

* We report the carbon footprint of our value chain a year behind, since the inventory is made after the operating year is completed.



CLEAN ENERGY IN OUR OPERATIONS

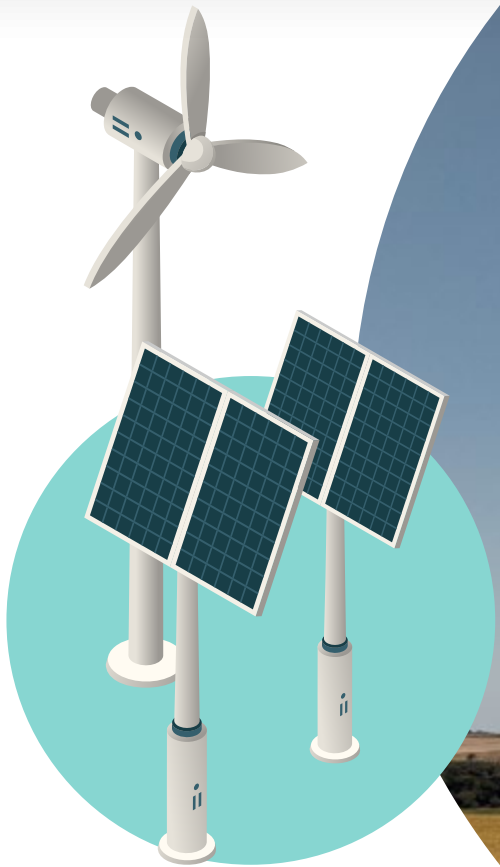
We strive for energy efficiency across our value chain. We further integrate clean and renewable sources of energy and technologies to reduce our GHG emissions—thus contributing to climate change mitigation. Our operations’ energy consumption focuses on a comprehensive strategy that encompasses our value chain.



We supplied
80%
of our global bottling
operations’ electricity
requirements with
clean energy sources.

COCA-COLA FEMSA ACHIEVES 2020 CLEAN ENERGY GOAL

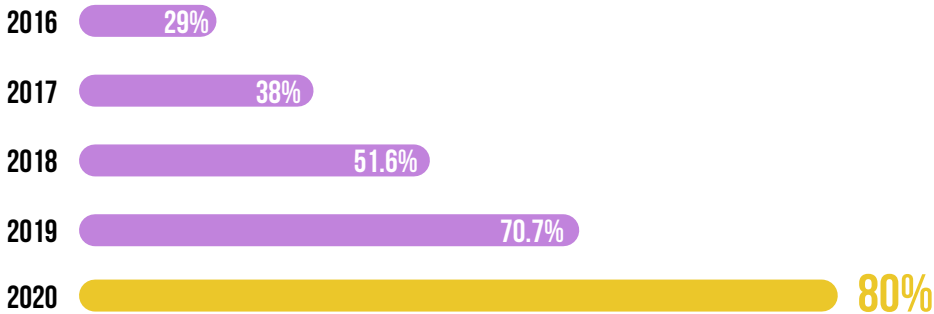
At the end of 2020, we achieved our target of supplying 85% of the energy we use for our manufacturing in Mexico from clean sources, with eight months above this threshold, and a 96% use of our Mexican clean energy by the end of the year. Beyond this goal, we supplied 80% of our global bottling operations’ electricity requirements with clean energy sources. We further updated our commitment to reduce the carbon footprint of our value chain aligned with our Climate Action Strategy, and we used clean sources of energy for our manufacturing operations in Argentina, Brazil, Colombia, Costa Rica, Guatemala, Mexico, and Panama.



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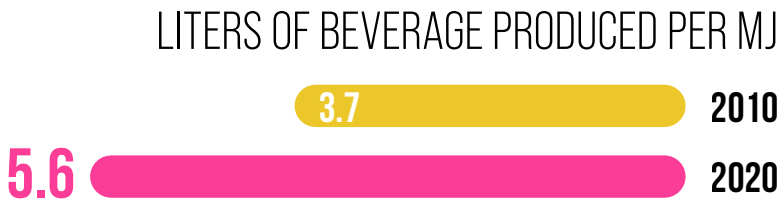
CLEAN ENERGY IN MANUFACTURING



ENERGY EFFICIENCY, CLEAN ENERGY & EMISSIONS REDUCTION

We aim to improve the energy efficiency of our manufacturing operations, while simultaneously reducing our GHG emissions.

We managed to increase our energy efficiency 1.52x from 2010 to 2020.



To improve our plants' efficiency, we have implemented multiple strategic initiatives:

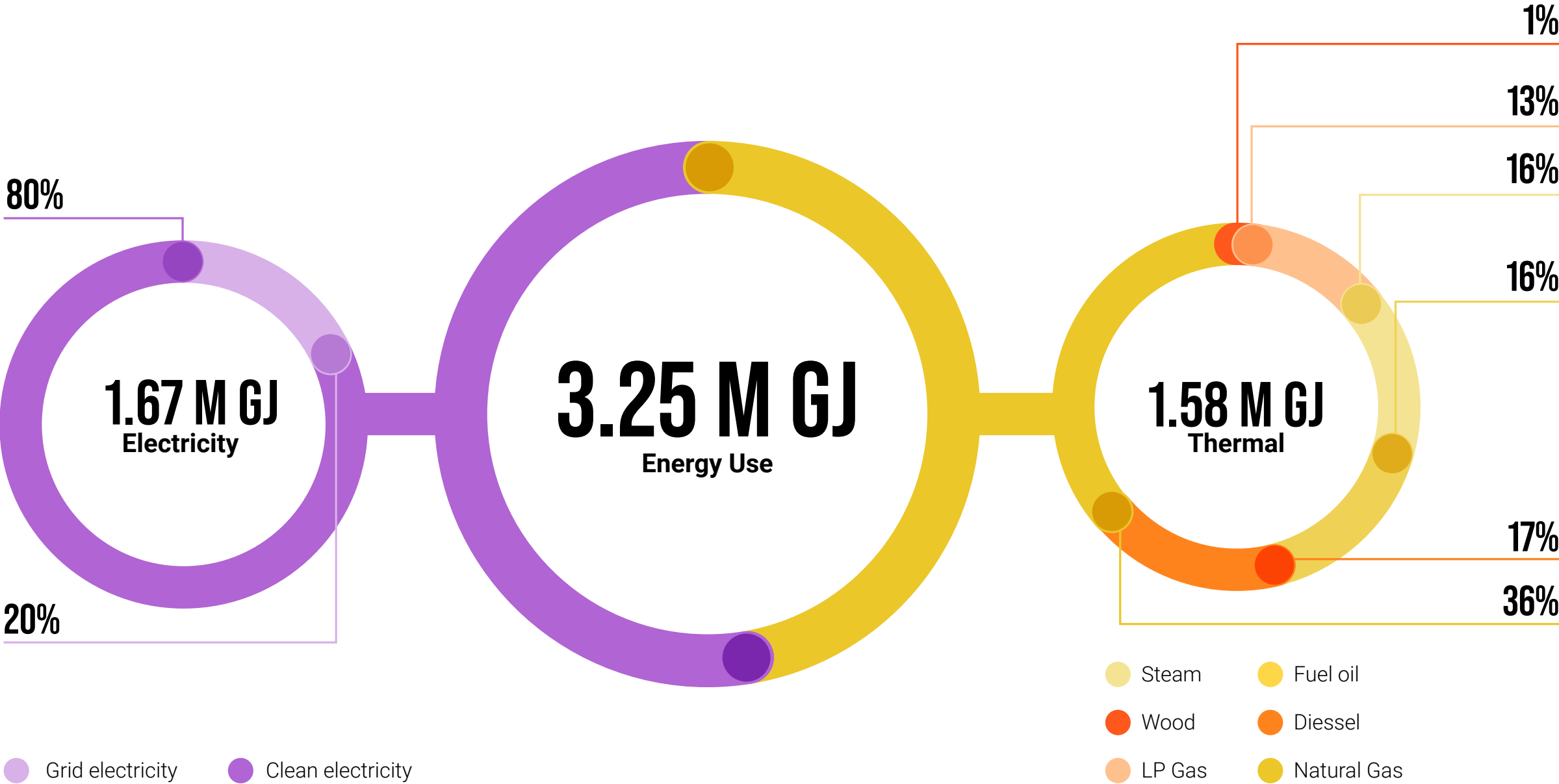
- Energy Training – We provide annual energy training to all of our energy managers in every division, as well as all of the operators of each of our work centers.
- Energy Assessments – We conduct annual energy assessments to support our operations in Argentina, Brazil, Central America, Colombia, and Mexico.
- Steam Standard – We focus on the utilization of steam produced in our plants to reduce consumption, ensure safe use, recover steam condensate, and increase the life of our assets.
- Top 20 Energy Efficiency Strategies – We implement key energy efficiency strategies to minimize each of our plants' energy consumption.

From 2015 through 2020, we achieved a 17.2% decrease in our manufacturing operations CO₂ emissions, reaching 13.2 grams of CO₂ per liter of beverage produced in 2020.



For the year, we
reduced our energy
consumption by 4%

US
\$1.67
MILLION
saved as a result of
our **Clean Energy**
initiatives





WATER STEWARDSHIP

Water is an essential ingredient in the production of our beverages. Therefore, we are committed to ensuring the efficient use of this natural resource in our bottling operations and returning to our communities and the environment the same amount of water used in our beverages, while safeguarding this resource not only for the benefit of our company, but also for the enjoyment of our communities and planet now and into the future.

COCA-COLA FEMSA ACHIEVES 2020 WATER USE RATIO GOAL

From 2010 to 2020, we significantly improved our water use ratio by an impressive 24% to reach an average of 1.49 liters of water per liter of beverage produced, while decreasing our absolute water consumption by 30.6%. We further give back to our communities and the environment more than 100% of the water we use in the production of our beverages in Argentina, Brazil, Central America, Colombia, and Mexico.

Consistent with this commitment, we have established a comprehensive water strategy, founded on three pillars:

- 01 Efficiency in water use at our plants**
- 02 Facilitating access to water and sanitation in our communities**
- 03 Replenishment and water funds.**



WATER EFFICIENCY

As a beverage bottler, efficient water management is essential to our business, communities, and planet. At the end of 2020, we reached our goal of averaging 1.5 liters of water per liter of beverage produced with a year-end water use ratio of 1.49—an impressive 24% improvement in our water use ratio from our 2010 baseline year. Notably, this represented savings of more than 17 billion liters from 2010 through 2020. Moreover, our water efficiency initiatives and projects generated savings of US\$1.16 million in 2020.

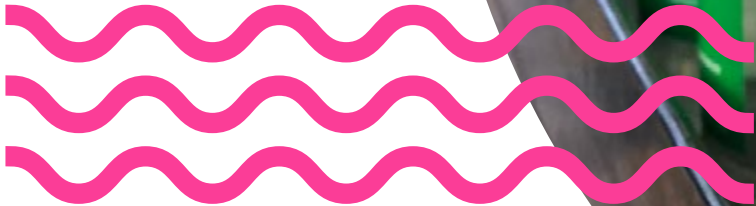
Through our Top 20 Water Saving Initiatives program, we foster efficient water consumption across all of our plants. To this end, we registered significant progress across our operations, focusing on 20 key measures—from our detection and elimination of leaks to optimal water use in our plants to our water recovery systems. Additionally, all of our manufacturing facilities are ISO 14001 certified.

100% of the water we discharge from our manufacturing operations is sent to wastewater treatment plants, which ensure sufficient quality to foster aquatic life.

FACILITATING OUR COMMUNITIES ACCESS TO SAFE WATER AND SANITATION

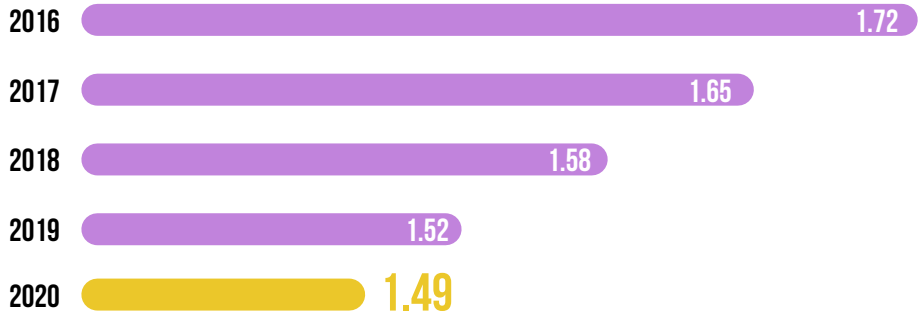
According to the World Water Council, 77 million people in Latin America lack access to safe water, and 100 million people lack access to basic sanitation services.

Consequently, in collaboration with FEMSA Foundation, we carry out projects designed to improve communities' quality of life by helping to provide them with safe water, improved sanitation, and hygiene education. While the Foundation intervenes significantly at the outset of each project, all of these initiatives utilize the necessary elements to enable communities to adopt them in a sustainable way—enduring over the long term.



WATER EFFICIENCY

Liters of water per liter of beverage produced (less is better)



For more information about FEMSA Foundation, visit <https://www.femsa.com/en/femsa-foundation/>



WATER REPLENISHMENT & CONSERVATION

Aligned with the United Nations' Sustainable Development Goals, we recognize that water is an important and essential natural resource. Accordingly, we join efforts to provide access to potable and affordable water, as well as to protect and recover water-related ecosystems.

Our aspiration is to return to the environment and our communities the same amount of water used to produce our beverages where it matters the most. Aligned with this goal, we currently give back to the environment more than 100% of the water we use in the production of our beverages in Argentina, Brazil, Central America, Colombia, and Mexico.

Given the substantial scope, importance, and complexity of water conservation and replenishment, we further work to strengthen water funds and conserve water basins through sustainable initiatives involving partnerships with multiple stakeholders. Through the Latin American Water Funds Partnership—comprised of The Nature Conservancy (TNC), FEMSA Foundation,

We launched the Cauce Bajío water fund for the state of Guanajuato, Mexico, during 2020.

the Inter-American Development Bank (IDB), and the Global Environment Facility (GEF)—we jointly seek to achieve and sustain water security in the region, ensuring sustainable access to a sufficient quantity and quality of water to sustain human life and socioeconomic development.

In coordination with the Partnership, we launched the new Cauce Bajío water fund for the state of Guanajuato, Mexico, during 2020. To date, the Partnership has developed 27 water funds. Of these funds, 6 are in countries where we operate—Brazil, Colombia, Costa Rica, Guatemala, and Mexico. As a result, through 2020, the Partnership has worked to directly benefit approximately 215,512 people in areas near the water basins through job creation and capabilities training since the projects began.

215,512

people benefited by the Latin American Water Funds Partnership



WASTE & RECYCLING

At Coca-Cola FEMSA, we strive to mitigate the environmental impact of our operations' processes. Over the past several years, we have led the way in the promotion of a culture of waste management throughout all of our operations and value chain.



KOF WASTE MANAGEMENT STRATEGY



Comprehensive and responsible post-industrial waste management



Post-consumption collection and recycling



Efficient design and integration of recycled materials in our packaging

COCA-COLA FEMSA SURPASSES 2020 RECYCLED CONTENT TARGET

In 2020, we used an average of 29% recycled content in our PET packaging, exceeding our 2020 goal of 25%. Moreover, by the end of 2020, 100% of our bottling plants successfully achieved our 2020 goal of recycling at least 90% of the waste generated at each of their plants with a global average of 98% of proper waste recycling and disposal.

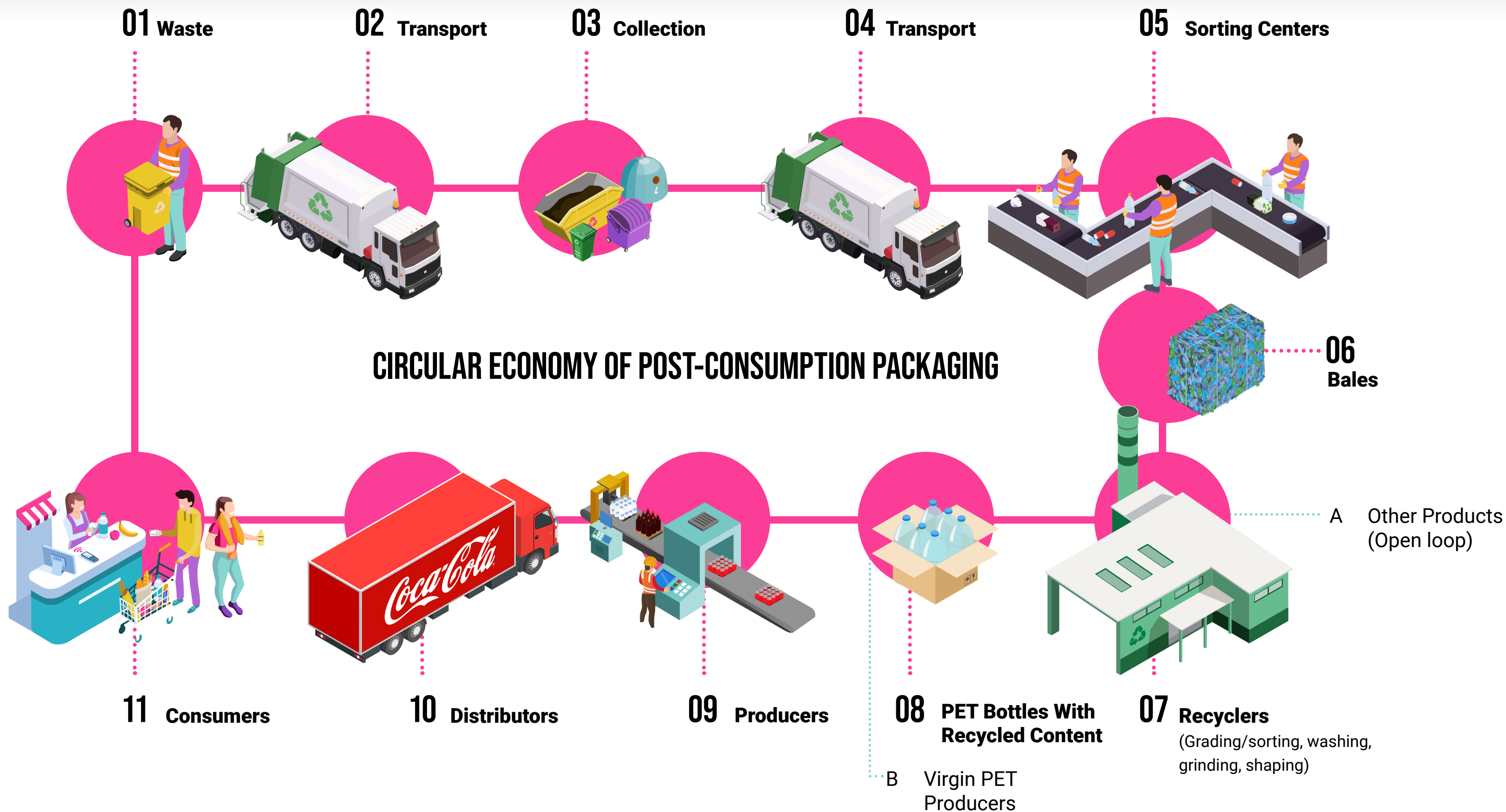
CONTRIBUTING TO A CIRCULAR ECONOMY: OUR 2030 GOALS

Consistent with our long-term commitment to waste management and aligned with The Coca-Cola Company’s commitment to a “World Without Waste,” our new 2030 goals are to:

- Use at least 50% recycled material in our PET packaging
- Make all consumer packaging 100% recyclable by 2025
- Collect the equivalent of 100% of the PET bottles we place in the market
- Grow participation in marine litter prevention programs and beach cleanups

CIRCULAR ECONOMY OF POST-CONSUMPTION PACKAGING

At Coca-Cola FEMSA, we are confident that, with the support and co-responsibility of all of the actors in the value chain, we will fulfill our 2030 goal of collecting 100% of the PET bottles we place in the market through a concerted market-based approach to the circular economy.

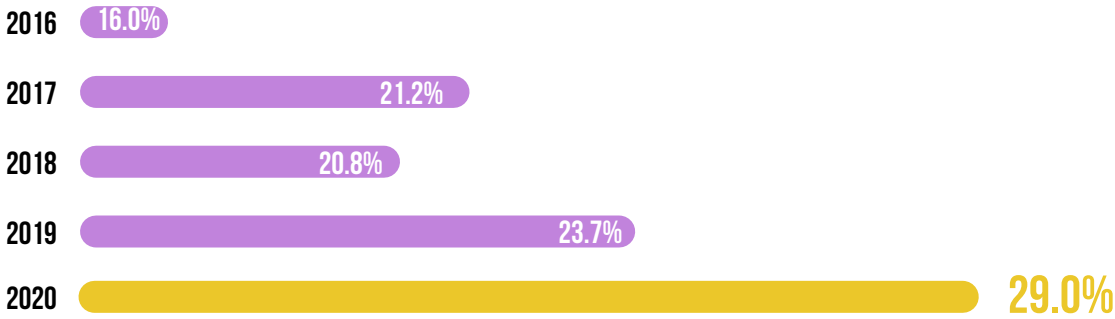


INNOVATIVE PACKAGING DEVELOPMENT

Within the beverage industry, our product packaging is mainly comprised of polyethylene terephthalate (PET), glass, and aluminum. We are committed to efficiently using our packaging materials; redesigning our packaging's components to achieve recyclability, while including a growing share of recycled content.

In 2020, we used an average of 29% recycled content in our PET packaging, exceeding our 2020 goal of 25%. Moving forward, we aim to expand this goal to include 50% of recycled materials in our PET packaging by 2030. Notably, we now provide customers and consumers with a water bottle made of 100% recycled resin for all one-way PET presentations of Brisa brand water in Colombia, Ciel brand water in Mexico, Crystal brand water in Brazil,

% RECYCLED CONTENT



and Vitale brand water in Uruguay. Moreover, we successfully launched our universal returnable bottle in Argentina, Colombia, Mexico, Brazil, and Uruguay.

Consistent with efficient resource management and optimization of packaging materials, we continued to deploy a wide-ranging light-weighting strategy for our operations' PET presentations and caps. Thanks to our efficient resource management and packaging optimization, we generated savings of approximately US\$2.2 million in 2020.

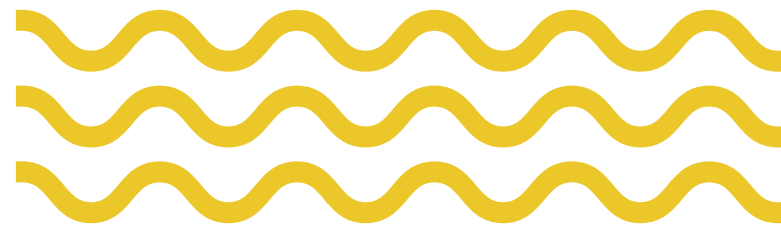
100%

**recycled resin-made
PET water bottle in
Colombia, Mexico
Brazil and Uruguay**

nueva botella
600ml sin gas hecha
100%
de botellas recicladas



POST-CONSUMPTION COLLECTION & RECYCLING



By joining efforts, we multiply the effects of our actions. Accordingly, we partner with communities, authorities, and NGOs on different initiatives to raise awareness of post-consumer waste management, carry out collection and recycling programs within our communities, and inform consumers about the proper disposal and handling of the waste generated from our products, including marine litter prevention, debris collection, and beach cleanups.

Continuing our long-term commitment to collectively address the challenge of waste management and aligned with The Coca-Cola Company's commitment to a "World Without Waste," in the main markets in which we operate—Mexico and Brazil—packaging collection and recycling mechanisms account for more than 50% of the

PET bottles that we sell, putting us well on track to our 2030 goal of collecting 100% of the PET bottles we place in the market.

Since 2002, we have collaborated with other food and beverage companies through ECOCE, a Mexican civil association that promotes the collection of waste, the creation of a national market for recycling, and the development of recycling programs. With an impressive national collection rate of 53% in Mexico under the ECOCE model, we are at the top of collection and recycling practices in Latin America through this collaboration, with levels equivalent to the European Union.

Across Latin America, we continued to strengthen our post-consumption collection and recycling capabilities. Through

SustentaPET, a joint venture created in partnership with The Coca-Cola Company, we launched new PET collection centers in Cosmópolis on top of an existing collection center in Sao Paulo, Brazil. In Colombia, we expanded the MovimientoRE program, an industry alliance to increase PET collection rates, from the cities of Cartagena, Santa Marta, and Barranquilla to Cali through "Cali Circular." In Argentina, we continued to coordinate our collection and recycling with the industry through CADIBSA, while signing an agreement with the city of Buenos Aires to improve recycling. In Uruguay, we have an industry agreement with Crystal PET to close the PET recycling loop through the use of recycled resin. Furthermore, in Central America, we gained traction with partnerships in Guatemala with "Recíclalos;" in Costa Rica, through Misión Planeta, we

In 2020, we utilized a total of 73,000 tons of recycled materials in our operations in Argentina, Brazil, Central America, Colombia, Uruguay, and Mexico. As a result of these efforts, we avoided the use of more than 400 thousand tons of virgin resin since 2010.

partnered with Geocycle to significantly scale PET collection and recycling; and in Panama, through "Recycle for Your Future" (Recicla por tu Futuro), we participate in an industry agreement to foster environmental awareness on recycling.

Importantly, we are leaders in PET bottle-to-bottle recycling in Latin America. In 2005, we joined efforts in Mexico to oper-

ate the first food-grade PET recycling plant in Latin America, called IMER (Industria Mexicana de Reciclaje or Mexican Recycling Industry). In 2020, this plant recycled 13,000 tons of PET. Overall, we have a total of 9 recycled food-grade resin suppliers across our operations network.

POST-INDUSTRIAL OPERATING WASTE MANAGEMENT

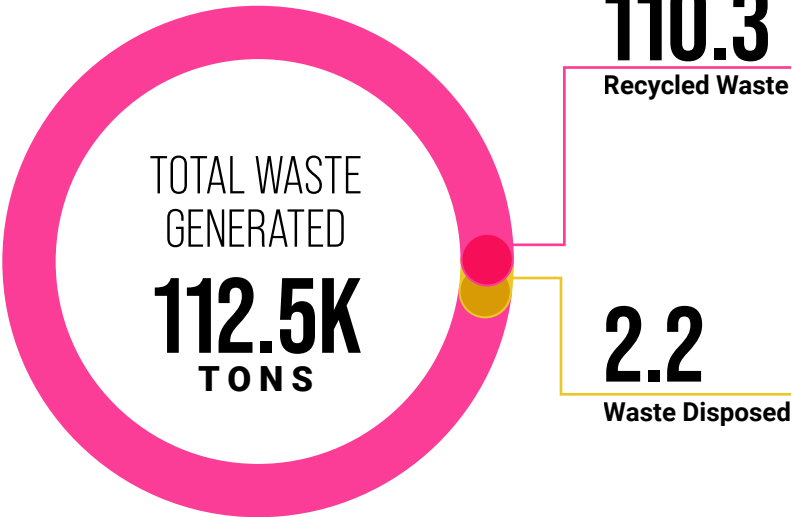
In 2020, two thirds of our 49 bottling plants earned Zero Waste to landfill certification. Originally designed for our Mexico operations, this initiative establishes specific measures to improve waste management, disposal, and repurposing—resulting in improved waste efficiency per liter of beverage produced.

At the end of 2020, 100% of our bottling plants successfully achieved our 2020 goal of recycling at least 90% of the waste generated at each of their plants. Overall, we recycled 98% or approximately 110,289 tons of manufacturing waste generated.

Currently, 18 of our plants in Mexico have obtained Clean Industry certification from the Federal Environmental Protection Agency (PROFEPA). Moreover, in 2020, 36 of our distribution centers in Mexico received air quality certifications from PRO-

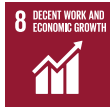
FEPA, the state of Mexico’s Environmental Agency, and Mexico City’s Ministry Secretary of the Environment (SEDEMA). These and other recognitions confirm our commitment to the environment and overall sustainability.

To this end, we diligently work to ensure our processes comply with the highest national and international standards and with all applicable laws, avoiding sanctions and fines pertaining to environmental issues, while reaffirming our commitment to efficient operational processes, environmental performance, and competitiveness.



WASTE EFFICIENCY
grams of waste per liter of beverage produced
(less is better)





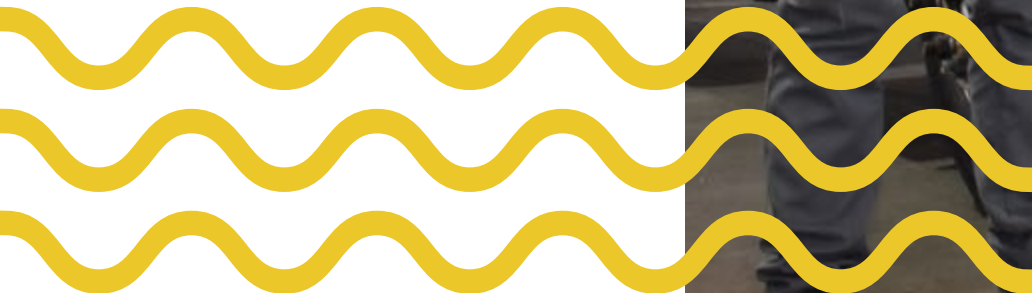
SAFETY COMMITMENT

Safety is a key priority, a basic principle of action, and a fundamental value for our company; it is of the utmost importance to fulfilling our purpose of always finding the most efficient and sustainable way to put the drink of choice in our consumers' hands anytime, anywhere. That is why we are committed to do everything within our control to ensure the wellbeing of our employees, contractors, and the communities we serve in order to achieve our ambition of zero work-related injuries and illnesses—based on the premise that all incidents are preventable.

OUR 2020 - 2025 SAFETY GOALS

Aligned with our 0.0 Safety Vision, our 2025 goals are to reach:

- **Zero fatalities**
- **Lost Time Incident Rate (LTIR)** of 0.4 for employees and contractors
- **Total Incident Rate (TIR)** of 0.8 for employees and contractors
- **Crash Rate** of 6.5 for employees and contractors

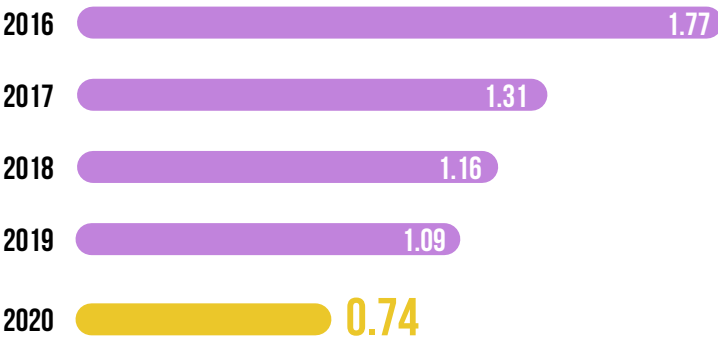


SAFETY PERFORMANCE

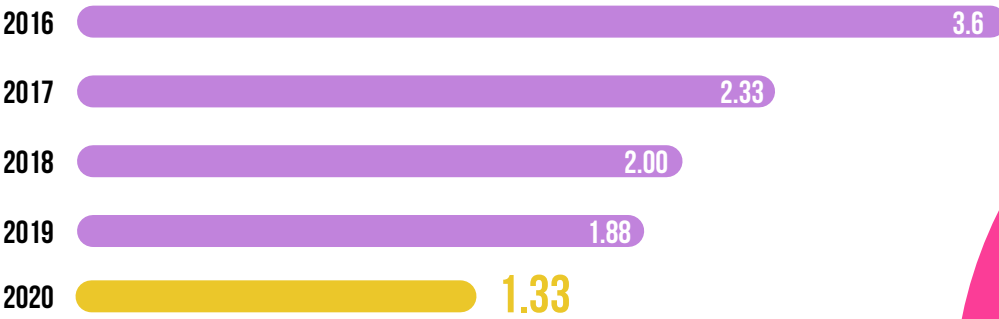
Our 2020 safety performance showed significant progress on several important fronts. For the year, we reported a Lost Time Incident Rate (LTIR) of 0.74 in 2020, a 32% reduction from 2019 and a 58% reduction from 2016. Notably, our manufacturing operations in Argentina, Brazil, Costa Rica, Guatemala, and Mexico already achieved an LTIR of 0.5 or below. We also achieved a Total Incident Rate (TIR) of 1.33, a 29% reduction from 2019. We further achieved a Crash Rate of 11.32 and a Major Crash Rate of 1.92, reductions of 34% and 63%, respectively, from 2019.

1. (# Accidents x 200,000)/Hours Worked.
2. (# Total Reportable Incidents x 200,000)/Hours Worked.
The factor of 200,000 is obtained from the estimated hours worked by 100 employees over 50 weeks at 40 hours per week. This factor allows for a comparison of the indicators as a proportionate rate.

LOST TIME INCIDENT RATE-LTIR¹
(Less is better)



TOTAL INCIDENT RATE-TIR²
(Less is better)

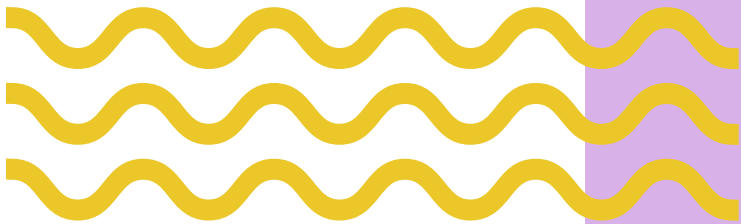


Total incident rate improved
29%
year over year



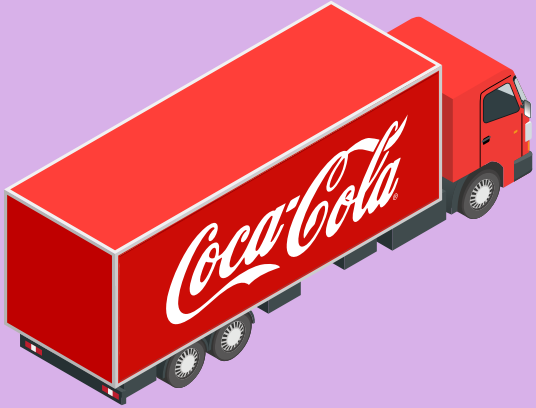
SAFETY STRATEGY

This year, we defined our 0.0 Safety Strategy, including the challenge ahead and the three main initiatives that will enable us to accomplish the goals of our 2020 – 2025 vision.



0.0 SAFETY STRATEGY

INITIATIVES



0.0 RTM SAFETY

Rapidly reduce road incidents and fatalities through risk management, capabilities development and management protocols, and cultural change around road safety and safe mobility with the implementation of technological enablers to ensure our Strategic Road Safety Plan within the distribution, logistics, and commercial processes



SAFETY OF THIRD PARTIES AND CONTRACTORS

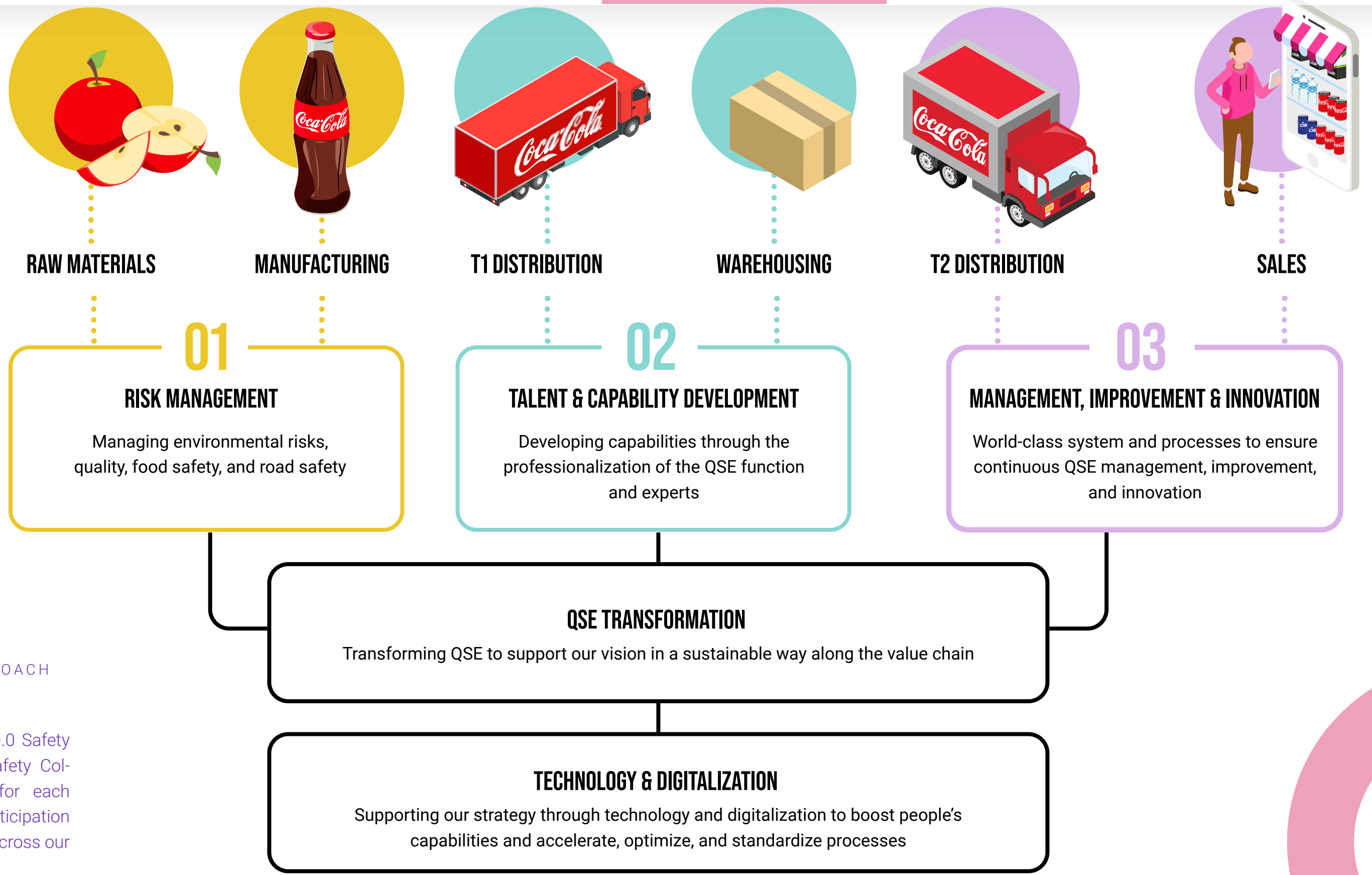
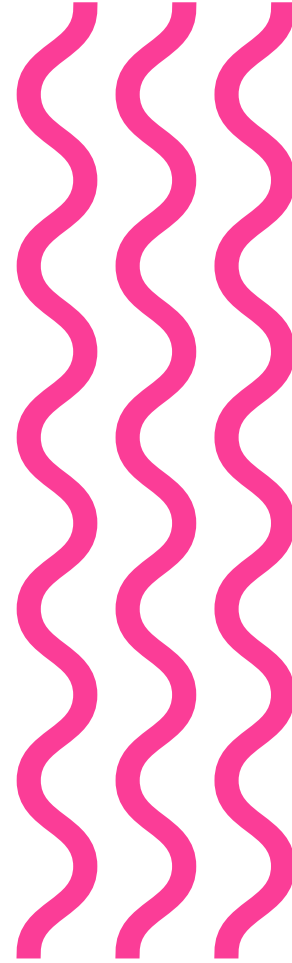
Develop, implement, and integrate our Safety Strategy, requirements, and commitments with contractors and other third parties, making these relationships sustainable



PREVENTION OF SERIOUS INJURIES AND FATALITIES (SIF)

Ensure ZERO FATALITIES and reduce serious injuries through incident management and systemic integration of management, culture, processes, capabilities, and technology

The Challenge: Ensure the integrity of our people and the people who interact with our operations, influencing our organizational culture, enabling business growth, and maintaining a leadership position within the Coca-Cola system and the beverage industry.



OUR COLLABORATIVE APPROACH TO SAFETY

To design and implement our 0.0 Safety Strategy, we launched three Safety Collaboration Communities—one for each strategic initiative—with the participation of over 40 key employees from across our operations.

KOF SAFETY QSE COMMUNITIES



BIO SAFETY



QSE CULTURE



SAFETY RTM



SAFETY IN THIRD PARTIES



ON-SITE SERIOUS
INJURIES & FATALITIES
PROGRAM

SIF • SAFETY CULTURE • TECHNOLOGY AND INNOVATION HUB



Our approach to safety is focused on collective and individual accountability, as reflected in the five key elements of our Safety Accountability Model.

SAFETY ACCOUNTABILITY MODEL

SAFETY LEADERSHIP

“We always walk the talk, even under pressure.”

ACCOUNTABILITY

“We are all accountable.”

EMPOWERMENT AND ENGAGEMENT

“I can change things. I’m part of a team to improve and recognize safe behavior.”

JUSTICE AND RECOGNITION

“I’m treated consistently and fairly.”

DISCIPLINE

“There are clear consequences for intentional unsafe acts or felt leadership.”

SHARED KNOWLEDGE AND LEARNING

“We learn from every incident to avoid second errors.”



SAFETY CULTURE

This year, our Safety Cultural Transformation played a fundamental role in our operations' ability to face the COVID-19 pandemic—from their emphasis on self-care to their reinforcement of safe habits, beliefs, and behaviors. During 2020, our transformational teams created COVID Watchers, who were responsible for promoting and enforcing safe habits and behaviors aligned with COVID-19 safety protocols. We extended the reach of our behavior-based safety approach to cover COVID-19 pandemic recommendations. We also broadened our cultural approach to factor in psychological safety, a powerful element that ensures sustainability, collaboration, and trust.

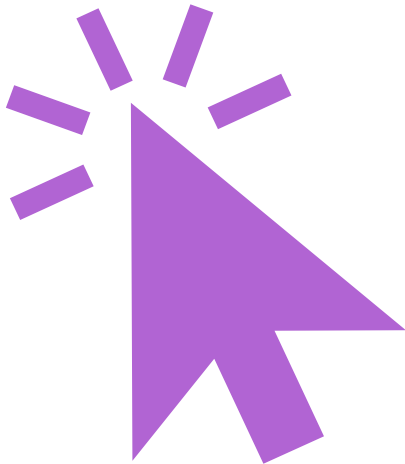


SAFETY TECHNOLOGY & DIGITALIZATION



Thanks to these and other transformational initiatives, we achieved a 33% crash rate reduction compared with 2019.

Our safety technology and digitalization pipeline continues to enable our Road Safety Strategy and results. Based on three key elements—People, Organization, and Vehicles—this strategy has enabled us to significantly improve road safety by reducing the number of accidents within the organization. To support this strategy, our business units have continued to implement initiatives and innovations that have accelerated the positive performance in this critical area, focusing on the development of drivers’ capabilities and the implementation of technology for road risk monitoring and management. During 2020, we developed and deployed the following key initiatives:



0.0 RTM SAFETY TRAINING, SIMULATOR AND MANAGEMENT PROGRAM (BRAZIL)

Focused on vehicle operation, functional assignments, speed and space management, decision-making, preventive and defensive management, adverse conditions, emergency maneuvers, work methods and controls, and alcohol and drug management.

BEHAVIOR MANAGEMENT AND TELEMETRY (BRAZIL)

All drivers’ performance is continually monitored and managed through telemetry equipment installed on each truck, along with support videos, a disciplinary process, and a recognition program to encourage road incident prevention and mitigation.

VIRTUAL REALITY SIMULATOR (ARGENTINA & URUGUAY)

Virtual reality simulator offered training and capacities evaluation for safe handling of these operations’ distribution vehicles and forklifts.

EVOLUTION OF ROAD CAPABILITIES TRAINING PROGRAM (BRAZIL)

Focused on defensive and preventive driving, road accident reduction, vehicle wear and tear, and fuel consumption across this operation’s primary and secondary distribution fleet.

FORKLIFT TELEMETRY (CENTRAL AMERICA)

Installed forklift telemetry to identify, monitor, and manage behaviors and drivers.

SAFE MOBILITY STRATEGY (COLOMBIA)

Aligned with best corporate and Colombian road safety standards, this strategy is focused on the five key elements of institutional management, human behavior, safe vehicle, safe infrastructure, and attention to victims.

MOBILEYE INITIATIVE (MEXICO)

Integrated driver assistance systems, designed to reduce accident rates, monitor driving habits, and redefine working hours management based on profiles of each operator across the primary distribution fleet.

TTT (TREND TOPIC TRUCK) TECHNOLOGY (MEXICO)

Developed and piloted TTT technology in 20 secondary fleet distribution units to prevent and reduce the five main causes of road accidents.

SERIOUS INJURIES AND FATALITIES MANAGEMENT

During the year, we launched phase three of our corporate safety standards for the prevention of fatalities. Thanks to these standards, 2020 was the first year that we achieved zero fatalities within our manufacturing facilities and distribution centers.

Consistent with our commitment to incident prevention, we designed and implemented our Serious Injuries and Fatalities (SIF) Management Model, composed of four key elements:

- Safety protocols standardization
- Safety incidents escalation and exposure matrix
- Key performance indicator (KPI) monitoring with a technological enabler
- Life Saving Rules, developed in collaboration with the Coca-Cola system



LIFE SAVING RULES

01

THINK SMART
BEFORE YOU
START

Do everything necessary to ensure your safety and the safety of others before you start any work.

02

SEE, SAY, DO
SOMETHING

Your life and the lives of others you work with depends on YOU. Speak up about safety risks, at-risk acts and take actions.

03

RIGHT SKILLS
FOR THE TASK

Confirm that you and others you are working with have the right training, qualification, skills, and authorization to perform the work safely.

04

CONTRACTOR &
VISITOR SAFETY

Ensure contractors, vendors and visitors act and work safely at all times.

05

WORK PERMIT
(authorization)

Always ensure an analysis of potential hazards has been completed, proper authorization obtained, and permit received and understood prior to the starting of work.

06

WORK AT
HEIGHT

Protect yourself against falls when working at height.

07

SAFE
EQUIPMENT

Ensure safety devices such as machine guards, pressure relief valves and DFCI's/RDC's are in place and maintained to protect against hazard exposure.

08

SAFE WORK
ENERGIZED
SYSTEMS

Confirm "zero" energy is present and is isolated (LOTO) before working on potentially energized or pressurized equipment.

09

CONFINED
SPACES

Obtain appropriate authorization and confirm safety of a confined space before supervised entry.

10

HOT WORK

Control flammables and ignition sources before starting any hot work.

11

HAZARDOUS
CHEMICALS

Understand and follow the safe handling, storage, and use for all chemicals in accordance with the Safety Data Sheet and based on risk assessment.

12

SAFE ZONES

Always position yourself in a safe zone away from exposure to hazards such as moving vehicles and equipment or overhead loads.

13

FORKLIFTS/
LIFT TRUCKS

Operate powered moving equipment such as forklifts/lift trucks only when confirmed to be in safe condition, and only when certified and authorized to do so.

14

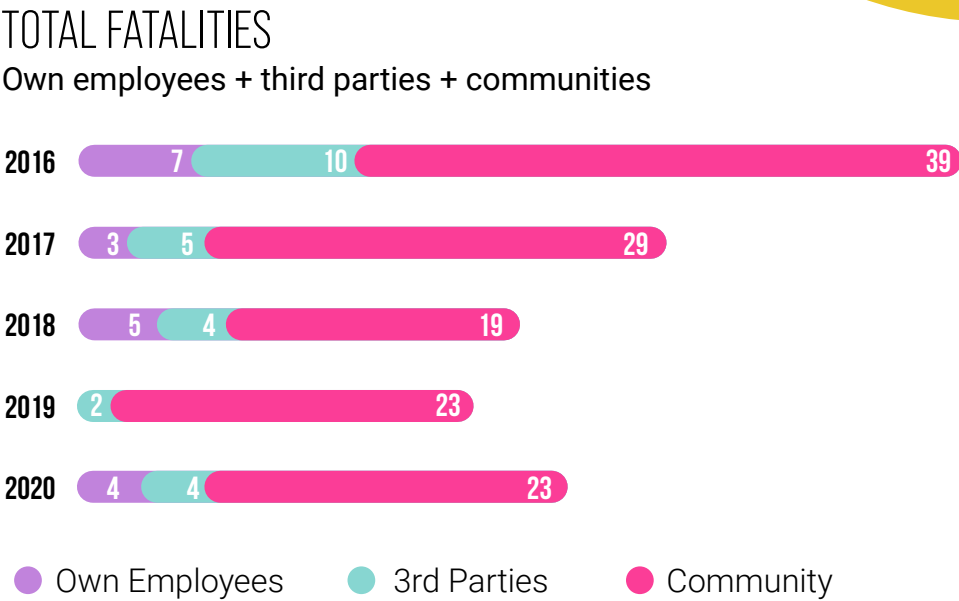
SAFE DRIVING

Practice safe driving rules. Vehicle safety devices and safe driving behaviors keep you and others safe.

COMMITMENT TO ZERO FATALITIES

Aligned with our 0.0 Safety Strategy, we continually research, analyze, and identify the measures required to reduce the number of injuries resulting from our operations. Despite our best efforts, we regret to report an increased number of fatalities during 2020 compared to the preceding year.

For the year, we reported a total of 31 fatalities, 94% from road accidents and 6% from public safety conditions within the countries in which we operate. Although 95% of our operations reported no fatalities, the remaining 5% is still an unacceptable number. We will not be satisfied until we fulfill our promise and commitment to zero incidents. We offer our condolences to the families and people affected by our operations, and we pledge to implement best practices to prevent any future losses.



SUSTAINABLE MOBILITY

Through our Sustainable Mobility strategy, we aim to reduce the impact of our fleet—including primary and secondary distribution trucks—and to position ourselves as the industry leader in Latin America in terms of vehicle efficiency, environmental stewardship, and safety.

We continued to execute route optimization strategies to maximize overall vehicle efficiency. With the deployment of KOF Digital Distribution 1.0 platform in Brazil, Colombia, Mexico, Panama, and Uruguay, we installed vehicle telemetry equipment on 100% of these operations' secondary distribution fleet. Thanks to each truck's telemetry data—together with the functionality of our mobile delivery devices—we enjoy the ability to identify and correct deviations in distribution route execution versus our route plan. This equipment also enables us to analyze route execution patterns in order to identify an optimal com-

bination of variables to improve our route planning process. As a result, we optimize our fleet's usage, minimizing vehicles' downtime while maximizing vehicles' up-time. Thanks to our telemetry equipment, we not only improved key road safety indicators, but also reduced fuel consumption while decreasing CO₂ emissions.

Moreover, with the deployment of dynamic routing across our secondary distribution fleet in Brazil and Colombia, we enjoy the flexibility to plan vehicles' routes on a daily, weekly, and monthly basis, thereby optimizing available fleet resources and distances traveled to serve our customers.

Additionally, we leveraged our secondary fleet substitution program in Mexico and Brazil, where we maintain the largest volume of delivery trucks. Over the past five years, we have substituted our fleet with vehicles that meet higher standards to reduce

emissions. Thanks to this program, we reduced our fuel consumption, emissions, and maintenance costs, and we reinforced our commitment to eco-efficiency with local environmental authorities.

Through our self-regulation program in the Valley of Mexico, we commit to minimize the local delivery fleet's emissions through key initiatives, including an efficient maintenance process and ongoing fleet substitution program, fostering our social license to operate.

In recognition of our efforts to reduce our primary and secondary fleet's emissions, we earned the Clean Transportation Award from Mexico's ministries of Environment and Natural Resources (SEMARNAT) and Communications and Transportation (SCT) for the ninth year.





SHARED OPPORTUNITY WITH OUR COMMUNITIES

We work to strengthen and consolidate positive relationships with the communities with which we interact. We identify and develop shared opportunities for our company and communities' sustainable development, enhancing our ability to serve the marketplace while maintaining our social license to operate.





SUSTAINABLE SOURCING

At Coca-Cola FEMSA, we work with our suppliers to reduce the environmental and social impacts generated by our commercial interactions and thus improve the conditions of our supply chain. In this way, we not only minimize negative impacts, but also raise standards in key business areas, increase labor efficiency, preserve environmental capital, and reduce risks and costs for all of those involved throughout the value chain.

As part of our company's sustainable sourcing mandate, in conjunction with our defined strategic initiatives, each supplier cooperates to minimize their social and environmental risks over which we have no direct control and which cause the greatest number of impacts throughout our supply chain on a daily basis. The general guidelines that we use to make this happen are:

- 1. The Coca-Cola Company's (TCCC) Supplier Guiding Principles** focus on strategic input categories and include areas such as Human Rights Policies, Environmental Protection, and Labor Rights. Through audits that ensure compliance with these standards, TCCC authorizes its bottlers to work with approved suppliers.
- 2. Sustainable Agriculture Guiding Principles.** Established by TCCC, they include the same areas as the previous principles, but are adapted to suppliers of agricultural raw materials.
- 3. FEMSA's Supplier Guiding Principles.** We apply these principles to mitigate social risks of suppliers for categories that are different from those of the strategic inputs and are relevant to the value chain.

FEMSA SUPPLIER GUIDING PRINCIPLES

ENVIRONMENT
Impact & environmental compliance

COMMUNITY
Community development

LABOR RIGHTS
Child labor
Forced labor & freedom to move
Freedom of association & collective bargaining
Discrimination & harassment
Work schedule & compensation
Occupational health & safety
Reporting mechanisms

ETHICS & VALUES
Legal Compliance
Fiscal integrity
Anti-corruption
Money laundering
Fair competition
Conflicts of interest
Privacy & intellectual property
Human Rights

These principles reflect the standards that guide our daily activities to ensure we provide responsible workplaces that protect human rights and comply with environmental laws. Founded on these principles, we follow a comprehensive five-step Sustainable Sourcing Strategy:

Prioritization of categories

At Coca-Cola FEMSA, we use a proprietary tool to identify which suppliers are candidates for a development process. Suppliers are prioritized considering factors such as expenditure, environmental, social, and ethical impacts for each product category, dependability, brand association, and operational criticality.

Sustainable purchases

Through this step, we include FEMSA’s Supplier Guiding Principles in our supplier contracts and requests for information, provide general guidelines for assessment procedures, and conduct training for sourcing and purchasing employees.

Assessment

At Coca-Cola FEMSA, we assess our suppliers continuously through our Sustainable Sourcing System, ensuring that they

are aligned with our company’s operating principles and values. Carried out online, this assessment focuses on four main areas: Social/Labor Rights; Environment; Ethics and Values; and Community. To ensure the process’ transparency, a third party reviews and verifies the information, and we then provide feedback and create action plans to encourage supplier development, ethics, and sustainability. All suppliers with low scores are subject to improvement plans at their facilities and are evaluated periodically to encourage their continuous improvement. This year, we conducted 619 supplier evaluations based on FEMSA’s Supplier Guiding Principles. Since 2015, we have carried out 2,516 evaluations under these principles.

Consistent with this strategy, The Coca-Cola Company (TCCC) assesses and ensures compliance with its guiding principles and sustainability standards for specific categories of strategic suppliers; at Coca-Cola FEMSA, we only work with suppliers approved by TCCC in those categories. In 2020, TCCC carried out 120 evaluations of suppliers aligned with their Supplier Guiding Principles and Sustainable Agricultural Guiding Principles.



In addition to these assessments, Coca-Cola FEMSA is one of the few companies that promoted the application of these assessments to Tier 2 suppliers or the suppliers of our suppliers. Currently, our strategic suppliers are applying the same risk assessment and mitigation mechanisms within their own value chain. This ensures that the knowledge and the drive for greater sustainability not only remains within our direct circle of influence, but also extends to all of those who participate in supplying raw materials, inputs, and services.

THE COCA-COLA COMPANY

COUNTRY	2015	2016	2017	2018	2019	2020
Mexico	33	52	40	59	37	27
Costa Rica	2	3	7	0	1	7
Guatemala	3	5	8	7	8	7
Nicaragua	0	1	0	0	1	1
Panama	1	0	3	3	2	1
Argentina	5	11	19	10	10	10
Brazil	54	47	102	51	42	57
Colombia	8	7	18	11	4	10
Total	107	126	197	141	105	120

COCA-COLA FEMSA

COUNTRY	2015	2016	2017	2018	2019	2020
Mexico	100	198	245	172	165	164
Costa Rica	30	120	106	34	41	35
Guatemala	–	–	49	34	36	35
Nicaragua	–	84	94	27	21	15
Brazil	–	–	45	66	63	245
Panama	–	–	–	36	24	30
Argentina	–	–	–	31	31	17
Colombia	–	–	–	–	30	51
Uruguay	–	–	–	–	15	27
Total	130	402	539	400	426	619



739

**suppliers assessed
with Guiding
Principles**

Capabilities development

To strengthen our suppliers' business capabilities, we provide them with access to training and growth initiatives on topics such as finance, marketing, and human resources, among others. We also support their growth and build their business skills, improve their companies, and develop high quality products aligned with our principles and values.

In collaboration with the Mexican Center for Competitiveness (Centro Mexicano de Competitividad), we carry out a Comprehensive Supplier Development Program for strategically selected small- and medium-sized enterprises (SMEs) to improve their business capabilities. Through this program, we collaborate with suppliers to not only improve their sustainable competitiveness, but also forge stronger relationships with our company and other large companies. In 2020, 19 suppliers participated in the program, training a total of 285 suppliers from Mexico and Costa Rica over the past five years.

Recognition

The good performance of our suppliers on sustainability issues is very important. Accordingly, we recognize all of those suppliers that incorporate sustainability into their own business's DNA not only as a requirement for doing business with Coca-Cola FEMSA, but also as a competitive advantage and a means to become socially responsible. During 2020, we conducted virtual recognition forums for suppliers to our Brazil, Costa Rica, Guatemala, Mexico, and Panama operations, where we recognized 23 suppliers from over 215 participating companies for their remarkable practices.

PROMOTING THE UN SDGS WITH OUR SUPPLIERS

During 2020, we collaborated with Redecim to promote our suppliers' contribution to the UN SDGs. Altogether, 38 companies participated in this effort, committing to specific goals and linking the achievement of these goals to their business success.



SUSTAINABLE COMMUNITY DEVELOPMENT

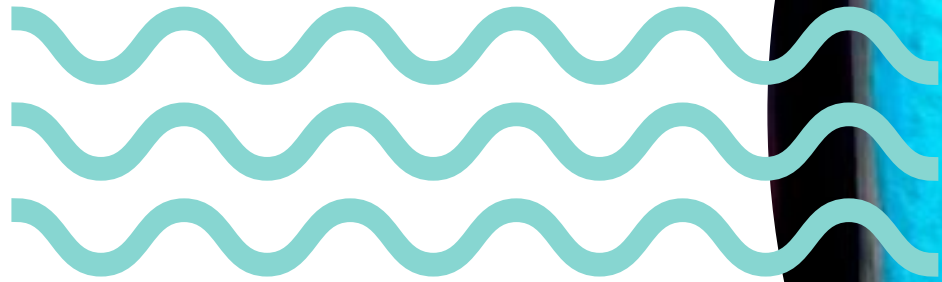
Aligned with our comprehensive management framework, this year we prioritized the safety and wellbeing of our employees, customers, consumers, and communities throughout the COVID-19 pandemic. By prioritizing their health and safety, we reinforce our company's commitment to delivering economic value, while generating social and environmental wellbeing.

As a leading beverage company, we have made our resources available to build on the actions of the communities where we operate. In solidarity with our communities and in collaboration with health professionals at the front line of the COVID-19 health emergency, we have offered our company's support through our donation of more than 3.85 million liters of beverages to medical centers and vulnerable communities across our markets. We have collaborated with government authorities

to leverage our marketing spaces and delivery trucks in the communication of prevention measures. We have teamed up with The Coca-Cola Company and other organizations in the expansion of hospital capacity. We have also joined forces with various institutions, organizations, and industry groups in the distribution of 1.9 million medical supplies.

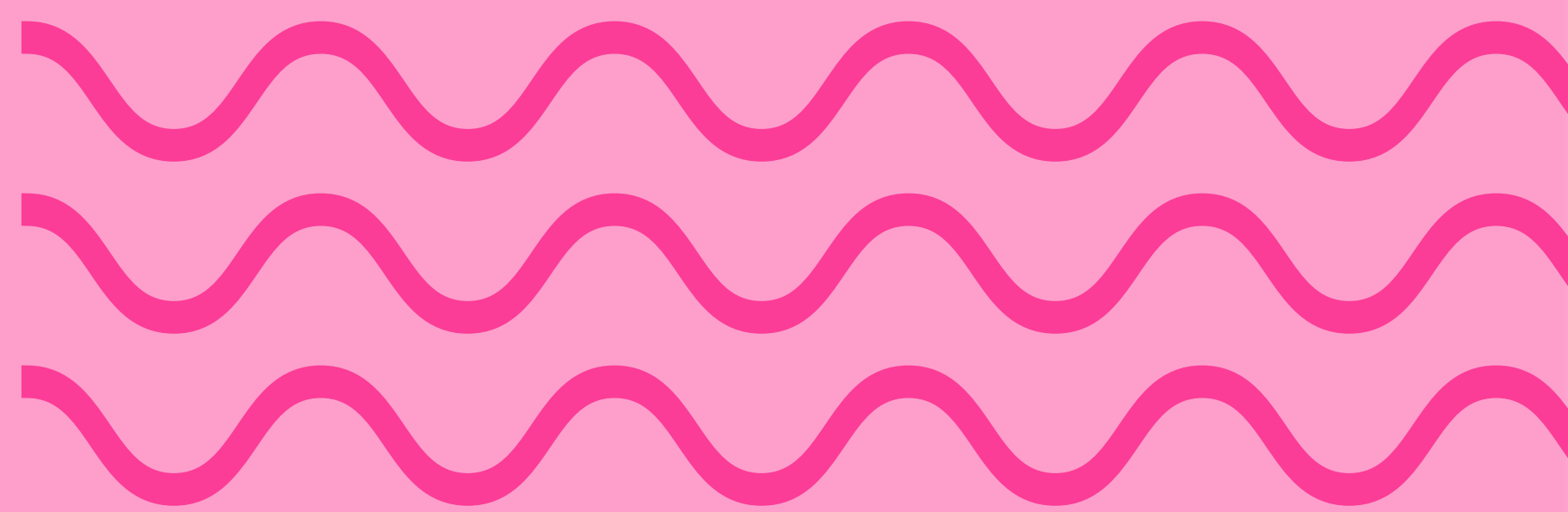
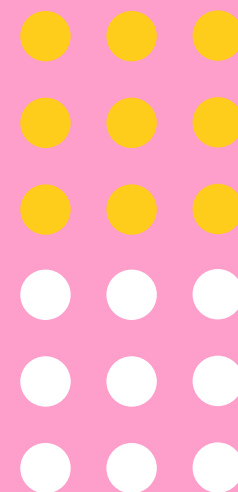
Among our different community health and safety efforts, we donated more than 26 thousand COVID-19 tests focused on front-line healthcare professionals in Sao Paulo, while teaming up with the sugar cane industry to deliver more than 500 thousand liters of sanitizing alcohol to hospitals in Sao Paulo's public health network. In Mexico City, we teamed up with The Coca-Cola Company and other organizations in Mexico to convert the Citibanamex Convention Center into a temporary medical

facility, which has been operational since late April. In Argentina, we donated more than 325 thousand liters of beverages to at-risk populations in collaboration with NGOs, municipalities, and health institutions, and in Uruguay, we participated in the #NosCuidamosEntreTodos initiative, which has donated funds for medical supplies. Additionally, in Colombia, we donated beverages to the most affected populations in the country through alliances with the national police, the Red Cross, mayors, and food banks, and in Venezuela, we donated water to health centers, shelters, and vulnerable communities. Furthermore, in Central America, we donated more than 150 thousand liters of beverages to the elderly, front-line health professionals, volunteers, and police, while communicating preventive measures through more than 200 distribution routes.

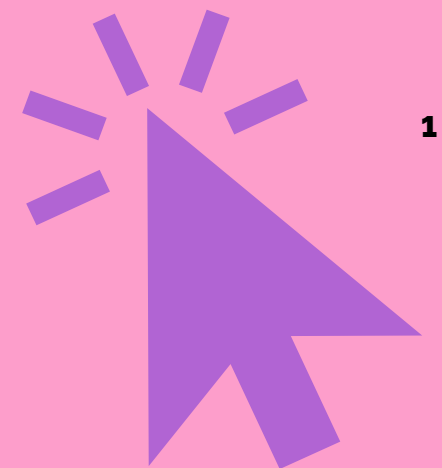




FOSTER A COLLABORATIVE CULTURE



This year, the global, immediate, and simultaneous impact of the COVID-19 pandemic required us to not only further strengthen our Human Resources model, but also to delegate better and trust one another more—assuming full responsibility for our roles with no room for overlapping jobs or functions.



This empowered our senior management team to lead by example and visibly change key roles and behaviors:



CEO & LEADERSHIP TEAM

Embrace and **role model** desired behaviors

Work **collaboratively** to encourage others to do so

Empower direct team

Openly **receive feedback** and **give honest and open feedback**

Serve as the **driver of our culture**



FUNCTIONAL AREAS

Provide a service, not serve front-line units

Be **responsible for their functions** in business unit

Have **clearly defined roles and responsibilities** aligned with the operations

Embrace and **role model new ways of working**—simplicity, collaboration, agile, lean

Focus on the greater good—we before me



OPERATIONS

Drive profitable growth by **serving our consumers, customers, and communities**

Be **responsible for profit and loss (P&L)** of operation

Collaborate and work **with functional areas**

Focus on the greater good—we before me

Consequently, the evolution of our senior management team's leadership and decision-making is evident throughout critical stages of our cultural transformation journey.

As we move forward, the vision of our Human Resources (HR) function is to:

- **Attract and develop the best talent.** Ensure that talent becomes our competitive advantage to reach our company's strategic goals
- **Enable organizational capabilities.** Adapt company's organizational capabilities to meet evolving business needs
- **Accelerate HR process standardization and automation.** Promote HR process automation to deliver faster and better services

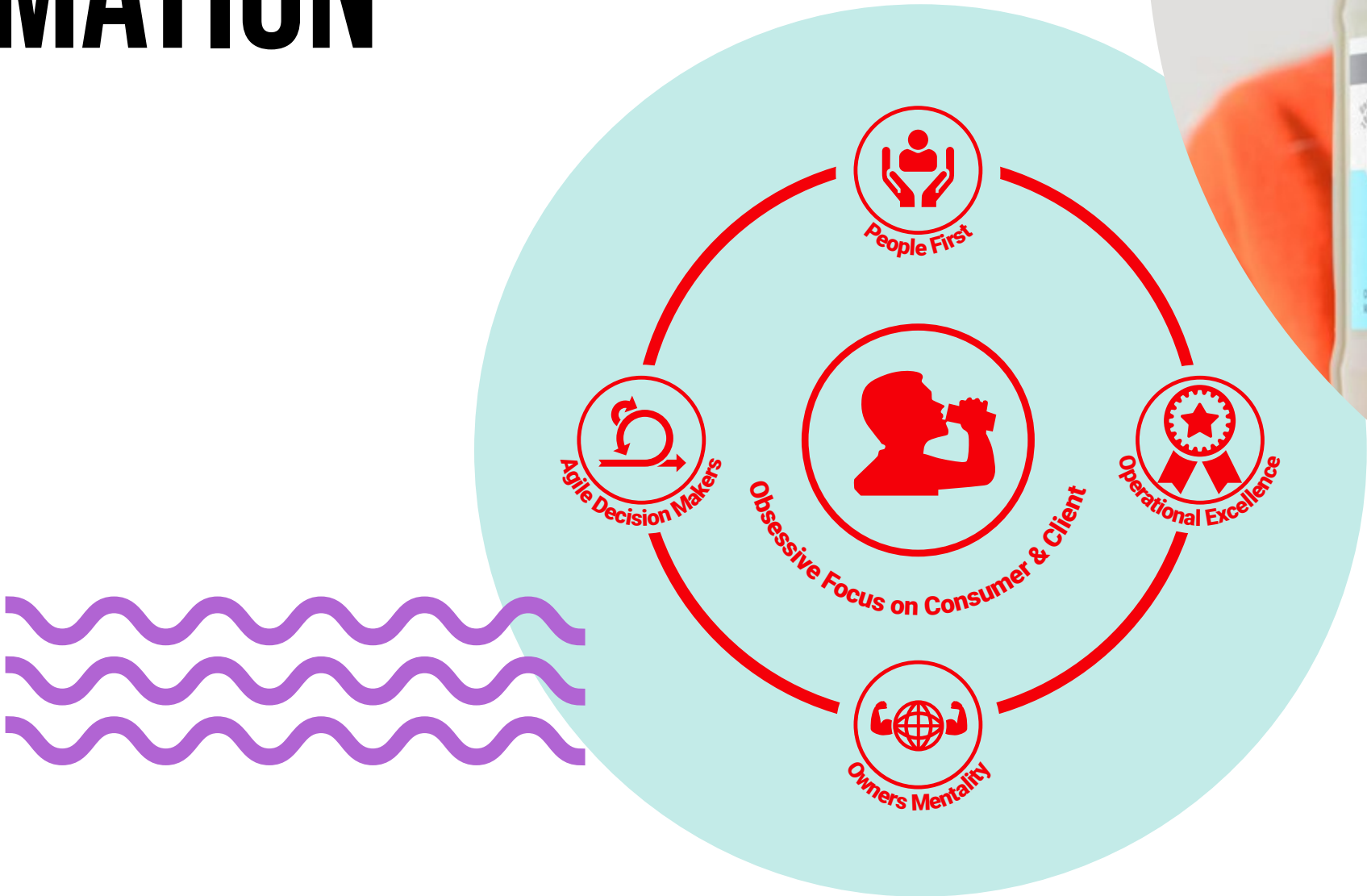
Aligned with our vision, the HR teams act as agents of change—leading our collaborative cultural transformation, developing the best talent, and implementing agile processes at the optimal cost for the organization.

CULTURAL & ORGANIZATIONAL TRANSFORMATION

In 2018, we began our cultural transformation journey with the launch of KOF DNA to ensure that our customers and consumers are at the center of everything we do. This year, we continued our journey—underscoring that our people and the way they work together are our company's most valuable assets.

KOF DNA

Comprised of five key foundational elements, KOF DNA is the set of core beliefs and behaviors that we aspire to live and breathe each and every day.



Over the course of this challenging year, we brought our “people first” mentality to life through all of the actions we undertook to protect our people’s safety and to ensure operational continuity. Aligned with our DNA, we activated multiple initiatives:

- **Reinforce hygiene and safety protocols**, focused on protecting our people and their families
- **Adjust management routines and operating processes**, centered on ensuring our employees’ and contractors’ wellness
- **Strengthen remote work schemes** in order to support leaders and their teams to maintain productivity and results
- **Role-modeling** visible leadership actions that foster openness and trust among teams
- **Enhance employee recognition mechanisms**, especially among front-line employees who enable us to ensure operating continuity
- **Foster communication, collaboration, and cohesion** through targeted communications to improve work from home schemes
- **Quickly adapt our business models** to serve our markets and people’s changing needs

We also focused on agile leadership capabilities to face the year’s challenges and to respond to our customers, consumers, and organizational needs.

We complemented our cultural transformation journey with better communication channels for our people, including digital optimization processes. We further continued with the deployment of KOF DNA across all operations and organizational levels, while measuring adoption of desired DNA behaviors through different companywide surveys—which showed higher participation rates than our initial targets at the operational level.

Sustainable development begins with us. Hence, we are committed to offering our more than 80,000 employees safe and dignified environments and workplaces based on respect, equity, transparency, and free participation; the effective implementation of which is essential for the integral development of people, positively affecting their quality of work life.





120

**work centers in Mexico
implemented the
“Working Conditions
Assessment”**

As part of our transformation process, we updated our Labor & Human Rights Policy, which integrates the Fundamental Principles and Rights at Work of the International Labor Organization (ILO), such as:

- Freedom of association
- No to forced labor
- No to child labor
- No to discrimination
- No to bullying, violence, and harassment
- Security and health at work

In addition, consistent with our cultural evolution, we developed a self-assessment methodology, called “Working Conditions Assessment,” to identify the gaps in our operational basics, work obligations, the needs of our people and how they feel, which we implemented in over 120 work centers of our Mexico operation, representing around 80% of our footprint in Mexico. This evaluation allowed us to gather relevant information about our operations to prevent labor risks, which will help us to materialize our “People First” mentality.

Some of the evaluated concepts are:

- Work environment
- Immediate supervisor’s management practices
- Psychosocial risks
- Labor violence and discrimination
- Compensation schemes
- Child labor
- Security and health
- Infrastructure and work tools, among others

Furthermore, we continued with the implementation of our functionalized Human Resources organizational model through service and alignment surveys, change agent networks, and new ways of working to identify corporate and operational gaps within and among our functionalized directions and to develop action plans to mitigate those gaps.

TALENT MANAGEMENT AND DEVELOPMENT

Our people and the way they work together are our company's most valuable assets. Accordingly, we comprehensively manage, attract, develop, and motivate our people effectively, preparing the next generation of leaders today.

PEOPLE FIRST

This year, we standardized and digitized 100% of the of the development agendas of our Tactical and Strategic Leaders.



PERFORMANCE, SUCCESSION & MOBILITY

This year, we implemented a functionalized talent cycle across all of our operations; including development agenda planning with a wider and better offering to meet our people's needs. We also continued to implement our improved performance management model, focused on the value that each individual contributes to the organization and their adoption of our company's desired DNA behaviors, which represent 30% of our employees' annual results.

During the year, we further deployed the annual 9-Box Talent Assessment and Management Methodology, enhancing our talent quality, succession, mobility, and execution metrics, while focusing on our high potential talent. During 2020, our employees, from executive, senior, and middle management, as well as individual contributors, were evaluated throughout our operations in order to identify and take

actions to develop our talent pipeline within the company.

Moreover, after last year's launch of our Global Talent Visibility program, we designed programs to achieve higher talent visibility across the organization, while injecting talent through initiatives such as our Young Professionals and accelerated Supply Chain development programs to provide a better talent succession pipeline across key positions. For professionals with at least 18 months of employment experience, our Young Professionals program is designed to attract and develop key talent who could achieve higher positions in our organization within two years. Similarly, our tailor-made, two-year Supply Chain development programs aim to accelerate the development, exposure, and national and international mobility of key talent within the supply chain functional area.

67%

of our company's talent requirements were filled by internal candidates

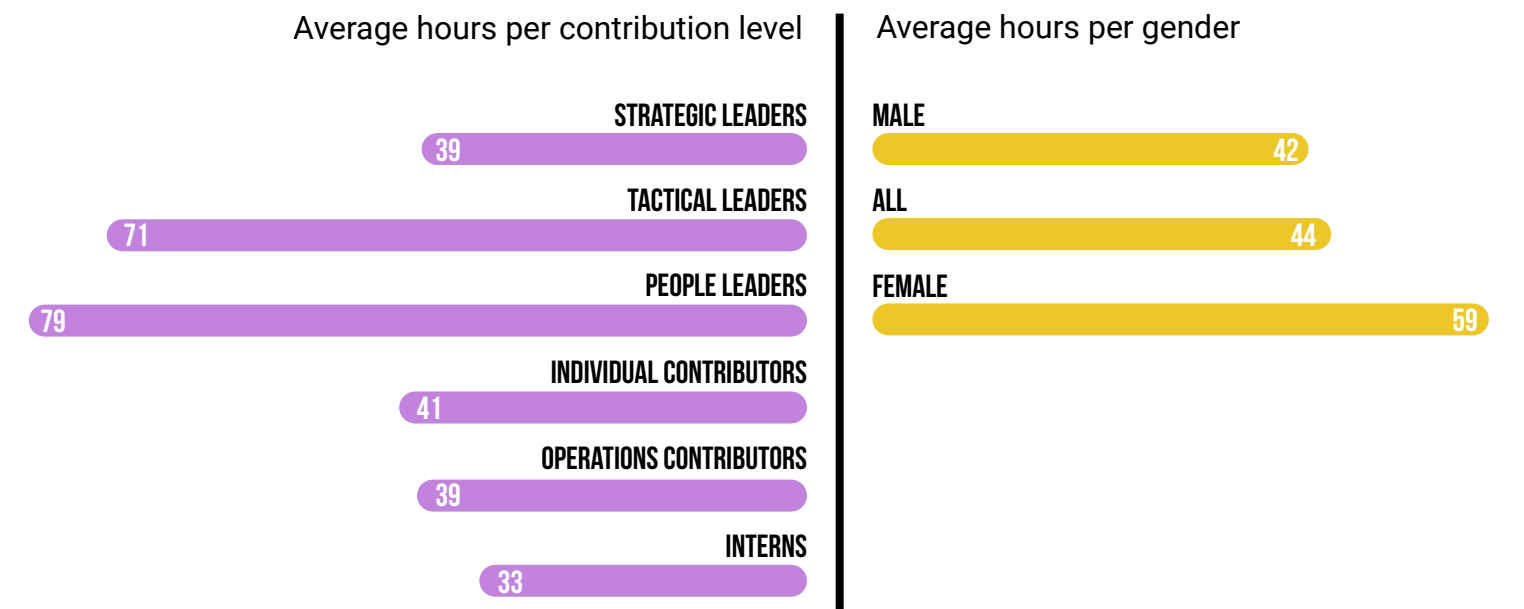
Respetemos la distancia
#CUIDEMONOSENTRETODOS



PATH TO DIGITAL

During the year, we continued the deployment of our Global Talent Platform throughout all of our operations. Ultimately impacting 70,800 employees, this platform will integrate, improve, and simplify our leaders' and employees' experience with HR processes. Among the year's developments, FEMSA University migrated to a learning module within our Talent Platform, enabling opportunities for self-learning and development across all of our operations. Currently, we are working on standardizing and migrating our HR Administration backbone, including our master database and payroll systems, to a cloud-based solution in order to provide a more agile service and set the foundation for our path to digital.

TRAINING HOURS



This year, we reviewed all of our Data Management processes to ensure the standardized, accurate configuration of our digital enablers, and we began with the implementation of Employee Central, which will impact all of our employees across our operations. This tool is designed to transform personnel administration management, promoting leaders' empowerment while improving our employee experience. We also made major improvements to our basic HR processes, focusing on the simplification, standardization, and automation tools for our variable compensation, which we already deployed in Costa Rica, and time and attendance which we implemented in Brazil.

INCLUSION & DIVERSITY

At Coca-Cola FEMSA, we aim to create an environment in which every individual can feel included and valued for their own knowledge, behavior, competencies, and results, with opportunities for development and recognition based on their own talent. To this end, our strategic goals are to:

01

TRAIN AND INSTALL INCLUSIVE LEADERSHIP SKILLS AT ALL LEVELS

- Train to identify unconscious biases that exist in the way our company functions
- Install best practices that allow us to consciously manage such biases
- Establish a companywide Inclusion & Diversity Board to advise our CEO and Operation Heads

02

CREATE AN OPEN AND FLEXIBLE WORK ENVIRONMENT

- Update flexible work programs and policies
- Continuously sensitize our company to new ways of working
- Migrate towards open and collaborative workplaces across all of our operations

03

DEVELOP A DIVERSE TALENT PIPELINE

- Increase representation of women in leadership roles
- Provide visibility, sponsorship, and mentoring to female talent
- Increase representation of people with disabilities
- Develop guidelines and key performance indicators to evaluate diversity and inclusion

Aligned with our Inclusion & Diversity Strategy, we developed our diverse talent pipeline strategy to identify female talent within our organization and to design specialized development programs to promote women's representation in leadership positions. We further undertook multiple initiatives to communicate our overall Inclusion & Diversity Strategy throughout the organization.

INCLUSION & DIVERSITY **BOARD**

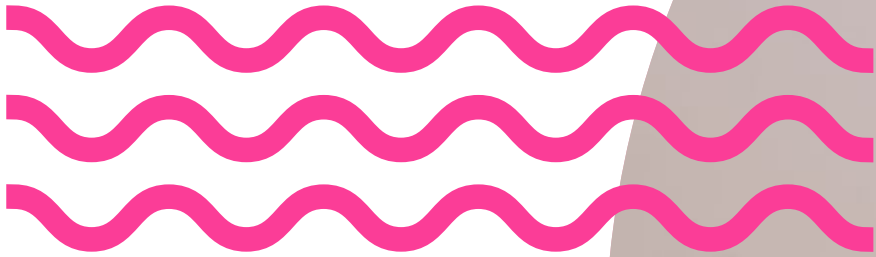
To accelerate the development of a truly inclusive and diverse organizational culture, we evolved from a “networks” approach to a companywide Inclusion and Diversity Board. Aligned with our company’s business priorities, the Inclusion and Diversity Board is focused on five main purposes:

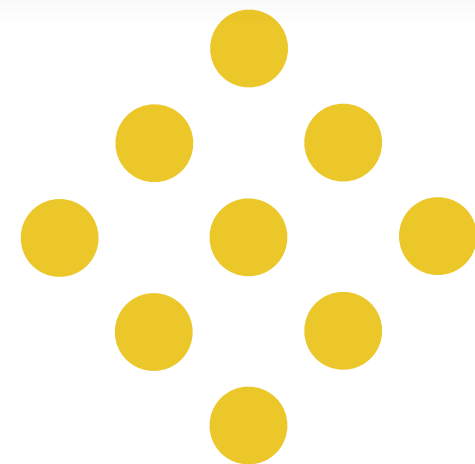
- 1. Engage and hold leaders accountable throughout the organization
- 2. Define both long- and short-term objectives and strategies aligned with our company’s inclusion and diversity vision
- 3. Ensure functionality of work teams at a country and regional level
- 4. Ensure deployment of an internal and external communication plan
- 5. Measure, monitor, and evaluate initiatives.

INCLUSION & DIVERSITY INITIATIVES

To reinforce our company’s commitment to inclusion and diversity, we conducted a range of initiatives throughout the year—from our inaugural “We-talks” conversations to “our label is talent” campaign to our Inclusion and Diversity Forum—enabling our employees to reflect on the importance of inclusion and diversity for our organization, encourage our company’s development of inclusive leadership, and empower managers and directors to strengthen our culture of inclusion and diversity.

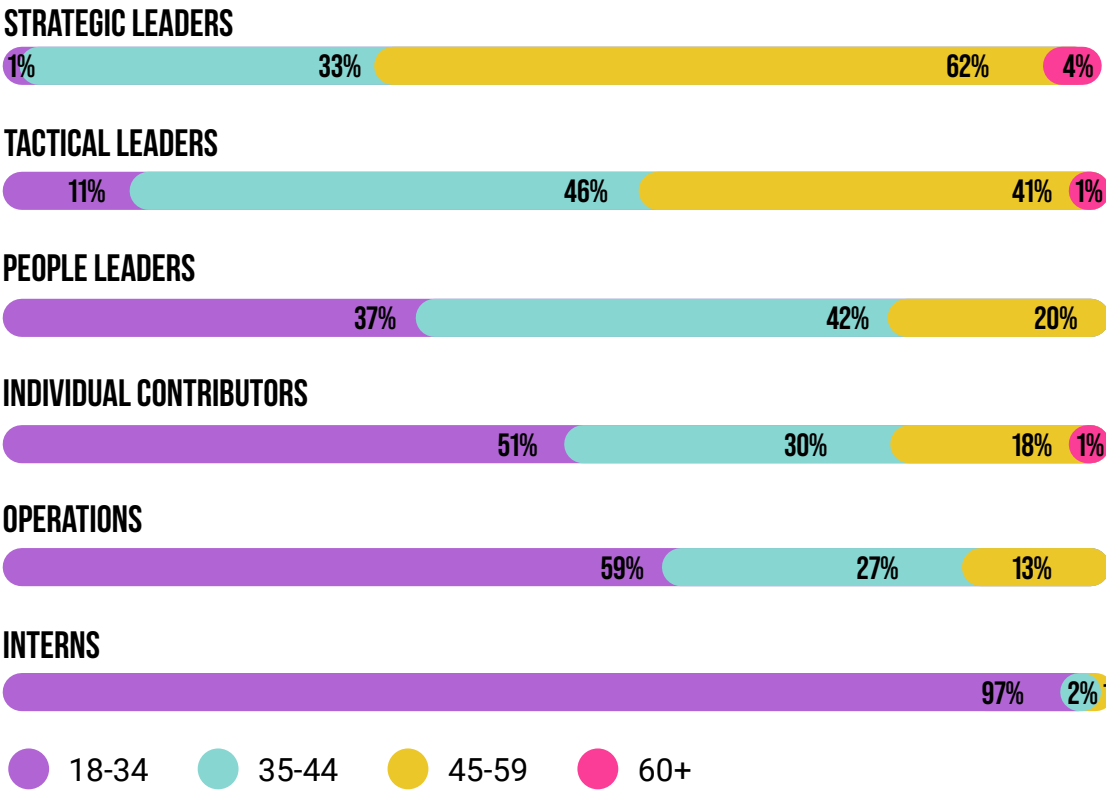
Furthering on our Inclusion & Diversity mindset, in Brazil we employed our first fully inclusive production line, operated 100% by professionals with disabilities. We made proper accommodations so people with hearing, physical, visual and learning disabilities enjoy working opportunities in our bottling plant in Bauru.





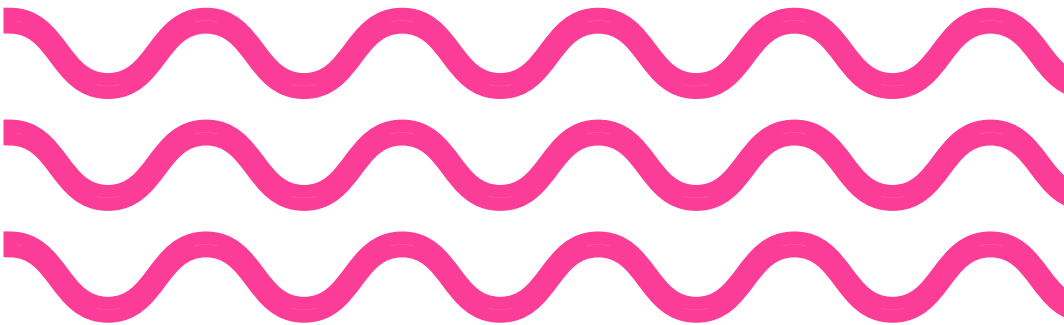
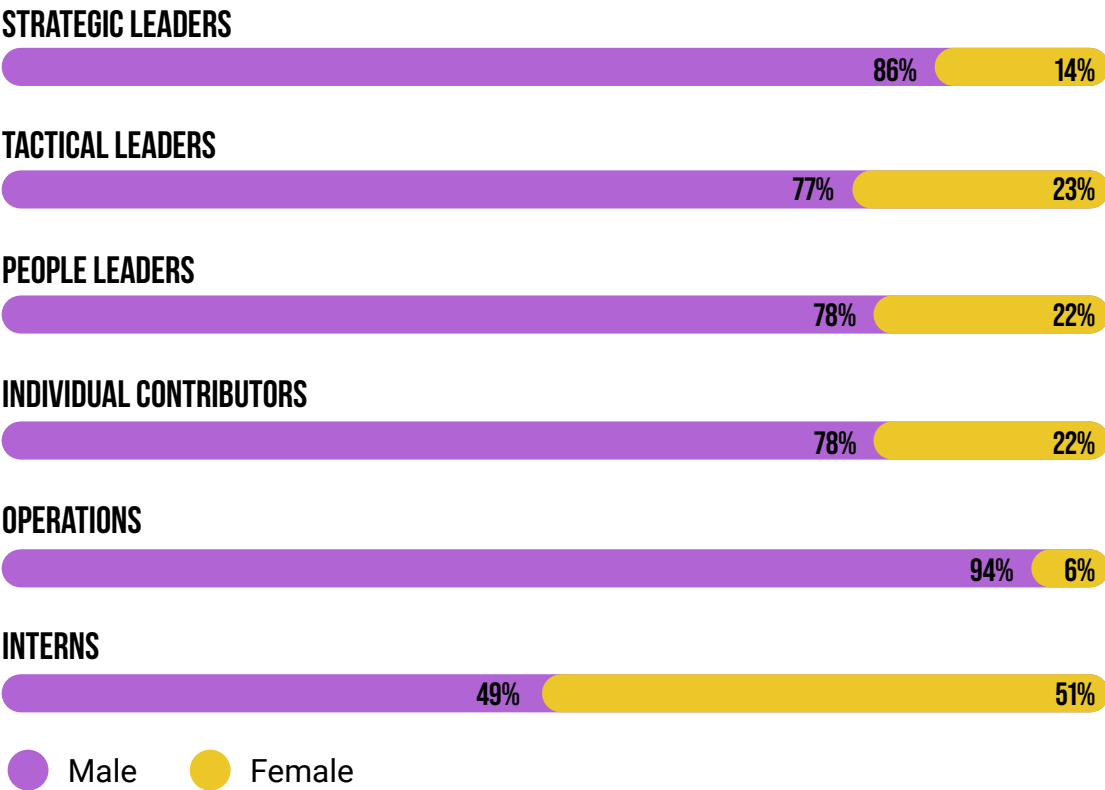
EMPLOYEES

Per age group in each contribution level



EMPLOYEES

By gender in each contribution level



EMPLOYEES
By contract & region

URUGUAY: 900
701 — 199

COSTA RICA: 1,428
1,197 — 231

PANAMA: 1,523
1,256 — 267

NICARAGUA: 1,537
1,197 — 340

ARGENTINA: 2,147
2,129 — 18

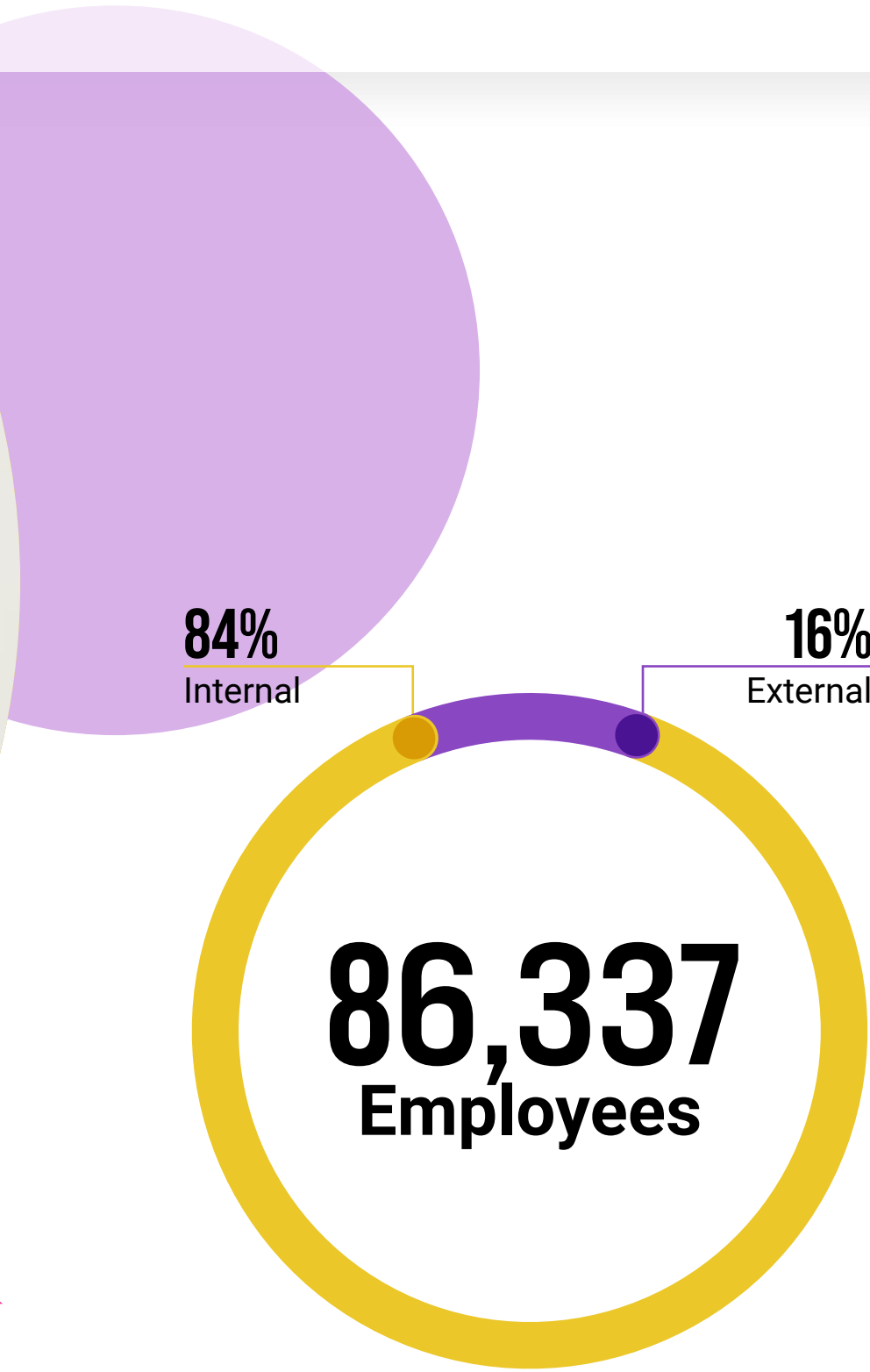
GUATEMALA: 2,794
2,794 — 0

COLOMBIA: 9,556
3,041 — 6,515

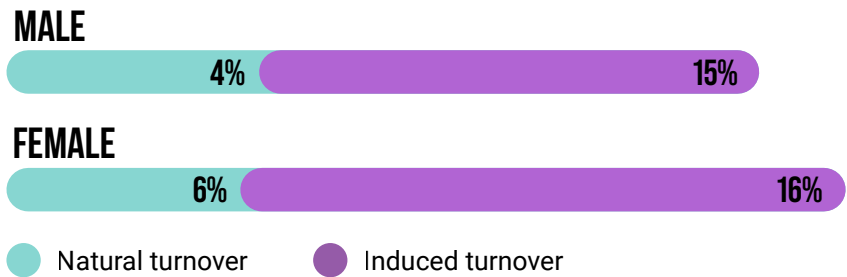
BRAZIL: 21,058
18,028 — 3,030

MEXICO: 45,394
41,681 — 3,713

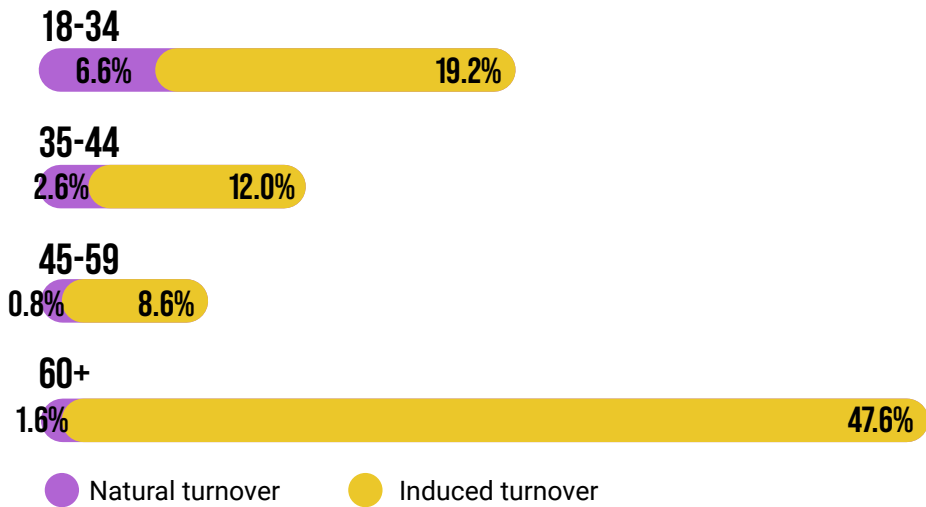
Internal External



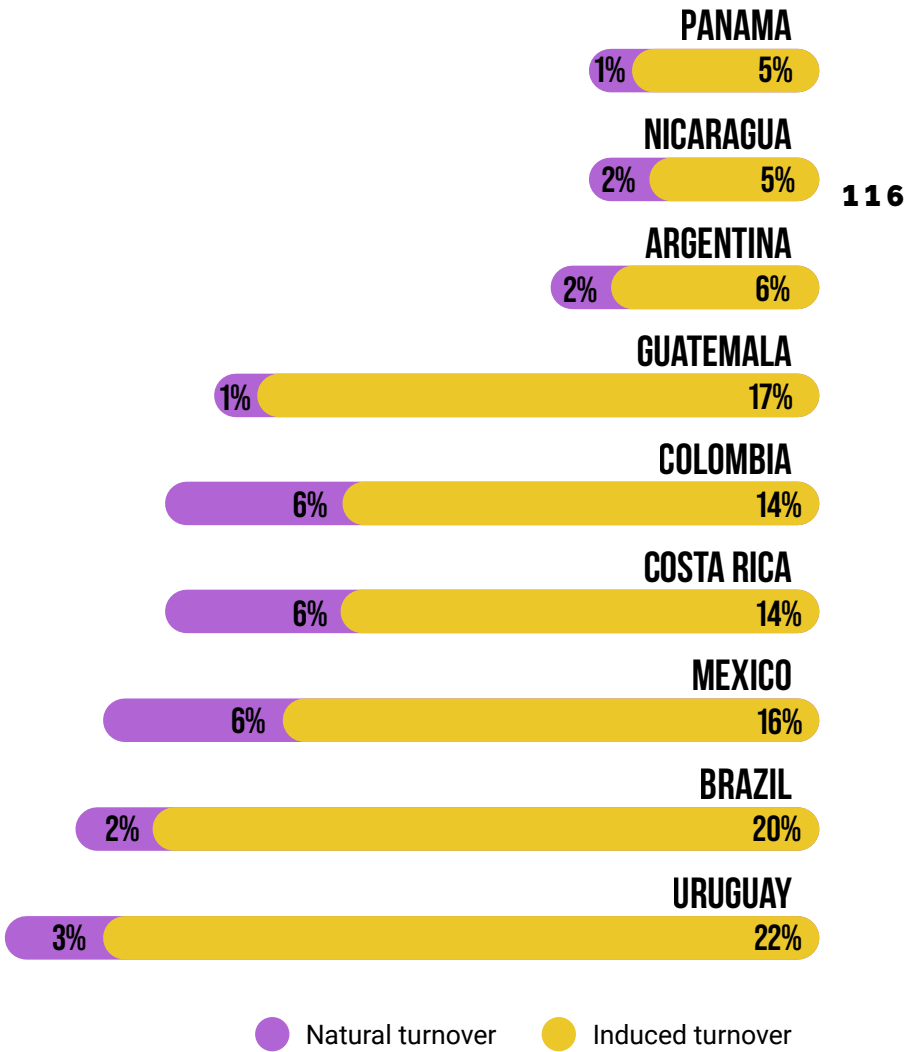
TURNOVER
Per gender



TURNOVER
By age group



TURNOVER
By country



FLEXIBLE BENEFITS

We encourage a good work/life balance for our employees. In 2019, we standardized our different flexible benefit schemes across our operations, including:

- Flexible schedules
- Work from home
- Maternity/Paternity leaves
- Paid personal days

This year, amidst the COVID-19 pandemic, we promoted flexible benefits policies, activating work from home schemes for all of our administrative teams, while enabling a variety of initiatives to allow our people to work effectively and productively from home, including learning capsules, webinars, videos, follow-up sessions, and virtual town hall meetings.

Taking advantage of telepresence and virtual spaces, we celebrated key management protocols such as our Leaders Summit with great success.

PARENTAL LEAVE Return Rate per Gender¹



Retention Rate per Gender²



¹ Employees that returned to work after Parental Leave.
² Employees that continue working 12 months after Parental Leave.
Male Parental Leave varies in each country from 2 to 14 days.



COMPENSATION AND BENEFITS

Our people's compensation and benefits scheme not only recognizes their effort and commitment to their jobs, but also their contribution to our company's value creation. Therefore, despite the challenging scenario posed by the COVID-19 pandemic, during 2020, we were able to keep salaries in line with local levels of inflation or market references.

This year, we optimized our organization's job valuation process through the design, integration, and rollout of a Job Family model. Thanks to its implementation throughout all of our operations, we generate efficiencies in our current workforce management, strengthen our talent processes—including development, succession, and talent planning—enhance our talent exchange and transversal competencies development, and foster our talent transparency.

Moreover, we analyzed the current variable compensation schemes throughout our operations in order to reduce the overall number of schemes and to select a tool to manage and automate them. We also designed and successfully implemented a pilot flexible benefits program to offer our people a wide array of options that we identified within the market, based on our people's interests.

At all levels of our organization, we ensure that our employees' remuneration is competitive, and their conditions are equal for both men and women. Consistent with our talent acquisition and retention strategy, we implemented performance-based bonus practices for middle management to ensure the competitiveness of our compensation packages across all of our operations.

Additionally, based on studies performed by international consulting firms that enable us to make comparisons between countries, we can determine that our employees are receiving an integrated salary that is greater than or equal to the market average.

We act in accordance with obligations defined by law and in full respect of labor rights, exceeding the conditions and benefits established in the laws of each country where we operate. We respect our people's right of association and, as such, our collective agreements cover approximately 63% of employees. These employment contracts are reviewed and agreed with all our union representatives, respecting the established validity periods, as well as complying with all notification deadlines.





COMPREHENSIVE WELLBEING

Aligned with our Comprehensive Wellbeing Model, we promote our people's integral development and quality of life.

SOCIAL DEVELOPMENT STRATEGY

To this end, our Social Development Strategy concentrates on five dimensions:

- **Health:** We promote healthy physical and bio-psychosocial lifestyles for our employees.
- **Social Relationships:** We encourage satisfactory relationships in harmony with the environment and community through employee volunteering activities.
- **Economic:** We promote the protection of assets and the generation of savings through a culture of financial intelligence.
- **Education:** We promote participation in programs and trainings to improve and increase knowledge and personal development skills.
- **Labor:** We promote positive work experiences based on respect and compliance with Human Rights, as well as fostering work spaces that promote safety and labor relations.

Aligned with our Comprehensive Wellbeing Model, employees receive a new weekly newsletter, "KOF Contigo en Casa" (With You At Home), based on the five dimensions of Social Development (Health, Social, Education, Labor, and Economic). So, when our people are in the company of those with whom they share their home, they can take full advantage of their time and enjoy quality moments with their family.

Today more than ever we continue to promote the quality of life of our employees and their families.





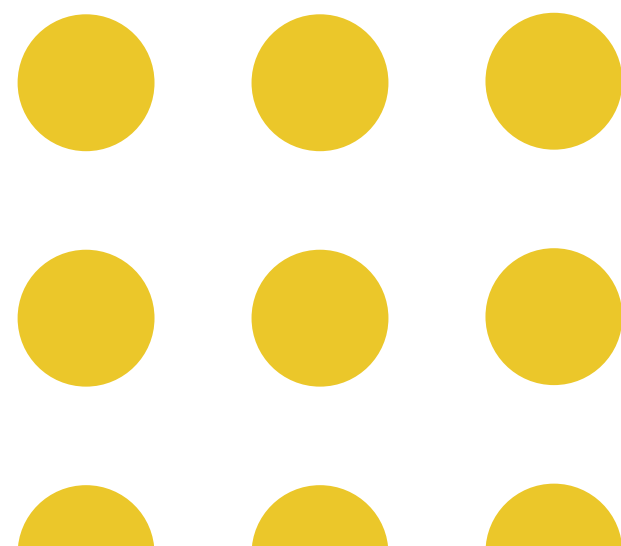
COCA-COLA FEMSA SURPASSES 2020 VOLUNTEER GOAL

During 2020, we increased volunteer hours by 47% year over year with 93% less economic investment, while reaching 2.17 million hours of volunteer work from 2015 - 2020, exceeding our goal of 1 million hours.

KOF VOLUNTEERS PROGRAM

We encourage the development of our employees and their families as responsible citizens, committed to their community, society, and environment. Through the KOF Volunteers program, we promote initiatives that enable us to beneficially impact the quality of life and wellbeing of the communities where we operate, strengthening our relationships with them, while positively affecting our corporate position and reputation.

Our overall volunteer activity is committed to six different causes:



01

COMMUNITY DEVELOPMENT

We come together to carry out collective action and generate solutions to common problems to create a positive impact and build stronger and more developed communities.



02

ENVIRONMENT

We are focused on responsible environmental management and the responsible care and use of natural resources, with attention to our Strategic Sustainability Framework, especially on issues such as water, energy, carbon emissions, water bodies' cleanup, and reforestation.



03

NATURAL DISASTERS

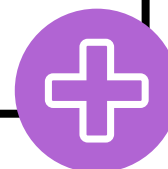
We promote solidarity efforts in the event of natural disasters, providing support to people and affected areas, while carrying out prevention activities for greater awareness, with special attention given to the communities where we operate.



04

HEALTH

We undertake activities that promote healthy physical and bio-psychosocial lifestyles, as well as initiatives related to humanitarian aid, nutritional training, and with the health sector in general.



05

EDUCATION

Our activities aim to improve educational levels and promote cultural, creative, and technological development.



06

HUMAN RIGHTS

We seek to generate positive volunteer experiences based on respect and compliance with Fundamental Human Rights.



Throughout the year, we developed several remote volunteering activities to support the quality of life of our people and communities. Among our online activities, we reinforced children and young people's education, training, and professional development in Mexico through EmplaLab employability laboratory. We conducted various online training sessions with volunteers in Colombia to help our communities learn how to plant urban orchards and to become self-sustainable. Also, we organized a companywide toy donation campaign, where our people chose a virtual Christmas card and sent gifts to children.

During the year, 61,672 participants, including our employees and their families, devoted 733,422 hours to 1,646 volunteer initiatives, supported by an investment of US\$40 thousand. From 2015 through 2020, we accumulated 2,170,000 hours of volunteer work.

2.17 **MILLION**
hours of volunteer
work since 2015

**PLANTE UM
NOVO AMANHÃ!**



OCCUPATIONAL HEALTH

At Coca-Cola FEMSA, we seek to improve employees' physical and psycho-emotional health, encourage engagement and a sense of belonging within the organization, and strengthen our health and social programs for an improved work environment.



OCCUPATIONAL HEALTH MANAGEMENT SYSTEM

Our Occupational Health Management System establishes the vision, strategy, objectives, elements, and activities through which we improve the quality of work life for our employees across our company's work centers and strategic business units. Complying with our legal, ethical, scientific, and organizational framework, this system encompasses our health processes and programs that we apply according to applicable risk matrices, local legislation, and operational needs.

1.5%

**improvement in our
lost days due to our
General Illness Index
versus 2019**





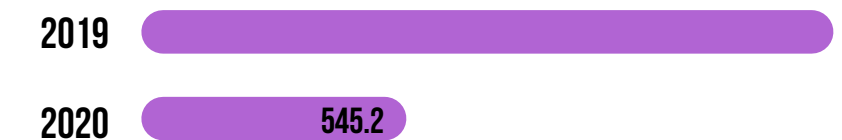
HEALTH & WELLBEING POLICIES

At Coca-Cola FEMSA, our Corporate Occupational Health area is responsible for proposing relevant revisions and updates to our three Health and Wellbeing Policies:

- Occupational Health
- Personnel with Healthy Habits
- Healthy Culture

As well as this annual corporate review, which is sent for approval to our Director of Social and Labor Development and Global Director of Human Resources, our company's internal audit area reviews these policies for dissemination and implementation across our operations.

HEALTH
Lost Days due to General Illness Index
per 100 Employees
(Less is better)



COVID-19 ACTIONS & INITIATIVES

As a key player within an essential value chain, we take our commitment to provide hydration and nutrition to the communities we serve with all seriousness. More importantly, we know that, to deliver on this commitment, the health, safety, and wellbeing of our employees are at the front and center of our priorities.

This year, we continued to prioritize the occupational health, safety, and wellbeing of our employees throughout the course of the COVID-19 pandemic. Our reinforced health, sanitation, and hygiene protocols across our facilities, coupled with clear and concise messages in our work centers, and our rapid deployment of protective equipment such as masks, gloves, and sanitizing gel to our operations proved essential for our business continuity. Indeed, many of these protocols and practices are becoming not only a daily routine, but also Coca-Cola System and industry benchmarks.

Beyond our health, sanitation, and hygiene protocols, we implemented daily monitoring and communication protocols across our organization—including development of a health app to monitor our people's health on a daily basis—and we extended health recommendations to our people and their families, reaching them via video conferences at their homes through the "Dialogos en Confianza" (Trusted Dialogues) initiative. Consequently, our people are prepared to emerge stronger from this pandemic.

Importantly, we can rely on KOF's Medical team, a network of in-house doctors and health professionals, to make sure that prevention protocols and follow-up of our employees' and contractors' health status is closely monitored to guarantee proper medical assistance and safe integration into every work center.



EMPLOYEE SUPPORT PROGRAM

Throughout 2020, we continued with our Employee Support Program across all of our operations. This emotional support program is designed to help our people and their families to cope with any situation that may cause stress, anxiety, and depression, among other emotional disturbances, and to give them psychological support.

This program is part of our Comprehensive Welfare Strategy to reduce psychosocial risk factors inside and outside of work through the counseling and attention of psychologists and other health professionals according to our people's different situations.

ADDRESSING PSYCHOSOCIAL RISKS IN THE WORKPLACE: NOM-035

Aligned with our Comprehensive Welfare Strategy, this year we worked with Mercer to design and implement a plan to satisfy the requirements of NOM-035 (Norma Oficial Mexicana or Mexican Official Standard), a new Mexican law that aims to prevent job-related psychosocial risks that may affect employees' physical, social, and mental health. As part of this plan, we are pleased to report that we achieved high participation rates in our inaugural survey among employees at all levels of our Mexico operations.

