

**110 years**  
serving our customers and consumers

INTEGRATED REPORT 2017-2018





Red Pacto Global Costa Rica

# 110 years serving our customers and consumers

INTEGRATED REPORT 2017–2018

## How to read this report?

GRI 102-45, GRI 102-46, GRI 102-54

For the fifth consecutive year, our 2018 Annual Report is written under the Integrated Reporting framework, following the guidelines established by the International Integrated Reporting Council (IIRC). This report presents the company's economic, social and environmental performance, while providing a summary of how Florida Ice and Farm Company, known as FIFCO, creates value in financial and non-financial terms.

This report has been prepared in accordance with the GRI Reporting Standards comprehensive option. FIFCO complements the guidelines and recommendations of the IIRC with the United Nations Global Compact's principles, and makes reference to the relationship between the company's strategy and the Sustainable Development Goals (SDG).

The company reports on all FIFCO operations in Costa Rica, Guatemala, El Salvador and the United States: Cervecería Costa Rica, Florida Retail, Industrias Alimenticias Kern's (IAK, based in Guatemala), FIFCO USA (previously reported as North American Breweries – NAB, based in the United States), *Florida Hospitalidad* and *Florida Capitales*, for the fiscal year between October 2017 and September 2018. Some sections of this report include data from El Salvador; however, this does not represent a "significant activity" for FIFCO, since it has less than 10 collaborators and most initiatives are not applicable.

This report gives us the opportunity to present to our shareholders and other stakeholders how the different areas are interrelated and interact with each other, identifying the multiple ways how the company creates present and future

value. At the same time, it evaluates the company's contribution to society and the environment at a local and regional level, by linking its efforts and initiatives with the specific contexts and challenges under which it operates.

The contents of this report were defined based on the following criteria: congruence and continuity with that reported for the 2016-2017 period; definition of materiality, according to interviews and a consultation process carried out with our stakeholders; an update of our sustainability strategy, as well as key achievements and programs from the previous year.

### Changes in the verification process

After four consecutive years carrying out a specific verification of materiality and stakeholder engagement processes, undertaken by the Vincular Center for Corporate Sustainability, School of Commercial Engineering, Pontificia Universidad Católica de Valparaíso in Chile, FIFCO now verifies only GRI Standards correspondence.

The *GRI Materiality Disclosure Service* verifies that, at the moment of releasing the report, Disclosures 102-40 to 102-49 from GRI 102: General Disclosures 2016 were correct in the GRI Content Index and in the text of the final Report. GRI does not verify or reviews the complete report

This report is available at:

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

and

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

If you have any questions or suggestions regarding this report, please contact:

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**Email:** [info@fifco.com](mailto:info@fifco.com)

# Reporting in accordance with the Global Reporting Initiative Standards: Comprehensive Option

Through its corporate strategy, FIFCO aims for sustainable development. To hold itself accountable regarding this sustainable development aspiration, FIFCO publicly reports its positive and negative economic, social and environmental impacts. To do so, it reports in compliance with the Global Reporting Initiative (GRI) Standards, published on October 19, 2016, which define a common reporting language among organizations.

This report is prepared applying the 10 principles established by the GRI, both in terms of content and quality:

## Principles for Content

- Stakeholder Inclusiveness
- Sustainability context
- Materiality
- Completeness

## Principles for Quality

- Accuracy
- Balance
- Clarity
- Comparability
- Reliability
- Timeliness



## Reporting in accordance with the Global Reporting Initiative Standards: Comprehensive Option

The International Integrated Reporting Council suggests that an integrated report must answer each of the following six questions in order to demonstrate how the information is interconnected:

### General aspects and business model 1

What does FIFCO do and how does it create sustainable value in the short, medium and long term?

FIFCO is a Costa Rican public company, established in 1908. It is mainly engaged in manufacturing and distributing beverages and food products in Central America, the Caribbean and the United States, as well as in hospitality business activities in the province of Guanacaste, Costa Rica and various Investments. For 10 years now, FIFCO has been operating under triple bottom line goals, where sustainability is the company's crosscutting priority, its driving force for innovation and constant improvement.

### Strategic Objectives 2

Where is FIFCO headed and how will it get there?

FIFCO seeks to lead the categories in which it competes, by developing economic proposals entailing minimum impact or a positive one for society and the environment. Innovation, commercial and operating excellence, category development and an entrepreneurial culture have become the means to reach our corporate purpose.

### Corporate Governance 3

What is FIFCO's corporate governance structure and how does it relate to the sustainability strategy?

FIFCO is governed by the **Código de Gobierno Corporativo**, which second version was approved by the Board of Directors in May 2017. Following such code is mandatory for the company and all its collaborators. It establishes the company's management system, under the principles of transparency, accountability and sustainability.

## Reporting in accordance with the Global Reporting Initiative Standards: Comprehensive Option

### Operational context

4

**Under which conditions does the company operate, considering key supplies and relationships the operation depends on?**

FIFCO's operation is exposed to a wide range of contexts, not only geographically speaking, having operations in 4 countries (Costa Rica, Guatemala, El Salvador and the United States), but also for participating in different industries, categories and segments. World tendencies and discussions regarding food, beverages, nutrition, alcohol in society, tourism and convenience stores, among others, are far-reaching circumstances for the business. The rational use of supplies or raw materials ensures the company's sustainable operation in the future. Likewise, an effective dialogue with its stakeholders is crucial to actually create economic, social and environmental value.

### Performance

5

**What was the company's performance regarding strategic goals?**

FIFCO's economic, social and environmental performance during 2018 was positive in terms of the goals established and the 7 Social and Environmental Commitments. This report details the financial and non-financial achievements attained in the three dimensions, which demonstrates our commitment to offer high quality products and services, with minimal impact on the environment, while creating value in the communities where we operate.

### Looking into the future

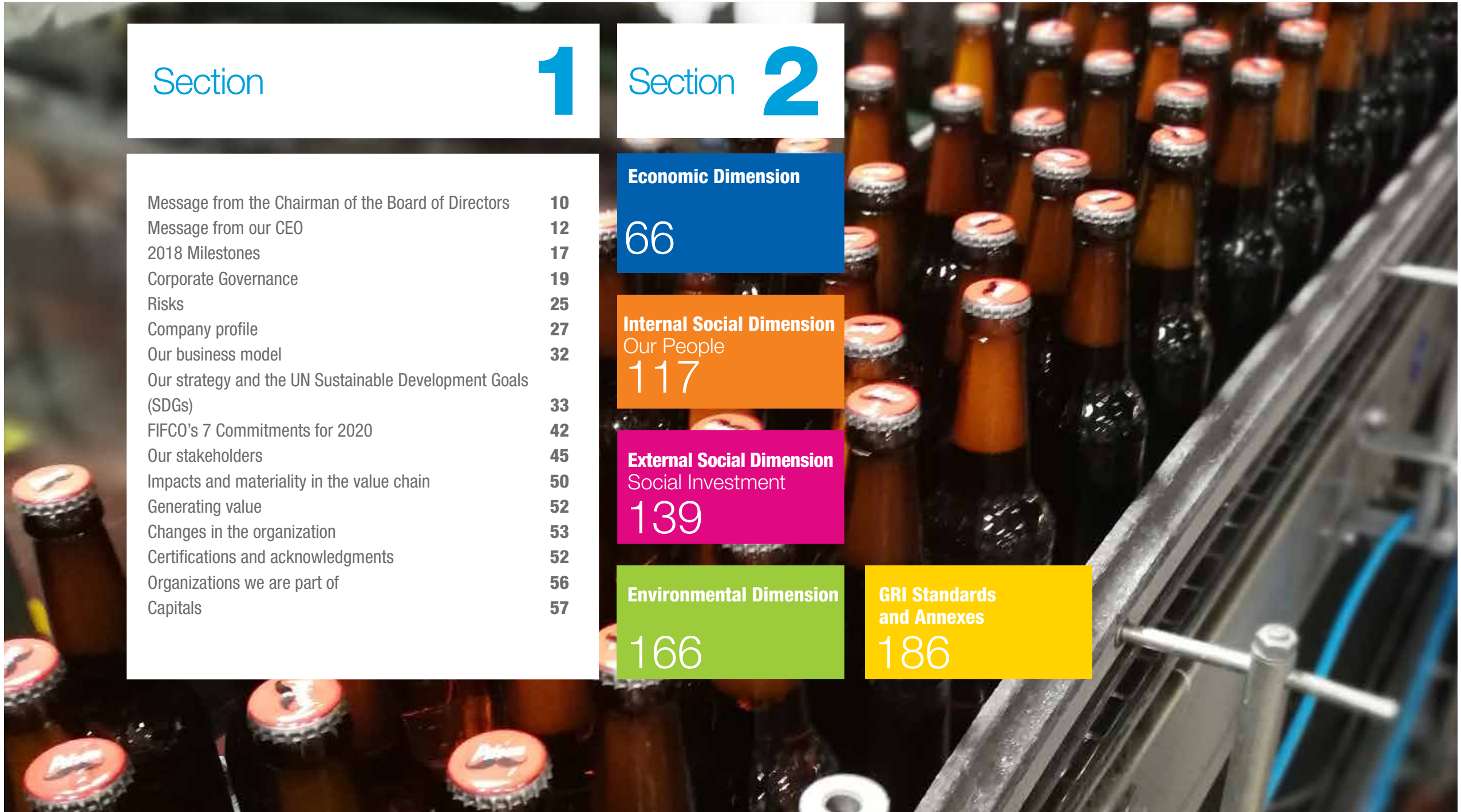
6

**What opportunities and challenges could FIFCO face?**

FIFCO's "North Star" is "Enhancing every beverage consumption occasion" which, along with its corporate purpose, "Share with the world a better way of living," guides the company's actions. In order to achieve this, the company defines a series of commitments for the future, classified into three strategic objectives:

1. Double sales and profitability
2. Be Champions in its communities, with its employees and regarding Smart Consumption (CEC Champions)
3. Reach a positive balance in Water Consumption, Emissions and Waste (WEW Positive)

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# Section 1

# 1





## Board of Directors



**WILHELM STEINVORTH HERRERA**

**RODOLFO JIMÉNEZ BORBÓN**

**ARTURO ALEXIS LORÍA AGÜERO**

JOSÉ ROSSI UMAÑA\*

PHILLIPPE GARNIER DIEZ\*

SHANNON MUSIC GAMBOA \*

SERGIO EGLOFF GERLI\*

ROBERTO TRUQUE HARRINGTON\*

CHAIRMAN

VICE PRESIDENT

SECRETARY

TREASURER

VOTING MEMBER

VOTING MEMBER

VOTING MEMBER

STATUTORY AUDITOR

\* Independent members of the Board of Directors

## Message from the Chairman of the Board

**WILHELM STEINVORTH H.**  
CHAIRMAN OF FIFCO'S BOARD OF DIRECTORS

Dear Shareholders,

Florida Ice & Farm Co. has been serving its customers and consumers for 110 years now; 110 years of many achievements, yet of many challenges as well. During these 11 decades, our company has attained sustained economic growth that has brought value to our shareholders; we have created more than 6,500 direct jobs and more than 50,000 indirect jobs through our value chain, mostly comprised of small and medium-sized enterprises (SMEs). We have also been a good ally to the government, not just by paying taxes, but also through social and environmental investment to promote sustainable development in the countries where we operate. We have a robust beverage business in Central America and the United States, as well as hospitality and "retail" businesses, and we also have shareholdings in brewing and packaging companies in the Central American region. Additionally, we are positioned as a leader in sustainability, not only in Latin America, but also worldwide.

These have been 110 years of many accomplishments but, as any company, we have also faced many challenges throughout history. Last year, but especially this 2018 has been a year that posed many macroeconomic and social challenges in our core market. We are confronted with the

most complex scenario of the last 30 years in Costa Rica: fiscal deficit, exchange rate volatility, economic deceleration, State complexity and inefficiency, differences between social sectors and consumer distrust. All these challenges have impacted FIFCO's businesses in Costa Rica, and this is reflected in the financial results with which we close this 2017-2018 fiscal period.

The company ended the year with a decrease in the volume of beverages (1.8%), partially compensated with an increase in the volume of food products (3.9%). Beer sales slightly increased compared to the previous year. However, the soft drink business declined. Generally speaking, in the beverage business, net sales were in line with the previous year. Additionally, we faced an increase in the costs of raw materials and services, impairment in the value of intangible assets in the brewing business in the United States, which does not affect cash flow, but does affect the results, and the negative effect of the exchange rate during the last weeks of the fiscal period, as well as an important decrease in the brewing business in Panama, which is part of Florida Capitales. All these elements were partly offset with cost and expense reduction initiatives, thanks to the implementation of the matrix budgeting model in Central America. Still, these initiatives could not counterbalance entirely sales deceleration or goodwill impairment loss records in North American Breweries; therefore, the net profit attributable to shareholders was 15% lower than last year.



I would like to emphasize that these financial results are very encouraging, especially when considering the complex macroeconomic situation Costa Rica currently faces. We have conservative expectations for next year, but we remain confident in the company's capacity and its leaders to handle any challenge in the best possible way and focus on generating value for its shareholders and society in general.

In regards to the 7 social and environmental commitments FIFCO made to the societies of the country's where we serve, we have advanced in all commitments during the 2017-2018 period. In fact, we succeeded in eradicating poverty among FIFCO

Costa Rican employees who participated in the project's first stage and we are already working with a second group and on vulnerability assessment in Guatemala. We continue making progress towards our goal of becoming a water, carbon and waste positive company through our brands and of being truly innovative to eradicate the use of plastic in our products.

According to our corporate governance code, this year we performed an independent evaluation of the Board of Director's management, supported by a specialized firm. The performance results for the group and for each director were outstanding.

During this fiscal period, two members of the Board of Directors resigned. Based on the faculties granted to us by FIFCO's articles of incorporation, we appointed Mrs. Shannon Music and Mr. Philippe Garnier as board members starting May this year.

As for the macroeconomic situation, we know that the situation in Costa Rica will continue being very challenging in the near future, but FIFCO is a company that has existed for more than 110 years and we know that these situations can decelerate without interrupting

our growth rate. We remain confident that our business in the United States not only helps us diversify dependency in Costa Rica, but will also become FIFCO's driver for growth. We have solid foundations to continue developing: a purpose and values that guide us, a Triple Bottom Line business model admired in many parts of the world, human capital which is our greatest strength, as well as solid brands and a model of commercial excellence that is difficult to replicate.

Our eyes are set firmly on the future and are determined to see FIFCO continue as a company that seeks excellence, as it has all these years. This is a very challenging year, but also one to celebrate and feel proud of that small company born in La Florida, Siquirres, which is now an example for many companies in the world. Moreover, it is certainly a flagship company and a cause of pride for Costa Rica, the country that witnessed our birth more than 110 years ago.

**Wilhelm Steinworth H.**

Chairman of the Board of Directors



## Message from our CEO

**RAMÓN MENDIOLA S.**  
CEO | FIFCO



**2018 is special for FIFCO; we celebrate 110 years of providing our customers and consumers with quality brands, innovation and good service. We are pleased with all we have achieved during these 110 years, and at the same time gaze into the future with important actions that will bring us closer to our 2020 goals.**

I invite you to read our fifth Integrated Report on the 2017-2018 fiscal period. This report presents the company's commercial and financial results, as well as its progress towards the 7 environmental and social commitments. For us, this report is our best tool to hold ourselves accountable not only to our shareholders, but also to all our stakeholders. The report shows the company's main achievements in the three dimensions towards FIFCO 2020, as well as the major challenges we have encountered along the way and how we plan to overcome them.

In 2018, we ratify and take firm steps towards our aspiration of "Enhancing every beverage consumption occasion" and, in doing so, contribute to the social and environmental progress of the countries where we operate.

**Ramón Mendiola Sánchez**



## Strategic Enrichment, Alignment and Leadership Team



**RAMÓN MENDIOLA SÁNCHEZ**  
**CARLOS MANUEL ROJAS KOBERG**  
**ROLANDO CARVAJAL BRAVO**  
**ADRIÁN LACHOWSKI**  
**ARNOLDO PRADA CARRILLO**  
**SCARLET PIETRI VERENZUELA**

CHIEF EXECUTIVE OFFICER  
 CHIEF FINANCE AND CORPORATE SERVICES OFFICER  
 REGIONAL DIRECTOR OF THE FOOD AND BEVERAGE DIVISION  
 DIRECTOR OF FIFCO USA  
 SUPPLY CHAIN DIRECTOR  
 TALENT DIRECTOR

**GISELA SÁNCHEZ MAROTO**  
**HELMUTH SAUTER ORTIZ**  
**JAVIER SIBAJA OVIEDO**  
**MARIEL PICADO QUEVEDO**  
**HERNÁN PÉREZ HENRÍQUEZ**  
**RAFAEL SEGOVIA FONSECA**

DIRECTOR OF CORPORATE RELATIONS  
 DIRECTOR OF FLORIDA HOSPITALIDAD  
 DIRECTOR OF FLORIDA RETAIL  
 DIRECTOR OF LEGAL SERVICES  
 SOFT DRINKS AND DAIRY MANAGER  
 BEER AND FAB MANAGER



## 110 years of history: From ice plant to business conglomerate



### In 1908

the four Lindo Morales brothers established a company named “Florida Ice and Farm Company” to operate “La Florida”, a farm in Siquirres, Costa Rica, where they set up an ice plant and distributed ice throughout the Atlantic Zone in railway stations. Today, 110 years later, the company known as FIFCO, is one of the longest-standing and more competitive companies in Costa Rica. FIFCO has expanded its commercial activity and positive impact on the country’s sustainable development.



The ice plant in Siquirres founded by the Lindo Morales brothers, of Jamaican-Costa Rican descent, grew to manufacture bottled soft drinks. In 1912, the company acquired *Cervecería Traube*, a brewing company established by José Traube, the father of the brewing industry in Costa Rica, creator of the famed “Pilsen” beer.

In 1933, *Cervecería Ortega* launched the renowned brands “Bavaria” and “Imperial”, which were later part of Florida’s beer portfolio with the purchase of *Cervecería Ortega* in 1957. A new manufacturing plant was opened in San Joaquín de Flores and from that moment on, all products were marketed under the “*Cervecería Costa Rica*” label.





**110 years of history:** From ice plant to business conglomerate



Over time, the company's portfolio expanded beyond beer, with the first bottled water brand and later with Tropical natural drinks and Pepsi carbonated soft drinks. In the 90s, we decided to invest in the real estate and hospitality sector in Guanacaste, and developed Reserva Conchal. At the turn of the 21st century, the company expanded its business to the food industry by acquiring Kern's.

Currently, FIFCO has three business divisions: "Florida Hospitalidad" (hospitality), "Florida Bebidas" (beverages) and "Florida Retail". It operates in 4 countries and exports to 18 countries; its portfolio is comprised of 1,500



products, among them: beer, wine, flavored alcoholic beverages, bottled water, juices, soft drinks, nectars, teas, carbonated drinks, energy drinks, milk, beans, preserves, tomato sauce and bakery products.

The key during these 110 years has been maintaining the vision of its founders, who promoted economic growth along with social impact and in harmony with the environment.



**Our Purpose**



We share  
with the world  
a better way of living





## Highlights of 2018



### Economic Dimension

1. Slight growth in beer sales compared to the previous year; however, the soft drinks business declined.
2. The net profit attributable to shareholders was 15% lower than last year, due to sales deceleration and goodwill impairment loss records in North American Breweries (NAB).
3. Implementation of the Matrix Budgeting Model in Central American operations, achieving cost and expense reduction.
4. For the second consecutive year, the company ranks first in MERCO's Corporate Reputation study, holding first place in the following three categories: Most Reputable Company in Costa Rica, Business Leader and Sustainability and Corporate Governance
5. FIFCO Air Brands: important advance in reducing the footprints of our top brands. Launching of volunteer platform with Imperial, Tropical, Cristal and Pilsen consumers.
6. Strengthening of the R.E.D. FIFCO program, reinforcing entrepreneurship and development among our customers.
7. Opening of 31 new points of sale: Musmanni bakeries, MUSI convenience stores, *Tienda de la Birra*, *Bar Imperial Liberia*, *L'Artisan Café by Florida* and *RePública Casa Cervecería* gastropub.



### Social Dimension

1. U FIFCO, a learning and development platform for collaborators.
2. Human Rights Policy is published.
3. Eradication of extreme poverty among employees participating in the program's first stage.
4. The Dual Training program in Reserva Conchal celebrates 5 years with a total of 204 graduate students. The new Energy Efficiency and Renewable Energy Dual Training program is launched.
5. Advances in 61% of the *One Million Volunteer Hours* commitment completing 145,471 hours in 2018. Program's engagement and expansion to reach other stakeholders: families of collaborators, communities and consumers of the company's top brands.

## Highlights of 2018



### Environmental Dimension

1. Agenda: Water, Emissions and Carbon Positive (WEW Positive).
  - a. In global water consumption, FIFCO attains 5% reduction compared to the previous year.
  - b. 11% reduction compared to 2017 in greenhouse gas emissions.
  - c. 25% reduction in post-industrial waste compared to the previous year, maintaining the “Zero Waste to Landfill” certification.
2. The first natural gas refrigeration system is installed in the Florida Retail manufacturing plant.
3. The *Florida Hospitalidad* operation bets on renewable energies with the largest project using self-consumption solar panels of Costa Rica’s North Pacific area.
4. 77% recovery of post-consumer containers; there is an outstanding 82% of plastic recycling, with a 19% growth compared to the previous year.
5. *Océanos* project: significant progress in the plastic eradication agenda as we know it today.



## Corporate Governance

Corporate Governance establishes the set of policies under which our company is directed and controlled. It regulates the actions of the Board of Directors, its technical committees, the Administration and the Internal Control Units in order to guarantee transparency of the decisions made and protect the interests of the company and its shareholders.

### The Corporate Governance Code

FIFCO abides by the [Corporate Governance Code](#), the second version of which was approved by the Board of Directors in May 2017 (the first version had been in force since 2009). Its compliance is mandatory for our entire staff. The code establishes the system through which the company is guided by the principles of transparency, accountability and sustainability, considering the following sections:

- I. Overview
- II. Corporate governance bodies
- III. Corporate Governance policies and procedures
- IV. Mechanisms to certify Corporate Governance compliance

This year, we have included a report on compliance with the Code's different elements. Previous annual reports are available to the public and may be found under the Corporate Governance section on the FIFCO website [www.fifco.com](http://www.fifco.com).



**Shannon Music**  
Voting Member of  
FIFCO's Board of  
Directors

**Sustainability is a way in which the company can connect to customers and consumers, especially new generations, and shows it is aligned with its values and interests, generating loyalty and preference for the company. This is also important for collaborators, who show a much stronger commitment to a company that creates value in a comprehensive manner. It promotes and strengthens good relations with communities and other groups, assuring the company license to operate.”**



## Our Board of Directors

The Board of Directors is the highest Corporate Governance body and represents the Shareholders' Assembly, which is in charge of directing and controlling the company, to guarantee its growth and sustainability.

Board members are appointed following a documented process that is known to the shareholders for a two-year period. To date, 100% of the Board's members are Costa Rican and none hold executive or advisory positions within the organization. Further, they have not reported any internal or external influence that could hinder their objective judgment. Therefore, all members are considered independent. FIFCO also complies with Costa Rican legislation in terms of female representation and diversity in Boards of Directors. It should be noted that 95% of senior executives, such as the directors who report to the Board of Directors or senior management positions, are hired within the local community.

The duties of the Board of Directors are documented in a Regulation that

### Asistencia a sesiones de Junta Directiva

Member	Meeting Number											
	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598
	Oct-23	Nov-20	Dec-18	Jan-29	Feb-19	Mar-19	Apr-23	May-14	Jun-11	Jul-23	Aug-13	Oct-1**
Wilhelm Steinvorth Herrera	●	●	●	●	●	●	●	●	●	●	●	●
Rodolfo Jiménez Borbón		●	●	●	●	●		●	●	●	●	
Arturo Loría Agüero	●	●	●	●	●	●	●	●	●	●	●	●
José Rossi Umaña		●	●	●	●	●	●	●	●	●	●	●
André Garnier Kruse	●		●	●	●	●	●	●				
Edna Camacho Mejía*	●											
Sergio Egloff Gerli	●	●	●	●	●	●	●	●	●	●	●	●
Roberto Truque Harrington	●	●	●	●	●	●	●	●	●	●	●	●
Philippe Garnier Díez									●	●	●	●
Shannon Music Gamboa									●	●	●	●

**Note:** The performance evaluation of the highest governance body will be defined for the next period.

\*Requested special permission to be excused from attending the Board of Directors meetings held between November 2017 and May 2018.

\*\*The September meeting was not held, since the Board members and Management travelled to Rochester to attend the *Cervecería Costa Rica* Board of Directors Meeting, with our Heineken partners. The meeting was held on October 1, 2018.

establishes that 12 ordinary meetings must be held during the year.

The management of FIFCO's Corporate Governance is performed under the protection and in compliance with the requirements of Costa Rica's General Superintendence for Securities

established in the Corporate Governance Regulations.

We inform that Mr. André Garnier Kruse and Mrs. Edna Camacho Mejía resigned to their respective positions as voting members of the Board of Directors in May 2018. Their positions will be held

by Mr. Philippe Garnier Díez and Mrs. Shannon Music Gamboa, who will attend their first Board of Directors meeting in June 2018.



## Support Committees

In order to have technical support in strategic matters, the Board of Directors has two committees, with the following main functions:

### Human Capital Management Committee

This committee establishes specific policies regarding remuneration and other benefits granted to members of the Board of Directors and executives. Said policies may consider aspects such as goals, individual performance and the Company's performance in general, using the **Balanced Score Card (BSC)** format, a methodology that evaluates the fulfillment of goals and metrics in the following areas: economic/commercial, internal social, volunteering, social investment projects and environmental impact indicators. The members of this committee are:

- José Rossi
- Rodolfo Jiménez
- Wilhelm Steinvorth
- Emilia Amado

### Audit and Risk Committee

This committee promotes the supervision and accountability of the financial area. It ensures the development and execution of effective internal controls and adequate risk management by the executive team. It makes sure internal auditors fulfill their role and that external auditors evaluate - through their own analysis - the practices of the executive team and internal audit, if applicable. The members of this committee are:

- Sergio Egloff
- Roberto Truque
- Arturo Loría

In order to guarantee the company's a sustainable growth and the application of Corporate Governance standards, the Company has three control areas that report to the Audit and Risk Committee.

The Board of Directors is committed to seek sustainable business growth and to the application of corporate governance international standards in the company. For this reason, **it approved a new Corporate Governance Code and the**

Risk Management Corporate Policy. The purpose is to capture in these documents best practices regarding:

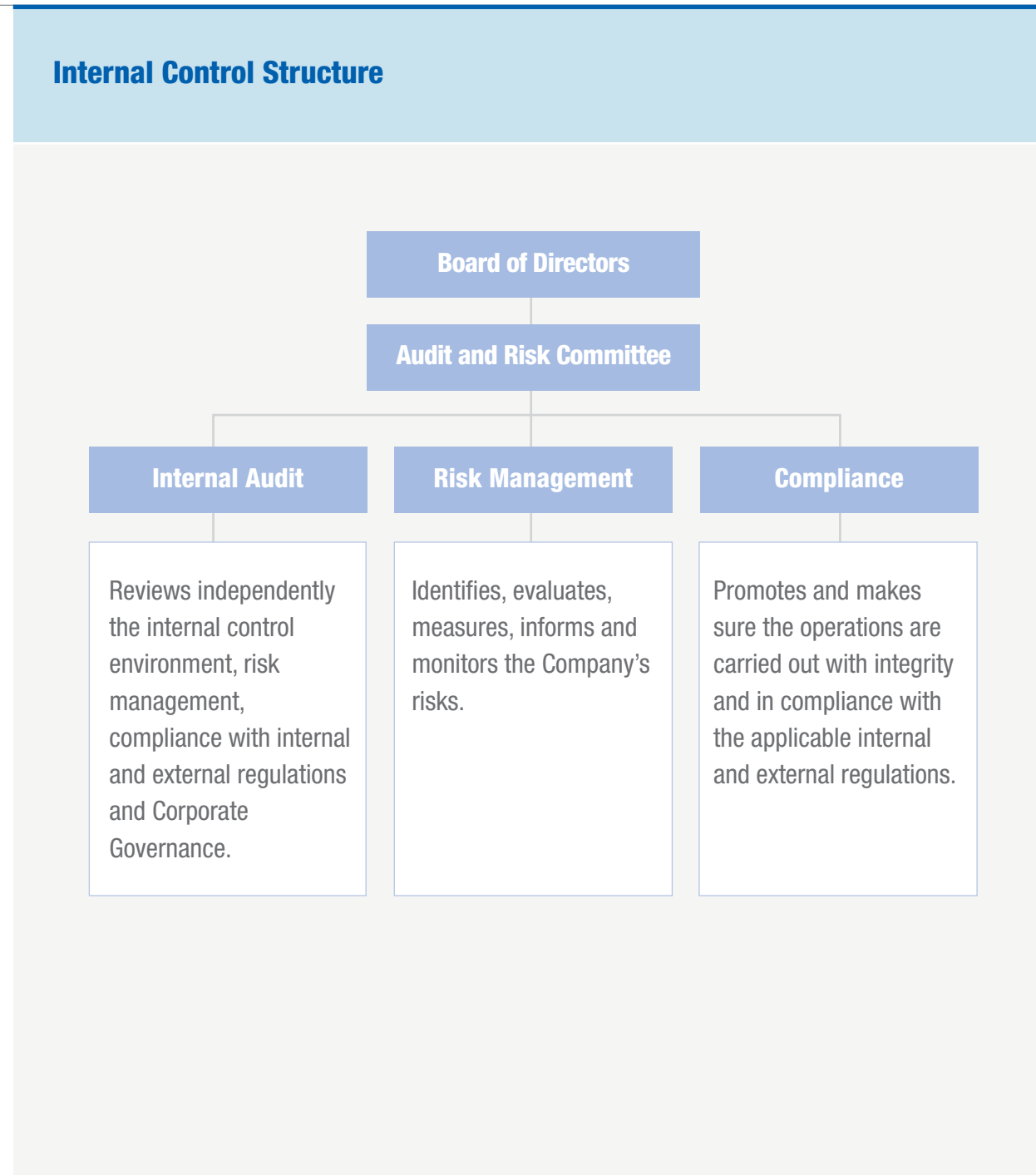
1. The basic policies that regulate the company's interrelation with the different stakeholders.
2. The level of tolerance to risk, which was defined as conservative, in order to protect shareholders' equity. For such purpose, process leaders (directors, managers and heads) must establish the controls required to maintain the company's risks at an appropriate level.
3. The role of the Board of Directors and its support committees:

The **Human Capital Management Committee** supervises the design and function of the system of incentives to be granted to the Board of Directors, Statutory Auditors, Senior Management and Managements.

**Comités de apoyo**

The **Audit and Risk Committee** supervises compliance with the annual program and the Corporate Audit and Business Risk processes. Additionally, it makes assessments and recommendations regarding the activities required for the Company to reach its business objectives.

- 4. The strengthening of control areas: Internal Audit, Risk Management and Compliance. These areas report to the Board of Director's Audit and Risk Committee and their main functions are described as follows in the "Internal Control Structure."



## Consulting the Board of Directors

### Consulting the Board of Directors

FIFCO's **shareholders** have several mechanisms to communicate their concerns to the Board of Directors; among them, a fixed space in the Annual Meeting's agenda. Every semester, they are informed about the results obtained to that moment.

For **employees**, there is a procedure at the Internal Audit level, through which they can express their concerns or complaints to the highest Corporate Governance body. In the case of Industrias Alimenticias Kern's and FIFCO USA, there is a trade union to which employees can freely affiliate. These unions are the highest body of labor representation and negotiation with top management in the company.

### Our Board of Directors and sustainability

Since 2008, when the company's operating approach changed to a Triple Bottom Line strategy, every month the Board of Directors learns about and approves the main challenges and projects for the three dimensions. On a quarterly basis, Senior Management and the Corporate Relations Department share with the Board of Directors the progress achieved in each dimension, as well as the main findings and respective action plans to present the sustainability report at the end of the year, approved by the members. Defining materiality and collecting statements to report in accordance with the GRI Standards, using the comprehensive option, include an exclusive meeting with the Board of Directors, positioning the members' role

in the decision-making process regarding the company's sustainability.

The Directors and Managers of each Strategic Business Unit must include the performance on personnel management (Internal Social Dimension), Comprehensive Smart Consumption and volunteering (External Social Dimension) indicators, as well as environmental indicators (use of materials, water and energy consumption, greenhouse gas emissions, waste management, among others), in their monthly reports.

Likewise, the administration may present its concerns on economic, social and environmental matters. These are documented in each meeting's minutes, with their respective agreements and terms.



## Companies Circle



**Fabrizio Pappaiani**  
Corporate Auditor|FIFCO

Fabrizio Pappaiani, FIFCO's Corporate Auditor presides the Companies Circle Steering Committee. Some relevant issues this committee reviewed during the period were establishing criteria for the selection and inclusion of new companies in the region and drafting a document with

CESA's (*Colegio de Estudios Superiores de Administración in Colombia*) guide titled "Investor's perception of environmental, social and governance practices: A preliminary analysis for Latin America," based on the different stakeholders in the countries of the region.

## Codes of Conduct

The following FIFCO codes of conduct are applicable and of mandatory compliance for all subsidiaries, their departments, collaborators and directors, all published on our website

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

- [Code of Ethics and Conduct](#)
- [Responsible Supplier Code](#)
- [Corporate Environmental Policy](#)

MORE INFORMATION ABOUT

**Corporate Governance**



## Human Rights Policy

FIFCO assumes as common core principles and values the protection, respect and promotion of Human Rights. It undertakes to respect the human rights of its collaborators at work and in the communities it serves. It makes sure Human Rights are respected and promoted throughout the value chain.

The Human Rights Policy focuses on priority aspects:

- The United Nations Universal Declaration of Human Rights and the two international covenants that comprise the International Bill of Human Rights
- The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy
- The United Nations Global Pact

FIFCO's Human Rights Policy is complemented by other company policies and regulations: Code of Ethics and Conduct, Responsible Supplier Code, Occupational Health and Safety, Environmental Policy and Policy against Sexual Harassment and/or Assault.

## Risks

**R**isk management involves the process of identifying, measuring and managing risks that may affect a company's normal activities and its assets. Its purpose is to ensure that the objectives defined within the company are met to address situations that may hinder the achievement of these objectives and its strategic goals, while protecting the resources of shareholders, given that it:

- guarantees financial viability by supporting the operation's efficiency
- mitigates negative effects when a risk incident occurs
- allows for the optimization of available funding sources

In FIFCO, Risk Management is based on the ISO 31000 standard. Therefore, as part of this process, the Board of Directors approved the Corporate Risk Policy in 2017. This policy establishes that the company will assume a conservative risk profile, which is based on the following basic management guidelines:

### Risk Management

Management area	Management measures
Structure	<ul style="list-style-type: none"> <li>• Role of the Board of Directors and the Audit and Risk Committee</li> <li>• Consolidation of the Risk Management Department and its functions</li> </ul>
Investment management	<ul style="list-style-type: none"> <li>• Definition of investment tranches</li> <li>• Rating of issuers and custodians</li> <li>• Authorized currencies and instruments</li> <li>• Concentration limits by instrument</li> </ul>
Corporate debt	<ul style="list-style-type: none"> <li>• Debt objectives</li> <li>• Funding sources and management</li> </ul>
Coverage	<ul style="list-style-type: none"> <li>• Main raw materials</li> <li>• Macroeconomic variables</li> </ul>
Non financial risk	<ul style="list-style-type: none"> <li>• Operational risk management model parameters</li> <li>• Risk factors to be evaluated</li> <li>• Business continuity plan</li> <li>• Normative compliance</li> <li>• Insurance portfolio</li> </ul>

Risks

Additionally, the Board of Directors and the administration participated in the process to identify strategic risks on which the company's model is based.

The Risk Management process works with the company's different areas to evaluate these risk factors and establish impact and mitigation actions.





# Company Profile

## FIFCO



Costa Rican public company, established in 1908, mainly dedicated to the production and distribution of food products and beverages in Central America, the Caribbean and the United States, as well as hospitality businesses in Costa Rica, and various types of investments.

## Operations



Our headquarters is located in Costa Rica and we have operations in Guatemala, El Salvador and the United States. We have **9 production plants** and **15 distribution centers**. Our value chain is made up of **6,275** local and international **suppliers**. We export our products to **19 countries** around the world.

## Categories and products



Originally a brewing company, FIFCO diversified its beverage portfolio during the 1990s and currently has over **1,500 products**, including: beer, wine, liquor, flavored alcoholic beverages, bottled water, juices, soft drinks, nectars, teas, carbonated drinks, energy drinks, milk, beans, preserves, tomato sauce and bakery products.

## Subsidiaries



### **Cervecería Costa Rica**

Comprised of Florida Bebidas, Industrias Alimenticias Kern's (IAK), Florida Retail (Musmanni, Musi, *La Tienda de la Birra*, L'Artisan Café and Vinum Stores) and FIFCO USA

### **Florida Hospitalidad**

Hospitality projects in Costa Rica, Reserva Conchal, North Peninsula Holdings, among others.

### **Florida Capiales**

Investments in packaging production and breweries in Central America.

## Nuestra gente














FIFCO has **6,508 employees** and **2,227 shareholders**, none of which own more than 10% of the company's total shares..

# FIFCO and its subsidiaries

DISCLOSURE GRI 102-4, 102-45



# Our categories and products

<ul style="list-style-type: none"> <li>• Imperial</li> <li>• Pilsen</li> <li>• Bavaria</li> <li>• Rock Limón</li> <li>• Heineken</li> <li>• Bohemia</li> <li>• Labatt</li> <li>• Genesse</li> </ul>	<ul style="list-style-type: none"> <li>• Smirnoff Ice®</li> <li>• Smirnoff Black Ice®</li> <li>• Cuba Libre</li> <li>• Bamboo</li> <li>• Bliss</li> </ul>	<ul style="list-style-type: none"> <li>• Gatorade®</li> <li>• Maxi Malta</li> </ul>	<ul style="list-style-type: none"> <li>• Johnnie Walker®</li> <li>• Flor de Caña®</li> <li>• Smirnoff®</li> <li>• Bailey's®</li> </ul>	<ul style="list-style-type: none"> <li>• Musi</li> <li>• Musmanni</li> <li>• La Tienda de la Birra</li> <li>• Vinum Store</li> <li>• L'Artisan Café</li> </ul>	
<p>Beer</p>	<p>RTDs</p>	<p>Sports Drinks</p>	<p>Spirits</p>	<p>Retail</p>	
					
					
<p>Waters, Juices, Soft Drinks &amp; Teas</p>	<p>Carbonated Drinks</p>	<p>Energy Drinks</p>	<p>Food Products</p>	<p>Wines</p>	<p>Hospitality and Real Estate</p>
<ul style="list-style-type: none"> <li>• Tropical</li> <li>• Tampico</li> <li>• Kern's</li> <li>• Ducal</li> <li>• Fun-C</li> <li>• SunTea</li> <li>• Vitaloe</li> <li>• Cristal</li> </ul>	<ul style="list-style-type: none"> <li>• Pepsi®</li> <li>• 7 Up®</li> <li>• H2OH!®</li> <li>• Evervess®</li> <li>• Milory</li> <li>• Pepsi Light®</li> <li>• 7 Up Light®</li> <li>• Mirinda®</li> <li>• MUG®</li> <li>• Pepsi Black</li> </ul>	<ul style="list-style-type: none"> <li>• Maxxx Energy</li> <li>• Sobe Adrenaline Rush®</li> <li>• Jet</li> </ul>	<ul style="list-style-type: none"> <li>• Ducal</li> <li>• Musmanni</li> <li>• Kern's</li> <li>• Nutrivida</li> </ul>	<ul style="list-style-type: none"> <li>• Concha y Toro®</li> <li>• Navarro Correas®</li> <li>• Trivento®</li> <li>• Riunite®</li> <li>• Marqués de Cáceres®</li> <li>• Freixenet®</li> <li>• Blue Nun®</li> <li>• Frontera®</li> <li>• Clos de Pirque®</li> <li>• Maipo®</li> <li>• Palo Alto®</li> <li>• Kendall Jackson® among others.</li> </ul>	<ul style="list-style-type: none"> <li>• Reserva Conchal</li> <li>• North Peninsula Holdings</li> <li>• Bar Imperial</li> <li>• RePUBlica gastropub</li> </ul>

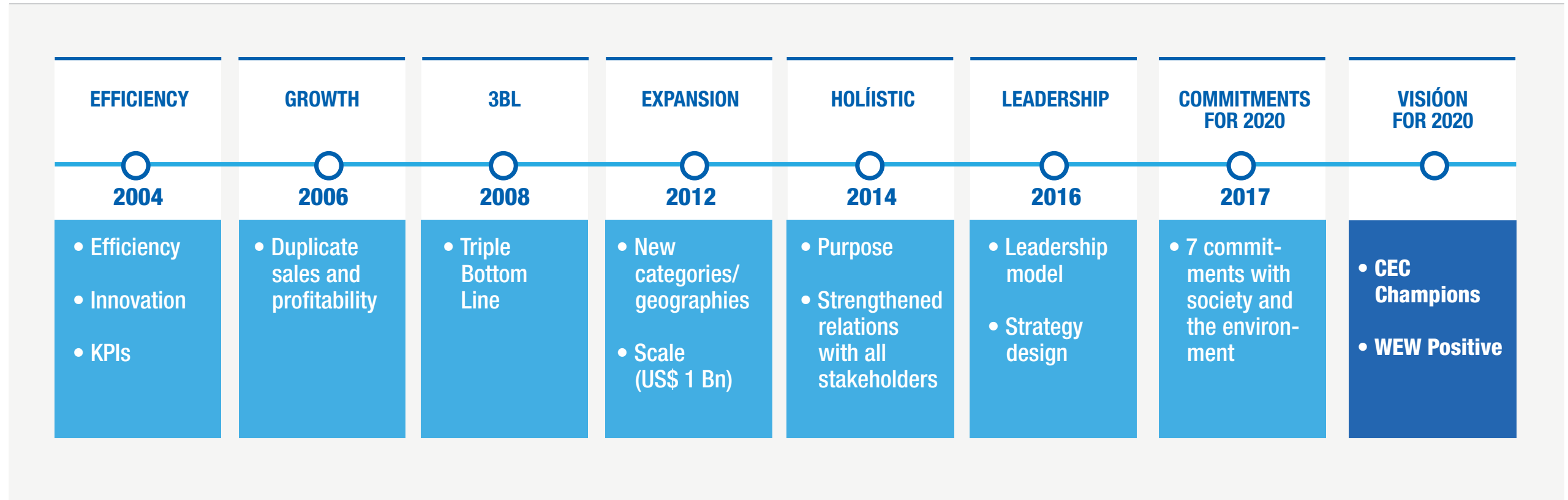


# Our markets



<p><b>A United States</b></p>	<p><b>B Australia</b></p>	<p><b>C Peru</b></p>	<p><b>D Central America</b></p> <table border="0"> <tr> <td data-bbox="1358 1389 1783 1624"> <p><b>Guatemala</b></p> </td> <td data-bbox="1783 1389 2208 1624"> <p><b>El Salvador</b></p> </td> <td data-bbox="2208 1389 2661 1624"> <p><b>Honduras</b></p> </td> </tr> </table>			<p><b>Guatemala</b></p>	<p><b>El Salvador</b></p>	<p><b>Honduras</b></p>
<p><b>Guatemala</b></p>	<p><b>El Salvador</b></p>	<p><b>Honduras</b></p>						
<p><b>E Switzerland</b></p>	<p><b>F Caribbean</b></p> <ul style="list-style-type: none"> <li>• San Andrés • Curaçao • Bermuda</li> <li>• Dominican Republic • Barbados</li> <li>• Bahamas • Antigua</li> <li>• Trinidad and Tobago</li> </ul>	<p><b>G Spain</b></p>	<p><b>Nicaragua</b></p>	<p><b>Panama</b></p>	<p><b>Costa Rica</b></p> <p><b>Belize</b></p>			

# Our strategic evolution



For over a decade, FIFCO's business strategy has been evolving, marked by great milestones in its operational history. In 2008, the company defined its way of operating following the Triple Bottom Line model, where economic results are handled with the same rigor as environmental and social results. In 2014, the company defined its purpose and values, setting

these as the guidelines that drive our collaborator's actions. In 2016, a new leadership model and the route towards 2020, the so-called *North Star*, was defined. During 2017, FIFCO revealed its seven commitments to the environment and society, which go hand in hand with the company's goals for 2020.

### Our purpose

Share with the world a better way of living

### Our values

- Celebration
- Sustainability
- Passion for winning
- Imagination

# Our business model

<b>Our purpose</b>	<b>We share with the world a better way of living</b>			
<b>Our values</b>	<b>Celebration</b>	<b>Sustainability</b>	<b>Passion for winning</b>	<b>Imagination</b>
<b>Our “North Star”</b>	<b>Enhance every beverage consumption occasion</b>			
<b>Our Triple Bottom Line goals for 2020</b>	<b>Economic Dimension</b> <ul style="list-style-type: none"> <li>• Double the company’s sales and profitability</li> </ul>	<b>Social Dimension (Internal-External)</b> <p>Be champions in:</p> <ul style="list-style-type: none"> <li>• Smart consumption</li> <li>• Employees</li> <li>• Community</li> </ul>	<b>Environmental Dimension</b> <p>Reach neutrality and go beyond, achieving a positive balance in:</p> <ul style="list-style-type: none"> <li>• Water</li> <li>• Emissions</li> <li>• BWaste</li> </ul>	
<b>Our 7 commitments with the world for 2020</b>	<ul style="list-style-type: none"> <li>• Lead with brands that make the world a better place to live</li> </ul>	<ul style="list-style-type: none"> <li>• Be the benchmark for Comprehensive Smart Consumption</li> <li>• Eradicate poverty within our company</li> <li>• Be recognized as one of the best places to work</li> <li>• Complete 1 million volunteer hours</li> </ul>	<ul style="list-style-type: none"> <li>• Be a water, waste and carbon positive company</li> <li>• Be able to recycle 100% of our packages</li> </ul>	



# FIFCO y los Objetivos del Desarrollo Sostenible (ODS)



In September 2015, the United Nations established 17 Sustainable Development Goals as a way to define global priorities and aspirations for 2030. These represent an unprecedented opportunity to eliminate extreme poverty and address other global concerns. Governments from all over the world, including the countries where we operate, joined and agreed to actively contribute to achieve such goals. Companies are no exception and they play a relevant role to actually move this agenda forward.

On September 9, 2016 FIFCO formally commits by signing the National Agreement on the SDGs, signed in San José, Costa Rica.

Our Triple Bottom Line strategy defines strategic objectives for the three dimensions under which we operate: Economic, Social and Environmental Dimension. These strategic objectives in turn trigger a series of initiatives and projects to achieve the established corporate goals. This table reflects how each of these initiatives relates to at least one of the 17 SDGs, either as a positive contribution or as an answer/action to

address a negative impact caused by our operation. The initiatives either minimize or offset that initial impact or simply generate positive value.

## Prioritizing the SDGs

After analyzing the impacts, materiality, consulting the stakeholders and evaluating the different contexts in which we operate, FIFCO prioritizes the following Sustainable Development Goals:

1. Goal 1: Fin de la Pobreza
2. Goal 3: Salud y Bienestar
3. Goal 6: Agua limpia y saneamiento
4. OGoal 8: Trabajo decente y crecimiento económico
5. Goal 11: Ciudades y comunidades sostenibles
6. Goal 12: Producción y consumo responsable
7. Goal 13: Acción por el clima
8. Goal 14: Vida Submarina
9. Goal 15: Vida de Ecosistemas Terrestres
10. Goal 17: Alianzas para lograr los objetivos

## El impacto sobre los ODS

IMPACTO POSITIVO O NEGATIVO DE FIFCO A LOS ODS



## FIFCO and the Sustainable Development Goals



## Alignment with the Sustainable Development Goals (SDGs)

Dimension	Triple Bottom Line Goal	ODS que impactamos	Some examples of how we manage impact	Page
Environmental	Reach neutrality and go beyond, achieving a positive balance in water, emissions and waste	6, 12, 15, 17	Water neutrality projects, rainwater harvest and desalination plant	171
		7, 12, 13, 15, 17	Emissions reduction project	172
		12, 13, 14, 15, 17	Zero waste project and post-consumer recycling program	173, 177, 174
Internal Social	Be champions with our employees	3, 5, 10, 17	Great Place to Work, <i>FIFCO Oportunidades</i> (FIFCO Opportunities) and <i>Estar Bien</i> (Be Well) Programs	129, 123, 131
		4, 8, 9	Training Program	126
External Social	Be champions in terms of Smart Consumption and the Community	3, 12, 17	Program for the promotion of Smart Consumption of alcoholic beverages in society	144
		1, 2, 3, 4, 10, 11, 12, 13, 14, 15, 17	Volunteer program " <i>Elegí Ayudar</i> (Choose to Help), Social Enterprise <i>Nutrivida</i> , <i>Formación Dual</i> (Dual Training) and <i>FIFCO Oportunidades</i> , among others	146, 154, 156, 123
		11, 16, 17	Code of Ethics, Customer Service, Integrated Report, among others	163, 107, 1
Economic	Double the company's sales and profitability	8, 9, 12, 17	Commercial and economic performance	75

## FIFCO and the Sustainable Development Goals



## Alignment with the Sustainable Development Goals (SDGs)



Priorization	Goal	Target #	Description	Initiative Summary	Page
Priority	 1 NO POVERTY	1.2	By 2030, reduce at least by half the number of men, women and children of all ages living in poverty in all its dimensions according to national definitions	FIFCO Oportunidades Program	123
		1.5	By 2030, build the resilience of the poor and those in vulnerable situations, and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters		
	 2 ZERO HUNGER	2.2	Para 2030, poner fin a todas las formas de malnutrición, incluso logrando, a más tardar en 2025, las metas convenidas internacionalmente sobre el retraso del crecimiento y la emaciación de los niños menores de 5 años, y abordar las necesidades de nutrición de las adolescentes, las mujeres embarazadas y lactantes y las personas de edad	Social Enterprise Nutrivida	154
Priority	 3 GOOD HEALTH AND WELL-BEING	3.4	By 2030, reduce by one-third pre-mature mortality from non-communicable diseases (NCDs) through prevention and treatment, and promote mental health and wellbeing	Comprehensive Smart Consumption Program, <i>Estar Bien</i> internal program	144
		3.5	Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol		131
		3.8	Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all	FIFCO Oportunidades Program	123
		3.13	Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks		



## FIFCO and the Sustainable Development Goals



## Alignment with the Sustainable Development Goals (SDGs)

Priorization	Goal	Target #	Description	Initiative Summary	Page
	<b>4</b> QUALITY EDUCATION 	4.3	By 2030, ensure equal access for all women and men to affordable and quality technical, professional and higher education, including university education	<i>FIFCO Oportunidades Formación Dual</i> programs	123, 156
		4.7	Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all	<i>Desamparados 360°</i> Agenda	143
Priority	<b>6</b> CLEAN WATER AND SANITATION 	6.1	By 2030, achieve universal and equitable access to affordable drinking water for all	<i>Costa Rica sin Sed</i> (Costa Rica Without Thirst): contribution to Los Chiles community in Costa Rica	93
		6.3	By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally	Water-sewage treatment	171
		6.4	By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	Water Positive Agenda	171
		6.5	By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate	<i>Agua Tica</i> Initiative	171
		6.6	By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes	Payment for Environmental Services – FONAFIFO, volunteering agenda	181

## FIFCO and the Sustainable Development Goals



## Alignment with the Sustainable Development Goals (SDGs)

Priorization	Goal	Target #	Description	Initiative Summary	Page
Priority	<b>7</b> AFFORDABLE AND CLEAN ENERGY 	7.2	By 2030, increase substantially the share of renewable energy in the global energy mix	Carbon Positive Agenda	171
		7.4	By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technologies	Carbon Positive Agenda – natural refrigeration system	172
Priority	<b>8</b> DECENT WORK AND ECONOMIC GROWTH 	8.2	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors	Economic Dimension	67
				R.E.D. FIFCO	116
		8.3	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	Economic Dimension	67
		8.4	Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programs on sustainable consumption and production, with developed countries taking the lead	Environmental Dimension	166
				Sustainable Purchasing with Customers Program	111
8.6	By 2020, substantially reduce the proportion of youth not in employment, education or training	<i>Formación Dual</i> Program	156		
8.8	Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular female migrants, and those in precarious employment	Great Place to Work-Internal Social Dimension MANU Network (Nutrivida) Agenda	129, 154		

## FIFCO and the Sustainable Development Goals



## Alignment with the Sustainable Development Goals (SDGs)

Priorization	Goal	Target #	Description	Initiative Summary	Page
Priority	<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE 	9.2	Promote inclusive and sustainable industrialization and, by 2030, significantly raise the industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries	Economic Dimension	67
		9.4	By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	Economic Dimension and Environmental Dimension. Examples: new line of cans, investment in modernizing the FIFCO USA's brewery and a new natural refrigeration system	167, 166
Priority	<b>11</b> SUSTAINABLE CITIES AND COMMUNITIES 	11.1	By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	Strategic Social Investment Agenda - volunteering	142, 146
		11.4	Strengthen efforts to protect and safeguard the world's cultural and natural heritage	Strategic Social Investment Agenda - volunteering	142, 146
		11.6	By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	Environmental Agenda	166
		11.7	By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities	Strategic Social Investment Agenda – volunteering	142, 146
		11.8	Support positive economic, social and environmental links between urban, per-urban and rural areas by strengthening national and regional development planning	Agenda de Inversión Social Estratégica - voluntariado. <i>Desamparados 360°</i>	142, 146



## FIFCO and the Sustainable Development Goals



## Alignment with the Sustainable Development Goals (SDGs)

Priorization	Goal	Target #	Description	Initiative Summary	Page
Priority		12.2	By 2030, achieve sustainable management and efficient use of natural resources	Sustainable Purchasing Program, Environmental Dimension	109, 166
		12.4	By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment	Environmental Dimension, FIFCO Air Brands	166, 178
		12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	Environmental Dimension	166
		12.6	Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	Integrated Report 2018	1
		12.8	By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature	Strategic Social Investment Agenda – volunteering. Environmental Education talks	142, 146, 176
		12.10	Develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products	Environmental Dimension	166
Priority		13.2	Integrate climate change measures into national policies, strategies and planning	Environmental Dimension	166
		13.3	Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	Strategic Social Investment Agenda – volunteering. Environmental Education talks	142, 146, 176

**FIFCO and the Sustainable Development Goals**



**Alignment with the Sustainable Development Goals (SDGs)**

Priorization	Goal	Target #	Description	Initiative Summary	Page
Priority		14.1	By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution	Oceans Agenda	177
		14.2	By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans		
		14.5	By 2020, conserve at least 10% of coastal and marine areas, consistent with national and international law and based on the best available scientific information		
Priority		15.1	By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and dry lands, in line with obligations under international agreements	Strategic Social Investment Agenda – volunteering and Environmental Dimension	142, 146, 166
		15.2	By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally		
		15.3	By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world		
		15.4	By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development		
		15.10	Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems		

## FIFCO and the Sustainable Development Goals



## Alignment with the Sustainable Development Goals (SDGs)

Priorization	Goal	Target #	Description	Initiative Summary	Page
	<b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS 	16.6	Develop effective, accountable and transparent institutions at all levels	Accountability and Transparency	163
		16.8	Broaden and strengthen the participation of developing countries in the institutions of global governance	Participation in Companies Circle	24
Priority	<b>17</b> PARTNERSHIPS FOR THE GOALS 	17.1	Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection	Anti-smuggling Agenda	91
		17.7	Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favorable terms, including on concessional and preferential terms, as mutually agreed	Environmental Dimension: Natural Refrigeration System	172
		17.17	Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	External Social Dimension and Environmental Dimension	139, 166



## 7 commitments for 2020



2020 Commitments	Material topics	Internal policy or strategy supporting the commitment	Objectives and goals for 2018	Areas responsible for the commitment and resources available	Actions taken (by business unit) during 2018	2018 Achievements	Obstacles	Formal claim and/or complaint mechanisms	Goals and actions for 2019
<b>Complete 1 million volunteer hours</b>	Local communities, Strategic Social Investment	Volunteer Policy	Achieve 117,500 volunteer hours and 95% participation	Social Investment	See page 146	145,741 volunteer hours, participation of other stakeholders like consumers, community members, shareholders and suppliers. 95% participation.	Budget and volunteer availability	elegiayudar@fifco.com	Complete 186,000 volunteer hours.
<b>Be recognized as one of the best places to work</b>	Human Rights, Overall Wellbeing, Labor Relations, Health and Safety in the workplace, Talent Management, Association, collective negotiation, Target Culture (live our values)	Human Rights Policy (in process), Compensation and Benefits Policies, Occupational Health Policies, Human Resources Policies	Position ourselves as one of the best places to work in Costa Rica	Talent Management	See page 129	Ranked #1 in Costa Rica ( <i>Florida Bebidas</i> ) in the Great Place to Work survey, in the category companies with over 1,000 employees and #2 at the national level (Reserva Conchal) in the category companies with less than 1,000 employees.	Socio-economic and political changes, restructuring, among others	Anonymous ethics hotline, Human Resources Department, others.	Exceed last year's results for Great Place to Work index
<b>Be the benchmark for Smart Consumption of food and beverages</b>	Alcohol in society, Strategic Social Investment	Champion issues related to Comprehensive Smart Consumption	Include the complete food and beverage portfolio in the Smart Consumption strategy	Smart Consumption Team, Innovation, Marketing, Special Events, Communication, others.	See page 144	Launch of the Comprehensive Smart Consumption agenda. Presentation of critical components reduction maps. 1,325 volunteer hours, 2,900 persons trained in Comprehensive Smart Consumption. Impact +60,000 adults and +47,000 minors.	Established patterns and alcohol consumption habits, as well as specific Comprehensive Smart Consumption-related habits. Specific challenges regarding nutrition and alcohol consumption in the countries where we operate.	www.facebook.com/ConsumoInteligenteCostaRica/	<b>Increase</b> Comprehensive Smart Consumption <b>awareness</b> and greater knowledge of healthy patterns. <b>Enhance relationship with Social Actors</b> to improve consumption patterns. 85,000 persons impacted and 4,000 volunteer hours.

## 7 commitments for 2020



2020 Commitments	Material topics	Internal policy or strategy supporting the commitment	Objectives and goals for 2018	Areas responsible for the commitment and resources available	Actions taken (by business unit) during 2018	2018 Achievements	Obstacles	Formal claim and/or complaint mechanisms	Goals and actions for 2019
<b>Eradicate poverty inside our company</b>	Overall Wellbeing, Strategic Social Investment	Champion collaborator-related issues	Continue efforts to eradicate extreme poverty by 2020. Initiate process with second generation.	<i>FIFCO Oportunidades</i> team, Human Resources, Communication, Finance, among others.	See page 123	Extreme poverty eradication in the first generation, and start working with second generation. Application of the Business Multidimensional Poverty Index of <i>Asociación Horizonte Positivo</i>	Understanding of IPMe findings. Commitment of collaborators who are in the program and fulfill tasks.	fifcooportunidades@fifco.com	Re-engineering of 4 program pillars under a multidimensional poverty approach. Relaunch of mentor program.
<b>Achieve 100% recycling of our products</b>	Plastic packaging, Post-consumer recycling	Corporate Environmental Policy, and Sustainable Packaging Strategy	Reach 75% post-consumer recycling and 75% for plastic packaging	Environmental Management and Supply Chain	See page 174	82% plastic packaging recycling 77% global collection	Country's culture on recycling, selective waste collection by municipalities low market prices for materials and informality of the recycling sector	Phone line 800-CERVEZA or at www.fifco.com	
<b>Lead with brands that make the world a better place to live</b>	Local communities, product health and safety, and market leadership. Others: brands' social investment, products' nutritional content and brands' water, emissions and waste	FIFCO Air Brands Strategy	Definition of Air Brands pilot strategy with Imperial beer and measurement using the "Sustainability Brand Index", created by FIFCO, for the following brands: <i>melcochón</i> bread by Musmanni, Tropical and Reserva Conchal	Corporate Relations, Marketing, Research and Development	See page 178	Purpose of Ducal beans Fat reduction map for Musmanni, sugar reduction for Tropical and Seagrams Escapes Construction of the Sustainability Brand Index for Musmanni and Ducal Consumer volunteering for Imperial and Tropical Water and carbon footprints from Imperial, Tropical and Cristal water Consumption pattern measurement for Imperial	Migration of the Triple Bottom Line from the organization to the brands	Phone line 800-CERVEZA or at www.fifco.com	Discover the purpose of Pilsen, Kern's, Reserva Conchal, Air Brands marketing strategy for the aforementioned brands, 2020 Brand Sustainability Plan

7 commitments for 2020



2020 Commitments	Material topics	Internal policy or strategy supporting the commitment	Objectives and goals for 2018	Areas responsible for the commitment and resources available	Actions taken (by business unit) during 2018	2018 Achievements	Obstacles	Formal claim and/or complaint mechanisms	Goals and actions for 2019
Be a water, waste and carbon positive company through our brands.	Materials, energy, water, emissions, waste, impact of our suppliers and customers.	Environmental Policy -Responsible Supplier Code, Water Positive Strategy, Carbon Positive Strategy, Sustainable Packaging Strategy and Waste Recovery and Zero Waste Strategy	Manufacturing, Retail, Carbon Positive. Continue with W Hotel Carbon Positive, Florida Bebidas Carbon Neutral, Florida Bebidas Water Positive and Imperial Water Positive.	Environmental Management, Production/ Manufacturing Plants, Logistics, Distribution and Procurement	See page 171	<p>Greater efficiency in FIFCO USA, Rochester site (6.1 hlw/hlpr to 5.4 hlw/hlpr; -11.5% reduction)</p> <p>PEPSICO Plant under the PEPSICO system standard (1.92 hlw/hlpr)</p> <p>Florida Bebidas Costa Rica and Imperial water positive</p> <p>Reserva Conchal Solar System. Largest self-consumption project in the country's North Pacific region.</p> <p>Musmanni Retail Natural Refrigeration System</p> <p>FBEB CR, Retail Manufacture and Westin Hotel carbon positive</p> <p>"Zero waste to landfill" FBEB CR</p> <p>Carbon Trust Certification – British certification entity</p> <p>Retail Manufacture absolute zero waste</p> <p>Classification and separation improvements in FIFCO USA</p> <p>Energy recovery from waste in IAK</p>	Measurement of water drain, biomass supply, low return value of post-consumer PET, recycling culture and selective waste collection	800-CERVEZA or through the website www.fifco.com	Continue route towards being WEW Positive by 2020

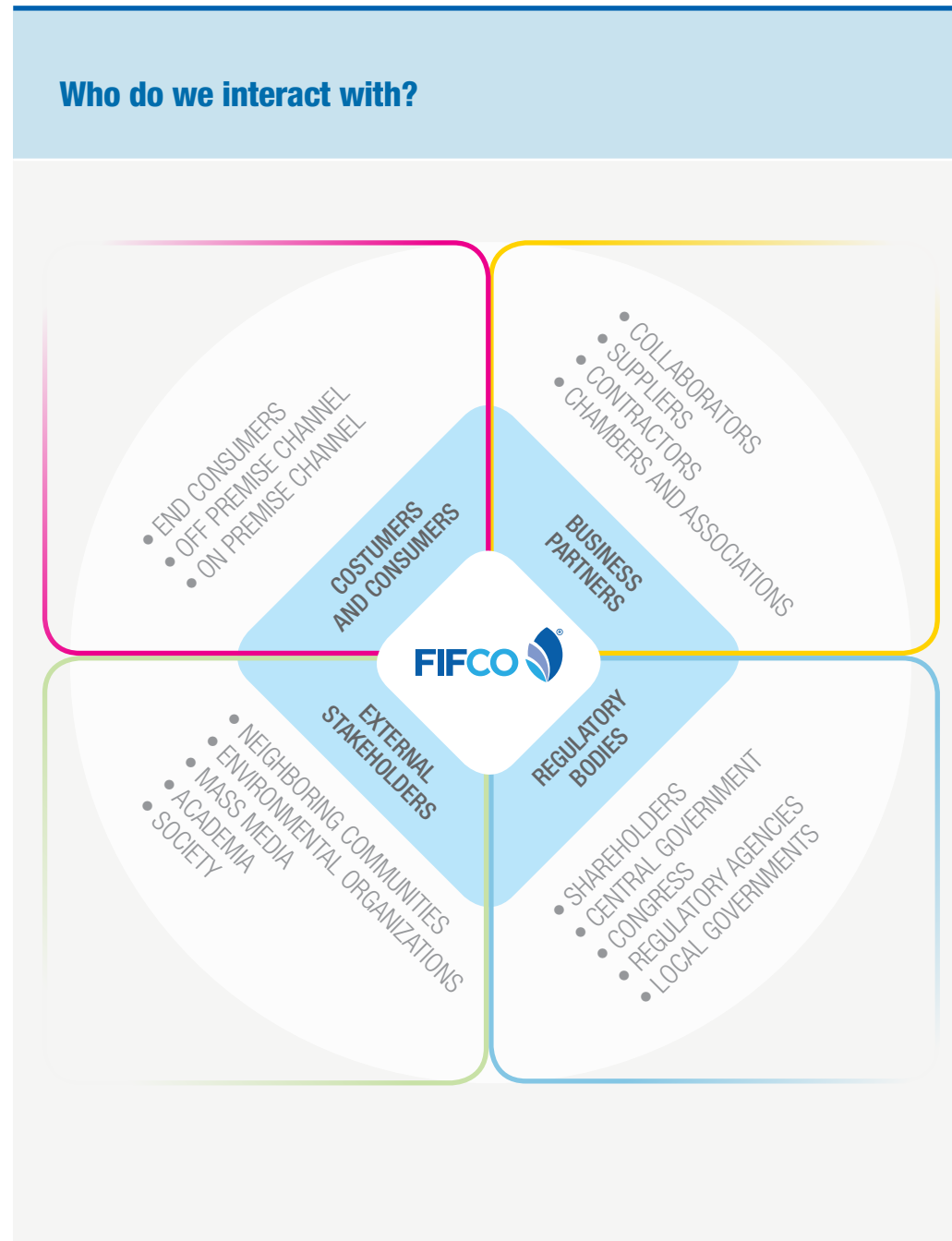


# Our stakeholders

DISCLOSURE GRI 102-40, GRI 102-42

**Stakeholders are those groups with which the organization interacts and have a special interest in it, are affected or may be affected by its actions, objectives or policies.**

Each year the company analyzes which stakeholders are critical for its operations. Such analysis involves the evaluation and prioritization of several criteria such as incidence or level of influence on the business (organizational capacity, level of exposure and conviction) as well as its relationship with business continuity, in other words, the level of potential risk they represent (physical, regulatory and reputational). An effective dialogue with our stakeholders is essential to create true social and environmental value under a Triple Bottom Line approach. This approach allows us to manage expectations, as well as formulate responses to shared challenges



PRINCIPAL CATEGORIA	800	59
TOTAL CV	17248	150
PRINCIPAL CATEGORIA	1265	106
TOTAL CV	11105	920
PRINCIPAL CATEGORIA	835	77
TOTAL CV	12225	720
PRINCIPAL CATEGORIA	1400	86
TOTAL CV	9090	52

## Our stakeholders

### Communication channels for our stakeholders

Different mechanisms are established to encourage open and agile communication with our stakeholders, as reflected in the “Communication Channels” table below.

Communication Channels		
Stakeholder	Channel/Mechanism	Participation Channel
Collaborators	Email ●	Hotlines: email and telephone ●
	Meetings by department and the entire company ●●●	Meetings by department and the entire company ●●●
	Bulletin boards ●	Performance assessment ●
	Website ●	Surveys ●●
	Intranet ●	One-on-One meetings ●
	Integrated Report ●	Microclimate ●
	Somos FIFCO (We Are FIFCO) newsletter ●	Yammer mobile app ●
Suppliers	Online Supplier Portal ●	Online Supplier Portal ●
	Face-to-face meetings ●	Customer service lines ●
	Website ●	Online chat ●
	Integrated Report ●	Face-to-face meetings ●
Costumers	Integrated Report ●	Face-to-face meetings ●
	Encuentros presenciales ●	Líneas de Servicio al Cliente ●
	Website ●	Chat en línea ●
	Social networks ●	Social networks ●
Consumers	Reporte Integrado ●	Encuesta ●
	Face-to-face meetings ●	Customer service lines ●
	Website ●	Online chat ●
	Social networks ●	Social networks ●
Communities	Social networks ●	Customer service lines ●
	Integrated Report ●	Face-to-face meetings ●
	Email ●	Email and letters ●
	Face-to-face meetings ●	Studies/Surveys ●
	Social networks ●	Customer service lines ●
Government, trade associations and media	Sitio Web ●	Online chat ●
	Integrated Report ●	Face-to-face meetings ●
	Email ●	Email and letters ●
	Face-to-face meetings ●	Studies/Surveys ●

- Daily
- Semi-Annual
- Monthly
- Quarterly
- Annual

## Our stakeholders

DISCLOSURE GRI 102-43, GRI 102-44

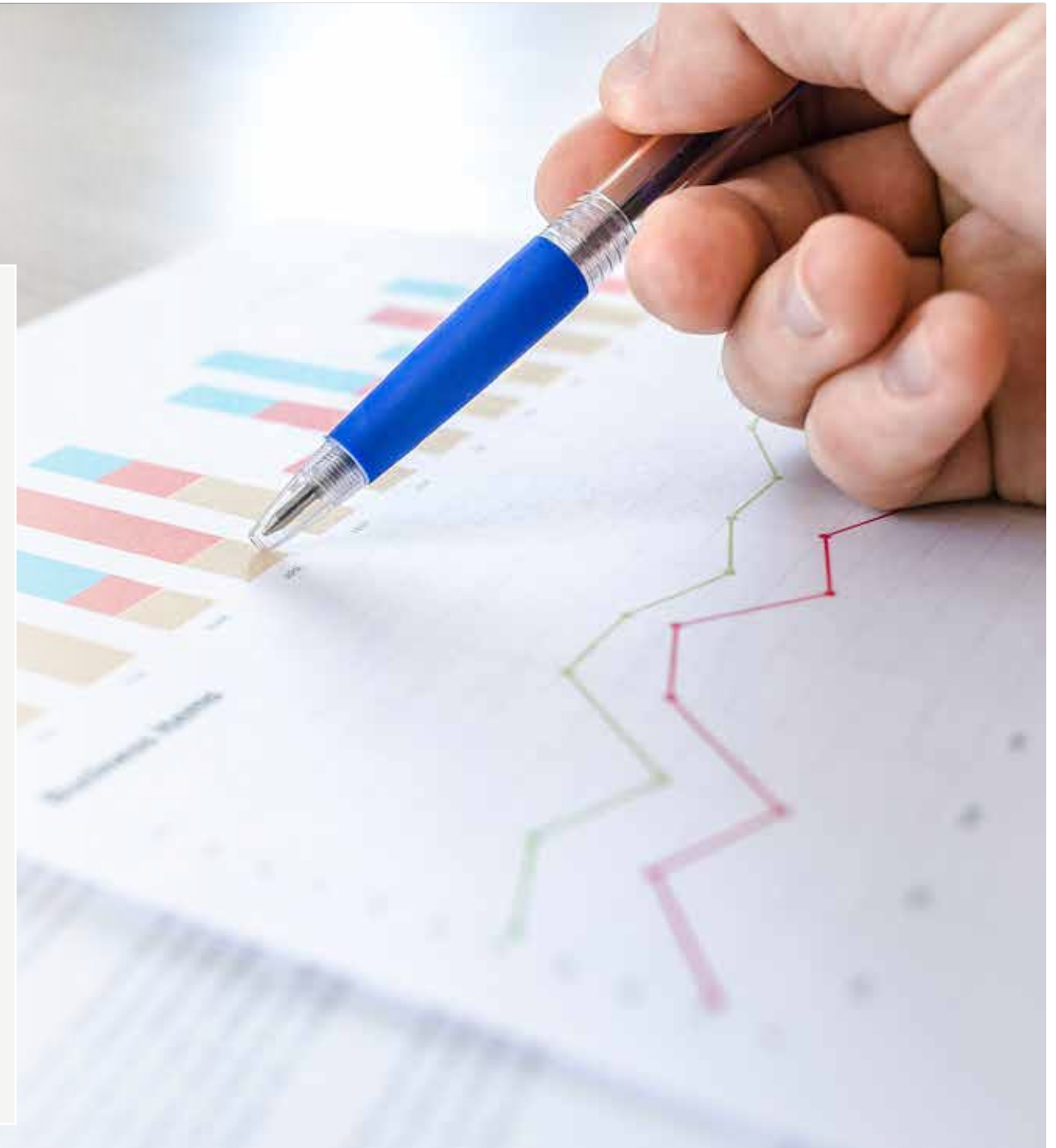
### About the consultation process

Every two years, a survey is applied to those groups that interact with the company. An external firm administers it using a quantitative and qualitative methodology; the most recent one was applied from July to August 2018 by external consultants. The results of this study allow us to realign priorities and create specific projects to address the expectations of the groups examined. **The results of these consultations are subject to analysis and reflection by the General Management, the executive committees and the company managements.** This valuable information about what the groups think and expect serves as a basis to guide FIFCO's scopes of action and priorities, and to define their commitments to their stakeholders. The study was divided into **four specific consultations** by Strategic Business Unit (SBU): *Florida Bebidas* (Costa Rica), *Florida Retail*, *Reserva Conchal* and *Industrias Alimenticias Kern's*. The general objective was to determine the perception, knowledge and expectations of all the stakeholders - considered a

priority - towards the initiatives and sustainability programs performed by each of the business units.

#### 2018 stakeholder consultation

**Qualitative and quantitative consultation** conducted with 1,666 people, including collaborators, suppliers, customers, consumers and neighbors from the communities where FIFCO operates (in general), Florida Retail (Musmanni-MUSI brand), Reserva Conchal and Industrias Alimenticias Kern's (IAK). In addition, in-depth interviews were applied to 20 opinion leaders from Costa Rica and Guatemala, sub-segments such as journalists, business elites, government officials, mayors and NGOs. The qualitative approach was complemented with a special consultation conducted with male and female groups between 15 and 35 years old.



**Our stakeholders | Summary of stakeholder study's findings**

DISCLOSURE GRI 102-43, GRI 102-44

**FIFCO's main footprints or impacts**

**Stakeholders identify 4 major areas as main impacts of FIFCO's operation**

**Impact on development**

**1** The company has a positive impact on the economic and social development of the countries where we operate.

**Environment**

**2** Use of natural resources like water, as well as impact on the environment due to the typical production processes of this kind of company, specifically emissions and packaging disposal.

**Job creation**

**3** The company as creator of jobs and wellbeing.

**Health**

**4** The company has an impact on the public health of the countries where it operates, specifically due to the trade of alcoholic beverages and products with sugar content.

**How are these impacts prioritized?**

The different stakeholders consulted prioritize FIFCO's impacts as follows::

**Shareholders and suppliers**

1. Economic and social development
2. Environmental impact
3. Job creation

**Millenials and Centennials**

1. Environmental impact
2. Impact on health: alcohol in society
3. Impact on health: obesity/products with high sugar and fat content

**Opinion Leaders**

1. Impact on health: alcohol and products with sugar content
2. Environmental impact: containers-recycling
3. Job creation

**Impact prioritization by business unit**

Negocio	Environmental Impact	Impact on health	Job creation	Economic and social development
Florida Bebidas	1	4	3	2
Industrias Alimenticias Kern's (IAK)	1	3	4	2
Reserva Conchal	3	4	1	2
Florida Retail	1	3	4	2

**What is expected from FIFCO?**

1. **Support for social causes through volunteer work.** To address poverty in general.
2. **Regarding the environment,** they expect enhanced protection, through different initiatives, mainly: packaging recycling, tree planting, adequate management of natural resources such as water, while promoting further environmental education.
3. **Direct and indirect job creation.** Support for suppliers and entrepreneurs.
4. **Educate and promote responsible alcohol consumption.** They express expectations about the development of health products (sugar reduction and elimination) and nutrition and welfare education.



**Our stakeholders**

**Consulting stakeholders in the United States**

In 2017, FIFCO USA conducted its first public consultation with stakeholders, which involved mapping the main groups across five regions of Northeastern United States. Through telephone calls, online surveys and focus groups, we identified the expectations for the companies, breweries and Genesee and Labatt beer brands. The main concerns of these stakeholders are: drinking and driving, education and training, access to recreational water canals, poverty, indigence and hunger. According to the stakeholders consulted, the business was able to promote Smart Consumption, build strong communities to live, work and brew beer at the same time, improve its environmental footprint and develop the future of its workforce. In addition, they highlighted the participation of the volunteer program in the communities, focusing on zero hunger and environmental footprints.

**Loyalty study**

During 2017 and part of 2018, FIFCO worked using a new study method that evaluated its customer's level of loyalty.




The main findings are:

- In 2017, FIFCO's loyalty index was 63% above its main competitors. Only 5% of Latin American and CAM companies show this result between 60 and 70%. The Loyalty Index is comprised of 4 variables: brand preference, willingness to continue, share of wallet and recent customer behavior.
- FIFCO's satisfaction index is of 83%, where the top 2 box score of 9 and 10 represents 57%.

**FIFCO ranks first in MERCO's Corporate Reputation Study**

In October 2018, Merco, the Corporate Reputation Monitor, published its second corporate reputation ranking. Merco incorporates evaluations of seven sectors of interest or stakeholders, among them, top local executives, financial analysts, trade unions and consumers. However, the classification originates with the executives, since the core evaluation list is created using the names provided by top executives.

FIFCO led the list for second consecutive year as number one company in Costa Rica. Ramón Mendiola, FIFCO's CEO, stepped once again to the individual leadership podium, holding first place and likewise, the company ranked first in the Sustainability and Corporate Government category for second consecutive year.

Merco's 2018 Ranking	Position	Score
Merco Companies 	1	10.000
Merco Leaders 	1	10.000
Merco Responsibility and Corporate Governance 	1	10.000

## Impacts and materiality in our value chain

DISCLOSURE GRI 102-46, GRI 102-47, GRI 102-48, GRI 102-49

According to the Global Reporting Initiative, **materiality or material topics are those aspects that have a direct or indirect impact on the organization's capacity to create, preserve or share economic, social and environmental value, either for itself, its stakeholders or society in general. According to the IIRC, an integrated report should disclose information on matters that substantially affect the organization's capacity to create value in the short and medium term.** This analysis becomes a valuable input for our strategic planning processes and helps us focus our resources in a more efficient way on the issues that are critical for the economic, social and environmental sustainability of each business unit.

FIFCO defines a specific materiality matrix for *Florida Bebidas* (Costa Rica), *Florida Retail*, *Reserva Conchal* and *Industrias Alimenticias Kern's*. In 2018, the company begins to establish its main material topics for the FIFCO USA operation.

These material topics are defined not only considering the inputs of the Stakeholder Study and the Customer Loyalty Study, but also analyzing every topic or indicator identified by the Global Reporting Initiative (GRI) and/or by the company regarding their impact on the current operation and set on the 2020 goals, as well as the importance assigned to each of these topics or aspects by the respective stakeholders. During this period, there were no significant changes in the material topics compared to previous reports.

### Management approach for material topics

The material topics identified for each business unit become the central axis for said Unit's management, being reflected both in the annual plans and in the establishment of policies, commitments, goals, objectives, key indicators, responsible parties, required resources and complaint mechanisms (see FIFCO 2020 Commitments table on page X). The management approach is evaluated via a methodology known as *Strategy Meet Up*; every month each



unit monitors the effectiveness, behavior and evolution of each indicator using specialized software. These indicators respond to a specific material topic. Specific actions, such as projects and programs to address and manage each material topic, are explained in each

of our Triple Bottom Line strategy dimensions (whether Economic, External Social, Internal Social or Environmental) to which it corresponds, according to the table below.



## Generating value

As a corporate citizen, we seek to migrate from minimizing our impacts to creating positive value in the communities where we operate. We can identify value creation in each of the strategic dimensions and goals under which we work. The different stakeholders with whom we interact become direct or indirect beneficiaries of the financial, intellectual, human, social and environmental value created.

### Economic dimension

- Job creation in the communities and countries where we operate.
- Generation of profits for our shareholders.
- Distribution of wealth throughout our value chain.
- Contribution to business development and economic growth in the countries where we operate.
- Payment of corresponding taxes and duties
- Promotion and support of national industry and trade
- Manufacture of high quality, innovative products and development of categories and segments that promote healthy competition.
- Promotion of public policies and fair regulation.

### Environmental dimension

- Knowledge creation and transfer.
- Development and promotion of new technologies with less impact on the environment.
- Contribution to the country's goals and environmental causes.
- Empowerment and training of communities and other key stakeholders on environmental matters.
- Protection and conservation of natural resources.
- Reduction of environmental risks.
- Raise awareness and provide environmental education.



## Generating value

### Social dimension

- Placement of quality products and services.
- Job creation and related benefits.
- Promotion of healthy alcohol consumption patterns, initiatives focused on reducing harmful consumption patterns.
- Addressing poverty inside and outside the company.
- Knowledge and good practice transfer.
- Promotion of the overall wellbeing of our collaborators and other stakeholders.
- Local socio-economic development.
- Development and promotion of teaching methodologies.
- Inclusion of sensitive populations.
- Addressing the national child undernutrition problem.
- Promotion of Human Rights and optimal working conditions.
- Sense of satisfaction and self-esteem among our collaborators and other stakeholders related to our programs.
- Commercial/operational progress of our suppliers and customers.
- Dissemination and promotion of Corporate Social Responsibility as a way of doing business

### Changes in the Organization

The following are among the most important changes in the organization:

1. As a subsequent event, it is communicated that André Garnier Kruse and Edna Camacho Mejía renounced to their respective posts as voting members of the Board of Directors in May 2018. Their positions will be assumed by Philippe Garnier Díez and Shannon Music Gamboa, who will attend their first Board of Directors meeting in June 2018.
2. As a subsequent event, in October 2018 the North American Breweries operation changed its name to FIFCO USA. The change entailed an internal transformation process, unifying the name of this important operation with the rest of the company.



## Generating value

### Certifications and recognitions

- **Esencial Costa Rica License for the brands:**  
Tropical, Imperial Exportaciones and Agua Cristal
- **FSSC 22000 Food Safety System Certification**  
Cristal Plant
- **OHSAS 18001 Safety System Certification**  
Pepsi Plant and Cristal Plant
- **Bottler of the Year Award America** given by Pepsico,  
Pepsi Plant, 2017.
- **AIB International and QAS, compliance with PEPSICO's franchise requirements**  
Pepsi Plant
- **IRAM 323 (HACCP) and IRAM 324 (Manufacturing Good Practices) Safety Certifications**  
Beer Plant
- **ISO 14001:2004 Environmental Management System**
  - Beer Plant, Cristal Plant and Pepsi Plant
  - Florida Retail Plant
  - Westin Hotel Plant, Conchal
  - *Distribuidora La Florida* (Distribution Centers in the Greater Metropolitan Area and Recycling plant)
- **ISO 14046 Water Footprint**
  - Florida Bebidas Costa Rica
  - Agua Cristal
  - Cerveza Imperial
- **ISO 14064 Carbon Footprint**
  - Florida Retail Plant
  - The Westin Golf Resort & Spa Playa Conchal
  - Florida Bebidas
- **INTE 12:01:06 System to demonstrate Carbon Neutrality**
  - Florida Retail Plant
  - The Westin Golf Resort & Spa Playa Conchal
  - Florida Bebidas
- **INTE ISO 14067:2015 Products Carbon Footprint**
  - Cerveza Imperial
- **Ecological Blue Flag awarded by AyA** (Costa Rican Water and Sewer Institute)
  - Cerveza Plant and Cristal Plant – Micro Basins category
  - Beaches category, Playa Conchal
  - Communities category, Reserva Conchal community
  - Protected areas (Conchal Mixed Wildlife Refuge)
- **Tourist Sustainability Certification awarded by ICT** (Costa Rica Tourism Board)
  - Westin Playa Conchal Resort, Golf & Spa Hotel (5 leaves, highest score)
- **Audubon Certification for Golf Courses awarded to Golf Westin Playa Conchal Resort**  
Golf & Spa
- **Sanitary Quality Seal Program Flag awarded by AyA**  
Operating Agencies category, for Cristal Plant (4 stars) and Reserva Conchal (5 stars)
- **ILSI Mesoamerica Members, 2017**
- **José María Roca Medal** awarded by the Latin America Industrial Association (AILA)
- **“Alberto Martén Chavarría” Corporate Responsibility in Action Award** granted by AMCHAM
  - Environment Award Winner: Natural Gas Refrigeration System in Florida Retail's Manufacturing Plant
  - Community Award Winner: FIFCO's Comprehensive Smart Consumption

Generating value

2018 Environmental Certifications

SITE	EMS	WaterFP	Carbon FP	Carbon+	ZERO W	BAE AYA-CR				CST	Safety	TPM (Heineken)	
	ISO 14001	ISO 14046	ISO 14064	MINAE	Carbon Trust	M. cuenca	Playa	Comunidad	Esp. Prot.	ICT-CR	OHSAS 18K	Safety Pilar	Env&Sos
CCR	●	●	●	●	●	■						■	
REFRESCOS	●	●	●	●	●	■					■		
GASEOSAS	●	●	●	●	●						■		
CEDI GAM	●	●	●	●	●								
CEDI Rural		●	●	●	●								
Manufac. Retail	●		●	●									
Retail (5 PDV's)				●									
WPC Hotel	●			●			●			■			
W Hotel							●						
Reserva Conchal							●	●	■				
IAK (GUA)													
ROC (FIFCO USA)													

	ISO 14001		Carbon Neutral		Ecological Blue Flag Beaches		Sustainable Tourism
	ISO 14001		Carbon Trust Standard		Ecological Blue Flag Communities		OHSAS 18001:2007
	CO <sub>2</sub>		Ecological Blue Flag Microbasins		Ecological Blue Flag Protected Natural Spaces		TPM next

<b>Product environmental footprint certification</b>	ISO 14046-1:2006 Water Footprint					ISO 14067:2015 Product's Carbon Footprint				
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## Generating value

### Commitment to external initiatives

- Member of the Latin American Corporate Governance Roundtable **Companies Circle**. This group is driven by the Organization for Economic Cooperation and Development (OECD) and the International Finance Corporation (IFC). The Circle is comprised of 15 companies from five countries, which have demonstrated their leadership and adopted good corporate governance practices.
- Member of the World Economic Forum's **Global Growth Companies** initiative. Created in 2007, this community aims to involve dynamic, high-growth companies with the potential to become future industry leaders and a driving force for economic, social and environmental change.
- Member of the **Global Reporting Initiative Gold Community**. FIFCO is part of the nucleus of various "stakeholders" of the GRI network, essential for the GRI to remain

an independent and democratic organization.

- Member of the United Nations **Global Compact** since 2014.
- Signatories of the **National Pact for Compliance with Sustainable Development Goals, Costa Rica, 2016**

### Precautionary criterion

According to the Rio Declaration on Environment and Development, the precautionary approach consists of the fact that the lack of scientific certainty must not be used as a reason to delay the adoption of efficient measures to prevent environmental degradation. This principle is supported by the environmental dimension of FIFCO's Triple Bottom Line strategy. Its Corporate Environmental Policy details the company's commitment to protect the environment, and prevent and avoid any negative impact.

### Organizations we are part of

- Alcohol and Tobacco Tax and Trade Bureau (TTB)
- American Society of Brewing Chemists (ASBC)
- Entrepreneurial Association for Development (AED)
- Association of Producers and Importers of Alcoholic Beverages of Costa Rica (APIBACO)
- Beer Institute
- National Stock Exchange
- Costa Rican Chamber of Issuers of Securities
- Costa Rican Chamber of Commerce
- Heredia Chamber of Commerce
- Chamber of Industries
- Costa Rican Chamber of Food Industry (CACIA)
- Costa Rican Chamber of Restaurants (CACORE)
- Chamber of Retailers
- Guanacaste Chamber of Tourism (CATURGUA)
- Centrarse Guatemala
- Cerveceros Latinoamericanos*
- Communications Company Community
- National Social Responsibility Advisory Council
- Costa Rican American Chamber of Commerce (AmCham)
- Ecolones
- World Economic Forum
- International Life Sciences Institute (ILSI)
- Master Brewers Association of America (MBAA)
- GRI Gold Community
- Redcicla
- Global Compact Costa Rica local network
- Siebel Institute
- Costa Rican Union of Chambers and Associations of the Private Business Sector (UCCAEP)
- Yunus Social Business



# Capitals

All organizations depend on various capitals to be successful. The International Council of Integrated Reports has established the following classification:



## Financial Capital

Pool of funds available for the production of goods or provision of services, obtained through financing or generated by the company's operations.



## Manufactured Capital

Manufactured physical objects available for use in the production of goods or provision of services.



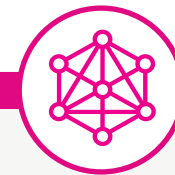
## Intellectual Capital

Intangibles based on the organization's knowledge. It considers: intellectual property and organizational capital.



## Human Capital

People's competencies, skills and experiences, and their motivations to innovate.



## Social and Relationship Capital

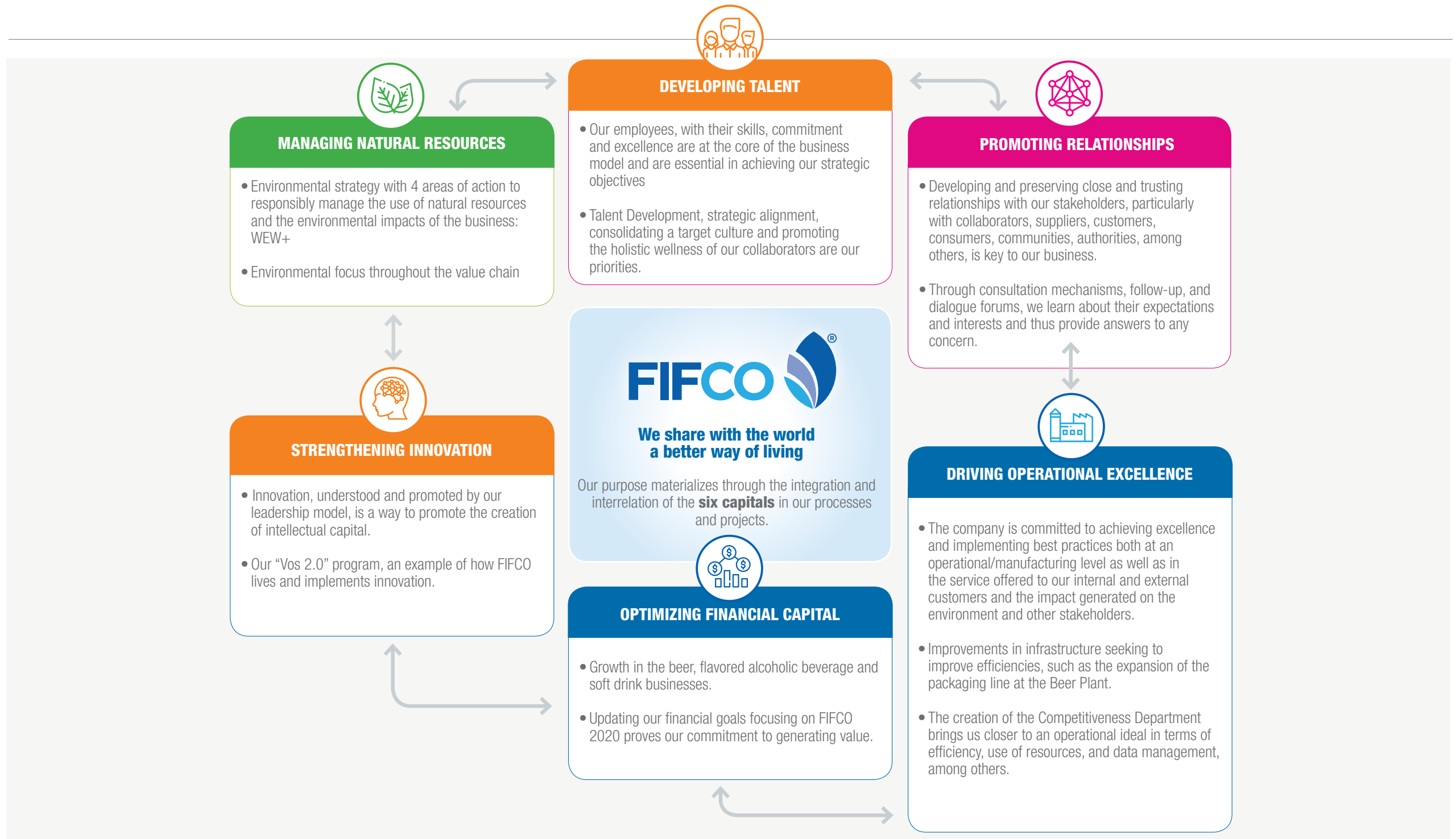
Institutions and relationships within and between communities, stakeholders and other networks; and the ability to share information to improve individual and collective wellbeing. Includes: shared rules, relationships with key stakeholders, intangibles associated to the brand and reputation, among others.



## Natural Capital

All renewable and nonrenewable environmental resources and processes that provide the goods and services that sustain an organization's past, current or future prosperity. Includes: air, water, land, minerals, biodiversity and the ecosystem's health.

## Los Capitaes



Capitals

# Developing talent



## Context

**The core of our business model, strategy and understanding of sustainability starts with our collaborators.**

Our corporate purpose faithfully reflects FIFCO's new vision, a vision in which the organizational culture and way of working are characterized for recognizing and celebrating achievements in an authentic way; a company in which people come first and live the purpose, based on the confidence and progress of its people; a company that shares and promotes sustainability as the correct way to add value to the communities and countries where it operates. In addition, FIFCO defines itself as a company that works with simple processes and decision-making, is creative and innovative, challenges traditional methods; a company that brings revolutionary ideas to the market, that sets trends and seeks creative solutions to problems.

## Inputs

- A workforce of 6,508 collaborators.
- Leadership model; as leaders we contribute to create a better way of living and we are a positive influence on others.
- Corporate purpose and values
- Training Program

## Activities

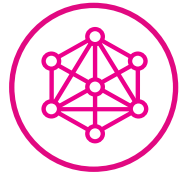
- Conduct the Great Place to Work survey.
- Optimize the internal and external recruitment strategy.
- Implement the new leadership model.
- Re-engineer the induction program.
- Implement the 360 holistic wellness strategy for our collaborators through the Estar Bien (Be Well) program and rigorous Occupational Health and Safety standards.
- Implement a mechanism that promotes greater strategic alignment.
- Promote diversity focusing on gender equality (recruiting more women), sign the San José Convention on non-discrimination towards the LGBTI population and hire people with disabilities.
- Launch UFIFCO.
- Training program in leadership, development of future skills in terms of commercial trends.
- General Equivalency Diploma and Dual Training Program (Dual Training in Renewable Energy Program) with the National Learning Institute (INA).
- Human rights awareness workshops.

## Outputs

Description	2014	2015	2016	2017	2018
Rate of accidents involving injuries	6,097	6,324	6,581	6,441	6,508
Rate of accidents involving injuries	<b>IAK:</b> • Women 0,00% • Men: 0,84% <b>Costa Rica:</b> • Florida Bebidas: 2,25% • Florida Retail: 2,22% • Reserva Conchal: 1,83%  <b>FIFCO USA:</b> • Women 0,40% • Men: 6,19%	<b>IAK:</b> • Women 0,00% • Men: 0,99% <b>Costa Rica:</b> • Florida Bebidas: 1,08% • Florida Retail: 2,46% • Reserva Conchal: 1,78%  <b>FIFCO USA:</b> 7,12%	<b>IAK:</b> • MWomen 0,00% • HMen: 0,789% <b>Costa Rica:</b> • Florida Bebidas: 1,07% • Florida Retail: 3,37% • Reserva Conchal: 2,97%  <b>FIFCO USA:</b> 6,63%	<b>IAK:</b> • MWomen: 0,155% • Men: 0,776% <b>Costa Rica:</b> • Florida Bebidas: 1,55% • Florida Retail: ND • Reserva Conchal:ND  <b>FIFCO USA::</b> 6,57%	<b>IAK:</b> • Women: ND • Men: 0,297% <b>Costa Rica:</b> • Florida Bebidas: 2,37% • Florida Retail: ND • Reserva Conchal:ND  <b>FIFCO USA:</b> ND
Training hours	50,055	37,944,44	76,833,88	73,504	92,983
Great Place to Work score	Trust Index: 76 Leadership Index: 70	Trust Index: 85 Leadership Index: 82	Trust Index: 87 Leadership Index: 84	Trust Index: 87 Leadership Index: 84	Trust Index: 81 Leadership Index: 79
Number of collaborators impacted by the leadership program	200	160	180	170	170

## Capitals

# Promoting relationships



### Context

**An effective dialogue with our stakeholders is key to create real social and environmental value under a Triple Bottom Line approach.**

This approach and the consultation process allow us to manage expectations, as well as formulate answers to these shared challenges (see stakeholder consultation on page 45).

At the same time, and often as a result of these same consultation processes, the company maintains a rigorous agenda for social investment, volunteering and strategic participation of its closest stakeholders in programs and projects that promote the generation of social, environmental and economic value.

### Inputs

- Formal consultation mechanisms and establishment of dialogue forums with important stakeholders.
- Study results for *Florida Bebidas, Florida Retail, Reserva Conchal and Industrias Alimenticias Kern's*.
- Results of the Loyalty Study applied to customers.
- Positive evaluation of the relationship and connection of our collaborators with their leaders and with the company's purpose.
- Acknowledgement among specialized stakeholders of the company's main sustainability initiatives.

### Activities

- Conduct the Stakeholders Study and the Customer Loyalty study.
- Conduct the collaborators Great Place to Work satisfaction survey, as well as evaluate the collaborators' level of commitment with the Corporate Purpose.
- Create dialogue forums with neighboring communities.
- Design and implement the RED FIFCO program.
- Record complaints regarding the operation.
- Preserve and expand the Sustainable Purchasing program addressed to the company's suppliers.
- Preserve and expand the corporate volunteering program: *Elegí Ayudar* (I Choose to Help). Participation of collaborators, collaborator's relatives/companions, shareholders, suppliers, customers, consumers and other organizations in volunteering activities.
- Efforts to teach and promote Comprehensive Smart Consumption habits among critical stakeholders.
- Create public-private partnerships as a way to maximize impact and encourage greater collaboration with the Government, other public agencies and civil society organizations.
- Sign the National Pact for the Sustainable Development Goals, making a public commitment to contribute to achieve the SDGs.

### Outputs

Description	2014	2015	2016	2017	2018
Net Profit percentage dedicated to Strategic Social Investment	5.7%	6.5%	8%	7.2%	9%
Volunteer hours	50,781	57,948.67	62,672	67,040	145,741
People impacted by Smart Consumption initiatives	+50,000	182	61,852	+312,000 and 3,000,000 with campaign	Impacted +60,000 adults and +47,000 minors
Number of suppliers that are part of the	88	182	232	293	317
Sustainable Purchasing Program	*1,184	*1,148	*2,077 (including Guatemala's complaints in the reporting period)	6,796	7,183
Number of Public-Private Alliances	30	35	37	75	75



## Capitals

# Driving operational excellence



### Context

**As a multinational food, beverage, retail services and hospitality company, we aim for high quality levels in our operations.**

Strict standards for both, manufacturing practices and guest service protocols, as well as customer service in general, are imperative for business continuity. The company is committed to excellence and to implementing best practices both at the manufacturing level, as well as in the service given to its internal and external customers. Likewise, it seeks to minimize, as much as possible, the negative impact generated on the environment and other stakeholders, if any, and to have a positive impact by generating value in the communities where we operate.

### Inputs

- Properties, facilities and operations in 4 countries: Costa Rica, Guatemala, El Salvador and the United States.
- 10 Production Plants (considering the Recycling Plant), 15 Distribution Centers.
- 1,256 hectares in Guanacaste, Costa Rica dedicated to hospitality projects.
- 279 points of sale for the Florida Retail operation.

### Activities

- Continue with the Master Plan: **Within its “FIFCO 2020” strategy, the company has defined an investment plan (“Master Plan”) for its food and beverage business for the next 2 years.** In order to ensure the expected growth in the Costa Rican market and in the markets of Central America and the United States where it competes, the company is launching a master investment plan for its food and beverage business. This plan is focused on expanding the installed capacity of key production and packaging processes for beer, flavored alcoholic beverages and non-alcoholic beverages.
- Continue work with the new biomass boiler for the beer operation in Costa Rica.
- Complete work on the first seawater Desalination Plant in Costa Rica.
- Complete the solar panel/investment on clean energy infrastructure project in Guanacaste, Costa Rica.
- Continue renovation works in production plant in Rochester, New York.
- Continue works for W Hotel Costa Rica. The opening and commencement of operations is a subsequent event, November 2018.
- Remodeling of all Florida Retail operation points of sale (Musi convenience stores and Musmanni bakeries).
- Inauguration and commencement of operations of the new can line of the Beer Plant, Costa Rica
- Investment in boilers and wastewater treatment plant in the Industrias Alimenticias Kern's operation, Guatemala

### Output

Description	2014	2015	2016	2017	2018
Opening of Florida Retail points of sale	24	21	7 (remodeling)	<ul style="list-style-type: none"> <li>• 1 <i>Tienda de la Birra</i></li> <li>• 6 Musi</li> <li>• 16 Musmanni Bakeries</li> </ul>	<ul style="list-style-type: none"> <li>• 23 Musmanni Bakeries</li> <li>• 4 Musi</li> <li>• 1 <i>Tienda de la Birra</i></li> <li>• 1 L'Artisan Café</li> <li>• 1 <i>RePUBLICa Casa Cervecera</i> gastropub</li> </ul>
Investments in infrastructure to expand operations	51,309 million colones	50,961 million colones	+\$9 million	+\$14 million	\$85,922 million dollars
Investment in renewable energy infrastructure	\$120,000.00	\$120,000.00	\$66,000.00	\$57,000.00	\$350,000

## Capitals

# Financial capital optimization



### Context

**Currently, the company faces challenges in all the countries where we operate, but especially in Costa Rica, our main market.**

The context is particularly complex due to: fiscal deficit, increased unemployment, increased number of poor homes, high complexity of the Government and its institutions, high smuggling rate and other illegal trade practices, social conflict and high citizen insecurity. Despite this, during the reporting period, we have achieved positive results.

### Main financial results

#### Financial capital

	2017	2018
<b>Operating profit*</b>		
on Net Sales (without direct taxes)	17.9%	17.0%
on Total Equity	29.1%	28.2%
<b>Net profit</b>		
on Net Sales (without direct taxes)	11.2%	10.9%
on Total Assets	8.2%	8.2%
<b>Net profit attributable to shareholders</b>		
on Net Equity	16.8%	17.0%
on Net Capital Stock	65.8%	68.70%
<b>Dividend</b>		
on Net profit attributable to shareholders	49.1%	63.2%
<b>Current liquidity ratio</b>	1.29%	1.31%

\*Before "non-recurring items"

## Capitals

## Strengthening innovation



## Context

**Innovation, understood and driven from our leadership model, is a way to promote the creation of intellectual capital.** Innovation is applied to our way of doing business in general, from internal and external processes, and the creation of new services and products.

## Inputs

- Triple Bottom Line strategy
- Patented products and technologies
- Procedures and services
- Brands and their reputational value
- Human resource
- Organizational culture and leadership model
- Intangible assets

## Actividades

- Launch of 77 new products into the market
- Launch of UFIFCO
- Promote an innovation organizational culture

## Outputs

Description	2014	2015	2016	2017	2018
% of total sales volume	NR	NR	3,1% beer 1,2% soft drinks 9,3% food products	1,23% beer and FABs 1% soft drinks 1% food products	0.72% beer and FABs 1% soft drinks 4.06% food products
% of sales value	6,4%	7,8%	2,6% beer 1,3% soft drinks 4,1% food products	1,1% beer and FABs 1,3% soft drinks 2.13% food products	0.79% beer and FABs 1.5% soft drinks 3.65% food products
Number of launches	27	23	9,3% food products	1,23% beer and FABs	77
Number of in-process projects (production)	NR	NR	•23 beers •45 soft drinks •16 food products	• 13 beer and FABs • 37 soft drinks • 22 food products	• 20 beer and FABs • 43 soft drinks • 14 food products
Number of in-process projects – Vos2.0 program	Program did not exist	350	167	44	NA- Evolución a UFIFCO

Capitals

# Managing natural resources



## ORGANIZACIÓN

### INPUTS

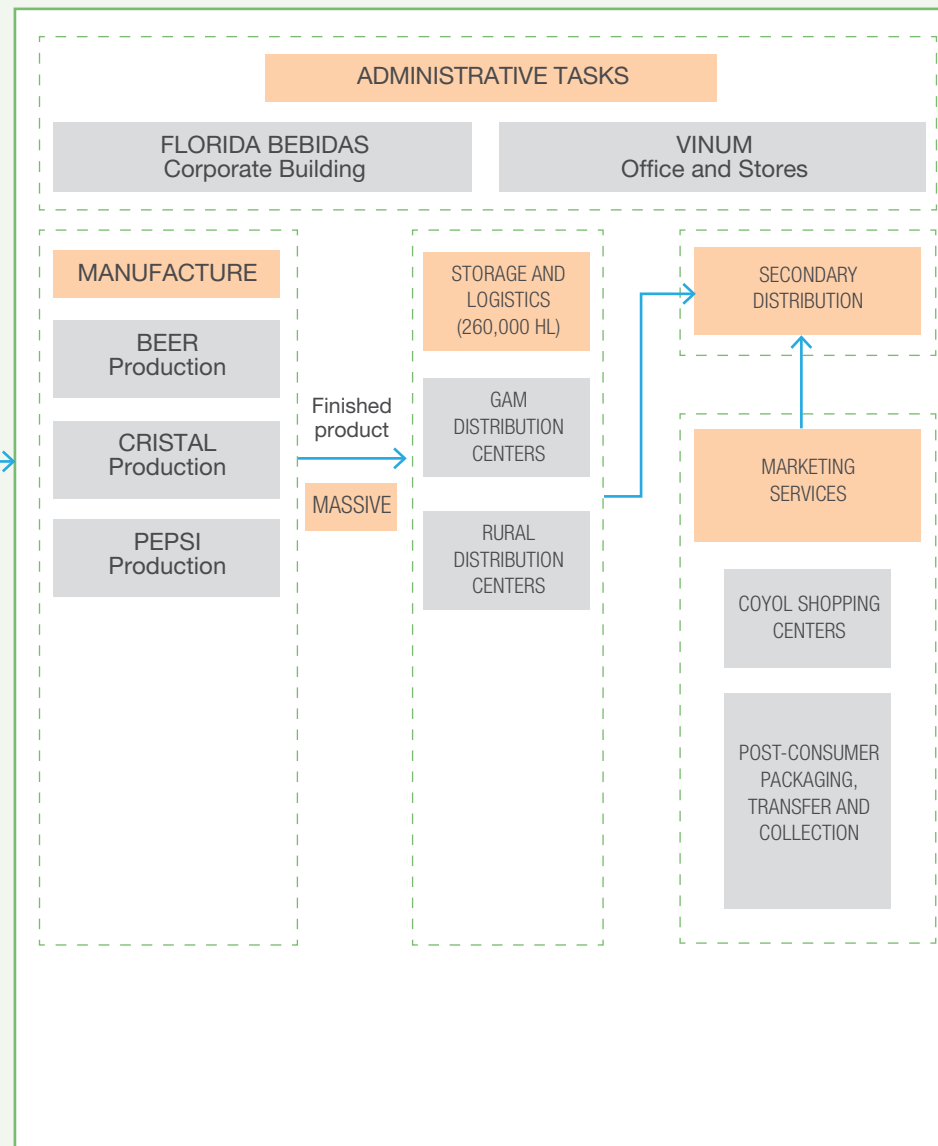
#### NATURAL CAPITAL

Surface water	5,389,875 HI
Rainwater	6,061 HI
Solar energy generated	70,652 KWH

#### MANUFACTURED CAPITAL

Piped water	235,760 HI
Ground water	11,385,911 HI
Thermal energy processes	273,047,635 MJ
Thermal energy machinery	1,889,121 MJ
Thermal energy transportation	174,550,154 MJ
Raw material and auxiliaries	1,660,832,568 kg
Packaging material	21,329,795 kg
Packing material	42,831,010 kg
Diesel	3,182,457 L
Gasoline	972,570 L
Bunker	6,635,799 L
GLP	1,764,601 LB
Imported finished product	218,605 HL
Refrigerants	136 cylinders

### DIRECT VALUE CHAIN



### OUTPUTS

#### NATURAL CAPITAL

Wastewater discharged into river	8,910,643 HI
Organic load poured into river	147,228 Kg DQO
CO <sub>2</sub> emissions	4,762 Ton

#### CAPITAL INDUSTRIAL

Finished product	4,245,494 HI
Sold product	4,464,099 HI
Transport thermal energy dissipated	174,550,154 MJ
Processes thermal energy dissipated	255,455,299 MJ
Electric power dissipated	41,199,860 KWH
Electric power in the product	2,621,245 KWH
Process thermal energy in the product	19,481,457 MJ
Sludge treatment plant	4,773,270 kg
Emissions into the air	8,341 HI
Emissions into water	3,872,799 HI
Post-industrial waste	33,025,338 kg
Dangerous waste	57,584 kg
Recovered post-consumer waste	5,485,906 kg
Non recovered post-consumer waste	3,018,747 kg
Waste sent to the landfill	65,430 kg
Other waste generated	22,507,799 kg



## Capitals

# Capital flow analysis: natural resources



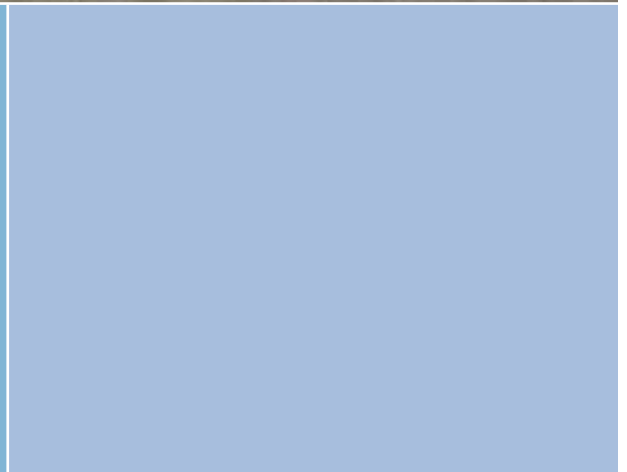
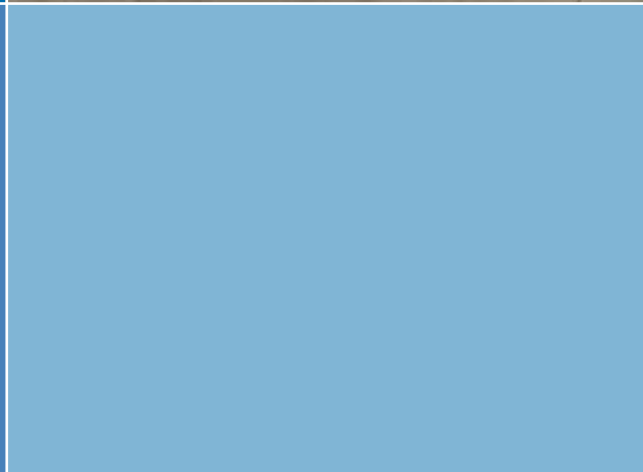
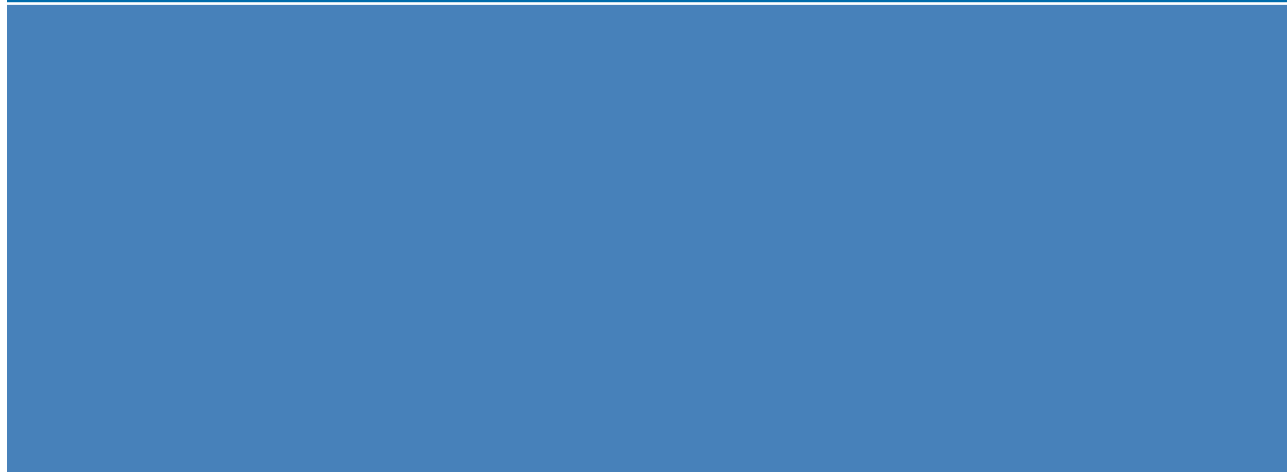
### Natural capital

- Reduction of the basin's natural flow due to outputs in the form of water in the product and air emissions.
- Increase of organic load into the river due to wastewater discharges. These are governed by environmental legislation and are in compliance, but are burdens not previously carried by the body of water.
- Transformation of surface water in part of the finished product, which increases the industrial flow and reduces the natural flow.
- Electric and thermal energy through fuels, together with the use of refrigerants in the process, generate greenhouse gas emissions that become part of the natural capital in the form of atmospheric gases.
- The atmospheric emissions generated are offset by achieving carbon neutrality in its operations. Additionally, it becomes Carbon Positive by offsetting 20% more than the Carbon Neutrality requirement, offsetting 49,000 Tons.
- A total of 846 hectares offset the water footprint, of which 451.8 hectares correspond to manufacturing and the supply chain, 394.2 hectares to products; both to achieve the Water Positive status.

### Manufactured capital

- Transformation of groundwater in part to processed products. Some of these remain in the basin as residual water, entering the natural flow.
- Transformation of raw materials, auxiliaries, and packing and packaging into finished products. Part of these materials are transformed into post-industrial waste and post-consumer waste.
- The electrical energy obtained from natural capital becomes manufactured capital as dissipated energy and a fraction is energy "contained" in the product, due to the indispensable processes of its intervention in production processes, namely: preparation and mixing of juices and carbonated drinks and blown PET bottles. The energy for machinery and lighting is included within the dissipated energy.
- Thermal energy is obtained from manufactured capital and divided into energy for transportation and energy for processes. The first dissipates in the process as part of manufactured capital. The second partly dissipates in the production process but another part remains as part of the product due to the cooking process in brewing, without which subsequent fermentation would not be possible.

## Section 2 | Performance by Dimension



# Economic Dimension





# Economic Dimension

## Contents

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8 Commitment #7 for 2020: Lead with brands that make the world a better place to live	84





**Our goal**

**Double the company's sales and profitability**



**SUSTAINABLE DEVELOPMENT GOALS**  
THIS INITIATIVE CONTRIBUTES TO

<p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p> 	<p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 
<p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p><b>17</b> PARTNERSHIPS FOR THE GOALS</p> 

In a complex economic and social context, the company resorted to innovation and strengthened its business capacities, attaining a positive economic result for the reporting period.



## Our goal

## Material topics

FIFCO identifies 8 material topics in order to double business sales and profitability. Throughout the Economic Dimension, we report on the results of each of our businesses and how they are in line with our commitment to lead with brands that make the world a better place to live and achieve world-class economic performance.

- 1 Economic value generated
- 2 Sales and profits
- 3 External economic impact
- 4 Product quality
- 5 Impact of our suppliers
- 6 Impact of our customers
- 7 Purchases from local suppliers
- 8 Leadership and market share



## A quick word with Carlos Manuel Rojas

CHIEF FINANCIAL OFFICER | FIFCO

### How would you describe this year's economic context?

2018 was a year of slow economic growth in Costa Rican economy and of uncertainty in several aspects (interest rates, taxes, exchange rate), which led economic agents, both legal and natural persons, to further analyze their investment and consumption decisions. I consider it has been a widespread impact and, therefore, all companies and especially consumer goods companies have been confronted with a less dynamic market in terms of consumption, but fiercer in competition. In addition, the international arena has also posed a challenging scenario for foreign trade and has impacted domestic economy with higher costs, and by increasing oil price and interest rates.

### How do you summarize the company's economic performance during this period?

The company has prepared and diversified enough as to keep the impacts from magnifying in its operating results, this despite us having our main operation in an economic region that has shown adverse conditions this year. On the contrary, it has strengthened with more efficient internal processes, seeking simplification to make it more agile and adapt to market changes.

For this reason, the implementation of initiatives in Central America occurred as **Matrix Budgeting**, with a new specific team, completely empowered, a management and cost-control team, in every Central American operation, enhancing visibility and collaborating with the immediate correction of potential deviations. We also centralized staff cost management, as well

as variable cost control and capital investments. However, we reported goodwill impairment loss, without effect on cash flow, in the FIFCO USA operation and we had a negative performance in our affiliate, *Cervecería Panamá*, all within the context of a slight decrease in the operating profit before non-recurring items.

During the year, the company enhanced its portfolio of financial liabilities, to reduce its exposure to exchange risk and rate increase. Moreover, it continued faithful to its triple bottom line strategy, with important efforts in the environmental and social areas, hand in hand with the financial strategy and consistent with our long-term objectives.

### What were the priorities of the Finance and Administration area during 2018?

We focused on the efforts that prepare the company to face unfavorable market conditions, either economic or of the industry itself, such as greater competition. We worked on restructuring the support for the financial area, in order to reinforce the scheme and accompaniment to the business areas and improve transactional processes. Further, several strategic projects were initiated in the business area, with a major technological component, aimed at changing the way we channel our efforts for improved market analysis and better serve our customers and consumers. The company is determined to double its sales and profit, and for such purpose we keep working on initiatives that will provide us with the potential and internal synergies, and hence absorb this growth's new accompanying processes.



# Drivers and business context

## Our resources

### Committed collaborators

Being united by a corporate purpose translates into better work conditions, our business development, the results obtained and how we as an organization face challenges.

### Our brands

Our brands become the vehicle to interact with our consumers. Preference for our brands guarantees business sustainability. The brands' business and marketing plans lie in the corporate strategy and goal of being category and market leaders.

### Innovation with a purpose

The company fosters innovation and the inclusion of sustainability criteria in the development of products, processes and services, generating value simultaneously in the three dimensions under which we operate.

## Financial discipline

A savings and financial discipline culture ensures an adequate creation of economic value, added to a conscious use of supplies and materials.

## External factors

### Global economy/Macroeconomic variables/Competition

We face a globalized and increasingly competitive world, with constant political and economic changes that generate uncertainty. The company must remain attentive and anticipate changes to adapt more rapidly to the needs of consumers and of macroeconomic variables such as interest rates, exchange rates, competition and taxes, among others.

### Price of key supplies

The price of our supplies has a direct impact on our competitiveness. Throughout the year we kept open a negotiation agenda with our suppliers, always searching for benefits for both parties. The cost of certain



supplies decreased resulting in greater competitiveness and very conservative price increases, enabling higher competitiveness for the portfolio, as well as efficiency in the production lines.

## Regulations and political environment

As a company with operations in several countries that participates in various categories and industries, FIFCO is exposed to multiple regulations and legal contexts. Participating in Chambers and other trade associations is key to timely control critical issues for the company's operations. It must be emphasized that the company does not receive financial aid from government entities for its operations. Illegal trade, and the creation of new taxes are relevant issues for operations based in Costa Rica.

In Guatemala, the political environment is a relevant factor to consider, contributing to lack of confidence and uncertainty among consumers and the business sector in general.

## Natural resources

Like all companies, FIFCO depends on the availability of natural resources such as water and energy to operate. As a result, FIFCO promotes a rational use of natural resources, for which it establishes rigorous goals and programs in environmental matters, specifically regarding: post-industrial waste, post-consumer waste, water resources and energy/greenhouse gas emissions (GHG).



## Drivers and business context

### Our relationships

#### Consumers

The ability to identify the needs, preferences and priorities of our consumers guarantees loyalty towards our brands and the company as a whole. The ability to anticipate and offer products of the highest quality that come with added value, acknowledged by our consumers, validates the sustainability of the business.

#### Customers

Fair business relationships aimed at creating value and “win-win” situations ensure our brands’ growth. In this period, we did not conduct the traditional survey to reveal the Customer Satisfaction Index; instead, we are reformulating the format and content of the tool to be applied in 2018.

#### Shareholders

The administration seeks a transparent and assertive relationship with its shareholders, systematically sharing the company’s performance in the three dimensions under which it operates: economic, social and environmental.

#### Collaborators

At FIFCO, collaborators are the company’s heart and engine. Ensuring their wellbeing is a corporate priority. Creating spaces and feedback mechanisms allows us to identify opportunities to improve and better manage these relationships, which results in high performance of the organization as a whole.

#### Suppliers

Secure, vibrant and successful communities play a crucial role in our business. The company promotes the welfare and progress of the communities where we operate.

#### Communities

Secure, vibrant and successful communities play a crucial role in our business. The company promotes the welfare and progress of the communities where we operate.

#### Spend by type of supplier

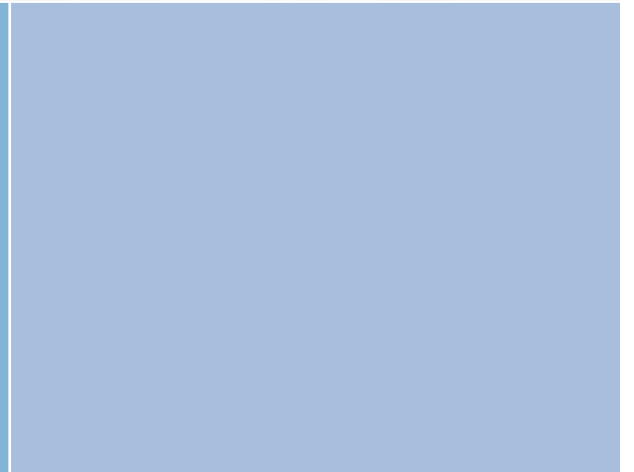
Operation	Local supplier	International supplier
Costa Rica	64%	36%
Guatemala	60%	40%
United States	85%	15%

Note: A local supplier is one that provides a product or service to the organization and is located in the same geographic market where the final product is produced.





# Key Performance Indicators



## Key Performance Indicators

### MAIN FINANCIAL STATEMENT

(in millions of colones)

	2018	2017
<b>Results</b>		
Net sales	697,944	673,790
Cost of sales	357,105	333,359
Gross profit	340,839	340,431
Operating profit*	118,851	120,434
Net profit	59,067	69,219 -
Net income attributable to shareholders	46,170	54,784
Dividends to shareholders	29,164	26,889
<b>Balance Sheet</b>		
Current assets	189,082	209,994
Non-current assets	742,833	716,292
Total assets	931,915	926,286
Current liabilities	143,938	162,517
Non-current liabilities	366,559	349,732
Total liabilities	510,497	512,249
Working capital, net investments and onerous obligations	83,952	99,888
Total equity	421,418	414,037
Net equity, attributable to shareholders	372,082	364,592
Net capital stock (in outstanding shares)	92,016	93,081
<b>Indicators per share (in colones)</b>		
Number of outstanding shares (in thousands)	930,812	937,340
Operating profit*	127.69	128.48
Net income attributable to shareholders	49.60	58.45
Dividends	31.50	28.75
Carrying amount	399.74	388.96
<b>Net sales</b>		
Beverage sales	572,349	566,302
Food sales	77,142	72,931
Real estate sales	44,992	31,559
Others	3,461	2,998

\*Before non-recurring items



## Key Performance Indicators

### MAIN FINANCIAL STATEMENT

(in millions of colones)

	2018	2017
<b>Financial ratios</b>		
<b>Operating profit*</b>		
on net sales (without direct taxes)	17.0%	17.9%
on total equity	28.2%	29.1%
<b>Net profit</b>		
on net sales (without direct taxes)	8.5%	10.3%
on total assets	6.3%	7.5%
<b>Net income attributable to shareholders</b>		
on net equity	12.4%	15.0%
on net capital stock	50.2%	58.9%
<b>Dividends</b>		
on net income attributable to shareholders	63.2%	49.1%
<b>Current liquidity ratio</b>	1,31	1,29

\*Before non-recurring items

## Key Performance Indicators

**FIFCO**  
**CONSOLIDATED STATEMENT FOR THE YEAR ENDED**  
**SEPTEMBER 30, 2018 and 2017**  
(in millions of colones)

	2018	2017
<b>Net sales</b>	<b>697,944</b>	<b>673,790</b>
Cost of sales	357,105	333,359
<b>Gross profit</b>	<b>340,839</b>	<b>340,431</b>
Operating expenses	221,988	219,997
<b>Operating profit*</b>	<b>118,851</b>	<b>120,434</b>
Other expenses, net	17,077	6,463
Operating profit	<b>101,774</b>	<b>113,971</b>
Financial expenses	26,062	24,623
Financial income	(1,264)	(1,774)
Exchange differences, net	2,620	521
Profit from associates, net	(7,848)	(11,138)
<b>Earnings before taxes</b>	<b>82,204</b>	<b>101,739</b>
Income tax	23,137	32,520
<b>Net profit</b>	<b>59,067</b>	<b>69,219</b>
Minority interest	12,897	14,435
<b>Net income attributable to shareholders</b>	<b>46,170</b>	<b>54,784</b>

\*Before non-recurring items

## Key Performance Indicators

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION | SEPTEMBER 30, 2017 AND 2018  
(in millions of colones)

	September	
	2018	2017
<b>ASSETS</b>		
Cash and cash equivalents	27,800	35,7688
Investments in financial instruments	3,926	9,639
Accounts receivable, net	67,662	64,046
Inventories	64,551	65,293
Advances to suppliers	140	1,724
Disbursements paid in advance	20,879	18,565
Available-for-sale properties	1,898	14,959
Current portion of notes receivable, long term	2,226	-
<b>Total current assets</b>	<b>189,082</b>	<b>209,994</b>
Notes receivable, long term	13,07	6,828
Investment properties	40,677	44,939
Investments in associates and others	55,599	57,293
Properties, plant, and equipment, net	342,795	294,681
Intangible assets	185,949	186,387
Goodwill	77,610	92,644
Other assets	2,085	1,603
Deferred income tax asset	25,042	31,917
<b>Total non-current asset</b>	<b>742,833</b>	<b>716,292</b>
<b>TOTAL ASSETS</b>	<b>931,915</b>	<b>926,286</b>
<b>LIABILITIES</b>		
Short-term bank loans	21,024	28,525
Current portion of the long-term loans	15,422	25,448
Current portion of the bonds payable on the long term	-	5,000
Accounts payable	53,326	54,012
Accrued expenses and other obligations	37,479	31,057
Income tax payable	4,784	6,824
Other taxes payable	7,952	7,986
Advances received from clients	3,951	3,665
<b>Total current liabilities</b>	<b>143,938</b>	<b>162,517</b>
Long-term bank loans	247,629	237,746
Standardized bonds payable	73,250	50,250
Deferred income tax liability	44,939	60,923
Financial instruments held for risk management	741	813
<b>Total non-current liability</b>	<b>366,559</b>	<b>349,732</b>
<b>TOTAL LIABILITIES</b>	<b>510,497</b>	<b>512,249</b>
<b>EQUITY</b>		
Capital in common shares	93,081	93,734
Less: treasury stock	1,065	653
Capital in outstanding shares	92,016	93,081
Additional paid-in capital	54	54
Reserves	58,946	58,895
Retained earnings	221,066	212,562
<b>Total equity attributable to owners of the parent company</b>	<b>372,082</b>	<b>364,592</b>
Non-controlling interest	49,336	49,445
<b>Total equity</b>	<b>421,418</b>	<b>414,037</b>
Contingencies and obligations	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>931,915</b>	<b>926,286</b>

## Comments on Financial Statements

### Net sales

Consolidated net sales increased 3.6% mainly as a result of the sales in the beverage business in Costa Rica, greater sales of Flavored Alcoholic Beverages in the United States, incremental sales of bread products in Costa Rica, higher revenues in the real estate segment due to better rates in Westin Hotel and income from the sale of the Papagayo property, despite lower sales of non-alcoholic beverages in Central America caused by the deceleration of the corresponding categories.

### Cost of sales

The cost of sales increased 7.1%, primarily due to the cost associated with the sale of the Papagayo property, the increase in rates of primary freights in the United States, as well as certain raw materials and finished products throughout the food and beverage business.

### Operating expenses

Operating expenses slightly increased 0.9%, influenced by expenditure restraint in Costa Rica mainly due to the implementation of the Matrix Budgeting method negatively impacted by higher expenses in the United States (Seagram's marketing, costs involving the restructuring and strengthening of the business structure) and higher expenses from the retail business generated by the launch of the Musmanni and Musi brands, as well as the opening of new stores.

### Operating profit before non-recurring items

The operating profit decreased -1.3%, mainly due to non-recurring real estate sales in 2017 and higher expenses in the United States and the retail business.

### Other expenses, net

The increase is mainly a result of the goodwill impairment losses reported in the United States for 16,361 million colones, net of the payment made to the IFAM (Municipal Consulting and Development Institute) the previous year for 7,590 million colones.

There is also a reduction in the revenues regarding the associates' participation due to business challenges in *Cervecería Panamá*, as well as an increase in the financial expenses resulting from an increased average debt and higher interest rates.

### Net profit attributable to shareholders

The net profit closed with a -14.70% decrease due to non-recurring expense associated to goodwill impairment losses reported in the United States, lower revenues in *Cervecería Panamá*

and an operating profit slightly below 2017, despite lack of payment to the IFAM and a favorable effect in taxes associated to the fiscal reform in the United States (reduction of the federal rate) that affected favorably the beverage operation in said country.



## Comments on the balance sheet

### Current assets

Current assets decreased by -10.0% due to a lower level of cash used mainly in capital investments (W Hotel, Master Plan of the beverages business in Costa Rica and modernization of the Rochester plant), as well as a reduction in the number of properties available for sale owing to the sale of the Papagayo property.

### Non-current assets

Non-current assets increased by 3.7% as a result of investments in Property, Plant and Equipment associated to capital investments, net of goodwill reduction due to the effect of the goodwill impairment loss reported in the United States business, as well as the reduction of the deferred income tax assets as a consequence of the approval of the fiscal reform in the United States (decrease in the federal rate).

### Current liabilities

Current liabilities decreased by -11.4%, mainly due to the effect caused by financing term restructuring, reducing short term balances, as well as the cancellation of the current portion of standardized bonds and lower taxes payable owing to the application of advances from 2017.

### Non-current liabilities

Non-current liabilities showed a 4.8% increase, due to the refinancing of liabilities at longer terms, as well as an increase in the debt associated to financing for the construction of W Hotel in Reserva Conchal, net of the effect of lower income tax liabilities as a consequence of the fiscal reform in the United States (decrease in the federal rate).

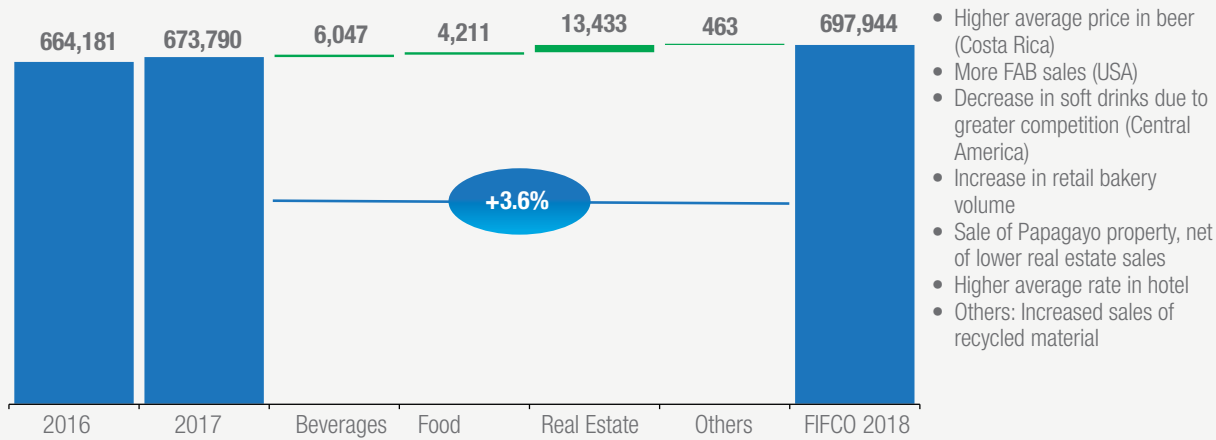
### Equity attributable to parent company owners

The equity increased by 2.1%, mainly due to income accrual from the period, net payment of dividends.

# Main results and milestones for the period

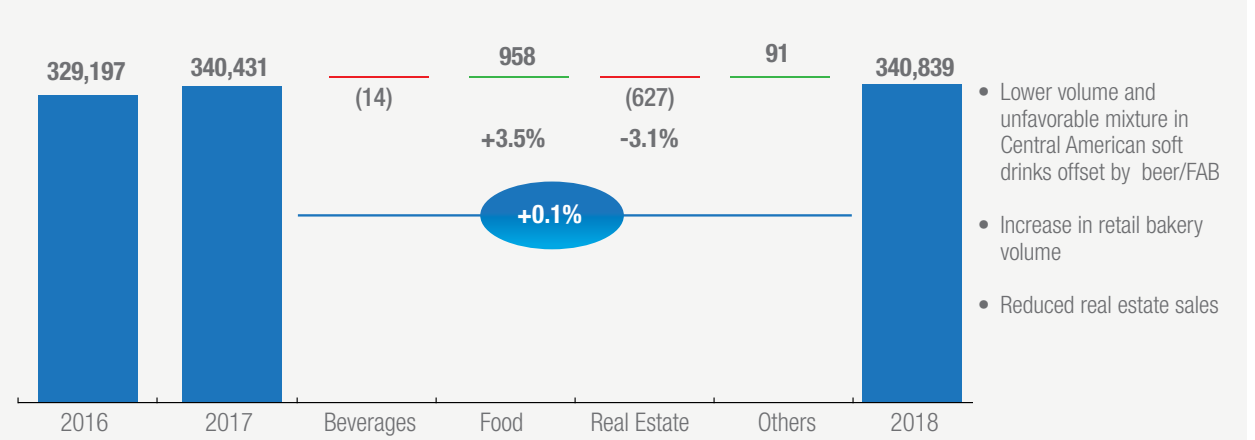
## FIFCO | Net sales

In millions of colones



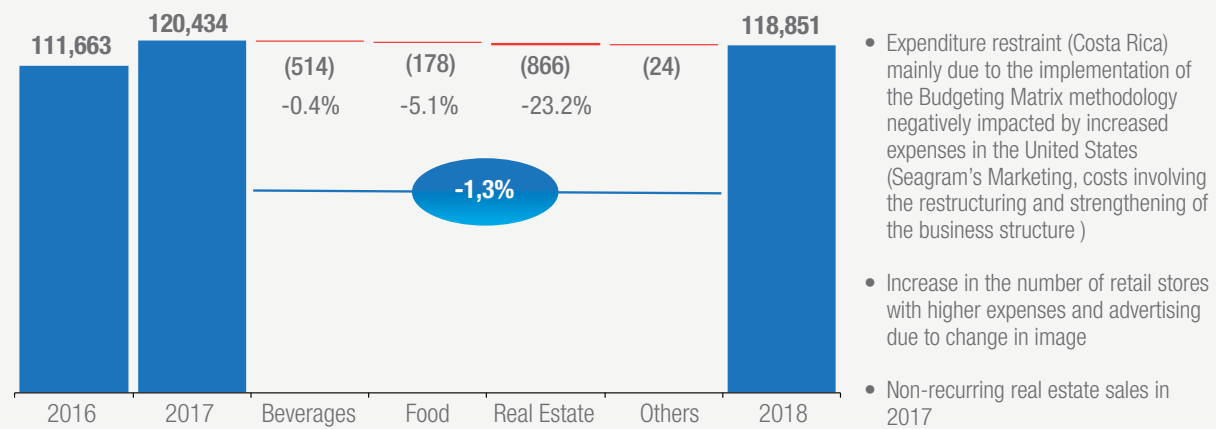
## FIFCO | Gross profit

In millions of colones



## FIFCO | Operating profit

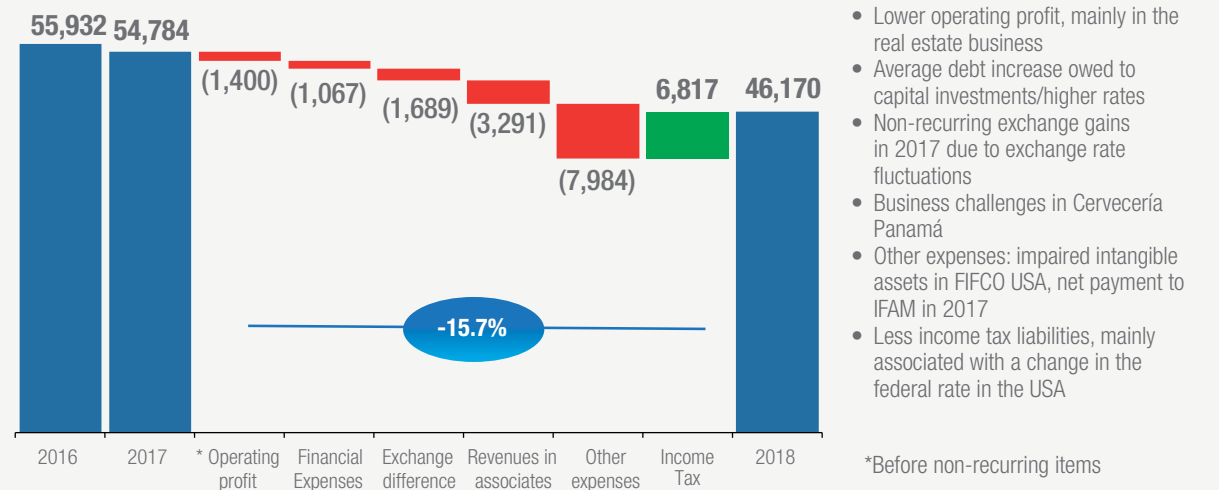
In millions of colones



\*Antes de ítems no recurrentes

## FIFCO | Net profit attributable to shareholders

In millions of colones



\*Before non-recurring items

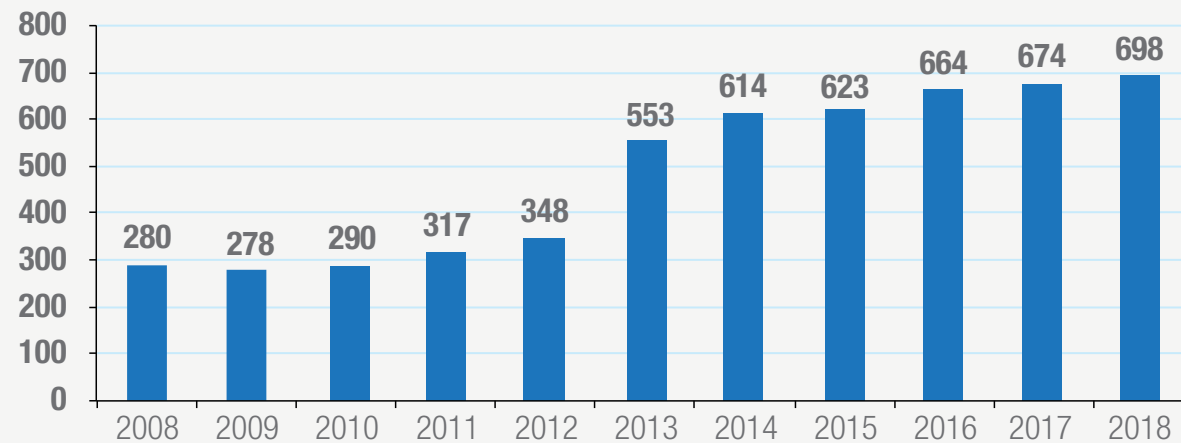
## Main results and milestones for the period

### FIFCO | Histórico de desempeño comercial

#### Net sales

In millions of colones (₡)

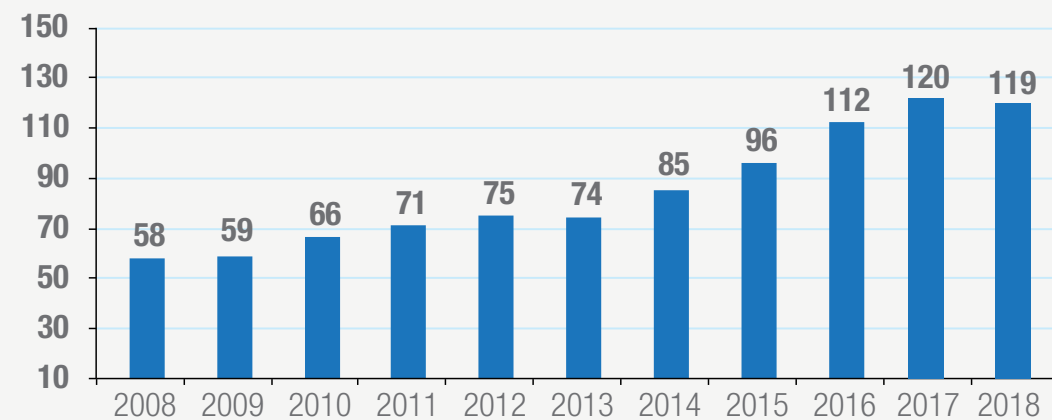
CAGR 9.6%\*



#### Operating profit

In millions of colones (₡)

CAGR 7,4%\*



\*Compound Annual Growth Rate

## Main results and milestones for the period



### COMMITMENT #7 FOR 2020

**Lead with brands that make the world a better place to live**



## FIFCO Air Brands

In this section we discuss the results and milestones for each of our businesses and the progress made by our brands in order to meet one of FIFCO's 7 goals for 2020: lead with brands that make the world a better place to live, the "FIFCO Air Brands" initiative.

By 2020, we want our top brands to be as light as air and that their life cycle does not produce negative environmental or social footprints, but rather add positive value to the world.

Brands that achieve this status or head towards it are FIFCO Air Brands.

SUSTAINABLE DEVELOPMENT GOALS

THIS INITIATIVE CONTRIBUTES TO

11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION





## A quick word with Rolando Carvajal

DIRECTOR OF THE FOOD AND BEVERAGES DIVISION | FIFCO

### Any lessons learned in 2018?

2018 is a year in which we innovated as a company on how to captivate our consumers with creative and different value propositions, attaining stable results in terms of profitability. Due to the challenging economic and social situation, the consumer changed his/her buying behavior patterns. Such scenario led to buying decisions to become more cautious regarding the proposals our brands provide them, translating into a decrease in the volume of the main massive consumption categories. Lack of flexibility between an increase in supplies, production costs and final sales price was one of the challenges faced during 2018

### What is the aim of the R.E.D. FIFCO program?

The R.E.D. FIFCO program, which aims to incorporate over 1,200 customers in the short term, is a program that proposes and takes firm steps towards evolving in our relationship with customers. This evolution entails going beyond that transactional exchange, shifting to a consultative relationship, which seeks to offer comprehensive support, focused on people and thus take care -as supplier and business partner- of part of our professional goals and human development. FIFCO's motivation

in creating and strengthening this program is to attain this relationship and connection with the people who are part of our customer, generating content that will enable them to grow as a business and as human beings.

### Why does the company want to transform its brands into FIFCO Air Brands?

Thanks to the *FIFCO Air Brands* platform, today our top brands are on their way to show what marketing will be like in the future, where brands and consumers unite for a purpose, have a relationship and a joint environmental and social awareness agenda. With time, we are sure this brand-consumer connection will have a positive impact on society, while generating a totally different relationship with consumers when compared to the buying motivations offered by a traditional brand. This agenda serves to develop new and very powerful motivations, with a value proposal based on the brand's positive impact on society and the environment.



# Florida Bebidas y Alimentos (*Food and Beverages*)



## Innovation

2018 offered consumers more than 70 product innovations in all business units. New products, reformulations, new presentations and improvements in procedures and services were part of the innovation agenda. Innovation was essential for all categories to promote new consumption occasions and attract customers and consumers.

Among the major achievements:

1. Revision and approval of the innovation model company-wide, focusing on the three main businesses: beer and FAB, soft drinks and food products.
2. Define the roadmap towards reducing the sugar footprint, respective innovation plan.



### Innovation recount and impact

	Beer and FABs			Soft drinks			Food products		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
<b>Total number of innovations or projects</b> (this includes label and/or image changes, reformulations, new packaging, new materials, new products, new presentations, etc.)	8	17	10	17	25	37	22	31	23
<b>Total number of launches</b> (only new brands or new products in existing brands, SKU unit)	20	33	20	14	14	15	10	24	9
<b>Total sales volume (%)</b> (based on the total number of launches)	3.57%	1.23%	0.72%	1.2%	1%	1.0%	1.2%	1%	4.06%
<b>Sales value (%)</b>	3%	1.1%	0.79%	1.3%	1.3%	1.5%	1.1%	2.13%	3.65%
<b>Number of projects in progress</b>	23	13	20	45	37	43	16	22	14

Note: SKUs = number of presentations launched

## Beer and Flavored Alcoholic Beverages (FAB)

During the 2018 period, the Beer and Flavored Alcoholic Beverages (FAB) Unit reports a stable sales and profitability behavior, compared to the previous year, with moderate growth in market share, both in the beer and FAB categories

The brands Imperial, Pilsen, Bavaria and Heineken come together under the “110 years of Cervecería Costa Rica” campaign. As a subsequent event, the campaign culminates with a celebration for 110 winners and their companions.



The Cervecería Costa Rica's 100<sup>th</sup> Anniversary Party celebrated country pride in Costa Rica's New Conventions Center. The event featured 11 national artists from various genres, another example of Cervecería Costa Rica's support to outstanding national talent.

### Beer

#### Imperial: another milestone in its sustainability agenda

Imperial reached another milestone in its sustainability agenda; the launch of its volunteering platform: “Águilas al Rescate” (Eagles to the Rescue) adds to the environmental achievements, like being the first water positive beer in the world and the incorporation of fleets. Águilas al Rescate managed to bring together more than 625 volunteers to help renovate Costa Rica's Central Pacific coast. The brand completed more than 6,200 hours of volunteer work, planted +3,200 native species making a significant contribution in terms of conservation and carbon fixation

**Water positive:** This means it measures 100% of its water footprint,



reduces consumption during its production by 3.16 million hectoliters in the last 12 years, offsets the remaining water footprint by 10% above neutrality, protecting water basins and generating positive value with support from community water projects.

More information: [www.laprimeradelmundo.com](http://www.laprimeradelmundo.com).



## Beer and Flavored Alcoholic Beverages (FAB)

### Beer



### Great Imperial moments

- During this period, the famous **“Barra Imperial”** of the Palmares civic festivities was well received by consumers and this was the first time the brand offered a Carbon Positive and Zero Waste celebration..
- The Climate Change Directorate of the Ministry of Environment and Energy **acknowledged FIFCO’s Commitment to climate action:** “Once again, this entity makes innovative efforts that allow us to learn and work to develop a new events category in the Carbon Neutrality Country Program framework. *Barra Imperial Palmares 2018* therefore becomes a pilot experience that shows us what a responsible event coordinator can do to measure its carbon footprint and take reduction and compensation actions. The Climate Change Directorate congratulates FIFCO as an environmentally responsible coordinator of Barra Imperial Palmares 2018.” It recognizes that this activity has applied a solid and rigorous GHE emissions quantification process, complying with the reduction and compensation of the emissions generated, which allows us to classify it as a carbon neutral event according to the international standards.” Andrea Meza, Head of the Climate Change Directorate (DDC) of the Ministry of Environment and Energy of Costa Rica.

### Un balance positivo para el ambiente

### La Barra Imperial compensó 195 toneladas de CO<sub>2</sub> para llegar a la neutralidad

y adicionó 39 toneladas para lograr un balance positivo, a través de un proyecto de protección forestal en Guanacaste.

- **Potencia Mundial** (World Power): More than a campaign, it becomes an iconic phrase for the brand and for Costa Rica.
- **Imperial Summer Campaign:** Once again, Imperial took over summer with packaging focused on smart enjoyment of this time of the year.
- *The so-called Cerveza de Costa Rica* joins the world cup enthusiasm with a special edition of cans with phrases of support and national pride.



**Rafael Segovia**  
Manager  
Beer and FAB

The Beer and FAB Unit ends the year with a positive performance in the three dimensions under which we operate. Appealing to creativity and a distinctive connection with customers and consumers the unit attains, in the beer and FAB categories, modest yet relevant growth given the challenging context that characterized 2019. Efforts like R.E.D. FIFCO and the brands’ volunteering platforms such as *Aguilas al Rescate* (Imperial) and *El Escuadrón Pilsen* (Pilsen Squad) are important achievements of 2018. We set out to accomplish this growth through significant connections with key stakeholders like our customers and consumers, validating the potential involved in these approaches.



Beer and Flavored Alcoholic Beverages (FAB)

Beer



Pilsen

Pilsen launched, for fourth year in a row, the Movember campaign, which calls to fight against prostate cancer. During this period, it relaunches the *República Parrillera* (Barbecue Republic) campaign and the special edition of *Latas Tatuadas* (Tattooed Cans) designed by Costa Rican artists. Pilsen connects its support to the *Movember* cause with its volunteering program targeted to consumers: *El Escuadrón Pilsen*, linking consumers to an inspiring purpose that leads to action.

Moviembre \$150,000 DONATED TO CAUSE



Bavaria

Bavaria refreshed its portfolio with the seasonal edition *Bavaria Summer Limited Edition*, three extensions inspired in summer: Coconut Caribbean, Ginger Island and Mango Paradise. The brand consolidated as the ideal premium beer to enjoy gastronomy in Costa Rica. In May 2018, the brand launched the second edition of the Bavaria Gastrofest, a gastronomic experience where various renowned restaurants presented their signature dishes paired with Bavaria

Heineken

Heineken reinforces its presence in the Costa Rican market launching *Heineken Draft* in over one hundred points of sale. This adds to a stronger brand presence agenda, like the first event of the Champions League final match. The brand ends 2018 revitalized and with double-digit growth..



La Micro Brewing Company

This business closed the period with double-digit growth compared to the previous year, both in sales and in market share. During the reporting period, it is worth mentioning the Gold Medal won in the *Copa Cervecera de América* (American Beer Cup) with *Floripondia beer* and the beginning of exports of the brand *Domingo 7* to Panama.



## Beer and Flavored Alcoholic Beverages (FAB)

### Flavored Alcoholic Beverages

The Flavored Alcoholic Beverages category showed a double-digit growth during 2018, generated by the regionalization of key bands in the Central American market.

Like in previous years, there is constant innovation in the category. The launch of *Chilli Bamboo*, *Bamboo Orange*, *Smirnoff Blueberry* and its variation, mandarin flavor, add to the portfolio and are preferred by consumers.



#### Export of Beer and FAB categories

We currently export Beer and FABs to 16 countries: Australia, Bermuda, Curacao, Granada, Bahamas, Dominican Republic, Guatemala, Honduras, Nicaragua, Panama, (Colombia) San Andrés, Peru, Puerto Rico, El Salvador, Switzerland and the United States. The United States remains as the most relevant export market.

The Flavored Alcoholic Beverages category showed a **significant double-digit growth** during the reporting period as a result of the regionalization of certain brands of the portfolio that venture the market in Guatemala, El Salvador, Panama and Nicaragua.

## Wines and spirits



**Florida Vinos y Destilados (Wines and Spirits) had a very positive business performance with an increase in sales and profitability**

Among the milestones of the year stands the equipment's restructuring with higher specialization in channels and process reengineering, while promoting a working culture focused on consumer experience to promote the expansion of different categories. Subsequently, the second edition of the largest wine fair *El Camino del Vino* (The Wine Road) takes place, a key effort to promote wine as a category and learn more about the different varieties and countries of origin.

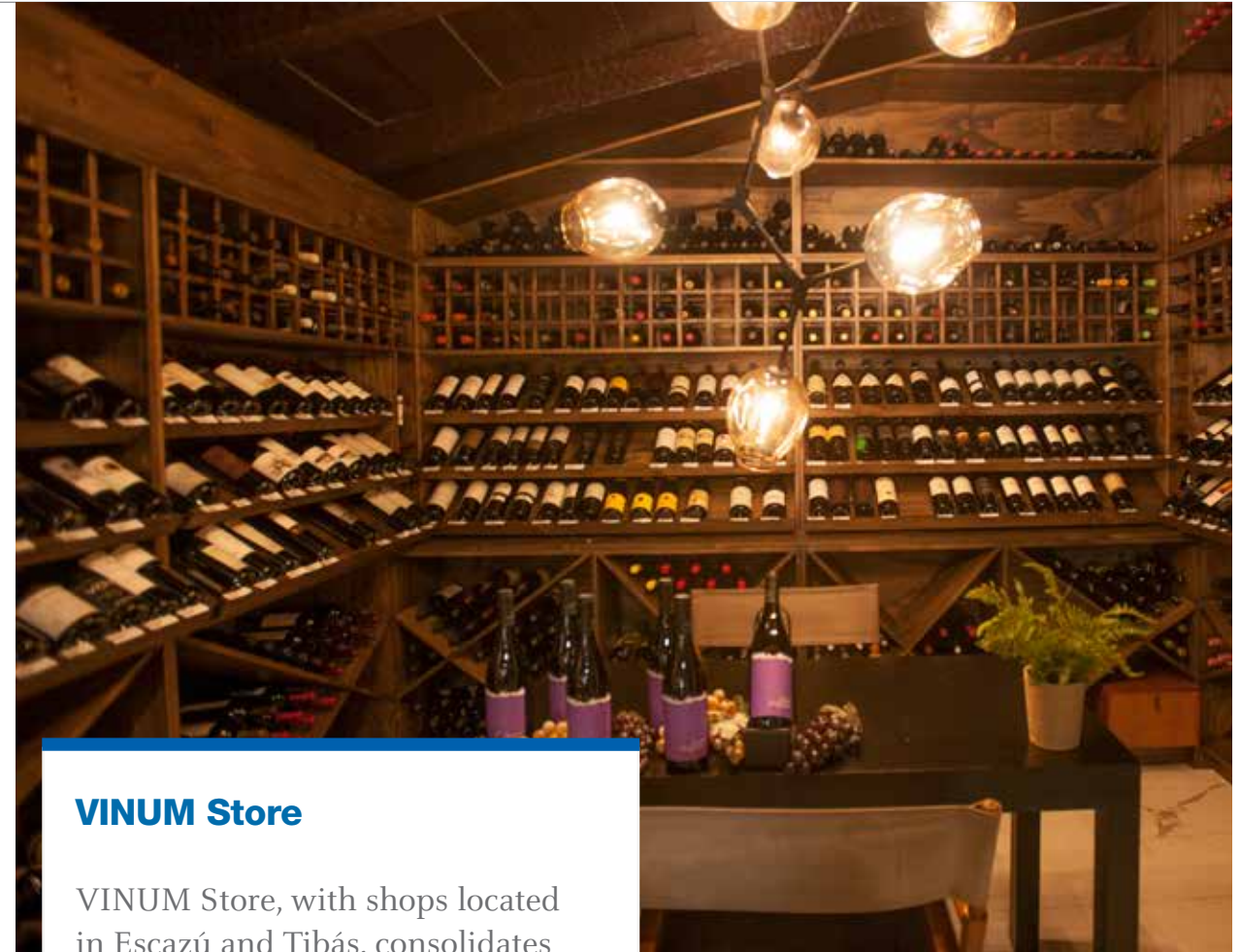


## Wines and spirits

### Fight against smuggling

This illegal method of marketing goods continues to develop in Costa Rica, accounting for 21% of the alcoholic beverages market and generating great challenges for the wines and spirits division, resulting in an annual tax loss of approximately \$94 million. In the case of spirits, 6 of every 10 bottles are illegal, and 2 of every 10 bottles in the case of wine. FIFCO as a company continues supporting different institutional efforts to reduce such impact; during 2018 it strengthened active participation in collaboration spaces between the public and private sector, especially in the Interinstitutional Commission Against Smuggling, through the American Chamber of Commerce (AMCHAM).

In the reporting period, the company collaborated with the Department of Finance to issue a guideline aimed at identifying the products (distilled spirits, mainly whisky) marketed in the Golfito Free Trade Zone to differentiate them from legally imported products and from smuggled products, promoting a different way of investigating and controlling the market, enabling the police to carry out operations at points of sale and distributors. Authorities and public opinion must know about the existence of this informal market, so the fight against illegal trade is included among the control priorities of government authorities and the population becomes aware of the safety impacts this type of activities has on society.



### VINUM Store

VINUM Store, with shops located in Escazú and Tibás, consolidates its offer as specialized place to purchase wines and spirits. This year, the Escazú store was remodeled to improve the shopping experience, with a different proposal by being next to the new concept *L'Artisan Café*.

**VINUM** STORE  
RECOMPENSÁ TUS SENTIDOS



## Soft drinks and dairy products

### The Soft Drinks and Dairy unit increased its sales and market share in Costa Rica despite a challenging business environment.

The main brands of the portfolio strengthen their leadership and renew their offer with balanced products, reassuring the company's commitment to the sugar reduction agenda established as part of the leadership commitment regarding Comprehensive Smart Consumption.

The isotonic category increased its market share, driven by a relevant strategy in digital media and coming closer to target stakeholders.

As set forth in the Lala-FIFCO trade agreement, the multinational company Lala successfully started the dairy plant operation.

#### Bottler of the Year

For second consecutive year, FIFCO is given PepsiCo Latin America's **Bottler of the Year** award



### Pepsi Black

In 2017, Pepsi breaks the routine launching Pepsi Black®, a daring zero-calorie version with maximum flavor, in response to consumer trends.

### Gatorade

Gatorade took Costa Rica to the innovative sports tournament BAM [Batalla en Altamar (Sea Battle)] focused on youngsters between 13 and 17 years old who compete in attractive and highly competitive modalities. The final competition took place in a Stadium Ship in Panama against a local team. Joel Campbell and Daniel Colindres, players from the national selection team sponsored the project.



### Maxx Energy

Maxx Energy launched to the market new presentations to expand its product portfolio and attract their customers. This is the case of Maxx Energy Watermelon, a refreshing, zero-calorie flavor, besides the other presentations: berry and lemon. All of them were part of the product innovations in this category. In addition, the brand revives spectacular categories for its consumers, mostly youths.



## FIFCO Air Brands



Consistent with our corporate purpose and values, the different units show a stronger focus on circular economy guidelines, and offer healthier options and packaging that is less harmful to the environment and society.

**Social innovation:** launching the volunteering platforms aimed at consumers, involving more than 1,600 consumers dedicating +13,000 hours to social and environmental causes strategic to the different brands was an important step. Especially focused on providing a pleasant experience, the different brands connected with their customers through various platforms:

### Águilas al Rescate (Imperial)

Thanks to more than 6,280 hours dedicated to restoring the coasts, in partnership with the *Costas Verdes* non-profit organization, Imperial brand planted more than 3,500 trees in the Central Pacific, showing its commitment to the protection and restoration of that which sets Costa Rica apart: its beaches and nature.

### El Escuadrón Pilsen

Pilsen expanded its *Movember* prostate cancer awareness campaign to its volunteer program. Consumers joined Hospital Mexico in support of the campaign by performing important maintenance work to Unit 13, one of the hospital's patient care areas.

### Tropical te mueve

During this reporting period, Tropical released its volunteering platform: *Tropical te mueve* (Tropical Moves You). Hand in hand with the *Chepe se baña* (Bathing Chepe or San José) organization, it achieved more than 5,000 hours dedicated to caring for the homeless.

### Costa Rica sin Sed (Cristal)

Cristal made it possible for the Los Chiles community in Upala, one of Costa Rica's border communities, to enjoy drinking water. This was possible thanks to a partnership with the *Agua Viva Serves* organization.



**Hernán Pérez**  
FIFCO Soft Drinks  
and Dairy Manager

Reading market trends is vital to the Soft Drink and Dairy business, in order to anticipate customer needs. To this effect, we have successfully begun incorporating a variety of carbonated and non-carbonated beverages to our portfolio, such as: *Pepsi Máximo Sabor*, new H2OH flavors, G active and Tropical Cero, offering zero calories and zero sugar. We have also expanded our light product offer to new categories such as nectars, recently incorporating Kern's Light. All these brands strive to fulfill a growing demand by consumers of all ages who are more aware of their calorie intake but wish to continue enjoying their favorite beverages. Acceptance for our products has been so good that products like *Té Tropical Cero* have sold out, and we are already working on adding more flavors to that product line.

## A quick word with Adrián Lachowski

DIRECTOR OF FIFCO USA

### Why the change from North American Breweries to FIFCO USA?

The name change was an important step through which FIFCO USA strengthens its identity and culture. It transmits the sense of belonging to “something larger” with a positive impact on every stakeholder we engage with, therefore achieving a greater sense of belonging for our collaborators. FIFCO is a corporation filled with strategic content in terms of a Triple Bottom Line approach, meaning that we simultaneously generate economic, social and environmental value, and we wish to communicate in a more compelling and clear way that we are part of that value generation. This change also promotes a sense of pride among our collaborators

### What role does innovation have within FIFCO USA's strategy?

FIFCO USA navigates within a very competitive and constantly evolving environment. This market's volume growth is achieved through innovation in line expansion and packaging, as well as new categories. Launching *Pura Still*, spiked still water with a hint of flavor, is evidence that FIFCO USA joins in such innovation. In large part, our results depend on the company's ability to innovate without forgetting about excellence in market performance.



# FIFCO USA



**The reporting period saw a significant change in FIFCO USA's commercial results, especially after May 2018, achieving an increase from the previous year**

This moderate but relevant growth is achieved through a much simpler and agile sales and commercial relations model, focusing on channels over geography, among other changes. Innovation is especially important for this market, specifically in the flavored malt beverages category, as well as a revitalization of the portfolio's main brands.

During 2018, FIFCO USA began an important modernization process of the Genesee plant, located in Rochester, New York. With a \$50 million investment, the brewery bets on new technology as part of the "Master Plan" specified in page 61 of this report.



## Growing in FIFCO's path

FIFCO USA **exceeds its volunteering goals**, successfully incorporates the **Comprehensive Smart Consumption** concept, and reaffirms its **environmental commitment** through great achievements in water and energy use efficiency

The opening of the *Labatt USA Brewhouse* in Buffalo, New York, confirms trust in the brands to offer an experience for consumers in the open channel.



## Industrias Alimenticias Kern's



### The food business volume and profitability in the Costa Rican and United States markets grow compared to the previous year.

An increase in market share in the bean category is registered during the reporting period. The launching of Ducal Picante Medio beans stood out in this category. The new product strengthens the portfolio with a spicy red bean version with Worcestershire sauce and seasoning.

The company undergoes important regional commercial restructuring during 2018, having an impact on marketing, trade marketing and sales. In El Salvador, implementing a new going-to-market model translated into positive results in this important market.





## A quick word with Javier Sibaja

DIRECTOR OF FLORIDA RETAIL | FIFCO

### What makes Florida Retail's offer within the convenience store market different

Our Musi chain's value proposal consists of competitive prices, fresh products and a variety or assortment of convenience products, with extended hours and strategic locations. Proximity and speed, which are part of the convenience concept, are also among the main advantages. We integrated consumer solutions for all of our customers' needs and for different mealtimes throughout the day. It is important that Musi offers consumers fair prices, turning convenience into an accessible and inclusive concept for every Costa Rican market segment.

### During the 2018 period, a significant number of Musmanni bakeries opened. How is a brand with such history able to survive?

Renovating the brand's image, supported by a strong media campaign has revitalized customers experience and brought in new customers. Furthermore, developing a food truck and a brand stand, has allowed a connection to form with new generational groups by participating in large-scale events such as Oktoberfest, TEDx and FIA (International Arts Festival). Musmanni's collaborative business model has become stronger with the arrival of new franchisees and by participating in franchise fairs in Costa Rica and Panama. Lastly, innovation processes for ready-to-drink beverages under the *Vaso Lleno* (Full Glass) private label and new bread and cafeteria product development have also helped preserve a brand with a trajectory of more than 100 years.



## Florida Retail



### Musi and Musmanni bakeries

The opening of more than 29 points of sale, as well as 20 new Musmanni chain franchisees confirm Florida Retail's consolidation within the convenience store and bakery offer. The unit continues with its drink sales approach, achieving double-digit growth in this category through the Musi format, along with a relevant increase in the bread category..

In 2018, the success of the Musmanni bakeries' new image was confirmed. Through a kind of "oasis," they provide a warm and cozy environment that is also modern and even provides the customer with the opportunity to sit down right there and enjoy a cup of coffee.

For second year in a row, Musmanni bakeries participated in the "Franchise Expo 2018" and for the first time, it was present in this meeting's Panama edition. The format ventured with a food truck and was present in various Costa Rican festivals, showing a more current brand to different stakeholders.



#### Musmanni's *Vaso Lleno*



*Vaso Lleno* is a ready-to-drink or served-at-the-moment beverage option, which complements the current beverage offer. *Vaso Lleno* starts by introducing cold press, a fruit beverage that preserves all its nutrients when prepared. There is also the traditional fruit smoothies, milkshakes, sorbets, as well as coffee alternatives such as cold or hot coffee drinks



## Florida Retail

### L'Artisan Café

#### Significant progress in sustainability

- 100% of this unit's collaborators joined the *Elegí Ayudar* program, adding to a total of 17,124 volunteer hours.
- The unit is implementing a new natural refrigeration system.
- The manufacturing plant achieves an "Absolute Zero Waste" status.
- In order to increasingly become eco-friendly points of sale, five of the 77 stores reported obtaining the Technical Standards Institute of Costa Rica's Carbon Neutral status awarded by INTE Standard 12-01-06:2016. To achieve this, these Musi stores underwent a process for measuring their emissions sources, reducing and offsetting them by buying Costa Rican Carbon Units whose funds, managed by FONAFIFO, are intended for reforestation and tree protection in the country.



**L** *Artisan Café* by Florida is the latest format to join Florida Retail. It is a European-inspired cafe, offering various food and beverage options, from a cup of coffee to delicious wine, along with a food selection specially designed for the cafe. *L'Artisan Cafe* is located in Escazú, San José, Costa Rica.



## A quick word with Helmuth Sauter

DIRECTOR DOF *FLORIDA HOSPITALIDAD* | FIFCO

### What is the period's most relevant innovation for the Hospitality unit?

The opening and start of operations of *Republica Casa Cervecera* constitutes the unit's most important innovation. This format makes its way into the "On Premise" segment, with a differentiation leveraged by house beer production on site by having a microbrewery on premise. The on site production, a good menu, design and ambience all add up to provide our customers with a wonderful experience.

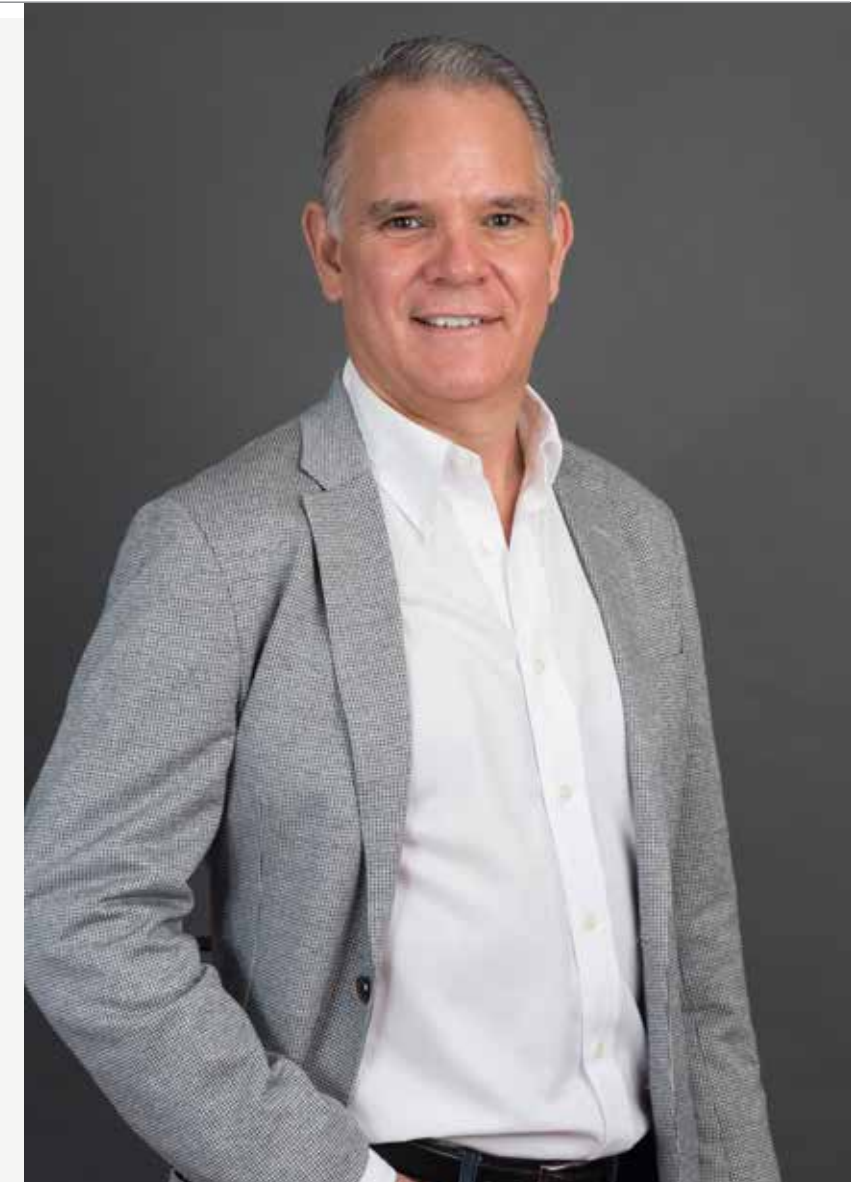
Also, progress in the W Hotel Costa Rica project has a vibrant and modern approach that energizes the area's tourist scene.

### What role does the Hospitality unit play for FIFCO and how does it relate to the Company's North Star?

The Hospitality unit's main role is to develop sustainable Hospitality businesses (bars, restaurants and hotels) offering memorable consumer experiences for FIFCO's drinks, capable of influencing the general market.

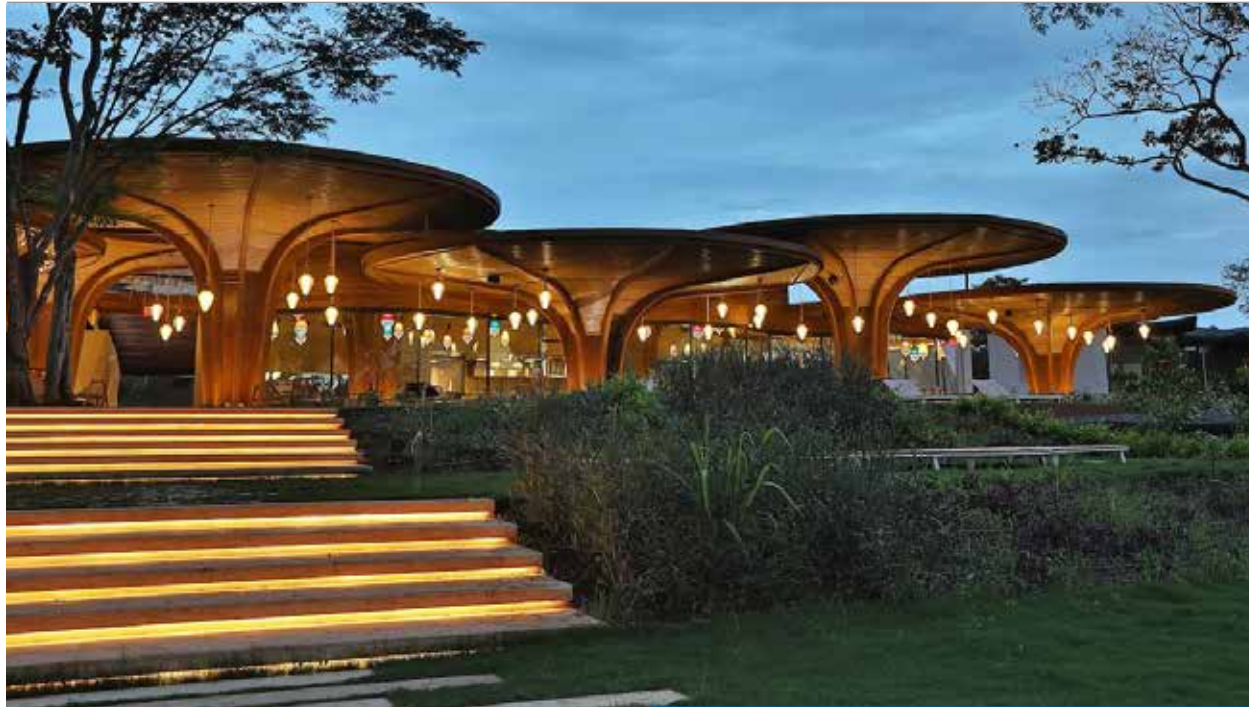
### What were the operation's main social and environmental contributions?

Our Dual Training program's fifth anniversary definitely constitutes one of the Hospitality Unit's main contributions. This year we celebrate 55 graduates, as well as having doubled the number of apprentices given the new W Hotel Costa Rica's opening. Another important project is Westin's Photovoltaic Power Generation Project with more than 1,350 panels that will cover 8% of the hotel's operational needs. All this exemplifies our commitment to sustainability and, specifically, to energy from renewable sources.





# Florida Hospitalidad



## Hotel W

During the 2018 period, the development of the first W Hotel Costa Rica continued according to the established time line and budget. The hotel's marketing began in May 2018 and reservations were taken from 01/01/2019, and later in August from 12/01/2018. Subsequently, the opening was reported for November 29, 2018.

### A novel concept

This new concept in the hospitality industry has 150 rooms (including suites), 5 bars and restaurants, Spa, zip line, and a private beach club, among other facilities.

- +200 direct jobs from local workers
- +\$50 million investment



## Westin Golf Resort & Spa, Playa Conchal

The operation manages to exceed the operating profit in comparison to the budget and previous year, as well as great performance from the Golf unit, with an increase in number of rounds.

During the reporting period, the real estate operation achieved important results in its social and environmental agenda, such as collaborator participation in volunteer days, as well as the solar panel project's start of operations. Investment exceeds US\$350K and consists of 1,382 panels that will provide close to 8% of the hotel's power consumption, with a reduction of 40 tons of carbon dioxide from the carbon footprint. This initiative represents the largest distributed generation project for self-consumption in the country's North Pacific, as well as the largest one installed to date by FIFCO in its operations.





## Florida Hospitalidad



### Reserva Conchal, real estate project

In May 2018, FIFCO took on the administration of the real estate office in Reserva Conchal, accomplishing relevant growth in profit contribution compared to the previous year.

### On Premise

#### RePública Casa Cervecera

Named the Hospitality Unit's most relevant innovation, *RePública Casa Cervecera* begins operations. *RePública Casa Cervecera* joins Costa Rica's bar and restaurant scene through a system in which FIFCO is a shareholder while a third party takes on the operation. *RePública* starts operations in December 2018, receiving a good welcome from consumers. Six months after opening, it passed its break-even point, while also reporting a sustained increase in visitation.



Aromo residential project. Construction completed in 2018



This third *Bar Imperial* adds to the *Bar Imperial* in Reserva Conchal, Guanacaste and to the *Bar Imperial* located in Juan Santamaría International Airport, in Alajuela, Costa Rica

#### Imperial Bar

FIFCO inaugurated the third *Bar Imperial* in June 2018, located in the Daniel Oduber Quirós International Airport, in Guanacaste, Costa Rica. *Bar Imperial's* purpose is to offer an authentic Costa Rican experience to locals and especially to foreigners visiting Costa Rica. Significantly, this new *Bar Imperial* is the first of its kind to begin operations under the franchise model. In this case, Morpho Travel Retail is the store's operator under the brand.



#### Very Costa Rican

*Bar Imperial* transmits the authentic **Pura Vida** experience, inspired in nature, Costa Rica's iconic places, and the *tico's* joy through a warm and fun visit.

## Florida Capitales



### Cervecería INCECA

A political and economic crisis began during the 2018 period in Nicaragua, in spite of which the brewery kept a stable work force. Regarding business performance, sales in the beer category experienced moderate growth with a slight negative impact in the soft drink category. INCECA strengthens Nicaragua's largest convenience store chain with a total of 36 points of sale. In terms of the company's sustainability, it is taking steps towards reducing sugar within the portfolio, and becoming Water Positive.

### Cervecería Panamá

Cervecería Panamá reported a decrease in sales and profitability, as well as market share loss. A search for greater efficiency and productivity stands out. The company resumes direct distribution, both with warehouses and fleet. As for the portfolio, the relaunch of the *Panama Light* brand stands out.

### COMEGUA

COMEGUA achieves a relevant double-digit growth in sales and profitability. Innovation, in this case understood as introducing lighter packaging, contributed to the results achieved. Regarding sustainability, a 15% increase in recycling is achieved, making it the largest recycler of its kind in Central America and the Caribbean.

## A quick word with Arnaldo Prada

SUPPLY CHAIN DIRECTOR

### Which do you consider to be the year's most relevant projects?

An accomplishment this year was integrating the Supply Chain area to all FIFCO operations. A single global purchase structure was established, a purchasing management department with four specialized leaders by categories. We were also able to integrate all manufacturing sites: three in the United States and four in Central America. The EHS, TPM, Engineering Management and Project Management areas were also restructured striving for greater organizational efficiency. Coupled with these important structural changes, modernization of the Rochester production plant in the United States stands out, with an investment of approximately \$50,000,000.

### What role do innovation and sustainability play in the Supply Chain?

As part of the new projects, groups focused on innovation were created: one for Central America and one for the United States. These groups help develop and launch new products, in accordance to manufacturing plant capabilities in order for them to be feasible from an integral perspective, which especially considers sustainability issues.

Regarding Sustainability, it is important to point out the reduction of the global water footprint by 4.2% among FIFCO operations, 12% of the production chain's carbon footprint and 95% of the packaging footprint. We have aggressive goals to reduce the water footprint even more, as well as strengthen the recycling program for plastic and other containers.





## Quality and safety of our products

One hundred percent of the products manufactured by FIFCO undergo evaluations to verify their impact on customer health and safety. This screening is done through several methodologies such as: commercial partner Comprehensive Internal Audits (Heineken, Diageo, AIB, Pepsico), certification bodies, food safety certification processes (INTECO-FSSC 22000 Scheme), and through production lot traceability, physicochemical and microbiological analyses. These are all specified in their respective management systems. There is a systematic effort to find improvements in formulation and product development regarding the quality and safety offered.

### Responsible product labeling

All products manufactured and sold during the 2017 period provide correct and accessible information in their labels or packaging boxes, following current laws and guidelines set by the Ministry of Health, Ministry of Economy, Industry and Commerce, as well as Central American Technical Guidelines. Each package specifies:

- Name of food product
- List of ingredients
- Nutritional information (when applicable)
- Net content
- Manufacturer's name and address
- Country of origin
- Lot ID
- Expiration date
- Health registration
- Product's benefits
- Customer service phone number
- Recycling program logo

Bread industry products from Florida Retail's operations are packaged in bulk for further processing, and therefore are not subject to label regulations for pre-packaged foods. However, all boxes have a label with the product's name, manufacturing date, recommended usage date, lot number, consecutive box number. Also, each product has a data sheet explaining ingredients and allergens, preparation method and storage recommendations.

At Industrias Alimenticias Kern's (IAK), 100% of product labeling complies with Central American regulations, RTCA of General Labeling, Nutritional label (which is voluntary), Food Additives and Net Content. At FIFCO USA, products comply with the location's corresponding labeling legislation.

### Label information

Criteria	2017		2018	
	Must report	Do not have to report	Must report	Do not have to report
Origin of product or service components	IAK, Cristal, ECSA, Lácteos	FIFCO USA	IAK, Cristal, ECSA, Dairy	FIFCO USA
Contents, especially regarding substances that might have an environmental or social impact		FIFCO USA	IAK, Cristal, ECSA, Dairy	FIFCO USA
Product or service safety instructions		FIFCO USA	IAK, Cristal, ECSA, Dairy	FIFCO USA, ECSA*
Product disposal and environmental or social impact		FIFCO USA	IAK, Cristal, Dairy	FIFCO USA, ECSA*

\* Storage recommendations are included in the product label.

## Quality and Safety of our Products

### Consumer safety and health

During the reporting period, one case of non-compliance with product labeling rules and consumer health and safety was identified, specifically Smirnoff Vodka 375ml for omitting the word “Lot”. The company is making modifications to this product’s label according to Costa Rican Consumer Commission recommendations, abiding by the Central American Technical Regulations to provide consumers with clearer information\*.

\*Note: It is important to point out that this issue received a warning in October 2017, and since according to the MEIC the company did not comply, it makes it a repeated non-compliance.

Florida Retail’s bread plant underwent the ISO-9000 recertification audit. This time, six minor non-conformities were obtained. Regarding complaints, 154 complaints were received, representing

0.15% of cost per box recognized through a credit note in relation to the total sale. All complaints were addressed and analyzed, taking appropriate remedial actions. No non-compliance to rules or voluntary product and service health and safety codes were identified in Industrias Alimenticias Kern’s and FIFCO USA production units.

As a novelty, in addition to investments for optimizing the cooling system with a modern natural gas system at the Florida Retail bread plant, other investments are being made to enhance the plant’s operation. Among the most important investments is the purchase of a new line of bread production specializing in small breads, which allows production with a more precise size and weight, as well as the purchase of a continuous IQF (Blast Freezer) freezing system for the puff pastry line.



### Our commitment to consumer safety and health

1. Develop initiatives that promote access to economically accessible and healthy foods, contributing to communities’ wellbeing.
2. Develop products that are low in sodium, trans and saturated fats, and added sugars.
3. Develop products containing fiber, vitamins, minerals, and other functional food additives.
4. Increase the amount of portfolio products that contemplate having less of a social and environmental impact.

## Quality and Safety of our Products

### Customer Service

The First Contact Center addresses inquiries, claims and complaints from end consumers and customers. Throughout this period, 7,183 monthly calls were received, compared to 6,796 monthly calls in the previous period. Average efficacy reached 87% versus the 96% goal, Service Levels were 86% versus the 90% goal, and abandonment was 5% versus the 5% goal. During the 2018 period there were no claims substantiated on violation of privacy and customer data breach.

The decrease in these measurements is due to the fact that since the July 2017 restructuring, there is less personnel available; 3 people were discharged, which affected main assistance results.

The following toll free Customer Service numbers are available:

800-CERVEZA  
800-CRISTAL  
800-TROPICAL  
800-PEPSIYA  
800-FLORIDA

As well as prompt attention through social media and website site chats, among others.

FIFCO assesses its complaint mechanisms through monthly follow-ups, which are presented to the different businesses. We also participate in the internal and external audits of this process.

During the reporting period, none of FIFCO's business units has been subject to legal or administrative sanctions regarding environmental issues in the countries where we operate. Concerning complaints in particular, in spite of fully complying with local discharge quality and noise emission legislation for the treatment plant operation in Guatemala's industrial operation, several noise and odor complaints have been placed. While some have been justified given the treatment system's operation itself, others have not. Regardless, an improvement and community outreach plan has been created and

### New complaints due to economic, social and environmental impacts

Type of complaint	Number of complaints				
	2014	2015	2016	2017	2018
Products (customers)	325	312	606	609	728
Products (consumers)	859	836	1.471	1.301	1.400
Logistics (customers)	N/A	N/A	54	30	88
Property damage	N/A	N/A	52	19	44
Environmental	N/A	N/A	53	33	14
Bad driving	N/A	N/A	97	81	119
Smuggling	N/A	N/A	2	3	0
<b>Total</b>	<b>1,184</b>	<b>1,148</b>	<b>2,768</b>	<b>2,520</b>	<b>2,128</b>

implemented for addressing this issue with neighboring communities. So far, it has produced good results, improving the relationship with immediate communities. This plant has a new activated carbon odor treatment system for the treatment plant, as well as for the boiler area. They were built voluntarily by the organization in order to improve control and prevent emissions coming from these process areas.

There is a case related to the Florida Retail industrial operation currently in Costa Rica's Administrative

Environmental Board and corresponds to a lawsuit filed by a neighbor against the operation's previous owner. Since FIFCO acquired the operation, there have not been any environmental incidents. On the contrary, under the new administration this facility received the ISO 14001 environmental certification and the Carbon Neutrality 06-12-01 certification. This makes it possible to control the issues and prevent environmental damage resulting from the operation.



# Value chain sustainability



**SUSTAINABLE DEVELOPMENT GOALS**  
THIS INITIATIVE CONTRIBUTES TO

<p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p> 	<p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p> 	<p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 
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**In 2010, FIFCO added sustainability criteria to its value chain, aimed at improving performance and reducing social and environmental impacts, both from suppliers and customers, through the Sustainable Purchasing and Customer Programs.**





## Value Chain Sustainability



## Sustainable Purchasing

The program continues to run during 2018, through joint work by the Environment, Health and Safety (EHS) Corporate Management and FIFCO's Purchase area. This program's methodology is explained in detail in FIFCO's 2015 Integrated Report, pages 98 and 99.

Starting 2017, the supplier evaluation methodology underwent an alignment process with the new legal requirements applicable to sustainability and to fulfillment of the Sustainable Development Goals established by the UN (2015). Furthermore, it aligns with commitment number 7 of the 7 Social and Environmental Commitments for the year 2020, which states: "FIFCO Air Brands: Lead with brands that make the world a better place to live in." As a result, there is a particular approach for assessing and motivating the suppliers involved with brands that are on their way to becoming FIFCO Air Brand, in order to reduce or mitigate their environmental and social footprints. The supplier's performance is based on the work done, in line with the

measurement, reduction, mitigation and generation of positive value.

Participating supplier performance is measured in 4 categories, which determine follow-up frequency and recognition according to progress. The highest possible score exceeds performance above the score of 100 through extra credit, which allows for recognizing those suppliers whose efforts go beyond legal compliance and organizational management, labeled a world-class business.

### Main 2018 results Suppliers

- Purchases of \$439,380,390 were reported at FIFCO during this period. Thirty-two percent of the annual expenses correspond to suppliers addressed within the Sustainable Purchasing Program.
- One hundred per cent (460) of new suppliers signed and accepted FIFCO's Environmental Policy and Responsible Supplier Code during this period.

### FIFCO | New suppliers

Country	2015	2016	2017	2018
Costa Rica	488	393	547	371
Guatemala	183	122	98	81
El Salvador	7	1	3	8
<b>Total</b>	<b>678</b>	<b>516</b>	<b>648</b>	<b>460</b>

- Relationships with two suppliers were discontinued (one in *Florida Bebidas* and one in *IAK*) for obtaining grades lower than 60 points and not demonstrating immediate improvements and attention to requirements. The number of suppliers in this range (failing score) grew, mainly due to the inclusion of new providers from the contractor sector whose detected opportunities for improvement are significant. A development program for these suppliers began in 2018, in order to provide support and assistance so that they improve their performance in 2019, thus getting a better sustainability score.
- More than 20 suppliers participated in this development program in Environmental and Occupational Health training modules during 220 training hours.
- As part of FIFCO Air Brands' strategy, two training sessions targeting suppliers were held:
  - a. Social vulnerability approach in workforces through the *FIFCO Oportunidades* program.
  - b. Environmental footprint approach for *Melcochón* product suppliers.

## Sostenibilidad en la cadena de valor

## Compras Sostenibles

## Sustainable Purchasing Program Overview



**28%** of suppliers assessed at the time of the audit proved to be **certified in some management system**, either environmental, safety, quality or food safety.



**Women lead 11%** of the Program's businesses.



**15%** of businesses have sensitive population **inclusion programs**.



**16%** of suppliers are **certified** by the Ministry of Economy, Industry and Commerce, as **Small and Medium Businesses (SMEs)**.



**1,668**

**hours of volunteer work** with suppliers participating in the Sustainable Purchasing Program

- A milestone for the program is achieving 1,668 volunteer hours with suppliers from Florida Bebidas, Reserva Conchal and Westin. Among the volunteering activities carried out were beach clean ups, support for an old-age home (geographically relevant), support for the Children's Hospital, improvements in suppliers' communities and at the *EcoRomería* (pilgrimage
- For the first time, raw material and packaging material suppliers for the Cristal, Imperial and *Melcochón* brands reported their environmental performance results, in order to be used in product environmental footprint estimates, as part of the "Sustainability Brand Index" (SBI) from the FIFCO Air Brands methodology.
- Outsourcing the Program's audits stands out during this period. During 2018, a total of 65 audits were carried out under this new methodology, which significantly increased the program's scope, approaching new suppliers.
- During the reporting period, a total of 54 suppliers were added to the program, which increased coverage to a total of 317 suppliers.
- Carbon footprint offsetting was achieved during 2018, as a result of mass transport supplier diesel use. This allowed for a collaborative work plan and the footprint's level 3 allocation. This is currently a requirement for any mass transport service.

Value Chain Sustainability

Sustainable Purchasing



Retos de cara al 2019

- Increase program coverage, include new suppliers through an outsourced audit scheme.
  - First steps towards implementing ISO 20400 Standard for Sustainable Purchasing; Program standardization based on said standard.
  - Carry out a pilot program with international suppliers under a remote audit modality.
  - Continuity of development program for sustainability issues. Suppliers having the most significant opportunity for improvement received technical accompaniment to help them improve their scores.
  - Integration with Purchasing,
- incorporating Sustainable Purchasing assessments to decision-making in the bidding process for critical goods and services regarding sustainability.
  - Increase in supplier volunteering to 3,500 hours, taking into account suppliers from all businesses: Florida Bebidas, IAK, Westin, Reserva Conchal, and Florida Retail.
  - FIFCO USA takes the first steps in the Sustainable Purchasing Program, establishing the ABC's of sustainability for this business's suppliers

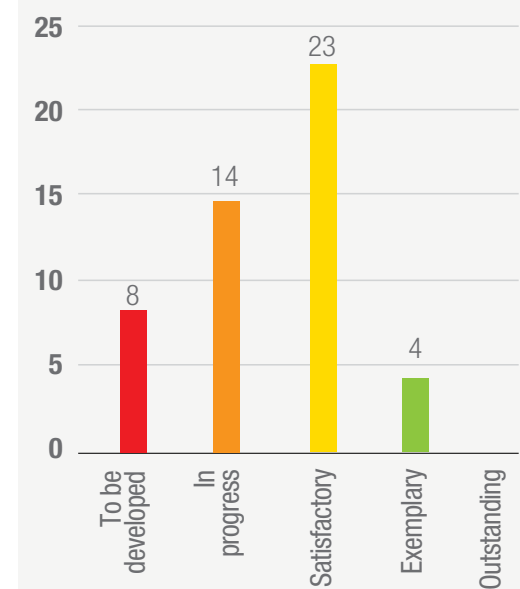
Sustainable Customers

Since 2015, FIFCO implements a program assessing the corporation's customers in terms of sustainability. For the 2018 assessment, R.E.D. FIFCO continued. This is a multidisciplinary project implemented hand in hand with the Business Development area. The sustainability assessment was performed in 49 points of sales that are currently part of the R.E.D. FIFCO program, where the following issues were verified: social human rights practices, infrastructure, quality and food safety, health and occupational safety, relationships with the community and environmental practices. On average, the customers visited obtained a sustainability score of 70.

FIFCO | Customers visited

Business type	Number of customers
Bar-Restaurant	28
Liquor store	6
Convenience store	15
<b>General total</b>	<b>49</b>

Customer Sustainability Ranking 2018





Value Chain Sustainability

Sustainable Customers



Infrastructure matters and issues regarding opportunities for improvement in environmental and occupational health management are among the main disparities identified among customers. As part of 2019 plan, conducting a customer development program is proposed, geared towards improving their sustainability practices and through which it is hoped they improve their 2018 score. This program will be held through training and specialized accompaniment for those clients with the most opportunities for improvement.

Florida Retail unit customers are covered through sustainability audits from the Environment, Health and Safety area, together with the Food Safety and Quality areas.



13 a 50 customer increase DURING 2018

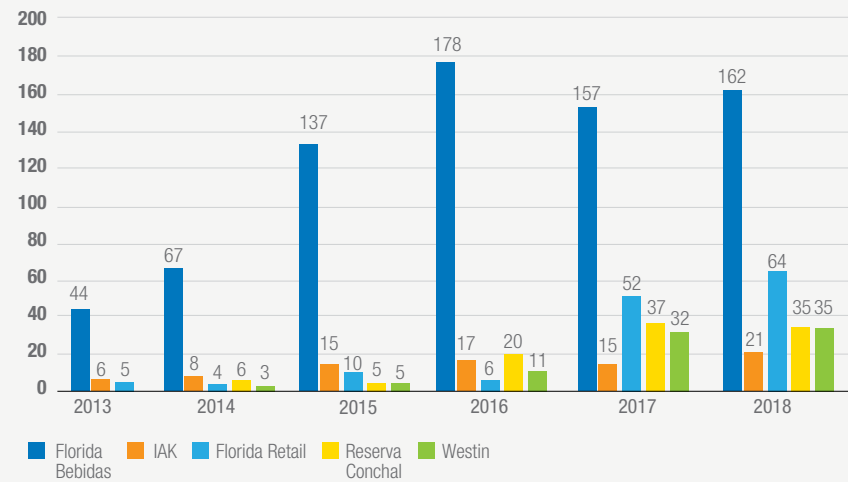
Challenges for 2019

- Sustain customer reach within the sustainable customer program for 2019, carrying out 40 sustainability visits for new Florida Bebidas Costa Rica business clients.
- Carry out 35 sustainability visits to Florida Retail customers, as well as an accompaniment process for required improvements in order to enhance their assessment.
- Carry out 35 sustainability visits to Florida Retail customers, as well as an accompaniment process for required improvements in order to enhance their assessment.
- Carry out specific sustainability initiatives with customers, mainly geared towards recycling, so they properly manage their waste.

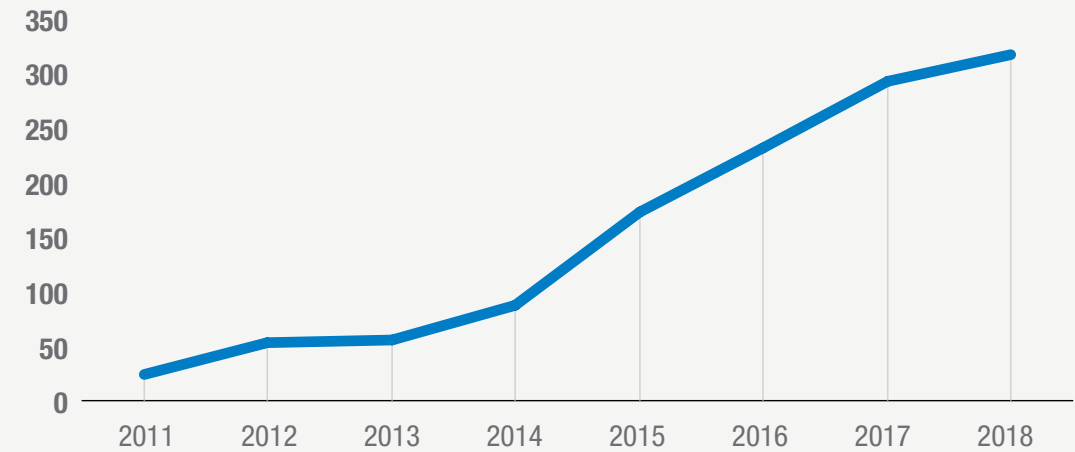
Value Chain Sustainability

Sustainable Customers and Purchases

Suppliers by Business Unit in the Sustainable Purchasing Program



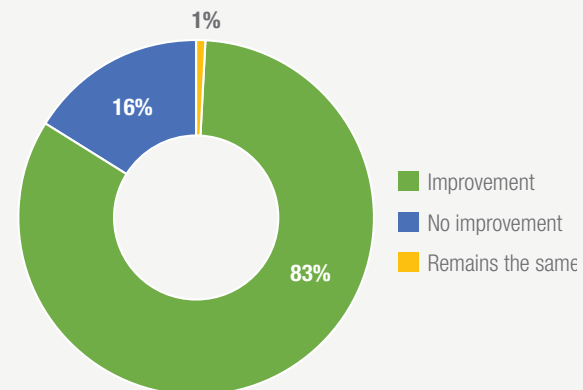
Sustainable Purchasing | Total number of suppliers covered 2013-2018



Local and international suppliers

	Spend		Cantidad	
	Local	International	Local	International
FBEB	0	5	13	13
Conchal	62	138	130	130
Retail average	94	132	127	127
IAK	18	12	29	29

Suppliers showing improvement in 2018



## Value Chain Sustainability

## Sustainable Customers and Purchases

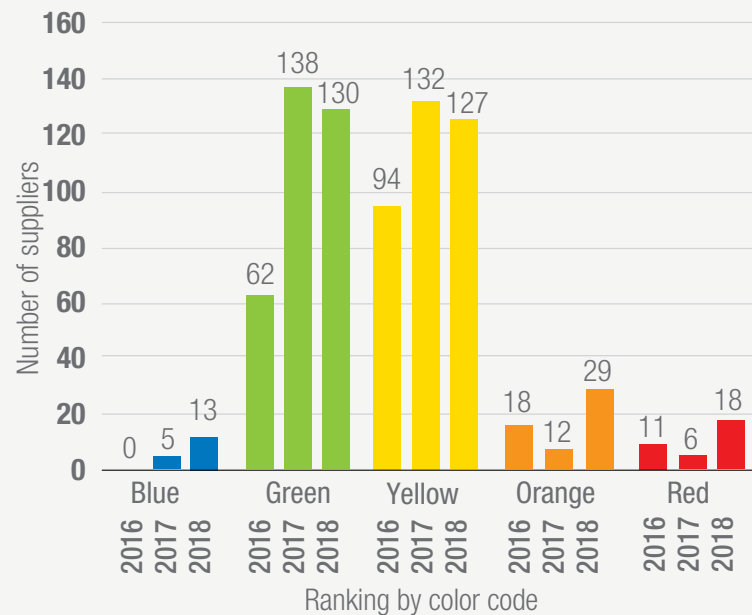
## Proveedores abordados Compras Sostenibles

Business unit	2011	2012	2013	2014	2015	2016	2017	2018
Florida Bebidas	24	48	44	67	137	178	157	162
IAK		4	6	8	15	17	15	21
Florida Retail			5	4	10	6	52	64
Reserva Conchal				6	5	20	37	35
WESTIN				3	5	11	32	35
<b>Total</b>	<b>24</b>	<b>52</b>	<b>55</b>	<b>88</b>	<b>172</b>	<b>232</b>	<b>293</b>	<b>317</b>

## Number of suppliers by category

Categoría	2016	2017	2018
<b>Azul</b>	0	5	13
<b>Verde</b>	62	138	130
<b>Amarillo</b>	94	132	127
<b>Naranja</b>	18	12	29
<b>Rojo</b>	11	6	18
<b>TOTAL</b>	<b>185</b>	<b>293</b>	<b>317</b>

## Assessment ranking 2016-2018



## Supplier performance

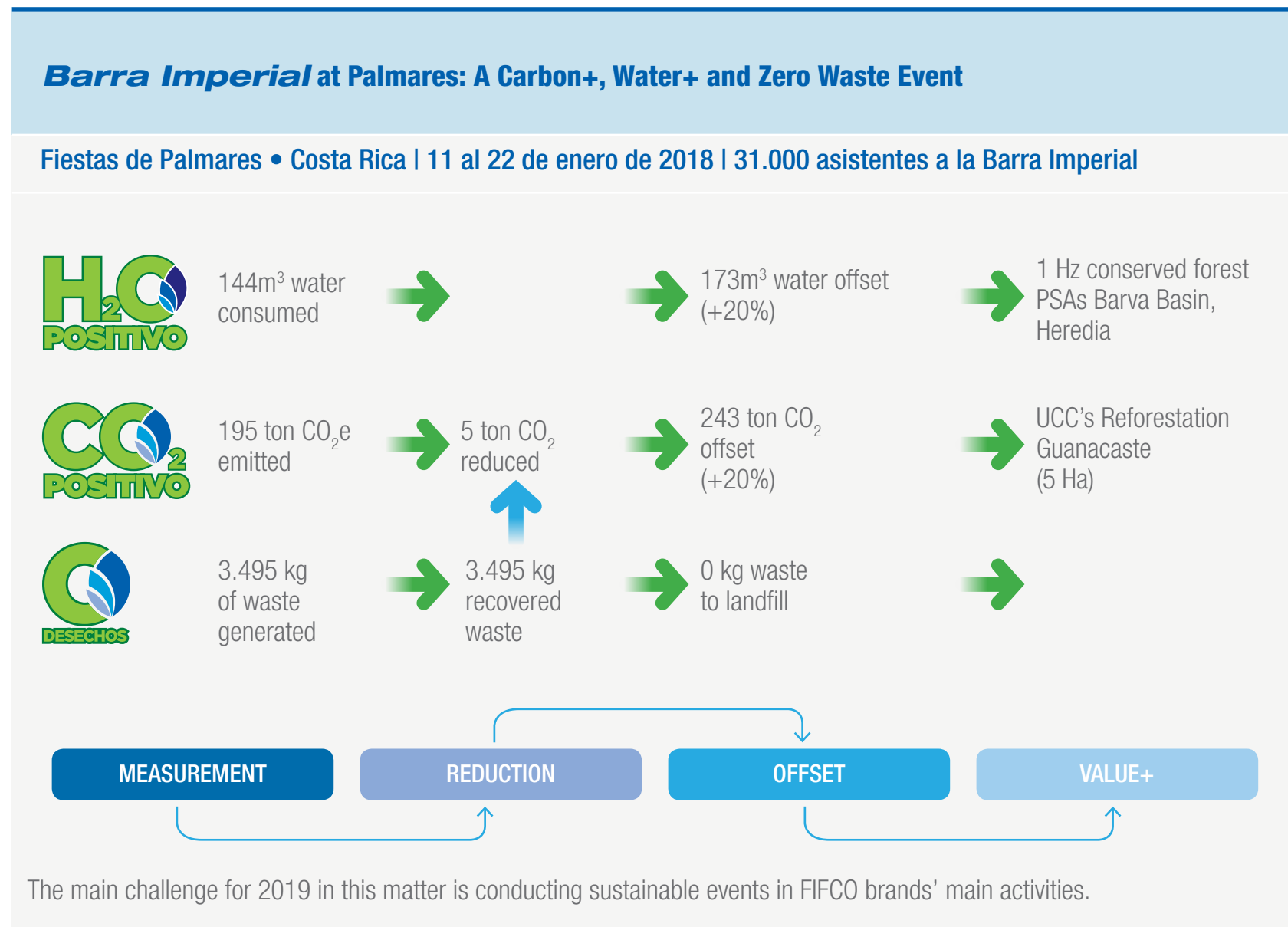
Category	Florida Bebidas	%	Industrias Alimenticias Kern's	%	Reserva Conchal	%	Hotel Westin	%	Florida Retail	%	Total
<b>Blue</b>	6	4%	1	5%	1	3%	2	6%	3	5%	13
<b>Green</b>	69	43%	9	43%	16	46%	11	31%	25	39%	130
<b>Yellow</b>	62	38%	7	33%	13	37%	18	51%	27	42%	127
<b>Orange</b>	16	10%	3	14%	3	9%	3	9%	4	6%	29
<b>Red</b>	9	6%	1	5%	2	6%	1	3%	5	8%	18
<b>TOTAL</b>	<b>162</b>	<b>100.0%</b>	<b>21</b>	<b>100.0%</b>	<b>35</b>	<b>100.0%</b>	<b>35</b>	<b>100.0%</b>	<b>64</b>	<b>100.0%</b>	<b>317</b>

Value Chain Sustainability

# Sustainable Events

In 2018, the sustainability variable began to be included in large-scale events organized by FIFCO. For this period, *Barra Imperial* underwent a carbon footprint measurement, reduction and offsetting process. Emissions resulting from all the event's required activities were recorded, such as: fuel consumption for power plants, electricity consumption, water use, air and land travel for national and international artists, transport of the equipment and machinery used, as well as event visitor transfers.

Emission reduction was achieved by separating co-processable and organic waste, as well as separating recyclable waste into plastic, aluminum, glass, and carton containers. For this reason, the event was also zero-waste-to-landfill.





## Sostenibilidad en la cadena de valor

### R.E.D. FIFCO

#### Reinforcing our customers' entrepreneurship and development

During the 2017 period, the *Semillas* (Seeds) program was launched for the Costa Rican Beverage operation. Its name later evolved to *R.E.D. FIFCO*, Reinforcing Entrepreneurship and Development. *R.E.D. FIFCO* aims to create significant relationships that promote business and human development between the company and its customers: bars, restaurants, pulperías (mini marts), cafeterias, and convenience stores. The program's two main lines of action are:

- 1. Business Development:**  
Strengthening professional skills.
- 2. Human Development**  
Support soft skills and integral wellbeing.



During its first year, the program took important steps in Business Development: training sessions on business matters, management skills, finance, marketing, customer service, food handling best practices, as well as efficiency best practices and environmental management.

Another key effort was to provide access to Development Banking System (DBS) resources, for operating capital and infrastructure improvements at points of sale. In the first year, 80 million colones have been allocated to customers that are part of R.E.D. FIFCO.

# RED

REFORZANDO EL EMPRENDIMIENTO Y DESARROLLO



#### R.E.D. FIFCO in numbers

**80 million** colones allocated

**300 customers** from the Greater Metropolitan and Rural Area

**80%** family businesses

**20%** women-led businesses

# Internal Social Dimension

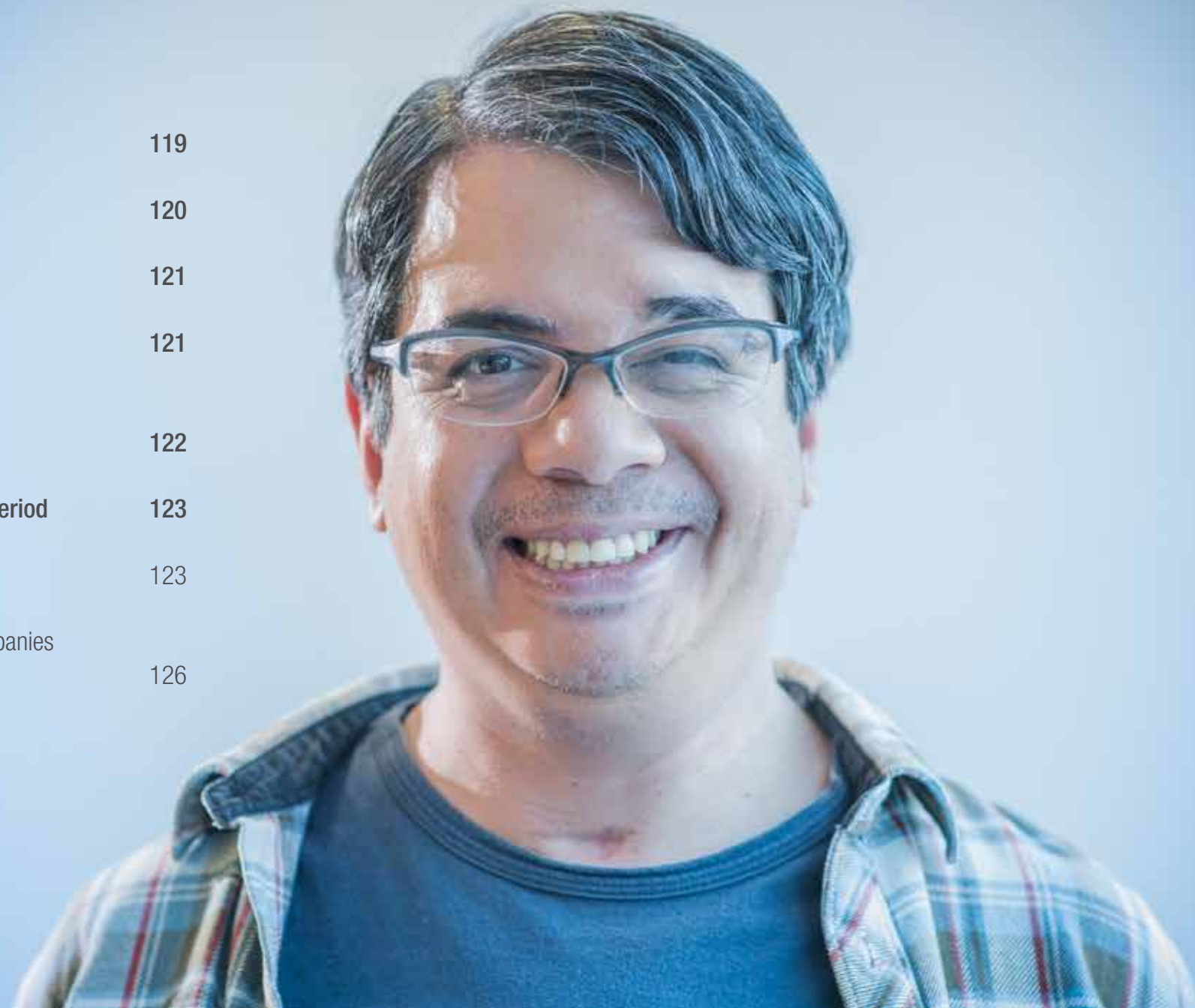
## Our People



# Internal Social Dimension

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## A quick word with Scarlet Pietri

TALENT DIRECTOR | FIFCO

### How does the company manage the coexistence of different generations?

FIFCO shares a purpose with its collaborators that goes beyond generations, and makes everyone feel part of something that gives meaning to their work within the company. Our purpose, “share with the world a better way of living,” is a connection point that brings us together despite our differences.

The teams’ diversity empowers FIFCO, brings together generations, abilities and experiences, and makes it a quicker, more agile and disruptive company. We have focused on designing a less hierarchal organization that overcomes divisional silos; hence making empowered collaborative networks possible. Networking brings talent around a common interest, and collaboration enhances the teams’ collective intelligence, achieving greater agility for implementing changes and initiatives within the organization.

### How do you define a “FIFCO leader”?

A FIFCO leader focuses on people, is close and sensitive to his or her collaborators’ realities, develops their talent and frees all their potential. He or she is open to experimentation and learning, acts as a facilitator who brings harmony to empowered work teams. He or she builds trust, promotes diversity, collaboration and turns work into a meaningful experience that generates high levels of engagement in environments of change and uncertainty where only a close and humane leader conveys trust in the future.

### How does FIFCO promote its collaborators’ talent?

UFIFCO was inaugurated in 2018 to accompany internal talent development. This is a virtual platform with more than 22,000 contents among courses, tutorials and videos. It is an inclusive learning space where we are a step ahead, not only having an impact on our collaborators, but on relatives, customers and suppliers as well. UFIFCO is more than a University; it develops its own content about our industry and business philosophy, creating culture and boosting our growth. It is a tool that prepares capabilities for the future and makes them accessible to all.





## Our goal

## Be champions with our employees



SUSTAINABLE DEVELOPMENT GOALS  
THIS INITIATIVE CONTRIBUTES TO



**As part of FIFCO's commitment to generate value among all the stakeholders it interacts with, in 2016 the company set its goal for 2020 regarding collaborators: be champions with our employees.**

It is through FIFCO's purpose, values and leadership model that it is possible to address an agenda that allows collaborators' comprehensive professional and personal development.

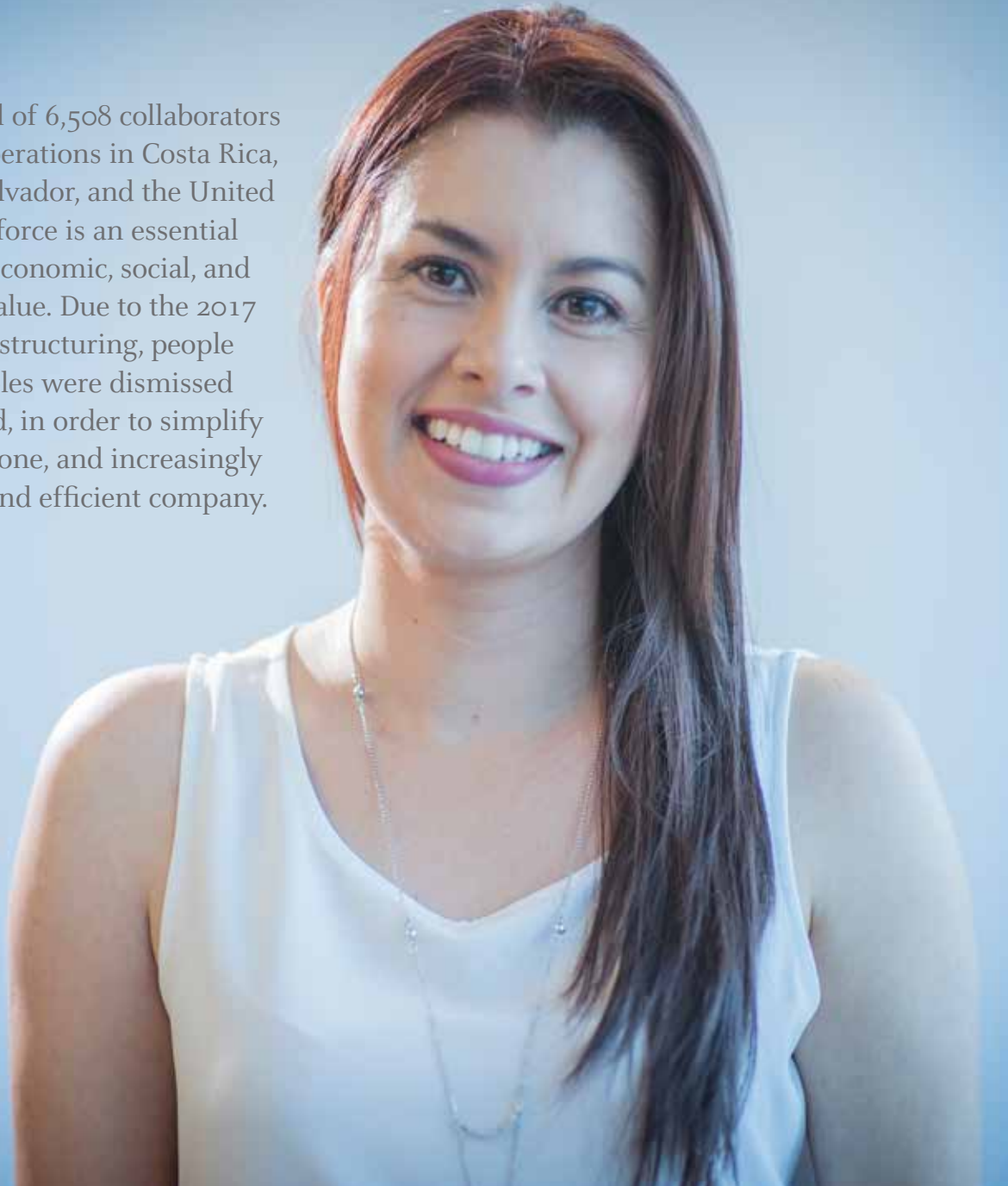
**FIFCO – Total collaborators**  
(regular, temporary and part-time)

Country	2016	2017	2018
Guatemala y El Salvador	711	722	723
United States	1,073	1,061	995
Costa Rica	4,797	4,658	4,790
<b>TOTAL</b>	<b>6,581</b>	<b>6,441</b>	<b>6,508</b>

## Our goal

### Our people

FIFCO has a total of 6,508 collaborators working in its operations in Costa Rica, Guatemala, El Salvador, and the United States. The workforce is an essential part of creating economic, social, and environmental value. Due to the 2017 organizational restructuring, people with duplicate roles were dismissed during the period, in order to simplify how things are done, and increasingly be a more agile and efficient company.



### Material topics

There are many relevant factors when talking about the company's most important resource: its collaborators. However, FIFCO has focused on six material topics internally as priorities in order to move towards fulfilling two of the seven commitments for 2020, and walk hand-in-hand with the Sustainable Development Goals known as Good Health and Wellbeing, Gender Equality, Reduced Inequalities, and Partnerships for the Goals.

- 1 Organization alignment
- 2 Talent management
- 3 Integral wellbeing
- 4 Work relations
- 5 Human rights

## A quick word with Mariel Picado

DIRECTOR OF LEGAL SERVICES | FIFCO

### How does FIFCO live its purpose through the organization's different areas

In 2014, the company defined its purpose as “Sharing a better way of life with the world.” From that moment on, FIFCO collaborators could find another reason to come to work at the company with even more excitement and passion. After defining that purpose, the challenge was to see how we could reflect that same purpose in FIFCO's day to day. Undoubtedly, this year was key to living the purpose, since we were able to take it to another level through volunteering, in a unique and special way, since we were able to involve and excite a great number of consumers, shareholders, suppliers and other stakeholders. For example, our experience with our legal providers was wonderful because we invited them to volunteer with us for the first time, and the response was massive! While volunteering we not only found a different environment for interacting personally beyond professional issues, achieving a different connection between us, but at the same time we were able to create an expanded network of people working for a purpose and tangibly contributing to the environment, therefore sharing a better way of living with the world!

### What are transformational-multidisciplinary teams? Based on your experience, what are their advantages?

At FIFCO, we are convinced that as leaders, we must evolve and stop working under the traditional hierarchy model in order to move towards working in collaborative or transformational teams. This methodology allows bringing together a group of people from the organization's different areas, or even from the outside, with varied professional and personal profiles, to analyze a strategic or operational issue, and generate ideas and solutions based on diversity of thought and knowledge, in a limitless, exploratory and creative way. From my perspective, working in transformational groups has been a wonderful and rewarding experience. It is a totally different way of working. When you work in these groups an incredible process develops, since interactions are very quick, very different perspectives and knowledge are shared, decision-making is faster, and disruptive solutions are generated. There is no doubt that this is an extremely valuable environment for innovation! I am convinced that working through cooperation is the best way to work. We must dare to find new paths, to be enriched with the variety of talent that surrounds us, and we must also dare to experiment, make mistakes, and start over. I am sure the experience will be even more interesting!





## Main results and milestones for the period



### COMMITMENT #1 FOR 2020

## Eradicating poverty within our company



## FIFCO Oportunidades

In 2018, FIFCO reached a milestone in its agenda for the eradication of extreme poverty among its collaborators. According to the Joint Institute for Social Assistance (IMAS), through its *FIFCO Oportunidades* program the company got the program's first generation participants, those who started when it was launched in 2015, to overcome their condition of extreme poverty. This program, born in May 2014, strives to eradicate extreme poverty within FIFCO's workforce, starting with collaborators from the Florida Bebidas Unit, and expanding to the Florida Retail and Reserva Conchal businesses.

Hundreds of collaborators and their families' quality of life improved through public-private partnerships, by easing access to four key areas: housing, education, healthy lifestyle, and financial services.

### SUSTAINABLE DEVELOPMENT GOALS

#### THIS INITIATIVE CONTRIBUTES TO



According to the 2014 official diagnosis for Costa Rica, 3.6% of collaborators who lived in poverty overcame this socially vulnerable condition (118 collaborators and their families), and it was done in 3 years, record time.



Main results and milestones for the period | Commitment #1 for 2020

**FIFCO Oportunidades**

Throughout this period, the program had an additional impact on another 150 collaborators and on more than 750 families from the *Florida Bebidas*, Retail and Hospitality businesses, both in the Greater Metropolitan Area and in rural areas. It is worth mentioning the following among some of the most important sources of support:

- Placement of housing bonds
- Baccalaureate program for collaborators and their families
- Debt recasting and financial restructuring
- Financial mentors

During the 2018 period, FIFCO assessed a significant part of its population with the organization's **Business Multidimensional Poverty Index, *Horizonte Positivo***. Assessment findings became a key input for validating and refreshing the existing intervention methodology. The Social Strategy area proposed strengthening the Program's 4 pillars moving towards a **much more comprehensive approach** to poverty and vulnerability.



**Segunda Generación**

En el 2019 se inicia el proceso de intervención de la segunda generación de FIFCO Oportunidades en Costa Rica, la cual fue reclutada durante el 2018 e impactará a 50 colaboradores de manera directa y 150 personas de manera indirecta.

**2017 Results**

114 colaboradores impactados = 548 personas indirectamente.

- El 100% de la población recibió junto con sus parejas los talleres de habilidades para la vida, los financieros y legales.
- El 72% de los participantes cuentan con Padrinos Financieros que son colaboradores voluntarios.

**Number of people reached by pillar and business unit, cumulative**

Pillar	Florida Bebidas	Florida Retail	Reserva Conchal	Total
Education	42	14	8	64
Housing	26	0	4	30
Healthy lifestyle	41	0	11	52
Finance	68	20	26	114

## Impacto FIFCO Oportunidades

Country	Costa Rica 2016	Costa Rica 2017	Costa Rica 2018
Housing	<ul style="list-style-type: none"> <li>• <b>12</b> remodeled homes</li> <li>• <b>5</b> homes built</li> <li>• <b>6</b> under construction</li> <li>• <b>13</b> cases under study</li> <li>• <b>1</b> Home Expo</li> <li>• <b>18</b> cases for 2016, in the process of financial improvements for starting housing bond procedures</li> </ul>	<ul style="list-style-type: none"> <li>• <b>14</b> remodeled homes</li> <li>• <b>16</b> homes built</li> <li>• <b>7</b> cases under study</li> <li>• <b>11</b> cases for 2016, in the process of financial improvements for starting housing bond procedures</li> </ul>	<p>Given the demographics progress throughout these 3 years, this year culminates with:</p> <ul style="list-style-type: none"> <li>• <b>8</b> housing bonds</li> <li>• <b>5</b> renovations</li> </ul>
Education	<ul style="list-style-type: none"> <li>• <b>64</b> school vouchers</li> <li>• <b>2</b> school scholarships</li> <li>• <b>15</b> wives of collaborators trained</li> </ul>	<ul style="list-style-type: none"> <li>• <b>64</b> school vouchers</li> </ul>	<ul style="list-style-type: none"> <li>• <b>64</b> school vouchers</li> <li>• <b>24</b> collaborators and their spouses in the Baccalaureate program, Apuntate a Ganar</li> </ul>
Finance	<ul style="list-style-type: none"> <li>• Debt adjustment: 3 out of 8 needed</li> <li>• Indebtedness: 4 families reduce 100% of debt</li> <li>• Starting a process with financial mentors and plans in Florida Retail and Reserva Conchal</li> </ul>	<ul style="list-style-type: none"> <li>• <b>45</b> financially stable families</li> <li>• All businesses with financial mentors and plans</li> <li>• <b>69</b> families with monthly financial follow-ups</li> </ul>	<ul style="list-style-type: none"> <li>• Debt recast process completion (3 cases) from the first generation</li> <li>• Continuation of mentoring program</li> </ul>
Salud	<ul style="list-style-type: none"> <li>• <b>67</b> families with general medical screening</li> <li>• Emergency support for sons and daughters of collaborators, and for collaborators affected by traffic accidents</li> <li>• Food voucher grant in Florida Retail and Reserva Conchal</li> <li>• <b>98</b> families with food vouchers</li> </ul>	<ul style="list-style-type: none"> <li>• <b>52</b> families with general medical screening</li> <li>• Emergency support for sons and daughters of collaborators, and for collaborators affected by traffic accidents</li> <li>• <b>114</b> families with food vouchers</li> </ul>	<ul style="list-style-type: none"> <li>• <b>88</b> families with general medical screening</li> <li>• Emergency support for sons and daughters, and spouses of collaborators, in case of surgery, and for collaborators affected by workplace accidents</li> <li>• <b>88</b> families with food vouchers</li> </ul>

## Main results and milestones for the period

### COMMITMENT #2 FOR 2020

**Be recognized as one of the best companies to work for**



## Organizational Alignment

The internal agenda is a company priority, acknowledging its people as its most important resource. Therefore, during 2018 special attention was paid to the development of positive workspaces that reflect the leadership model experience, and to the development of personnel's capacities that will allow the corporation to reach its next value level.

### Costa Rica

During this period, to further the Vos 2.0 program, which reinforces the fact that determination towards learning and growth depends on each collaborator, the company set in motion the first stage of the Corporate University: UFIFCO. This is a platform for learning and developing capacities among employees through virtual courses that enable access and learning according to each collaborator's study program and personal interests. At the end of this year, the virtual platform has 1,900 users.

*Profes FIFCO* (FIFCO Professors) was

launched as part of the Corporate University, which consists on a network of collaborators with the desire and an affinity for teaching others. During 2018, the network's focus was teaching subjects related to the digital world and learning English, since these are strategic skills for the company. The initiative closed 2018 with 20 teachers and 315 registrations.

**Liderazgo:** During 2018, work continued on developing leadership capabilities through Líder FIFCO (FIFCO Leader) courses, resulting in 100% of leaders trained in leadership fundamentals as an essential cornerstone for talent development.

A robust training and future skill development plan began on commercial trend issues, with world-renowned exponents on digital marketing, generational marketing, and others. A total of five mass events like this were developed, widespread among commercial teams and beyond.



## Main results and milestones for the period | Commitment #2 for 2020

### Alineamiento organizacional

The Supply Chain area continued with the training plan on policy and regulation matters, such as: quality, safety and emergency brigades. The APICS certification was also started, and all middle managements were trained on supply chain trends.

The company continues efforts to strengthen English in critical positions requiring proficiency in the language. At the same time, promotion of the GED and Dual Training corporate program is intended to encourage the most sensitive populations, and give them access to better opportunities for themselves and their families.

Keeping in line with the new Human Rights Policy publication, two gender and awareness workshops were held for the organization's entire Talent area as a first step towards aligning Talent processes with the Policy, Sustainable Development Goals (SDG), and with new commitments made in this regard.

#### Guatemala

Corporate training programs were promoted in this business unit, focused on transformational leadership and leadership through values. Also, by establishing the divergent and collaborative group initiative, four projects that solve improvement opportunities detected by the teams themselves were implemented. An investment was made on a classroom for training and learning, encouraging team integration and brainstorming.

#### Estados Unidos

As part of a synergy and stabilizing strategy for new organizational structures adjusted at FIFCO USA, in the commercial area and in the Supply Chain, work was done to strengthen team capabilities through *Máquina de Ventas* (Sales Machine) programs, and the continuous improvement program *TPM*, which is already used in the Costa Rican and Guatemalan plants.





## Main results and milestones for the period | Commitment #2 for 2020

### Alineamiento organizacional

Aside from these programs, the policy of updating wellbeing and environmental practices continued, such as Occupational Health and Safety, Smart Consumption, diversity and practices against harassment in all its forms.

A type of training for personnel paid by the hour is being designed. Currently, no assistance is provided for employees'

transition into retirement or for when they leave the company; this is also being designed.

The tables on this page detail the organization's investment in learning and capability development for this year.

#### Training hours

Level	2016	2017	2018
Worker	66,954.88	59,971	61,235.50
Middle Management	8,901	11,178	28,967.00
Management	978	2,355	2,780.00
<b>Total Hours</b>	<b>76,833.88</b>	<b>73,504</b>	<b>92,982.9</b>

#### Average of annual training hours

Ubicación	Worker				Middle Management				Management			
	Female		Male		Female		Male		Female		Male	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Costa Rica	16%	33%	84%	67%	30%	27%	70%	73%	24%	38%	76%	62%
Guatemala	2%	8%	5%	82%	24%	24%	14%	76%	9%	12%	66%	88%
FIFCO USA	-	12%	-	88%	-	27%	-	73%	-	27%	-	73%

**Note:** . There is not sufficient data for FIFCO USA to detail the training hour report according to gender, yet the total hours are included in the table above.

## Main results and milestones for the period | Commitment #2 for 2020



## Talent Management

A highlight regarding the workplace environment was applying the international Great Place to Work index in October 2017. It was done through a survey of about 60% of the company's collaborators, in different businesses and locations. The survey revealed that FIFCO continues to register positive scores, which keeps the company within the best companies to work for in the region's ranking, with a score of 81 in the trust index, and 79 in the leadership index.

2017 was a complex year for the organization due to the multiple changes it went through in organizational restructuring. Similarly, the company took on a change of evaluation and monitoring for the various workplace and leadership environments in order to understand the impact on collaborators, to duly identify the great organizational and internal management challenges

Certain actions stand out as part of the 2018 work plan, aimed at strengthening leadership practices set up in the company in order to encourage a greater

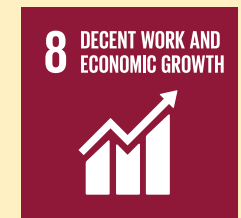


connection between leaders and their teams:

- Reinforcement of successful company leadership practices, such as: individual one on one meetings, microclimates, public recognition related to values, consistent celebration of achievements.
- Leadership model implementation, enabling collaboration, experimentation, entrepreneurship, and encouraging work and personal balance
- Implementation of the HOPE program, which seeks to promote proactive environments based on the idea of adding collective and diverse knowledge to solving specific problems expressed by the people. Groups take possession of their proposals, take on the task, and carry out the initiatives' implementation, taking responsibility for their operation.

### SUSTAINABLE DEVELOPMENT GOALS

#### THIS INITIATIVE CONTRIBUTES TO



- A comprehensive program called *Reconectando a nuestra gente con el Propósito* (Reconnecting our people with the Purpose) was designed and implemented in the Supply Chain area, aimed at reviewing this population's work loads, and substantially improving work-personal balance.

## Main results and milestones for the period | Commitment #2 for 2020

### Talent Management

As part of this initiative, FIFCO took on incorporating more than 200 people with temporary status, and who now have greater benefits and more work and economic stability.

- Talent Fairs started in Guatemala. They work like forums or showcases for giving collaborators a real opportunity to show their talents and be visible to other company areas, enhancing people's development company-wide, horizontally and cross-sectionally.
- Promoting and facilitating solution co-creation processes of high value to the organization, through diverse collaborative teams which allow people to participate and provide non-traditional solutions to complex problems.
- Incorporating more work benefits for collaborators. For example, a Telecommuting Policy and short Fridays got implemented in Guatemala for the positions it is applicable to

En Costa Rica se mejoraron las instalaciones físicas de comedores y el servicio de éstos.

### Corporate Integration

During 2018 another important focus in the Talent agenda was promoting greater corporate integration. Stabilizing organizational changes, and revising and incorporating talent processes for their standardization in the different locations, is also part of this important agenda, especially the following:

- Great Place to Work corporate survey with a transition towards digital applications. This year, the annual survey was digitally performed to 16% of FIFCO's total population, with staged migration for the coming years.
- Induction process re-launch from a corporate perspective to ensure a positive and standardized entrance experience in every location.
- Performance evaluation modernization and designing an awards program under a co-creation methodology.
- Corporate culture management through the co-creation of a common framework.



- Continuing with the active succession management process, a standardized practice at FIFCO USA.
- Accompanying the Director's team in the continuous excellence process from FIFCO's vision and leadership perspective, in order to achieve corporate integration.
- Direct participation in conformation, integration and stabilization processes of corporate organizational structures required to operate in the different locations and businesses.



Main results and milestones for the period | Commitment #2 for 2020







# Integral Wellbeing

The company is committed to guaranteeing safe and healthy work environments, while promoting collaborators' integral wellbeing and quality of life understood in physical, emotional, psychologically, and financial terms. Therefore, since 2015 the *Estar Bien* program offers collaborators comprehensive care on physical and mental health issues, which is renewed every year in order to motivate collaborators' participation. The Safety, Health and Environment department spearheads the program's agenda.

### Four pillars for promoting integral wellbeing

During 2018, work was carried out to strengthen 4 pillars to promote the integral well-being of employee

-  1 Be safe
-  2 Be healthy
-  3 Be fit
-  4 Be happy

### Be Safe



The idea behind the **Be Safe** pillar is to get collaborators to work in conditions that do not compromise their physical and mental health, creating safe and comfortable spaces, environments and work posts, as well as guaranteeing compliance with current legislation. Each country's

workplace Health and Safety objectives are different, due to different maturity levels of the operations' programs and infrastructure.

It is important to highlight the fact that 100% of Costa Rican employees are covered by formal safety and health committees with participation of all



SUSTAINABLE DEVELOPMENT GOALS

THIS INITIATIVE CONTRIBUTES TO

3 GOOD HEALTH AND WELL-BEING

levels of management representatives and collaborators. Also, emergency brigades provide assistance to communities in case an internal emergency causes third party injuries. These committees promote and follow up on work safety and health program implementation.

A safety culture was reinforced during the year, promoting collaborator involvement and empowerment for achieving proposed objectives in risk management, and accident reduction and eradication. Some main aspects implemented include improvements to infrastructure, chemical product management, investment in installing

## Main results and milestones for the period | Commitment #2 for 2020

### Integral Wellbeing

controls to avoid falls and other fatalities, road safety and awareness campaigns in every workplace, aside from training personnel from all areas who are exposed to risks. Hand-in-hand with the above, there is a Corporate Occupational Health and Safety Policy for Florida Bebidas and Florida Retail Units, which is available on the intranet in the policies and procedures section, as well as the National Mental Health policy.

#### Occupational Health and Safety Collective Agreements

Occupational Health and Safety issues covered in collective agreements with trade unions are not applicable to Costa Rica's operation, since there are no trade unions in the country.

#### Be Healthy



During this period, health services were provided through 7 doctor's offices, widening comprehensive coverage in psychology, physical therapy and nutrition. Additionally, improvements were implemented together with corporate food services for the purpose of providing healthy and balanced options that foster the creation of habits within the population.

Efforts regarding nutritional issues had great impact on the quality of collaborators' lives. The fact that 75% of those seeking nutritional consultation experienced an improvement in their body fat percentage is a reflection of this. The creation of 7 new cardio-protected areas allowing a quicker response in case of cardiac emergencies is another important achievement. Preventive health campaigns for the prevention of different types of cancer, such as: Movember (nationwide prostate cancer prevention), *Campaña Rosa* for breast cancer prevention, gastric cancer prevention, and the creation of early ultrasound diagnosis



fairs for collaborators and their relatives. Also, 100% of laboratory tests were digitalized, speeding up and expeditiously incorporating information for creating improvement plans.

#### Costa Rica

Considering that FIFCO has operations in different parts of the country and in areas far from the Greater Metropolitan Area, and in order to expand the company doctor service to rural warehouses, opportunities were created for consultation and medical exam review via video calls.



Main results and milestones for the period | Commitment #2 for 2020

Integral Wellbeing

Be Fit



During 2018, exercise classes offered in previous years remained, expanding schedules to promote accessibility and attendance, as well as expanding classes to some rural areas. Investments were made in equipment for a new conditioning center striving to expand exercising offer and diversity. Together with *Reto 90*, the first edition of the *Estar Bien* race was organized. Collaborators and people outside the company participated, as well as parents and neighbors from the community. A strategic partnership with brands such as Gatorade, Tropical, Ducal, and FIFCO's Comprehensive Smart Consumption was created in order to make this possible. Other brands joined along to drive the initiative.



The **Be Healthy** and **Be Fit** pillar objectives and goals in the Costa Rican business units were

1. **Maintain the Be Fit pillar**, implementing a new format called *Reto 90* for promoting and ensuring collaborator participation in

2. **Maintain nutritional counseling in doctor's offices** and expand participating collaborator coverage.
3. **Chronic disease prevention and encouraging a healthy habit and health control culture**, by creating digitalized laboratory exam databases for producing statistics and target improvements.

4. **Expand psychological support coverage** for collaborators with emotional and/or mental needs.
5. **Provide physical therapy services** in order to reduce musculoskeletal injuries among collaborators exposed to ergonomic risks, and to improve chronic injuries through shockwave therapy service, even covering collaborators from rural areas.

The program in Costa Rica currently encompasses:

- Medical services
- Nutrition services
- Psychological services
- Physical therapy services
- Laboratory exam services
- Physical wellbeing agenda



## Main results and milestones for the period | Commitment #2 for 2020

### Work Relations

At FIFCO, maintaining a harmonious work relationship with collaborators is a priority. Efforts and results on issues like remuneration, benefits, freedom of association, and trade union management, as part of that are specified below.

#### Costa Rica

In Costa Rica, an annual increase was implemented in January. The raise was the same for every level of the organization.

#### Guatemala

The annual increase percentage is the same for the best-paid person as for the payroll's average, 4.3% versus 4.2% the previous year.



#### Our Balanced Score Card

#### United States

The General Manager received a 1.5% increase (in comparison to 3% the previous period). However, this year collaborators received 1.5% versus 3.9% compared to the previous period.

Depending on the position and unit they belong to, collaborators are assessed through Balanced Score Card, a methodology reflecting the company's commitment to generating value in three dimensions: economic, social and environmental. This assessment structure is reinforced through monthly alignment meetings presented in this report.

SUSTAINABLE DEVELOPMENT GOALS

THIS INITIATIVE CONTRIBUTES TO

4 QUALITY EDUCATION



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



## Main results and milestones for the period | Commitment #2 for 2020

### Work relations

#### Collaborator Benefits

##### Costa Rica

- Cafeteria service
- Company doctor
- Life insurance (applicable to Florida Bebidas managers and heads; Florida Retail managers, heads, supervisors and professionals; and Reserva Conchal managers )
- Medical insurance (applicable to Florida Bebidas managers and heads; Florida Retail and Reserva Conchal managers)
- Disability coverage
- Maternity and paternity leave
- Actions (applicable only to Florida Bebidas managers)
- Performance bonus (applicable to all except Reserva Conchal Supervisors, Professionals and Workers)
- Higher education scholarships
- Solidarity Association
- Diversified education programs
- Salary advances
- Severance pay advance (applicable only to Florida Bebidas)
- Car allowance (applicable only to Florida Bebidas and Florida Retail managers)
- Gifts or product discounts
- Wellbeing program
- Housing subsidy (applicable only to Reserva Conchal and

- those candidates moving from San Jose)
- Reward for all the company's non-executive population
- Flexible hours and telecommuting options

##### Guatemala

Through the trade union, its members receive a food subsidy, medical and dental clinic, vacation bonus and universal compensation, among others. Also, personnel enjoys:

- Tiered vacations and 20 days (the law establishes 15)
- Cooperative
- Productivity bonus
- Ophthalmologic aid (only for regular staff)
- Dental aid
- Company doctor for 100% of collaborators
- Dental clinic for 100% of collaborators
- 24-hour company nurse
- Medical insurance (administrative personnel level 13 and up)
- Childbirth allowance
- Death allowance
- Help for school and bus service (workers)
- Studies grant
- Health fairs extensive to relatives

- Cafeteria service
- Life insurance
- Salary advances
- Product discounts
- Vacation bonus (20% for administrative personnel since February 2010; according to the Collective Agreement table, it is different for workers)

##### United States

- Medical insurance
- Dental insurance
- Ophthalmologic insurance
- Flexible expense accounts
- Employee assistance programs
- Disability insurance
- Life and accident insurance
- Retirement savings plan
- Paid free time
- Paid vacations
- Union license
- Volunteering during work hours

## Main results and milestones for the period | Commitment #2 for 2020

### Work relations

#### Freedom of association

DISCLOSURE GRI 102-41

Countries where we operate respect the freedom of association established by local labor legislation, as well as agreements ratified by the International Labor Organization (ILO). The company acknowledges the Solidarity Movement's great worth in Costa Rica's case, as well as its valuable contributions to the country's development. No strikes or labor disputes were reported during the year in any of the countries where FIFCO has operations.

#### About trade unions

A minimum number of weeks of prior notice are stipulated in case of operational changes affecting collective agreements and their members. A collective agreement for the Guatemalan operation specifies 8 weeks as the period for prior notice, inquiries and negotiations. In the United States no prior notice is required in settings without a trade union. In general, given any change in operations, two to four weeks prior notice are given before the event. Regarding Costa Rica, this is



#### Organizaciones de afiliación voluntaria

Porcentaje de empleados afiliados

Country	Type of agreement	Employee coverage		
		2016	2017	2018
Costa Rica	<i>Asociación Solidarista de Empleados de Reserva Conchal y Afines (ASORESERVA)</i>	96%	97%	98%
	<i>Asociación Solidarista de Empleados de Panificadora Nacional (ASEPAN)</i>	77%	76,49%	76.91%
	<i>Asociación Florida (ASOFLORIDA)</i>	85.4%	83%	72.98%
	<i>Asociación Solidarista de Vinos y Destilados (ASOHI)</i>	77%	84%	88%
Guatemala	Kern's Workers Union	39%	39,88%	39.55%
United States	There are 5 different trade unions	32%	32%	31.3%

not the case because there is no trade union. Prior notice periods at FIFCO are applied according to each country's labor legislation, regardless of organizational changes



## Main results and milestones for the period | Commitment #2 for 2020

### Human Rights

FIFCO supports and promotes respect for Human Rights both in its direct operation and in its value chain. The company uses the **United Nations International Bill of Human Rights** as reference, made up of three instruments: Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights. Aside from that, FIFCO takes into consideration the principles established within the **United Nations Global Compact**.

An interdisciplinary group was created in 2017, which analyzes the most relevant Human Rights for the company and prepares a preliminary draft of a policy that is undergoing the edition and revision process in this period, in order to have the Board of Directors' final approval for the next fiscal period. This group received Human Rights training during this reporting period.

**Our Code of Ethics and Business Commercial Conduct**, captures the corporate



commitment to Human Rights by pointing out, among other issues, the prohibition of and disciplinary actions in case of situations such as:

- Discrimination based on gender, ethnic group, sexual orientation, age, political or religious beliefs, different abilities or capabilities, marital status, among others.
- Mistreatment and/or physical or psychological abuse or forced labor.
- Assault, harassment and/or sexual abuse.

Asimismo, en el Código se reconocen los derechos de todos los niños de estar protegidos contra la explotación económica, y la compañía respeta las leyes de cada país donde opera en cuanto a la edad mínima de contratación de empleados.

Furthermore, the Code recognizes the right of all children to be protected against economic exploitation, and the company respects the laws of each country where it operates, regarding minimum age for hiring workers. In Guatemala, according to the

SUSTAINABLE DEVELOPMENT GOALS

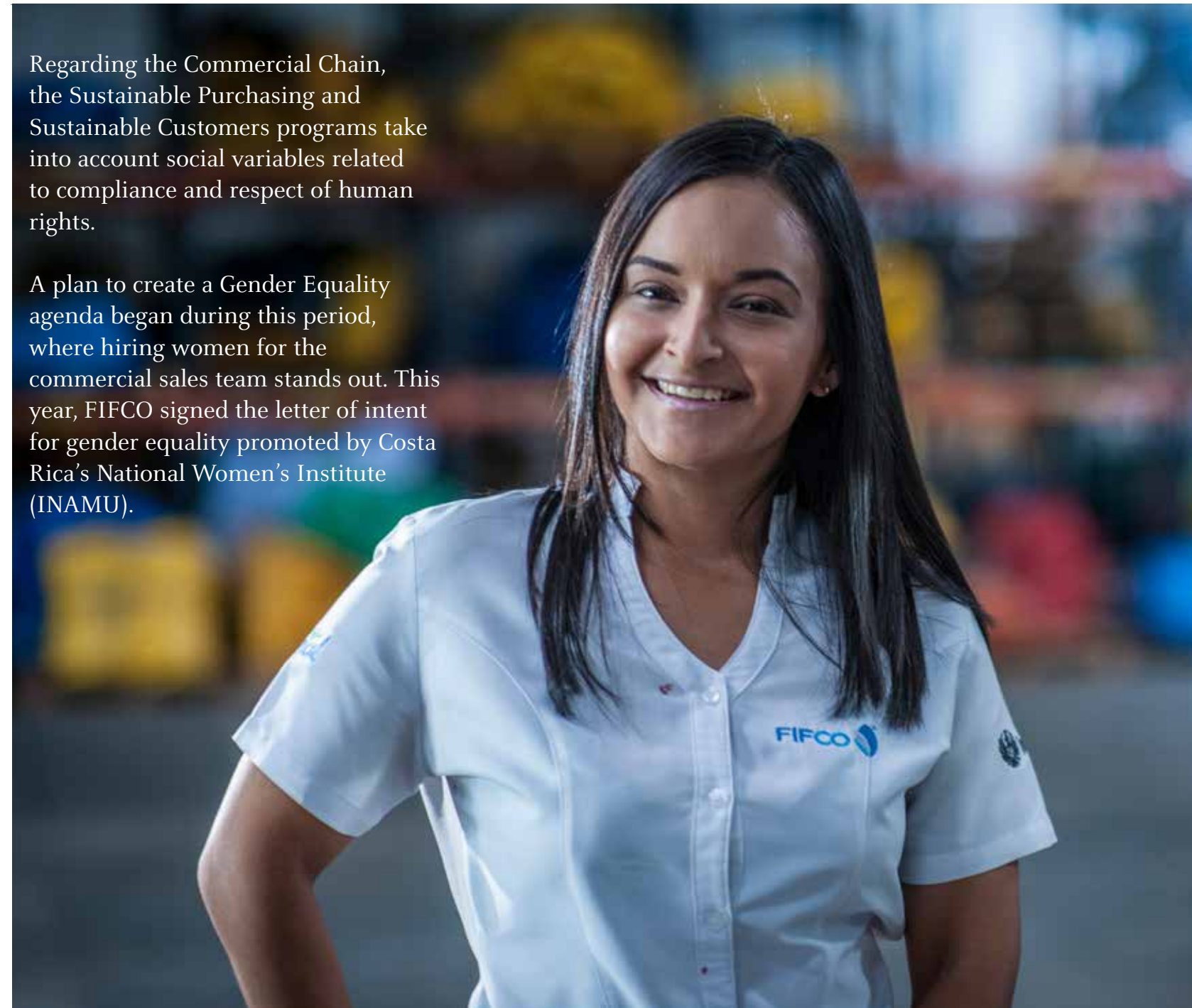
THIS INITIATIVE CONTRIBUTES TO



Industrias Alimenticias Kern's Workers Union Collective Agreement and to the country's laws, the company has positions available for sons and daughters of workers in the form of learning contracts. This way, youths between the ages of 16 and 18 can participate as trainees of a trade in various areas of the company. During the reporting period, the operation covered 6 positions in this category.

## Main results and milestones for the period | Commitment #2 for 2020

## Human Rights



Regarding the Commercial Chain, the Sustainable Purchasing and Sustainable Customers programs take into account social variables related to compliance and respect of human rights.

A plan to create a Gender Equality agenda began during this period, where hiring women for the commercial sales team stands out. This year, FIFCO signed the letter of intent for gender equality promoted by Costa Rica's National Women's Institute (INAMU).



## San Jose Declaration

For second consecutive year, during this period FIFCO signed the San Jose Declaration, a pledge against sexual discrimination and in favor of promoting Human Rights, along with 20 other Costa Rican companies. See page 133 of FIFCO's Integrated Report 2016 to see the 10 principles covered in this declaration.

During 2018, with the San Jose Declaration pledge renewal, FIFCO undertook to:

- 1** Developing actions for improving work climate and environment that include diversity and inclusion issues for the LGBTI population.
- 2** Training personnel in charge of employees on Human Rights issues.
- 3** Defining goals, actions and resources meant for inclusion matters, including the LGBTI population as well.
- 4** Developing a way to measure continuous improvement in workplace inclusion and respect for the rights of the LGBTI population.
- 5** Strengthen third-party partnerships or projects for supporting the promotion of Human Rights for LGBTI people.

# External Social Dimension





## External Social Dimension



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## A quick word with Gisela Sánchez

DIRECTOR OF CORPORATE RELATIONS | FIFCO

### Why does FIFCO develop the *Océanos* project?

Social and environmental innovation is a pillar of our Triple Bottom Line strategy. The *Océanos* project began as a dream and in less than a year it came together as a project with clear goals and an important course of action striving to take on a world challenge. This plastic eradication agenda as we know it today, implies a multidisciplinary research agenda which we are sure will mark our company's future.

### Where is the *Elegí Ayudar* volunteer program positioned?

This year, our volunteer program far exceeded its annual volunteer hour goal. In 2018, *Elegí Ayudar* totaled more than 145,000 volunteer hours, which takes us to a 61% compliance with our commitment of reaching one million volunteer hours by 2020. This figure also consolidates FIFCO as one of Central America's companies with more volunteer hours. It is important to mention that *Elegí Ayudar* carries out projects in Costa Rica, Guatemala and the United States, with great acceptance on behalf of the different stakeholders that have been positively impacted.

A 2018 milestone is consumer involvement. Brands make the volunteering tool their own, as a way of going the extra mile, offset their products own impact footprint while connecting with their consumers through a purpose. The over 14,000 hours achieved hand-in-hand with our consumers is only the beginning.

### What value does FIFCO see in public-private partnerships?

FIFCO is a company that trusts public-private partnerships as a way to have a positive impact on society. For example, we partner with the Ministry of Public Education and the Ministry of Health for our Comprehensive Smart Consumption program, which seeks to promote a healthy lifestyle among children, youth and adults. Another clear example of work done through partnerships with local governments and other institutions, which result in wellbeing for the community, is *Desamparados 360°* through La Libertad Sensory Park's inauguration.

As a company, we align ourselves with and contribute to the Sustainable Development Goals, particularly focused on Objective number 17, Partnerships for the Goals. We are firm believers in the power and impact of collaboration on civil society and the public and private sectors.





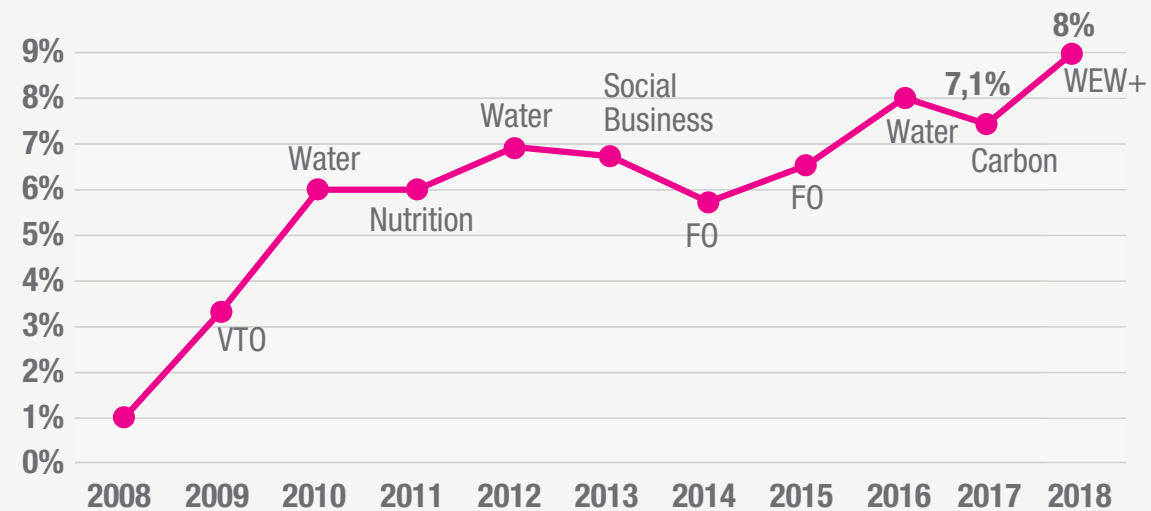
## Strategic social investment and local communities

**Through various programs and initiatives, FIFCO shares with the world a better way of living.**

As a corporate citizen, the company goes beyond philanthropic contributions and offsetting operational footprints, also focusing on social investment in the communities where it operates and strategically contributing to national and global causes. It does this through four main initiatives that contribute to 12 of the 17 UN Sustainable Development Goals: *Elegí Ayudar* volunteer program, Nutrivida social enterprise, the Comprehensive Smart Consumption program, and the Dual Training program at the Reserva Conchal operation. The volunteer program was chosen out of these three initiatives as part of the company's commitments for 2020. However, all of the abovementioned endeavors are somehow linked to Commitment #7: spearhead with brands that make the world a better place to live.



**Percentage of our profits spent on social investment**





## Strategic social investment and local communities

### FIFCO endorses the creation of Sensory Park

La Libertad Park in Desamparados boasts an area that triggers social inclusion and participation, it is a meeting place, a space for exchange and interaction, where the entire family can enjoy and children learn while playing in the gardens and innovative games. The construction of Sensory Park took fifteen sessions of volunteer work by FIFCO collaborators who completed up to 400 work hours. The company endorsed the park as part of *Desamparados 360°*'s developments, a comprehensive intervention project for the canton, encompassing various key areas. *Desamparados 360°* is a collective effort between the municipality, the MEP's Regional Department, La Libertad Park, and FIFCO.

Through this project, the company contributes to the creation of more inclusive, safe, resilient, and sustainable communities, as reflected in one of the UN's Sustainable Development Goals. Investment for Sensory Park exceeded \$45,000.





## Our goal

## Be champions in Community and Comprehensive Smart Consumption matters

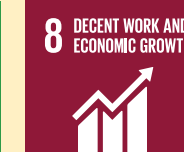


### SUSTAINABLE DEVELOPMENT GOALS

#### THIS INITIATIVE CONTRIBUTES TO



3 GOOD HEALTH AND WELL-BEING



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



17 PARTNERSHIPS FOR THE GOALS

**As provided for in our FIFCO 2020 vision, the company reaffirms its commitment to promoting Comprehensive Smart Consumption, as well as to the development of the communities it operates in.**

We address both agendas through strategic social investment, in order to achieve our commitment to become worldwide models for food and beverage Comprehensive Smart Consumption, leading with brands that make the world a better place to live. In comparison to the previous year, this year 7.5% of revenues are reportedly invested in social and environmental projects.



## Our goal

# Material topics

In order to measure, reduce and offset its negative impact on society, FIFCO defined its main social footprints so that it would instead create positive value through the various initiatives that go hand-in-hand with the company's goal, its commitments for 2020 and that also support the 12 out of the 17 United Nations' Sustainable Development Goals.

of the 17 United Nations' Sustainable Development Goals. These are the External Social Dimension material topics:

- 1 Strategic Social Investment and Local Communities
- 2 Comprehensive Smart Consumption
- 3 Ethics and Transparency





## Main results and milestones for the period



### COMMITMENT #3 FOR 2020

**Complete 1 million volunteer hours**



### Elegí Ayudar Volunteer Program

FIFCO's *Elegí Ayudar* Volunteer Program runs in the four countries where it operates. In 2017, ten years after its launch and a pioneer in Costa Rica and Guatemala, in 2017 FIFCO aims to accumulate 1 million volunteer hours by 2020. Achieving record amounts of volunteer hours dedicated to social and environmental causes in Costa Rica and the region, 2018 is a historic year for *Elegí Ayudar* with a total of 145,741 hours.

The program surpassed by 24% its proposed goal of 117,500 hours for the year

**SUSTAINABLE DEVELOPMENT GOALS**  
THIS INITIATIVE CONTRIBUTES TO



#### Social Innovation

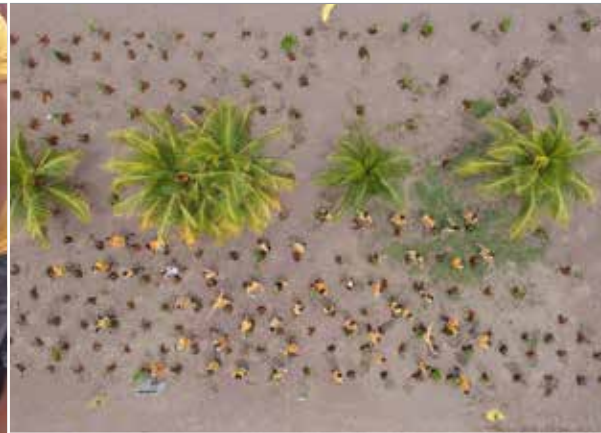
**145,741**  
hours of volunteer work during 2017

**95%**  
participation of FIFCO population

**New key stakeholder involvement:**

family and friends of company collaborators and brand consumers.





Our brands surpass the proposed goal of volunteering with consumers by 51%, reaching more than

**13,303**  
hours



**ÁGUILAS AL RESCATE**  
**+3,200** trees planted  
as part of a coastal restoration program







### **Tropical te Mueve**

Tropical impacts more than 500 homeless men and women with its wellness and solidarity proposal.



### **El Escuadrón Pilsen**

invites their consumers to be part of Hospital Mexico's oncology unit and to join in the "Movember" campaign.



### **Circuito Saludable**

impacted more than 65,000 children in Costa Rican public schools and high schools with a fun message of balance, wellbeing and nutrition.


















Main results and milestones for the period | Commitment #3 for 2020

**Elegí Ayudar Program**

**Corporate volunteering:  
Promoting a volunteering  
culture**

The commitment to reach one million volunteer hours by 2020, aims to promote a volunteering culture in the countries where the company operates. In addition to the involvement of stakeholders such as shareholders, collaborators' family members, suppliers, clients, and consumers, the company goes a step further by inviting other companies to volunteer. FIFCO acknowledges volunteering as the most relevant social tool for tackling the social and economic development challenges of the countries where it is present, and encourages other companies and organizations to adopt it as well. A total of 8,299 hours for the 2018 period, make it a record year for this corporate stakeholder's involvement and participation.

**Volunteering** | Our corporate partners

**SUSTAINABLE DEVELOPMENT GOALS**  
THIS INITIATIVE CONTRIBUTES TO

	
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## Main results and milestones for the period | Commitment #3 for 2020

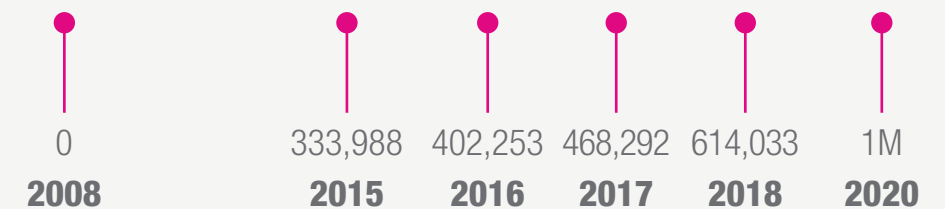
**Elegí Ayudar Program****Elegí Ayudar 2018 Results**

Year	Florida Bebidas	Industrias Alimenticias Kern's	Florida Hospitalidad	Florida Retail	FIFCO USA	External Stakeholders (Shareholders, Suppliers, Customers, and the Community)	Total
2008 – 2009	24,950	-	-	4,630	-	-	24,950
2009 – 2010	46,274	-	-	46%	-	-	46,274
2010 – 2011	48,798	-	-	5,096	-	-	48,798
2011 – 2012	47,126	4,351	2,950	152	-	-	54,427
2012 – 2013	45,895	4,971	3,431	5,248	2,416	-	56,713
2013 – 2014	38,836	4,736	3,113	644	3,096	-	50,782
2014 – 2015	40,548	4,460	2,724	4,604	4,268	5,637	57,637
2015 – 2016	41,502	5,116	3,008	4,604	5,248	7,798	62,672
2016 – 2017	40,183	5,303	5,258	4,604	5,368	9,204	67,040
2017 – 2018	48,035	5,994	7,962	16,684	11,185	54,786	145,741
<b>Total</b>	<b>422,147</b>	<b>34,931</b>	<b>28,446</b>	<b>37,080</b>	<b>38,824</b>	<b>56,510</b>	<b>614,033</b>

WE ARE GOING AFTER

**61%** of the goal for 2020

ACCUMULATED HOURS





## Elegí Ayudar Program

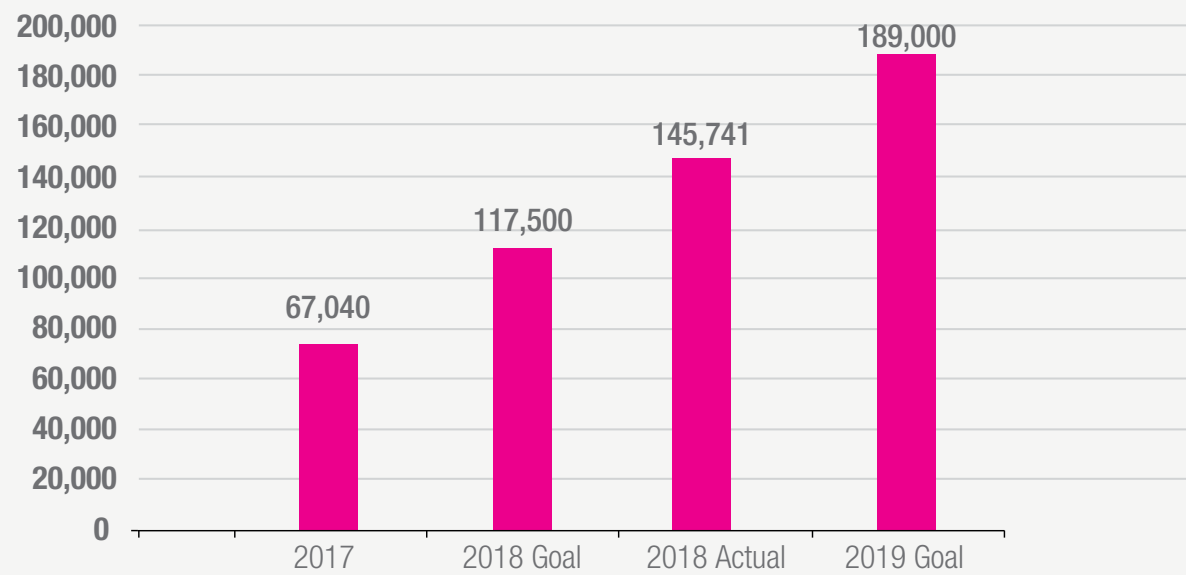
### Projects by business unit

Business Unit	Social volunteering	Environmental volunteering
<b>Florida Bebidas</b>	<ul style="list-style-type: none"> <li>• Comprehensive Smart Consumption and life balance talks and campaigns in elementary schools and high schools</li> <li>• Nutrivida tastings and support for the MANU Network</li> <li>• Support for Nutrivida production</li> <li>• Food Bank</li> <li>• <i>Fundación Quirós Tanzi</i></li> <li>• Legal talks and financial consulting for FIFCO Oportunidades members</li> <li>• Sensory Park construction in La Libertad Park</li> <li>• <i>Desamparados 360°</i> Project</li> <li>• Support for senior citizen homes</li> <li>• Support for the homeless</li> <li>• Construction work for building <i>FIFCO Oportunidades</i> beneficiary houses</li> <li>• Maintenance and construction work at Hospital México: Movember</li> </ul>	<ul style="list-style-type: none"> <li>• Beach clean ups</li> <li>• Environmental and dengue breeding site awareness campaigns in schools, parks and communities</li> <li>• Conservation area and National Park maintenance</li> <li>• Tree planting and maintenance</li> <li>• Access to safe drinking water</li> </ul>
<b>Florida Hospitalidad</b>	<ul style="list-style-type: none"> <li>• Land donation to the Huacas Santa Cruz Fire Station in Guanacaste</li> <li>• Support for the Food Bank</li> <li>• Support for the Dual Training Program</li> <li>• School embellishment and infrastructure repairs</li> <li>• Awareness through the Leatherback Turtle Festival</li> <li>• Support during national emergencies</li> </ul>	<ul style="list-style-type: none"> <li>• Waste training for children</li> <li>• National park trail clean up</li> <li>• Partnership with SIFAIS* to provide environmental training</li> <li>• Sustainable Customers</li> <li>• Promote recycling</li> </ul>
<b>Florida Retail</b>	<ul style="list-style-type: none"> <li>• Support for the Food Bank</li> <li>• Beach clean ups</li> <li>• Improvements to community parks and school infrastructure</li> <li>• Partnership with SIFAIS (Integrated System of Art Education for Social Inclusion) to provide social training</li> <li>• Promote Smart Consumption</li> <li>• Support Nutrivida</li> <li>• Movember campaign</li> </ul>	<ul style="list-style-type: none"> <li>• Waste training for children</li> <li>• National park trail clean up</li> <li>• Partnership with SIFAIS* to provide environmental training</li> <li>• Sustainable Customers</li> <li>• Promote recycling</li> </ul>
<b>IAK   Guatemala</b>	<ul style="list-style-type: none"> <li>• Support for <i>Fundación Genesis</i>, Development through Movement</li> <li>• Meals for children in children's centers</li> <li>• <i>Fundación Esperanza de Vida</i></li> <li>• Municipal partnerships: nutrition education in schools</li> <li>• Aid for victims of the <i>Volcán de Fuego</i> eruption</li> </ul>	<ul style="list-style-type: none"> <li>• Antigua clean up</li> <li>• Municipal clean up sessions</li> <li>• Partnership with <i>Fundación Esperanza de Vida</i> for garden creation</li> </ul>
<b>FIFCO USA</b>	<ul style="list-style-type: none"> <li>• Support for the Food Bank</li> <li>• Promote Smart Consumption</li> </ul>	<ul style="list-style-type: none"> <li>• Tree planting</li> <li>• Garbage collection</li> <li>• Basins and green space maintenance and conservation in the main neighboring communities</li> </ul>

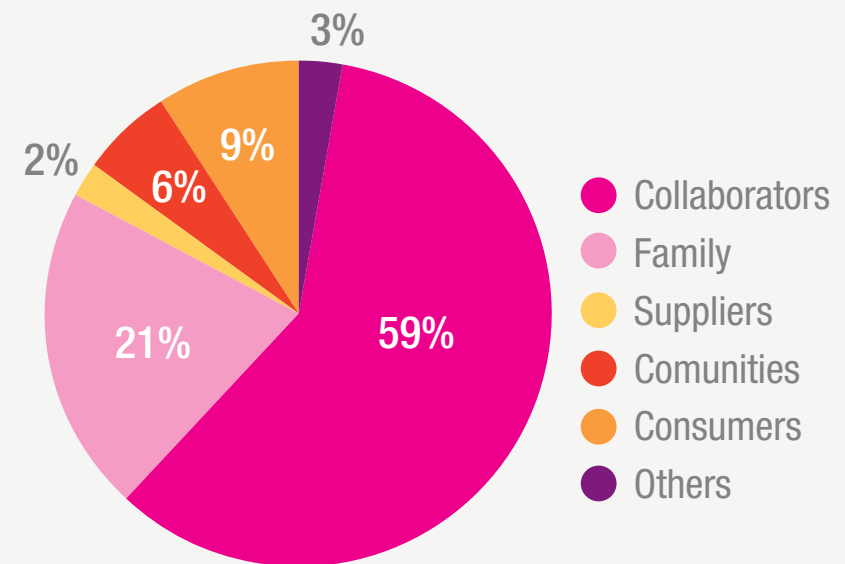
Main results and milestones for the period | Commitment #3 for 2020

**Elegí Ayudar Program**

**Volunteering | 2018 Summary**



**Volunteering | Contribution by stakeholder**



## Main results and milestones for the period



## Nutrivida

### Nutrivida closes 2018 with moderate growth compared to the previous year; strengthens its institutional channel, and relaunches the MANU Network.

During this year, institutional sales accounted for nearly 50% of total sales, while 46% of the invoiced products were placed in the main supermarket chains. In comparison to the previous fiscal year, institutional sales showed a double-digit growth, while the brand faced a highly competitive context in the retail category. Meanwhile, the Pro Nutrition Moms Network (MANU) grew more than 100%, while distribution through *Distribuidora La Florida* decreased slightly

### Impacto Social

By implementing 25 partnerships, close to 270 thousand people in several of Costa Rica's vulnerable regions were reached. At the same time, cooperation of socially responsible companies was strengthened through economic contributions or in kind: *Florida Bebidas*,



Banco Nacional, BAC San José, and *Liga Deportiva Alajuelense* (soccer association).

### MANU Network

The initiative was able to reach approximately 200 families directly, and 1,000 indirectly. Once the pilot plan was concluded, developed with support from the Inter-American Development Bank

(IDB), it began its scaling up process to include more than 160 women vendors of Nutrivida and some *Florida Bebidas* products, who can meet their basic needs, as well as receive training to strengthen their sales and leadership abilities.

## SUSTAINABLE DEVELOPMENT GOALS

THIS INITIATIVE CONTRIBUTES TO





## Main results and milestones for the period

### Nutrivida

#### Nutrivida's impact

Pilar	2016	2017	2018	TOTAL
Total sales, tons	59.5	57.2	73.31	<b>190,01</b>
Total meals served	7,752,644	8,759,647	6,985,405	<b>23,497,696</b>
Total meals donated	556,646	302,000	267,867	<b>1,126,513</b>

#### Nutrivida's Innovations

A new commercial strategy focuses on strengthening the institutional channel as the business's foundation. Two main accomplishments were adding Pizza Hut, a client for which an exclusive iced tea formula is being created, and new lines of sales with the National Production Council (CNP).



#### Nutrivida | 2018 partnerships and strategic promotions

- Hogar de Niños Casa de Pan
- Centro Infantil Jehová Jiret
- Supermercado Cristal
- Hanna Gabriels
- Palliative Care Unit
- Escuela República de Paraguay
- Fundación Humanitaria Costarricense
- Fundación Charcot
- Lifting Hands
- Florida Bebidas
- Asociación San Vicente de Paúl
- Escuela Braulio Castro Chacón
- Jornada de Nutrición Victoriosos - (nutrition day for the homeless)
- CCH Cafeterías
- Platos Llenos (Full Plates) Campaign / Banco Nacional
- Sor María Romero Tastingo
- Liga Deportiva Alajuelense
- Fundación Génesis
- BAC San José
- Obras del Espíritu Santo
- Municipality of Tibás
- Large-scale tasting session days in La Carpio, Alajuelita, León XIII, Los Guido, Coronado, Alajuela

## Main results and milestones for the period

# Dual Training Program

**In 2014, while searching for talent in Guanacaste for the tourism industry, an innovative and successful Dual Training program (known as Dual Education until 2017) was created in partnership with the National Learning Institute (INA).**

This training methodology alternates theoretical teaching with immediate practice in a real work environment, allowing participants to learn hands-on. Practical learning in the hotel's facilities is accompanied by active company collaborators known as "mentors," who guide, advice and transfer without cost, all their knowledge and experience in the apprentices' training areas. There are currently 73 certified, active mentors within the hotel's operations.

In 2018, the Dual Training Program will graduate its fifth generation of students, who studied one of two areas of expertise: professional waiter-bartender, and culinary, this last one under two modalities (hotel cook and C cook).



This fifth generation is comprised of 31 new cooks, and 24 new waiter-bartenders, the highest number of graduates in these fields since the program started in 2014.

This increase reflects the need to have qualified talent from the area, in view of the opening of the new W Hotel Costa Rica Reserva Conchal in November 2018. An important percentage of

## SUSTAINABLE DEVELOPMENT GOALS

THIS INITIATIVE CONTRIBUTES TO



## Egresados Formación Dual 2014-2018

Formación	2014	2015	2016	2017	2018	TOTAL
Salonero-bartender	15	13	17	14	14	83
Cocinero	18	18	18	19	19	104
Camarera de hotel	17	*	*	*	*	17
<b>Total</b>	<b>50</b>	<b>31</b>	<b>35</b>	<b>33</b>	<b>33</b>	<b>204</b>

\*Nota: por la baja demanda de los estudiantes, esta disciplina se eliminó del programa.

## Dual Training

these graduates will be a part of the W Hotel opening staff, and the rest will stay at the Westin Golf Resort & Spa, where they received their training, guaranteeing a minimum 40% hire rate among all graduates.

In the search for specialized, comprehensive training, parallel to the regular training modules, complementary training was included on topics like: drug use prevention, Smart Consumption of food and beverages, family finances, and workshops on subjects related to their studies, such as: wine culture, fruit-based cocktail making, coffee-based drinks, and others. They also take part in integration activities within the company, which favor graduates' social and environmental awareness, through involvement in FIFCO's *Elegí Ayudar* volunteer program projects.

The 2019 group-forming selection process has been completed, with 40 new students mostly from the Guanacaste province.

### Dual Training in energy efficiency and renewable energy

FIFCO enters into its second Dual Training program in March 2018. Youth from the Greater Metropolitan Area (Costa Rica) began their education as "Specialized Energy Efficiency and Renewable Energy Technicians" through the Dual Training format, an initiative promoted by FIFCO and conducted by the National Learning Institute (INA).

The 394-hour program develops human resource skills in energy issues, between theory at the INA, and practice at FIFCO facilities. Seven company collaborators took part in the first generation, along with 3 external students. FIFCO also provided 10 company mentors who guided the students throughout their practice.

#### OBJETIVOS DE DESARROLLO SOSTENIBLE A LOS QUE CONTRIBUYE ESTA INICIATIVA



**I am and will always be infinitely thankful to the INA, as well as to Westin, and Reserva Conchal, because they provide people in difficult situations like mine, the opportunity to rediscover themselves as persons and as professionals. I hope this incredible institution's work lasts for a long time and continues giving many people opportunities for a better future. I look forward to showing everything I learned very soon"**

**Amed Álvarez**

2018 Dual Training Student  
Westin Hotel, Playa Conchal



## Main results and milestones for the period



### COMMITMENT #4 FOR 2020

## Be the benchmark for Smart Consumption of food and beverages



## Comprehensive Smart Consumption

During the 2018 period, important progress was made in the Comprehensive Smart Consumption agenda, through initiatives focusing on education and promoting the adoption of responsible consumer habits and patterns for the food and alcoholic and non-alcoholic beverage segments with brand participation, as well as promoting well-balanced and active lifestyles among the different populations reached. Conversely, progress was also made along with the brands, on the products' nutrient footprint reduction maps.

SUSTAINABLE DEVELOPMENT GOALS  
THIS INITIATIVE CONTRIBUTES TO



## Main results and milestones for the period | Commitment #4 for 2020

## Comprehensive Smart Consumption

## Main results, 2017-2018

Proyectos	2016	2017	2018
	Smart Consumption (SC)	Comprehensive Smart Consumption (CSC)	Comprehensive Smart Consumption (CSC)
	Results	Results	Results
Mass Smart Consumption campaign and Facebook fanpage	<b>#EsMejorPlan campaign launch</b> <ul style="list-style-type: none"> <li>+445,000 people reached</li> <li>+ 17 million web impressions</li> <li>+24,600 likes on Facebook fanpage</li> </ul>	<b>#EsMejorPlan campaign launch</b> <ul style="list-style-type: none"> <li>+202,000 people reached on digital media</li> <li>+11 million web impressions</li> <li>+43,000 clicks on digital media</li> <li>Facebook fanpage with +40 thousand likes, +3 million people reached, and +3 million content impressions</li> <li>Presence at Palmares festivities</li> </ul>	<b>#TomáMejor campaign launch</b> <ul style="list-style-type: none"> <li>Reach: 535,839 people</li> <li>Impressions: 2,504,255 people</li> <li>Interactions: 134,604 unique visitors</li> <li>Internal campaign for FIFCO collaborators</li> <li>Greater social media presence, addition of new networks</li> </ul>
E-learning "Responsabilidad en Acción" (Responsibility in Action)	<b>Launch at 7 points of sale, with an experiential training session</b>	<ul style="list-style-type: none"> <li>75 people trained through 2 experiential talks and an activation to promote the digital course</li> <li>A modification process began to migrate to a more user-friendly app</li> </ul>	<ul style="list-style-type: none"> <li><i>Responsabilidad en Acción</i> app launch</li> <li>Training sessions in bars, hotels, and restaurants, and in the Costa Rican Chamber of Restaurants and Hotels (CACORE)</li> </ul>
E-learning "Embajador del Consumo Inteligente" (Smart Consumption Ambassador)	<b>Launch through new digital platform</b> Direct approach to consumers through experiential platforms (cooking classes and gastronomic tours)	<ul style="list-style-type: none"> <li>154 people, all from FIFCO's Wines and Spirits, trained in Smart Alcohol Consumption, becoming the first 100% trained business unit</li> <li>Rural warehouse sales force Comprehensive Smart Consumption training</li> <li>Smart Snacks in-house training for FIFCO collaborators</li> <li>Nutrition and healthy lifestyle training at Florida Retail</li> </ul>	<ul style="list-style-type: none"> <li>More than 2,600 people trained during 2018 as Smart Consumption ambassadors</li> <li>More than 250 FIFCO USA collaborators trained as Smart Alcohol Consumption ambassadors</li> <li>287 Retail colleagues trained in healthy lifestyle and nutrition issues by nutrition specialists</li> </ul>

Proyectos	2016	2017	2018
	Smart Consumption (SC)	Comprehensive Smart Consumption (CSC)	Comprehensive Smart Consumption (CSC)
	Results	Results	Results
<b>E-learning “Aprendo a Manejar” (Learning to Drive)</b>	<ul style="list-style-type: none"> <li>• Launch through new digital platform</li> <li>• Direct approach to consumers through experiential platforms (cooking classes and gastronomic tours)</li> </ul>	<ul style="list-style-type: none"> <li>• 154 people, all from FIFCO’s Wines and Spirits, trained in Smart Alcohol Consumption, becoming the first 100% trained business unit</li> <li>• Rural warehouse sales force Comprehensive Smart Consumption training</li> <li>• Smart Snacks in-house training for FIFCO collaborators</li> <li>• Nutrition and healthy lifestyle training at Florida Retail</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Aprendo a Manejar</i> mobile app launch</li> <li>• <i>Aprendo a Manejar</i> mobile app launch</li> <li>• On <i>Aprendo a Manejar</i>’s Facebook page: <ul style="list-style-type: none"> <li>• New likes: 11,572 people</li> <li>• Reach: 150,830 people</li> <li>• Impressions: 4,229,015 people</li> <li>• Interactions: 131,258 unique users</li> </ul> </li> </ul>
<b>Participation in education, culture and gastronomic fairs</b>	<ul style="list-style-type: none"> <li>• FID and TEDx</li> <li>• Gastronomic fairs in the GMA</li> <li>• <i>La Avenida</i> internal gastronomic and cultural fair</li> <li>• 10,000 people reached in all activities</li> </ul>	<ul style="list-style-type: none"> <li>• FID and TEDx (the latter, with <i>#EsMejorPlan</i> campaign spots shown during the three days of the event)</li> <li>• Gastronomic festivals in the GMA, Nutrition Conference, Oktoberfest, and World Food Day</li> <li>• +12,000 people reached through all activities</li> </ul>	<ul style="list-style-type: none"> <li>• In 2018, we were present at Nutrition and Metabolism Conferences with our Comprehensive Smart Consumption stand, promoting physical activity and nutritional awareness, attended mainly by external FIFCO volunteers, students with a background in Nutrition</li> <li>• Participation in various gastronomic festivals and corporate events</li> </ul>
<b>Participation in our brand and alcoholic product events</b>	<ul style="list-style-type: none"> <li>• SC continuity and expansion at events held by our alcoholic beverage brands</li> <li>• Reach: +14,500 people</li> </ul>	<ul style="list-style-type: none"> <li>• Significant SC presence expansion in events held or sponsored by our alcoholic beverage brands</li> <li>• Reached +34,000 people</li> </ul>	<ul style="list-style-type: none"> <li>• We widened the scope of our dynamic activations even more at brand parties and events with +60,000 attendees, being present in more activations than the previous year</li> </ul>
<b>Events promoting other consumption opportunities</b>	<ul style="list-style-type: none"> <li>• Addition of wines and spirits</li> <li>• 8 events to promote new consumption occasions, addressed to internal and external stakeholders: 2 Beer City Tours, 2 Wine City Tours, 2 Beer Live Cooking, and 2 Wine Live Cooking</li> </ul>	<ul style="list-style-type: none"> <li>• Events meant to promote new consumption opportunities, holding one exclusively for food and beverages, originating from relevant Costa Rican institutions as CACIA, CACORE, INA, Chefs Association, Chamber of Hotels, ICT and various cooking schools, in order to strengthen these partnerships and share this information with the industry (Beer Live Cooking), and another one dedicated to internal and external stakeholders (Wine City Tour)</li> </ul>	<ul style="list-style-type: none"> <li>• This subject was managed differently during 2018, as part of the mass media campaign and FIFCO collaborators’ internal campaign</li> </ul>



Projects	2016	2017	2018
	Smart Consumption (SC)	Comprehensive Smart Consumption (CSC)	Comprehensive Smart Consumption (CSC)
	Results	Results	Results
<b>Strategic partnerships and agreements</b>	Maintained partnership with MEP and INA, and a strategic partnership with the Police Force (Ministry of Security)	Maintained partnership with MEP, strengthened closer relations with the Health Ministry, and FIFCO became parte of ILSI Mesoamerica.	<ul style="list-style-type: none"> <li>• For another year, in 2018, maintained partnership with the Ministry of Public Education (MEP), for the co-creation of the Circuitos Saludables project.</li> <li>• <i>Circuito Inteligente</i> (Smart Circuit) program, promoting healthy and active lifestyles, and zero alcohol among minors, reached more than 9,000 children in 10 elementary schools located in at-risk areas due to overweight levels: with the program</li> <li>• Maintained participation in ILSI (International Life Science Institute) Mesoamerica in 2018, in order to aid important programs for advancing research in nutrition and health, such as ELANS (Latin American Study of Nutrition and Health), carried out in Costa Rica by the University of Costa Rica's School of Biochemistry, and the Escuelas en Movimiento (Schools in Motion) program by the National University's School of Science of Human Movement, among other programs.</li> <li>• Support for Costa Rica's Health Ministry through the <i>Ponele a la Vida</i> (Do It for Your Life) program, by the Health Ministry and the MERSALUD organization, reaching 50 high schools for a total of 38,000 students who received specific Health and Wellbeing messages especially for the teenage segment and for World Heart Day.</li> </ul>

Projects	2016	2017	2018
	Smart Consumption (SC)	Comprehensive Smart Consumption (CSC)	Comprehensive Smart Consumption (CSC)
	Results	Results	Results
<b>Visits to schools</b> (an event promoting zero alcohol consumption in minors)	<ul style="list-style-type: none"> <li>Reach: 4,660 students from 15 public and private schools</li> </ul>	<ul style="list-style-type: none"> <li>High school visits were modified to expand the subjects discussed. This year, not only zero alcohol consumption among minors was addressed, but also healthy and balanced nutrition, and physical activity were incorporated through fun games in an event called Circuito Saludable, taught in schools to promote behavioral change from an early age</li> <li>The event was lead by 91 FIFCO volunteers trained in the subject, who dedicated 712 volunteer hours</li> <li>5,355 students were reached in 11 socially and economically at-risk public schools within the GMA</li> </ul>	<ul style="list-style-type: none"> <li>This year, the program reached 10 elementary schools (9,592 boys and girls) located in the areas with the highest levels of overweight and obesity, according to the latest MEP census, and through the ludic education Circuito Saludable platform, co-created with the Ministry of Health. This activity consisted of 5 stations for educating through games about nutrition, physical activity and zero alcohol. It reached a total of vulnerability situations and was conducted by more than 130 young external FIFCO volunteers</li> </ul>
<b>Parent talks at schools</b>	<ul style="list-style-type: none"> <li>32 volunteers</li> <li>392 hours of talks</li> <li>16 schools</li> <li>1,287 parents reached</li> </ul>	<ul style="list-style-type: none"> <li>4 volunteers</li> <li>20 volunteer hours</li> <li>4 schools</li> <li>137 parents reached</li> <li>Incursion into a rural school</li> </ul>	<ul style="list-style-type: none"> <li>5 at-risk schools reached, special focus on Costa Rica's canton of Desamparados</li> </ul>
<b>Zero sale of alcoholic beverages to minors at points of sale</b> (volunteer work aimed at raising awareness in the closed product channel)	<ul style="list-style-type: none"> <li>27 volunteers</li> <li>280 hours of points of sale training</li> <li>281 GMA points of sale</li> </ul>	This volunteer service was not carried out	<ul style="list-style-type: none"> <li>Beer Responsibility Day celebration with mass sales volunteering</li> <li>1,400 FIFCO clients trained not just in sales and responsible alcohol consumption, and zero alcohol for minors, but also in food matters</li> </ul>
<b>Training seminar</b> (led by an international expert in alcohol and adolescence)	<ul style="list-style-type: none"> <li>40 professionals trained in those same areas as in 2015.</li> <li>Visits to media</li> </ul>	This seminar was not held	This seminar was not held in 2018

## Main results and milestones for the period | Commitment #4 for 2020

### Advertising Self-Regulation

**F** develops its entire commercial communications for alcoholic beverages (brand advertising, activities, and promotional materials) following the Advertising Self-Regulation Code guidelines by the Association of Alcoholic Beverages Producers and Importers of Costa Rica (APIBACO).

Additionally, as part of the *Cerveceros Latinoamericanos* organization and in line with the World Health Organization (WHO), FIFCO makes public its commitment to promote responsible actions related to the sale of alcoholic beverages.

## Other results for the period

DISCLOSURE GRI 205-3

### Ethics and Transparency

**Ethics and transparency are an essential and crosscutting part of FIFCO's operation. Integrity and honesty, the business's cornerstone, permeate every action, project and relationship.**

The Code of Business Ethics and Commercial Conduct conclusively addresses the issue, by specifying expected collaborator behavior, existing complaint and grievance mechanisms, as well as procedures for dealing with corruption issues.

**SUSTAINABLE DEVELOPMENT GOALS**  
THIS INITIATIVE CONTRIBUTES TO





## Ethics and Transparency

The Code of Ethic's management position is represented by the Corporate Auditor's figure. The governing body members, employees and business partners receive training in the code of ethics and about the company's most important policies. These training sessions are held systematically every 2 years.

There were a total of 1,765 new officials; 1,108 new officials in Costa Rica and 166 in Guatemala have been trained according to corruption-fighting policies and procedures. They represent 27% and 23% of active employees by 09-30-2018, respectively. A total of 816 registered suppliers in Costa Rica, 100 in Guatemala, and 9 in El Salvador, signed the Responsible Supplier Code, a document including the Code of Ethic's main sections.

All governing body members, employees and business partners are required to read and sign the Code of Ethics, as well as a slip to be filed in the official's company file. This code applies to all units in Costa Rica, El Salvador, and

Guatemala; FIFCO USA is governed by its own code.

Costa Rican and Guatemalan business units were assessed on corruption-related issues. Fourteen potential corruption cases were detected in Costa Rica for review (compared to 10 in the 2016-2017 period). Of these, two were for product misappropriation, and two for receiving benefits from suppliers/clients. The collaborators involved were dismissed and two business partners' contracts were not renewed. Five cases were detected in Guatemala, three for procedure breach, and one for conflict of interests.

**FIFCO's Code of Ethics and Conduct provides for the following issues:**

- Responsibilities: ethics and communication, regulation compliance, protection of company assets, accounting record integrity and precision, fair and diverse work practice, discrimination and harassment, hiring of minors, personal conduct
- Company representation before clients and external groups: fair, equitable treatment towards clients and suppliers; political proselytism; public hearings
- Privacy and confidentiality: confidential information, stock market, client and employee private information
- Conflict of interests: business transactions with third parties, gifts and recreational activities, investments, external business activities, use of company name or facilities, corporate opportunities.

- Other important provisions: antitrust laws, environmental and occupational health commitment, and communication about suspicious activities and/or money laundering evidence
- Code implementation, sanctions

### Complaint and grievance mechanisms

Four official areas have been established for receiving queries regarding ethical-lawful conduct, and issues related to the organization's integrity.

- 1) Personally: Ethics and Internal Audit, Security, or Human Resources compliance (applicable to all of FIFCO)
- 2) Through the *Resguarda* supplier site, where the complaint can be filed electronically (applicable for Costa Rica, Guatemala, El Salvador and FIFCO USA).

## Ética y transparencia

3) Confidential ethics hotline: a service provider answers this hotline, and since calls can be anonymous, it has become the most used complaint tool among the Organization's employees (applicable to Costa Rica, Guatemala, El Salvador, and FIFCO USA).

4) Through other organization areas: they are received by the area and sent to the Auditing Department for the investigation process (applicable to all of FIFCO).

FIFCO's personnel know about the confidential ethics hotline, and they also know that they can consult directly with authorized personnel in the Ethics and Human Resources area. As part of the induction process, the staff is trained in the subject, emphasizing and guaranteeing process confidentiality. As a policy within the Code of Ethics, no retaliation can be taken against the people who file any type of complaint.

Questions or phone calls are transcribed and sent to the Audit Department, where they are followed during a 15-day period. Sometimes, queries are forwarded to the Human Resources area, when they are within the area's competence.

### Formally notified complaints

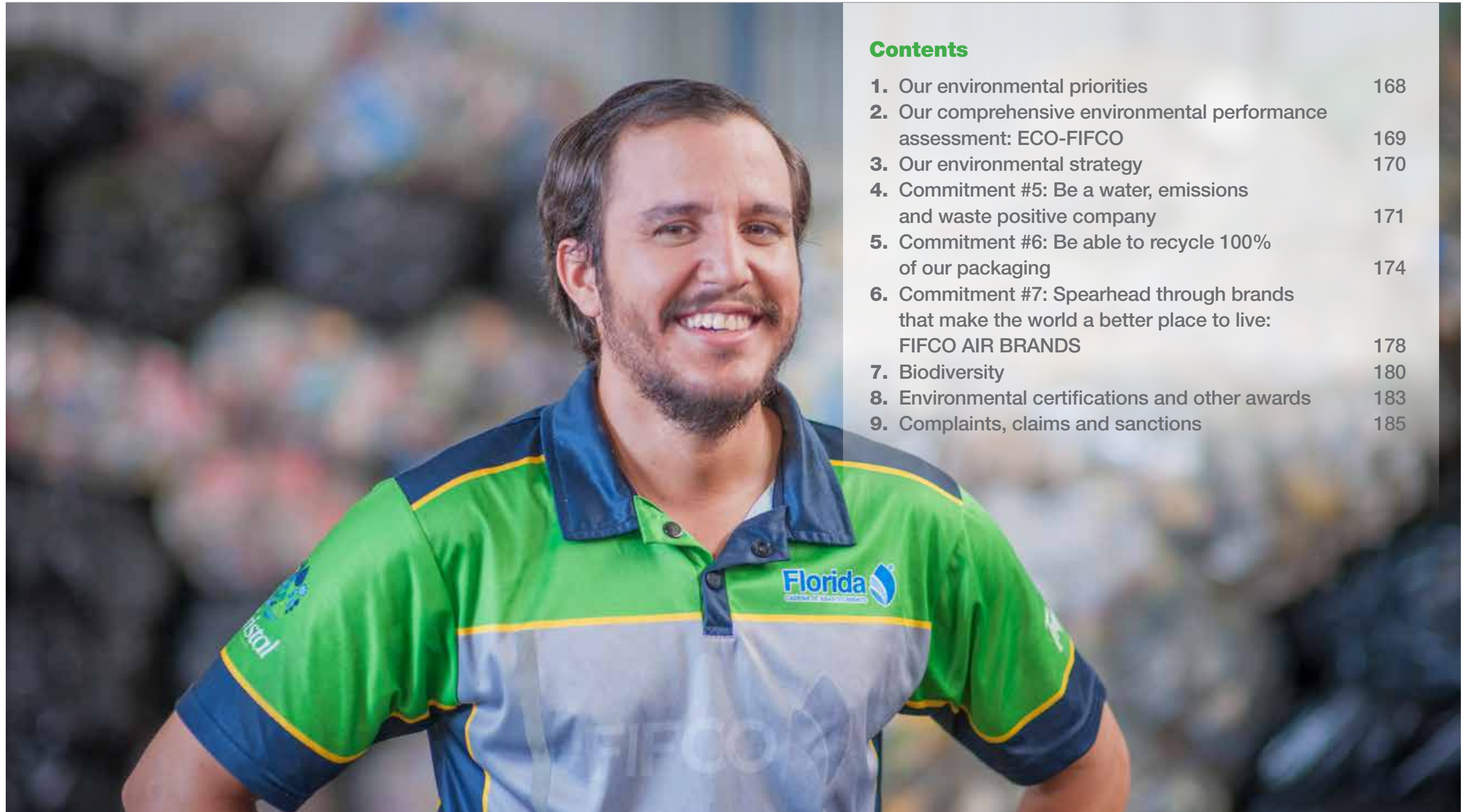
Training	2016	2017	2018
Human Resources complaints	6	7	16
Ethics Code violation complaints	14	23	28
<b>Total complaints</b>	<b>20</b>	<b>30</b>	<b>44</b>
<b>Total complaints solved at the end of the period</b>	<b>13</b>	<b>29</b>	<b>41</b>

# Environmental Dimension





## Environmental Dimension



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## Main results and milestones for the period

In 2018, FIFCO stayed on the path of improving its processes, operations and products' environmental performance in order to create added environmental value for the business, society and different stakeholders, as well as for the environment. Given FIFCO's environmental commitments for 2020, the environmental strategy incorporates additional elements that reinforce the organization's commitment to environmental issues. These challenges posed lead FIFCO towards a new sustainability standard, beyond footprint offset and further towards generating positive environmental value through its brands.

These 4 strategic projects are implemented under a certifiable environmental management system based on international (ISO 14001/14064/14046, Carbon Trust, Audubon) and local (Blue Flag Ecological Program and the Certificate for Sustainable Tourism) environmental standards and protocols. This entire operation takes into account the value chain in order to lead suppliers and clients towards the best economic, environmental and social practices

### Our environmental priorities

#### A. Water resource

(water, sanitation and protection) →  
Water positive

#### B. Waste management

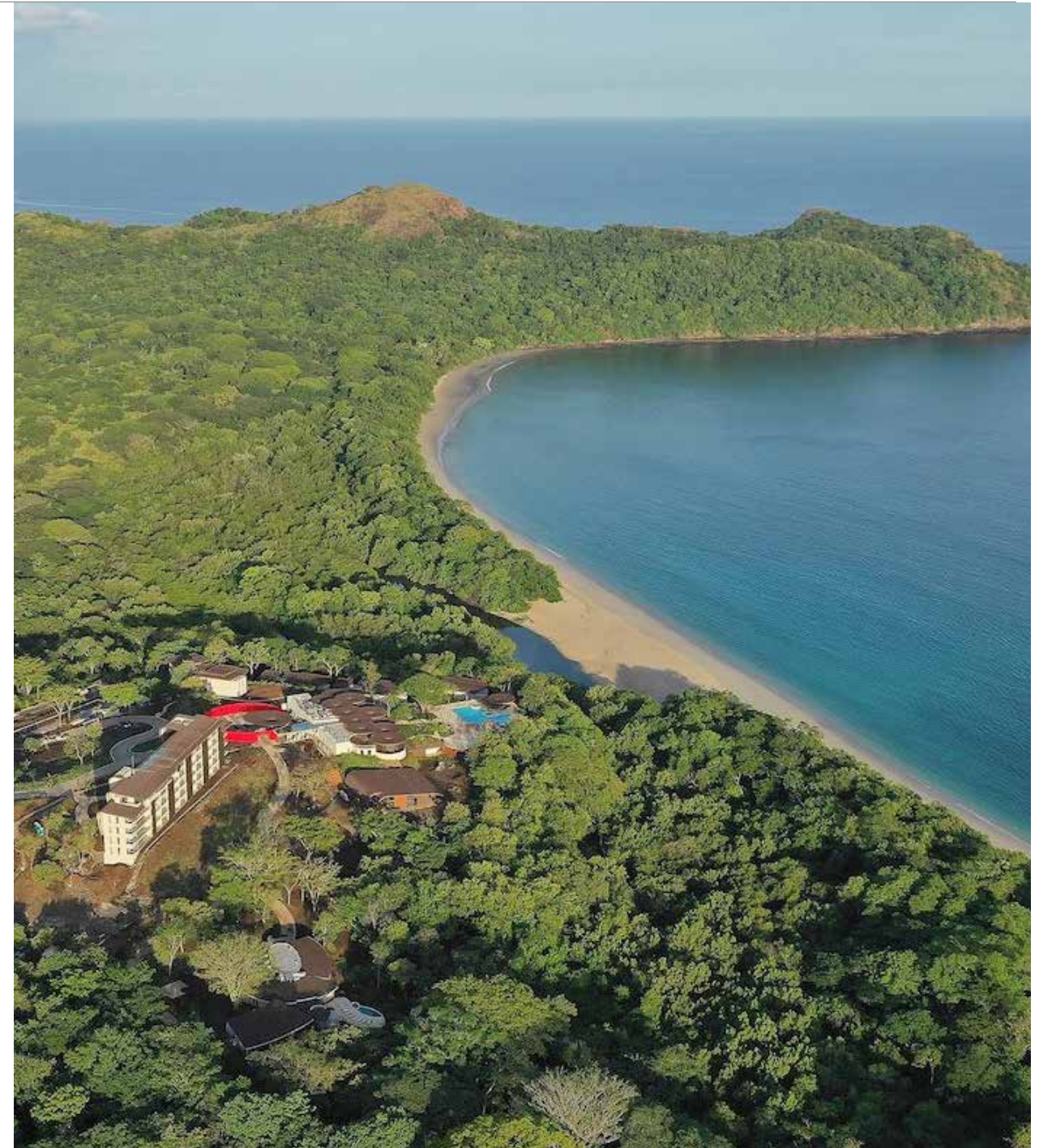
(elimination, reduction and valorization)  
→ Zero post-industrial waste and 100% recycling

#### C. Energy

(reduction and renewable energy) →  
Carbon positive

#### D. Emissions → Carbon positive

through the Sustainable Purchasing and Clients Program, hence having them incorporate this model into their strategies and operations. Biodiversity is included as a fourth pillar, relevant only to the real estate and hotel business, *Florida Hospitalidad*.



Main results and milestones for the period

# Comprehensive environmental performance assessment: ECO-FIFCO

The environmental performance assessment by business remains the most effective way to manage the Environmental Dimension at FIFCO under a continuous improvement strategy that allows us to identify environmental risks, as well as to adequately and timely handle the operation's environmental issues and impact.

The ECO-FIFCO environmental performance assessment, which measures environmental performance in every business unit, closed with 113% compliance. This means that the proposed overall environmental goals incorporated throughout FIFCO were surpassed.

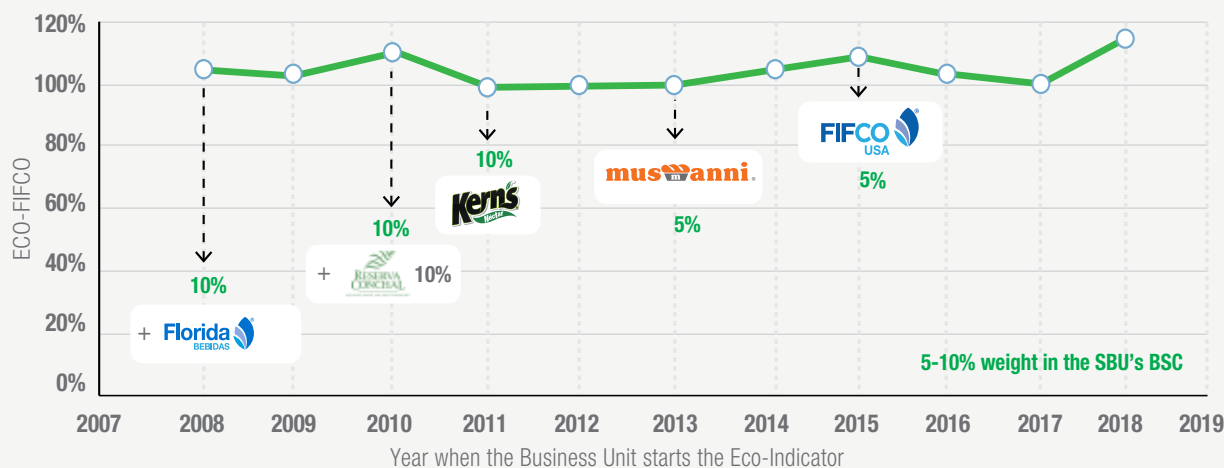
The Wines and Spirits in Costa Rica, Hospitalidad and FIFCO USA operations achieved the highest possible score of 120% by surpassing each of the environmental goals set this year.

The IAK and *Hospitalidad* operations successfully increased their performance after a setback in 2017 caused by a

number of different factors, specified in the 2017 Integrated Report.

The bakery business (Florida Retail manufacturing plant) and the beer business in Costa Rica were the lowest performing of all FIFCO operations, mainly due to the water issue.

## Eco-FIFCO environmental performance assessment



**Nota:** The percentage next to each business unit is the Eco-Indicator's weight within the Balance Score Card of each business.

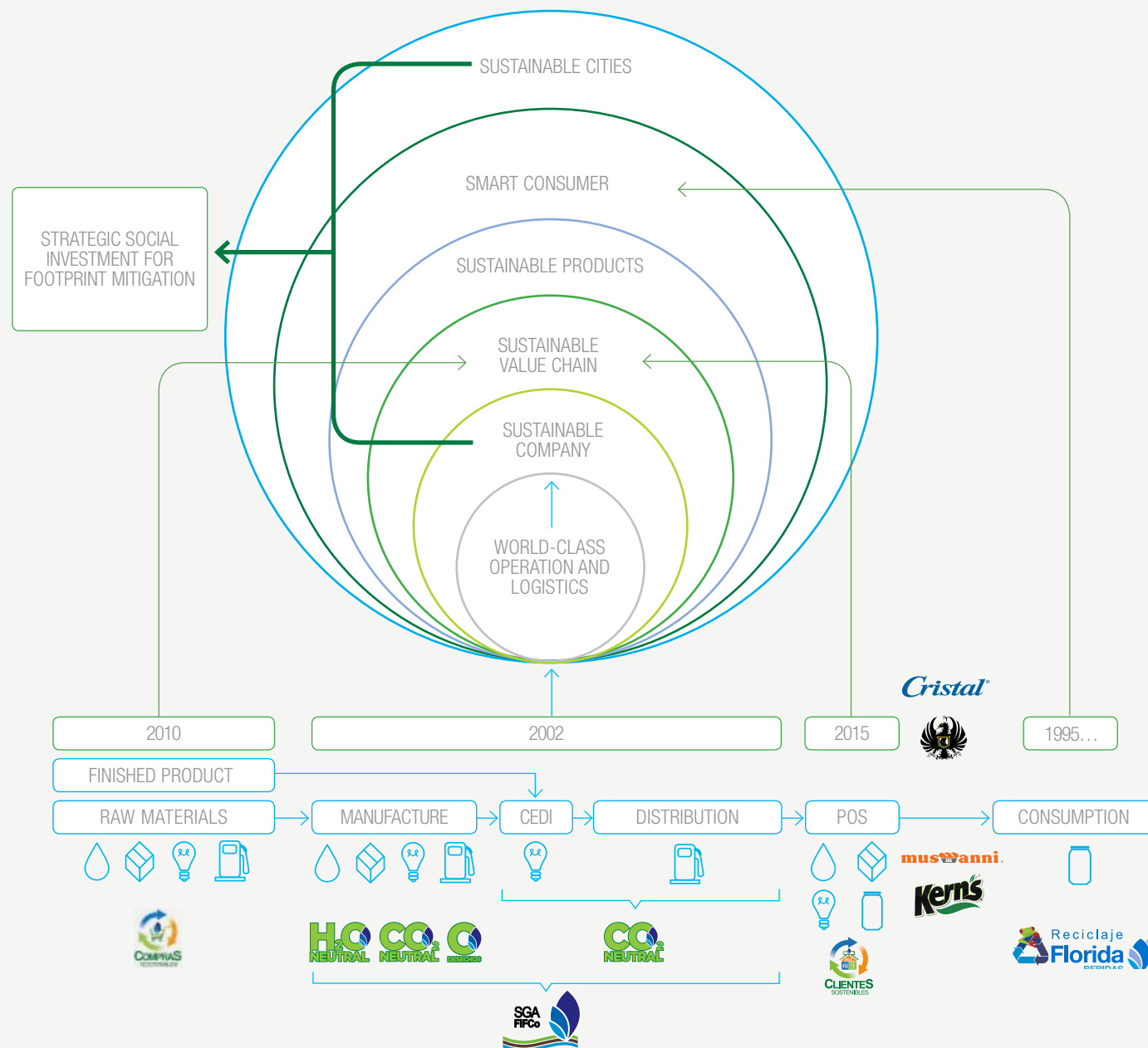
## Environmental performance assessment by business unit

Unidad de Negocio	2015	2016	2017	2018
Beer and FABss	110%	120%	120%	45%
Soft Drinks and Dairy	62%	119%	72%	120%
Wines and Spirits	114%	103%	96%	120%
Supply Chain	118%	112%	107%	100%
Industrias Alimenticias Kern's	113%	46%	67%	117%
Florida Hospitalidad	114%	72%	96%	120%
Florida Retail	87%	120%	80%	114%
FIFCO USA	118%	118%	120%	120%
<b>FIFCO</b>	<b>108%</b>	<b>103%</b>	<b>100%</b>	<b>113%</b>



Main results and milestones for the period

# Our Environmental Strategy



## SUSTAINABLE DEVELOPMENT GOALS

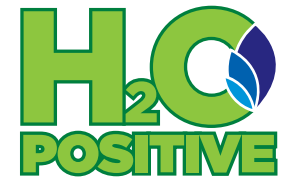
THIS INITIATIVE CONTRIBUTES TO



### Sustainable cities

The **sustainable cities** concept is added to the strategy as a means to impact the business. The Sustainable Purchasing and Customer initiatives goals formally remain part of FIFCO's triple bottom line strategy. These goals focus on each business unit's value chain, with the goal of generating a greater environmental and social value than that Florida could generate only on the operations it controls.

## Main results and milestones for the period



### COMMITMENT #5 FOR 2020

## Water, Emissions and Waste Positive- WEW Positive



## Water Positive Agenda

### 2018 major achievements

In comparison to the previous year, FIFCO achieved a 5% reduction of overall water consumption.

- Greater efficiency in consumption and use of this resource in the FIFCO USA operation, specifically in the Rochester, New York site: it went from 6.1 hectoliters of water per hectoliter produced (hlw/hlpr) to 5.4 hectoliters per hectoliter produced. This is an 11.5% reduction.
- Carbonated beverage production achieved results below PEPSICO International's standard, with 1.92 hlw/hlpr.
- Florida Bebidas Costa Rica, as well as the Imperial beer brand, retain their Water Positive status. This means they have achieved a water consumption neutrality level that together with an additional compensation of 25%, achieve a positive balance.

### SUSTAINABLE DEVELOPMENT GOALS

#### THIS INITIATIVE CONTRIBUTES TO

11 SUSTAINABLE CITIES AND COMMUNITIES



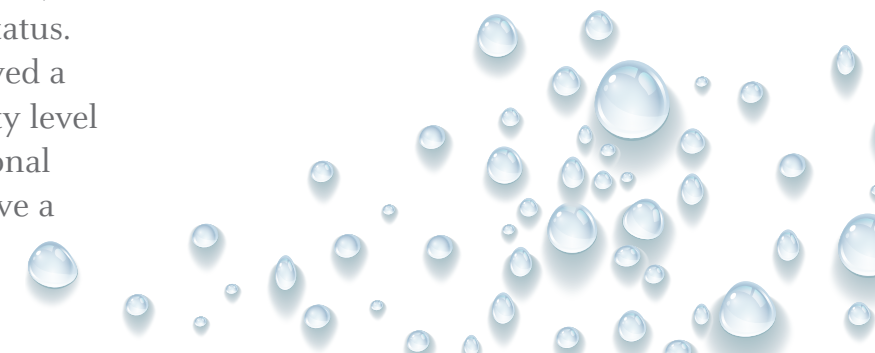
12 RESPONSIBLE CONSUMPTION AND PRODUCTION



14 LIFE BELOW WATER



17 PARTNERSHIPS FOR THE GOALS





## Main results and milestones for the period | Commitment #5 for 2020



## Emissions Agenda | Carbon Positive

### Main accomplishments

FIFCO achieved an 11% reduction in Greenhouse Gas emissions compared to 2017.

- *Florida Bebidas Costa Rica*, Florida Retail Production and *Florida Hospitalidad* operations uphold their Carbon Positive status, which means they achieve neutrality status and surpass it using additional offsetting in order to reach a positive balance.
- 2018 was a historical year for *Barra Imperial* by being certified as a Carbon, Water and Waste Positive event.
- The installation of the first natural gas refrigeration system in the Florida Retail manufacturing plant is another milestone.
- The *Florida Hospitalidad* operation opts for renewable energy through the largest solar panel project for self-consumption in Costa Rica's North Pacific.





Main results and milestones for the period | Commitment #5 for 2020



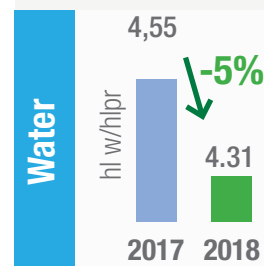
# Waste Agenda

## Main accomplishments

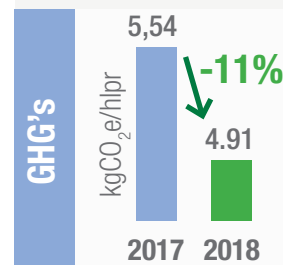
FIFCO achieves a 25% post-industrial waste reduction against the previous year..

- The Florida Bebidas Costa Rica operation receives the renowned “Zero Waste to Landfill” British certification from the Carbon Trust.
- Florida Retail achieves an absolute zero post-industrial waste status.
- Relevant improvements in waste classification, separation and recovery at the FIFCO USA and Florida retail operations.

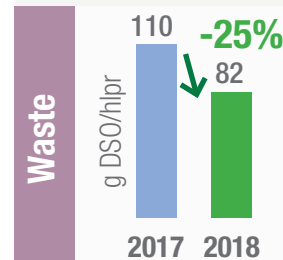
### Advances: Water, Emissions and Waste Positive (WEW+)



- Greater efficiency at the FIFCO USA, Rochester site (6.1 hlw/hlpr to 5.4 hlw/hlpr; -11.5% decrease)
- PEPSI production plant under PEPSICO system standard (1.92 hlw/hlpr)
- Florida Bebidas Costa Rica and Imperial water positive



- Reserva Conchal's Solar Energy System. The largest self-consumption project in the country's North Pacific
- Musmanni Retail natural refrigeration system (Amcham Social Responsibility Award 2018 - Video)
- Barra Imperial Palmares 2018 carbon, water and waste+
- BEB CR, Retail Manufacture and Westin Hotel carbon positive



- Zero waste to landfill” FBEB CR. Carbon Trust Certification – British agency certification
- Retail Manufacture absolute zero waste
- Classification and separation improvements at FIFCO USA
- Waste energy recovery for IAK



# Main results and milestones for the period



## COMMITMENT #6 FOR 2020

### Accomplish 100% recycling of our packaging



## Post-consumer recycling

Since its beginnings in 2008, FIFCO's post-consumer recycling program has had a great trajectory. As part of the 7 Environmental and Social Commitments announced in 2017, the company decided to try to achieve 100% recycling of all containers it places in the market by 2020. This 2018, the company is close to achieve its goal with 77% recovery of containers placed in the market.

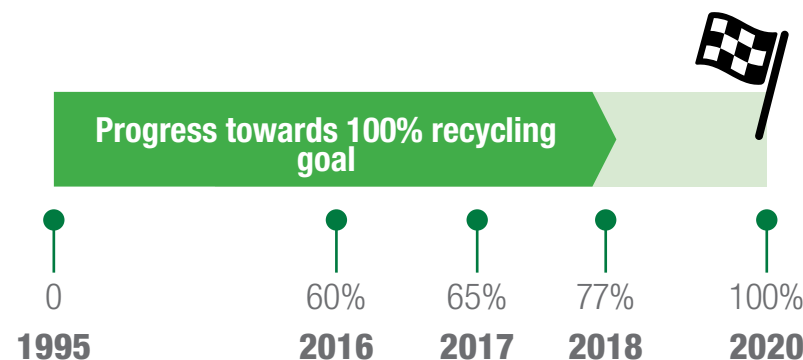
The program's goal is to recover non-returnable containers (PET plastic bottles, HDPE, aluminum cans, poly laminate tetra pak containers and tin containers) for proper handling, in order to avoid causing an environmental impact. Efforts are made to recover these types of containers from any commercial brands

### SUSTAINABLE DEVELOPMENT GOALS

#### THIS INITIATIVE CONTRIBUTES TO

<p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>13 CLIMATE ACTION</p>
<p>15 LIFE ON LAND</p>	<p>17 PARTNERSHIPS FOR THE GOALS</p>	

to process and export them to other countries like the United States, Brazil, China, Thailand, India, among others, so they can be reused as raw material for other products



Main results and milestones for the period | Commitment #6 for 2020

**Post-consumer recycling**

**Post-consumer recycling**



**Two collection routes**

Greater Metropolitan Area and six routes for rural areas in Costa Rica



**Eight collection centers**

of our own for handling recyclable material



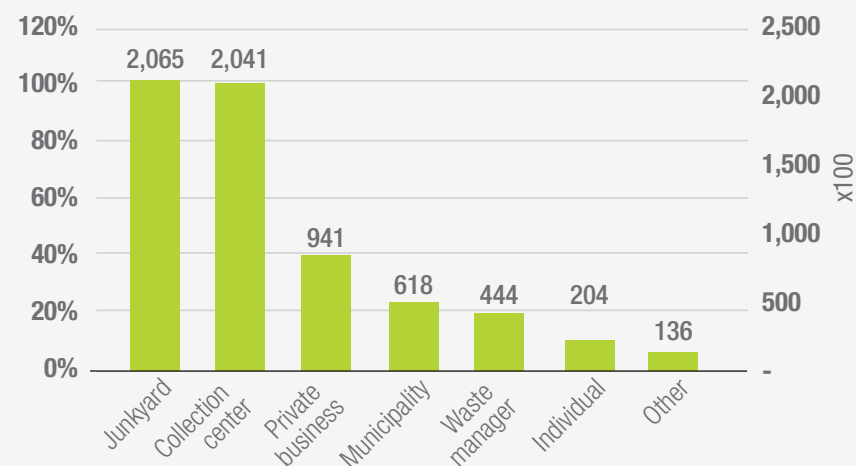
**One recycling plant**

where all recovered materials are combined, selected, classified, compacted and ground for its subsequent recycling

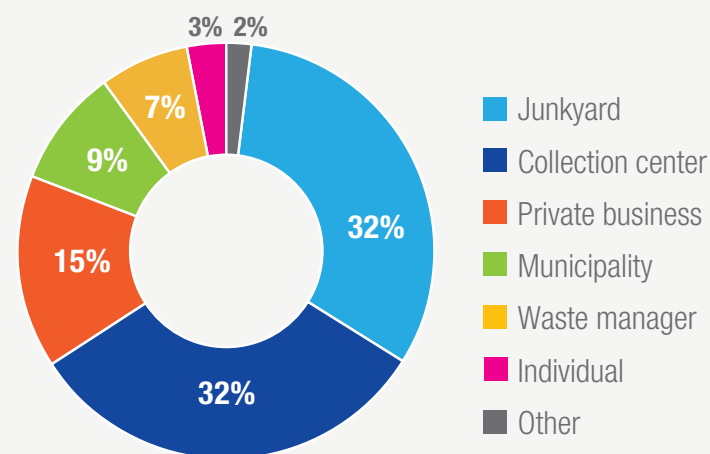
**Recyclable material collection sources**

Categories	Total MT	%
Junkyard	2,064,743	32.02%
Collection center	2,040,851	31.65%
Private business	941,300	14.60%
Municipality	618,251	9.59%
Waste manager	443,543	6.88%
Individual	204,104	3.16%
Other	136,301	2.11%
<b>TOTAL</b>	<b>6,449,092</b>	

**Recovery by type of supplier**



**Suppliers by category 2018**



**Ecocolones**



As a way to promote recycling in Costa Rica, in 2018 FIFCO supported the creation of ecolones, the first virtual eco-coin, which gives value to sustainability. It is awarded in exchange for recoverable materials that are separated and sent to recycle through an incentive system where they can be exchanged for discounts on sustainable products and services.



Main results and milestones for the period | Commitment #6 for 2020

Post-consumer recycling

Percentage of products sold and end-of-life packing material recovery, by product categories, 2018 versus 2017

Packaging type	MT Recovered		Collection percentage	
	2017	2018	2017	2018
PET and HDPE	3,210	4,048	63%	82%
Aluminum	1,091	1,188	40%	42%
Tetra Pak	950	1,097	205%	233%
Tin	235	116	124%	70%
<b>TOTAL</b>	<b>5,486</b>	<b>6,449</b>	<b>65%</b>	<b>77%</b>

Footprint offset

Florida Bebidas' partial external footprint offset of left over post-industrial waste which cannot be internally reduced, is done by implementing public space clean up days in communities and beaches. Clean up days are conducted by FIFCO collaborators through the "Elegí Ayudar" volunteer program, in coordination with several government institutions and community organizations.

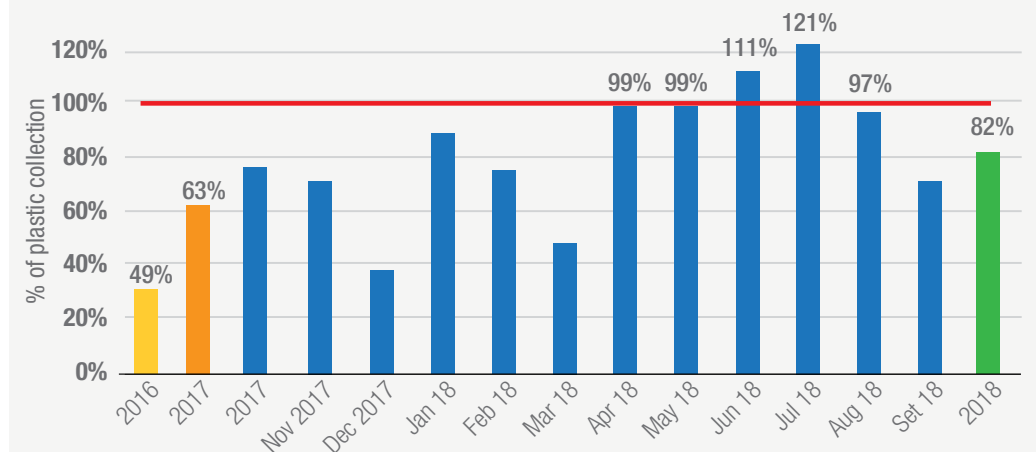
2018 Milestones

Milestones	2017	2018
Environmental lectures at schools	Yes	Yes
Compactors placed in external collection centers	26	30
Recovered containers (kg)	5,486 MT	6,449 MT
Overall recovery percentage	65%	77%
Collection outsourcing. Collaborative model	No	Yes

1 MT: metric tons: 1,000 kg

Post-consumer recycling

77%  
GLOBAL COLLECTION



## Main results and milestones for the period | Commitment #6 for 2020



# Océanos: Agenda for eradicating plastic, as we know it today

**D**uring the 2017 period, an important agenda for the eradication of plastic as we know it today began. This agenda is called *Océanos* (Oceans). During 2018, important progress was made, going from an idea to a reality. A multidisciplinary FIFCO collaborator team leads this important agenda following a disruptive innovation methodology.

Biobased and compostable materials are being investigated under this collaborative model, establishing partnerships with different academic bodies, involving global suppliers, research centers and suppliers, as well as any other entity that can contribute to the objective



### A comprehensive project

The *Océanos* project takes into consideration the following paths towards a comprehensive goal:

1. Conventional packaging alternatives
2. Complementary solutions in the migration process
3. Attenuation agenda
4. Post-consumer recovery
5. Parallel awareness mechanisms and waste management education

**SUSTAINABLE DEVELOPMENT GOALS**

**THIS INITIATIVE CONTRIBUTES TO**

**11** SUSTAINABLE CITIES AND COMMUNITIES

**12** RESPONSIBLE CONSUMPTION AND PRODUCTION

**14** LIFE BELOW WATER



## Main results and milestones for the period



### COMMITMENT #7 FOR 2020

## Spearhead through brands that make the world a better place to live



### FIFCO Air Brands

For the year 2020, the company projects that its top brands be light as air and that their life cycle will not mean negative environmental or social footprints, but rather that they will add positive value to the world. We call the brands that achieve this status or are on the way there, FIFCO Air Brands.

During 2018, the following achievements in this important agenda stand out, both in the social and environmental areas:

1. Define sugar and fat reduction maps for the most relevant products in the food and beverage portfolio.
2. Progress in brand purpose definition processes.
3. Define the *Sustainability Brand Index (SBI)* for Ducal and Musmanni brands.
4. Measure the water and carbon footprint for Imperial, Tropical, and Cristal Water.
5. Measure Imperial beer's consumption pattern.

### SUSTAINABLE DEVELOPMENT GOALS

#### THIS INITIATIVE CONTRIBUTES TO



6. Implement volunteering with consumers as mechanisms for reducing, offsetting and creating positive value for the following brands' different social and environmental footprints: Tropical, Cristal, Pilsen and Imperial.



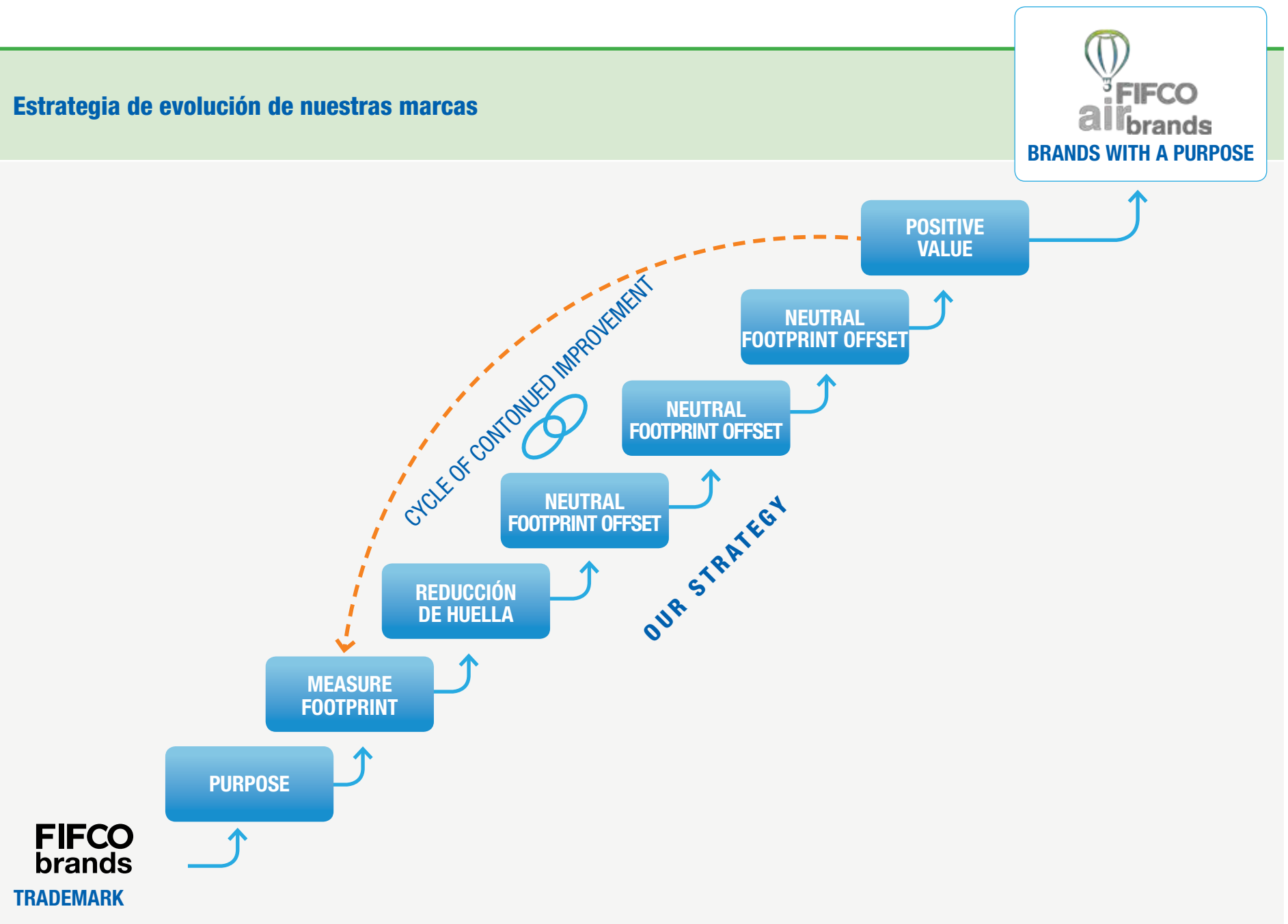
Main results and milestones for the period

**FIFCO Air Brands**

**Circular economy**

Regarding the methodology through which brands achieve “Air Brands” status, a methodology made up of a series of criterion, which we will call the “Brand Sustainability Index” (BSI), was designed. It measures existing FIFCO brands’ environmental and social impact in order to understand how to reduce environmental and social impact to a minimum, and how to also create a positive impact. Every year, the brand will improve its score and each will reduce its footprints until offsetting and later creating positive value for 2020.

**Estrategia de evolución de nuestras marcas**



## Main results and milestones for the period | Commitment #6 for 2020

### Biodiversity

**None of our own or rented facilities for food and beverage operations are adjacent to, include or are located in protected or unprotected areas of great biodiversity value.**

The Beer, Cristal and Pepsi manufacturing plants, as well as the Regional Distribution Center (RDC) in Guápiles, border with surface bodies of water. Costa Rican Forest Law establishes as protected areas those within 10 meters inside the property from the margin adjacent to the riverbank (the three Production Plants) and 15 meters for the Guápiles RDC, since it is in a rural area. These restrictions are completely respected. It is important to point out that these areas are not considered of great biological diversity. Concerning the Rochester, New York manufacturing plant, the facilities border with the Genesee River, with no impact to the body of water or its aquatic life.



Reserva Conchal's project is located within the border of the marine coastal zone, mangrove and mangrove swamp. As a result, the real estate project carries out different biodiversity protection initiatives for the conservation of various areas within and outside the property.

Along with the construction of the W Hotel, specific actions have been taken within every activity to guarantee these areas are not affected, mainly regarding sediment control and handling as a product of earthworks. The process was verified through inspections carried

SUSTAINABLE DEVELOPMENT GOALS  
THIS INITIATIVE CONTRIBUTES TO



out by the Project's environmental rency and corresponding authorized agencies of the Costa Rican Ministry of Environment and Energy and its branches (The National Environmental Technical Secretariat (SETENA) and the Tempisque Conservation Area, part of



## Principales resultados e hitos del periodo

### Biodiversidad

the National System of Conservation Areas (SINAC).

As for brine discharge as a product of ocean water desalinization in the Playa Conchal bay, every year competent and certified professionals conduct marine biology immersions to verify that the marine flora and fauna in the sphere of influence has not been affected whatsoever.

There has been no report of any significant, direct impact on biodiversity in protected natural spaces or in non-protected, highly biodiverse areas, resulting from FIFCO's activities, products and services in the protected areas or in areas of high biodiversity value in regions unrelated to the protected areas. Indirectly, improper handling of post-consumer packaging by consumers and deficiencies in local waste management systems leads to many of these reaching the superficial bodies of water (rivers and oceans), potentially harming their biodiversity. However, in order to reduce this impact, FIFCO operates its own Recycling Program with a 77% recovery of containers placed on the market for the present time period.



FIFCO protects habitats both within its properties and extensions of land outside of them. The Beer and Tropical Plants allocate a percentage of their areas to protecting their sources of water, which has a positive impact on the area's biodiversity and act as biological corridors. For its part, Reserva Conchal allots 60% of its property to a private reserve, currently under natural regeneration, including their own 329 ha carbon sink with the main purpose of capturing carbon. However, it also plays an important biological role within the

tropical dry forest it is a part of. Aware of the importance of natural resources, especially forest cover, in protecting biodiversity, but also of water resources, scenic beauty and carbon sequestration, since 2001 FIFCO has externally invested in the protection of river basins through environmental service certificates.

This mechanism guarantees the necessary environmental services needed to develop their activity, as well as ensure that funds effectively reach

owners and areas of interest by means of resource use and application verification. This is why it maintains FONAFIFO's Environmental Service Certificates (CSAs).

During this period, *Florida Bebidas* still holds all of its valid environmental services contracts with FONAFIFO in Barva's Upper Basin in the Central Valley (650 ha) and in Vivo Park (150 ha) in the Osa Peninsula, in the country's South Pacific. It is of great biologic importance, since 5% of world's biodiversity is housed here.

Since 2006, Reserva Conchal has invested in the protection of the Matapalo and Lajas river basins as the real estate project's spheres of influence, as well as the resort's borehole aquifer recharge zone. This mechanism protects a total of 60 hectares.

During the 2018 period, the Playa Conchal Mixed Wildlife Refuge holds the same score among the National Conservation Area System's mixed conservation areas, in spite of a change in the evaluation methodology.



## Principales resultados e hitos del periodo

### Biodiversidad



FIFCO's activities are not a threat to endangered plant and animal species included in IUCN's "Red List" and in species conservation national records for conservation areas where facilities are located. However, endangered species that coexist within the Reserva Conchal area of influence can be observed under the GRI 304-4.

#### About the Playa Conchal Mixed Wildlife Refuge

**Official** since 2009  
**Total area** of 39.75 ha  
**Area owned by Reserva Conchal:** 28.29 ha  
**State's Natural Heritage Area:** 11.46 ha

**Objective:** preserve and restore ecosystems linked to the surrounding mangrove and forest, integrating local interest in environmental issues, as well as preserving the place's scenic beauty for leisure and recreation, not only for those living in nearby communities, but for Costa Rican and foreign tourists as well.

#### Refuge's milestones

Milestones	2016	2017	2018
Refuge visitor attention	245 people	417 people	361 people
Nursery (tree reproduction)	336 species	565 species	543 species
Number of clean up campaigns of areas surrounding the refuge	7	7	8
Projects	Bridge infrastructure	Environmental education program for children (273 children reached)	Environmental education program for children (274 children reached)
Research	Research studies in permanent forest and mangrove plots	Mangrove study completion and status	Management Plan update, aquifer recharge environmental service retribution model for offsetting Reserva Conchal's water footprint where the Refuge was included.

## Main results and milestones for the period

# Environmental certifications and other awards

After INTECO's (Costa Rican Institute of Technical Standards) internal and external audit processes, Florida Bebidas' three manufacturing facilities, Beer and Flavored Alcoholic Beverages (FAB) Production, known as Cervecería Costa Rica, Water and Soft Drinks Plant, known as Cristal Plant, and carbonated beverages manufacturing plant, known as Pepsi Plant, retain their Environmental Management System certification under the ISO 14001:2004 standard. The first two facilities mentioned above, were recipients of the Costa Rican Water and Sewer Institute's (AyA) Ecological Blue Flag award in the Micro-basin category, for the environmental administration being developed in a basin's transect, both upstream and downstream from where the plants are located..

The finished products' storage and distribution operation maintains its certification for distribution centers located in the Greater Metropolitan

Area (known as CEDI GAM Oeste in Llorente de Flores, Heredia, and CEDI GAM Este, located in San Rafael Arriba of Desamparados). Since the year 2015, loyal to its commitments to carbon neutrality, *Florida Bebidas* keeps its carbon neutral certification for food and beverage operations in Costa Rica, becoming one of the first large companies in Costa Rica to obtain and keep such a certification, as well as reporting the most significant emission reduction.

**Florida Retail's industrial bakery** operation also kept its ISO 14001 certification, with the standard's new 2015 version, as well as the Carbon footprint verification through the ISO 14064-1 standard. This verification, the subsequent reduction and the external emissions offset through the purchase of Costa Rican Compensation Units (UCC) **helped this operation keep its Carbon Neutral status achieved in 2014**, FIFCO's first operation to achieve the award and among the first twenty

in the country. This great achievement has allowed Florida Retail to obtain the Carbon Neutral country brand granted by the Costa Rican government.

Regarding *Florida Hospitalidad*, it kept The Westin Hotel, Spa and Golf Playa Conchal ISO 14001:2004 certification. Additionally, the hotel received its Sustainable Tourism Certification reaching the top category of 5 leaves presented by the Costa Rican Tourism Board (ICT). On the other hand, Playa Conchal (two stars) and Reserva Conchal as a coastal community (four stars) kept their Costa Rican Water and Sewer Institute's (AyA) Ecological Blue Flag certifications (EBF), as well as the Audubon environmental certification for the Project's Golf Course. Additionally, the Conchal Mixed Wildlife Refuge kept its Ecological Blue Flag certification.

Get more certification information on pages 54 y 55 of this report.

### About the processes

All these certification and implementation processes are based on the systematic implementation of actions such as identifying environmental issues and impacts, identifying and assessing legal requirements, personnel training and awareness, operational control, monitoring and measurement, and senior management audits and revisions.

## Main results and milestones for the period

### Product environmental certifications

FIFCO is still working on the environmental certifications for selected products according to their water and carbon footprints

#### Product environmental footprint certification

ISO 14046-1:2006 Water footprint



ISO 14067:2015 Product carbon footprint



### Environmental awards

**A. Responsibility in Action Award**, American Chamber of Commerce, AMCHAM. Environmental category: Natural gas refrigeration system at the Florida Retail production plant.

**B. The Carbon Trust Standard:** First business outside of Europe to earn the "Zero Waste to Landfill" certification.



## Main results and milestones for the period

### Complaints, claims and sanctions

During 2018, none of FIFCO's business units were subject to administrative or judicial sanctions related to environmental issues in the countries where we operate. Regarding complaints, especially with Guatemala's IAK Treatment Plant, despite fully complying with local effluent discharge and noise emission legislation, several complaints have been filed on account of noise and unpleasant smells. Some have been substantiated, due to the treatment system operation itself, and others have not. Regardless, a contingency and community

outreach plan addressing this issue has been created and implemented for neighboring communities. So far, it has proved successful, improving the relationship with adjacent communities. This plant possesses a new carbon-activated odor treatment system built voluntarily by the organization to improve monitoring and prevent emissions originating from these process areas.

As for the Florida Retail manufacturing plant, a lawsuit filed by a neighbor against the operation's previous owner

is currently undergoing a conciliation process in Costa Rica's Environmental Administrative Court. Since FIFCO purchased this operation, there have been no environmental incidents. Quite the opposite, in fact, under its new management this facility has obtained the ISO 14001 and Carbon Neutrality INTE 06-12-01 environmental certifications, which make it possible to monitor various aspects and prevent environmental impacts stemming from this operation.

# GRI Standards

# GRI Standards

## GRI CONTENT INDEX



GRI STANDARD	STANDARD NUMBER	DISCLOSURE	PAGE	OMISSIONS	EXTERNAL VERIFICATION
<b>GRI 101: Foundation 2016</b> <i>(GRI 101 does not include content)</i>					
	102-1	Name of the organization	3		No
	102-2	Activities, brands, products, and services	27, 29	Note: no product under litigation or prohibited is marketed at FIFCO	No
	102-3	Location of headquarters	27		No
	102-4	Location of operations	27		No
	102-5	Ownership and legal form	27		No
	102-6	Markets served	27, 30		No
	102-7	Scale of the organization	27		No
	102-8	Information on employees and other workers	212		No
	102-9	Supply chain	213		No
	102-10	Significant changes to the organization and its supply chain	53		No
<b>GRI 102: General Disclosures 2016</b>					
	102-11	Precautionary Principle or approach	56		No
	102-12	External initiatives	56		No
	102-13	Membership of associations	56		No
	102-14	Statement from senior decision-maker	10,12		No
	102-15	Key impacts, risks, and opportunities	25,26		No
	102-16	Values, principles, standards, and norms of behavior	5, 19, 21-22		No
	102-17	Mechanisms for advice and concerns about ethics	163-165		No
	102-18	Governance structure	5, 19, 21-22		No
	102-19	Delegating authority	20		No
	102-20	Executive-level responsibility for economic, environmental, and social topics	23		No



GRI STANDARD	STANDARD NUMBER	DISCLOSURE	PAGE	OMISSIONS	EXTERNAL VERIFICATION	
<b>GRI 102: General Disclosures 2016</b>	102-21	Consulting stakeholders on economic, environmental, and social topics	45-49		No	
	102-22	Composition of the highest governance body and its committees	8, 19-22		No	
	102-23	Chair of the highest governance body	20		No	
	102-24	Nominating and selecting the highest governance body	120		No	
	102-25	Conflicts of interest	164		No	
	102-26	Role of highest governance body in setting purpose, values and strategy	23		No	
	102-27	Collective knowledge of highest governance body	23		No	
	102-28	Evaluating the highest governance body's performance	20		No	
	102-29	Identifying and managing economic, environmental, and social impacts	45-49		No	
	102-30	Effectiveness of risk management processes	21, 22, 25, 26		No	
	102-31	Review of economic, environmental, and social topics	23		No	
	102-32	Highest governance body's role in sustainability reporting	23		No	
	102-33	Communicating critical concerns	23 and 46		No	
	102-34	Nature and total number of critical concerns	23 and 46		No	
	102-35	Remuneration policies	21		No	
	102-36	Process for determining remuneration	21		Omission due to confidentiality	No
	102-37	Stakeholders' involvement in remuneration	-		Omission: the stakeholders do not get involved in remuneration policies	No
	102-38	Annual total compensation ratio	-		Omission due to confidentiality: the company does not share this information to protect its collaborators' data	No

GRI STANDARD	STANDARD NUMBER	DISCLOSURE	PAGE	OMISSIONS	EXTERNAL VERIFICATION
<b>GRI 102: General Disclosures 2016</b>	102-39	Percentage increase in annual total compensation ratio	134		No
	102-40	List of stakeholder groups	45		No
	102-41	Collective bargaining agreements	136		
	102-42	Identifying and selecting stakeholders	45		No
	102-43	Approach to stakeholder engagement	47 and 48		No
	102-44	Key topics and concerns raised	47 - 48		No
<b>GRI 102: General Disclosures 2016</b>	102-45	Entities included in the consolidated financial statements	3 and 28		No
	102-46	Defining report content and topic Boundaries	3, 50, 51		No
	102-47	List of material topics	50 and 51		No
	102-48	Restatements of information	50		No
	102-49	Changes in reporting	50		No
<b>GRI 102: General Disclosures 2016</b>	102-50	Reporting period	3		No
	102-51	Date of most recent report	3		No
	102-52	Reporting cycle	3		No
	102-53	Contact point for questions regarding the report	3		No
<b>GRI 102: General Disclosures 2016</b>	102-54	Claims of reporting in accordance with the GRI Standards	3		No
	102-55	GRI context index	187		No
	102-56	External assurance	The report does not have external verification		No

GRI STANDARD	STANDARD NUMBER	DISCLOSURE	PAGE	OMISSIONS	EXTERNAL VERIFICATION
<b>ECONOMIC DIMENSION</b>					
<b>GRI 103: Management Approach</b>	103-1	Explanation of the material topic and its Boundary	Economic standards: 70 (This management approach applies to all material topics and Standards listed under "Economic Dimension")		No
	103-2	The management approach and its components			No
	103-3	Evaluation of the management approach			No
<b>GRI 201: Economic Performance 2016</b>	201-1	Direct economic value generated and distributed	76-83		No
	201-2	Financial implications and other risks and opportunities due to cli-mate change	225		No
	201-3	Defined benefit plan obligations and other retirement plans	135		No
	201-4	Financial assistance received from government	72		No
<b>GRI 202: Market Presence 2016</b>	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	217		No
	202-2	Proportion of senior management hired from the local community	20		No
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1	Infrastructure investments and services supported	76-83		No
	203-2	Significant indirect economic impacts	52		No
<b>GRI 204: Procurement Practices 2016</b>	204-1	Proportion of spending on local suppliers	73		No
<b>GRI 205: Anti-corruption 2016</b>	205-1	Operations assessed for risks related to corruption	164		No
	205-2	Communication and training about anti-corruption policies and procedures	164		No
	205-3	Confirmed incidents of corruption and actions taken	164		No
<b>GRI 206: Anti-competitive Behavior 2016</b>	206-1	Legal actions for anti-competitive behavior, anti-trust, and mo-nopoly practices	-	Omission: There were no such claims during the reporting period.	No
<b>ENVIRONMENTAL DIMENSION</b>					
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary	All environmental Standards 168-169 (this management approach applies to all material issues and Standards listed under "Environmental Dimension")		No
	103-2	The management approach and its components			No
	103-3	Evaluation of the management approach			No



GRI STANDARD	STANDARD NUMBER	DISCLOSURE	PAGE	OMISSIONS	EXTERNAL VERIFICATION
<b>GRI 301: Materials 2016</b>	301-1	Materials used by weight or volume	224		No
	301-2	Recycled input materials used	174		No
	301-3	Reclaimed products and their packaging materials	176		No
<b>GRI 302: Energy 2016</b>	302-1	Energy consumption within the organization	226		No
	302-2	Energy consumption outside the organization	224		No
	302-3	Energy intensity	227		No
	302-4	Reduction of energy consumption	226		No
	302-5	Reductions in energy requirements of products and services	-	Omission: this information does not apply to FIFCO since it sells consumer products, not energy-using products	No
<b>GRI 303: Water 2016</b>	303-1	Water withdrawal by source	163		No
	303-2	Water sources significantly affected by withdrawal of water	219		No
	303-3	Water recycled and reused	171		No
<b>GRI 304: Biodiversity 2016</b>	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	180		No
	304-2	Significant impacts of activities, products, and services on biodiversity	182		No
	304-3	Habitats protected or restored	182		No
	304-4	IUCN Red List species and national conservation list species with habitats in are-as affected by operations	228		No

GRI STANDARD	STANDARD NUMBER	DISCLOSURE	PAGE	OMISSIONS	EXTERNAL VERIFICATION
<b>GRI 305: Emissions 2016</b>	305-1	Direct (Scope 1) GHG emissions	229		No
	305-2	Energy indirect (Scope 2) GHG emissions	229		No
	305-3	Other indirect (Scope 3) GHG emissions	229		No
	305-4	GHG emissions intensity	229		No
	305-5	Reduction of GHG emissions	172		No
	305-6	Emissions of ozone-depleting substances (ODS)	230		No
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant emissions	230		No
<b>GRI 306: Effluents and Waste 2016</b>	306-1	Water discharge by quality and destination	231		No
	306-2	Waste by type and disposal method	174-176		No
	306-3	Significant spills	233, 234		No
	306-4	Transport of hazardous waste	225		No
	306-5	Water bodies affected by water discharges and/or runoff	-	Omission: not applicable	No
<b>GRI 307: Environmental Compliance 2016</b>	307-1	Non-compliance with environmental laws and regulations	107		No
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1	New suppliers that were screened using environmental criteria	113		No
	308-2	Negative environmental impacts in the supply chain and actions taken	109		No
<b>INTERNAL AND EXTERNAL SOCIAL DIMENSION</b>					
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary	Labor and HHRR standards: 121		No
	103-2	The management approach and its components	Community standards: 145		No
	103-3	Evaluation of the management approach	Product standards: 69-70 (This management approach is applicable to every material issues and Standards listed under "Internal and External Social Dimension")		No

GRI STANDARD	STANDARD NUMBER	DISCLOSURE	PAGE	OMISSIONS	EXTERNAL VERIFICATION
<b>GRI 401: Employment 2016</b>	401-1	New employee hires and employee turnover	217		No
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	135		No
	401-3	Parental leave	218		No
<b>GRI 402: Labor/Management Relations 2016</b>	402-1	Minimum notice periods regarding operational changes	136		No
<b>GRI 403: Occupational Health and Safety 2016</b>	403-1	Occupational health and safety management system	131		No
	403-2	Hazard identification, risk assessment, and incident investigation	219		No
	403-3	Occupational health services	-	Omission: not applicable	No
	403-4	Worker participation, consultation, and communication on occupational health and safety	131		No
<b>GRI 404: Training and Education 2016</b>	404-1	Average hours of training per year per employee	128		No
	404-2	Programs for upgrading employee skills and transition assistance programs	127-128		No
	404-3	Percentage of employees receiving regular performance and career development reviews	220		No
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1	Diversity of governance bodies and employees	221		No
	405-2	Ratio of basic salary and remuneration of women to men	222		No
<b>GRI 406: Non-discrimination 2016</b>	406-1	Incidents of discrimination and corrective actions taken	-	Omission: There were no such cases during the reporting period.	No
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	136		No
<b>GRI 408: Child Labor 2016</b>	408-1	Operations and suppliers at significant risk for incidents of child labor	109-110 and 137		No



GRI STANDARD	STANDARD NUMBER	DISCLOSURE	PAGE	OMISSIONS	EXTERNAL VERIFICATION
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	No risk of forced or compulsory labor has been identified among FIFCO suppliers and operations.	No
<b>GRI 410: Security Practices 2016</b>	410-1	Security personnel trained in human rights policies or procedures	-	No training courses were reported during the reporting period.	No
<b>GRI 411: Rights of Indigenous Peoples 2016</b>	411-1	Incidents of violations involving rights of indigenous peoples	-	Omission: No cases of violations of indigenous peoples rights were reported in this period.	No
<b>GRI 412: Human Rights Assessment 2016</b>	412-1	Operations that have been subject to human rights reviews or impact assessments	-	None of the centers has undergone a human rights assessment.	No
	412-2	Employee training in human rights policies or procedures	137		No
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-	Omission: no investment agreements or contracts were reported during the reporting period.	No
<b>GRI 413: Local Communities 2016</b>	413-1	Operations with local community engagement, impact assessments, and development programs	139-162		No
	413-2	Operations with significant actual and potential negative impacts on local communities	107		No
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1	New suppliers that were screened using social criteria	108-116		No
	414-2	Negative social impacts in the supply chain and actions taken	108-116		No
<b>GRI 415: Public Policy 2016</b>	415-1	Political contributions	-	Omission: No cases occurred during the reporting period.	No

GRI STANDARD	STANDARD NUMBER	DISCLOSURE	PAGE	OMISSIONS	EXTERNAL VERIFICATION
<b>GRI 416: Customer Health and Safety 2016</b>	416-1	Assessment of the health and safety impacts of product and service categories	105		No
	416-2	Incidents of non-compliance concerning the health and safe-y impacts of products and services	106		No
<b>GRI 417: Marketing and Labeling 2016</b>	417-1	Requirements for product and service information and labeling	105	Omission: No cases occurred during the period of this report.	No
	417-2	Incidents of non-compliance concerning product and service information and labeling	106		No
	417-3	Incidents of non-compliance concerning marketing commu-nications	-	Omission: No cases occurred during the period of this report.	No
<b>GRI 418: Customer Privacy 2016</b>	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	107		No
<b>GRI 419: Socioeconomic Compliance 2016</b>	419-1	Non-compliance with laws and regulations in the social and economic area	106		No

# Annexes



# Statutory Auditor's Report



17 de noviembre de 2018

Señor  
Wilhelm Steinvorth Herrera  
Presidente Junta Directiva  
Florida Ice & Farm Company S.A. y Subsidiarias  
Presente

Estimado señor:

De conformidad con lo establecido en el Artículo 197 del Código de Comercio y conforme a lo que disponen los estatutos de Florida Ice & Farm Company S.A. y subsidiarias, me permito presentar a usted el informe de las actividades que, como Fiscal de la compañía, he realizado durante el período 2017-2018 y le solicito que el mismo sea del conocimiento de la Junta Directiva y de la Asamblea General de Accionistas que se llevará a cabo el 13 de diciembre de este año.

En las reuniones mensuales de la Junta Directiva, la Administración presenta un informe en el cual, aparte de mostrar los estados financieros de cada mes, se hace una reseña sobre el avance de las metas y el cumplimiento de los objetivos para el período que corresponde. Dicha información es discutida y analizada ampliamente en el seno de la Junta Directiva y esta fiscalía da fe de que las recomendaciones y sugerencias que se emiten son acatadas por la Administración. Durante el año la Junta Directiva sesionó en once ocasiones en forma ordinaria. En el control de la gestión administrativa y financiera de la organización, la Junta Directiva se apoya en la labor de la Auditoría Corporativa, la cual trabaja bajo un plan anual debidamente aprobado y monitoreado por el Comité de Auditoría y Riesgo, el cual celebró cinco reuniones durante el período.

Con base en las revisiones efectuadas de los estados financieros, se puede afirmar que la contabilidad ha sido llevada en forma ordenada y al día, de acuerdo con las Normas Internacionales de Información Financiera, de manera que los estados financieros representan razonablemente la posición financiera y el resultado económico de las operaciones de Florida Ice & Farm Company S.A. y sus subsidiarias, en el período anual finalizado el 30 de setiembre de 2018, situación que se ratifica con el informe de la auditoría externa realizada por la firma Deloitte con fecha 16 de noviembre de 2018.

Con base en la opinión de los auditores externos y de la Auditoría Corporativa, así como en mi participación en las sesiones de Junta Directiva y del Comité de Auditoría y Riesgo puedo afirmar que, en general, la administración, la contabilidad y la operación de Florida Ice & Farm Company S.A. y sus subsidiarias, se desarrollan dentro de parámetros de eficiencia y orden adecuados, y que los informes reflejan razonablemente la situación de la empresa y sus resultados al cierre del período 2017-2018. Asimismo, doy constancia de que tanto los acuerdos de las Asambleas de Accionistas como de la Junta Directiva se han cumplido y que las actas se han consignado en los libros correspondientes y están debidamente firmadas.

Atentamente,

Roberto Truque Harrington  
Fiscal de la Junta Directiva

# Informe de Gobierno Corporativo





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### INFORME DE LOS AUDITORES INDEPENDIENTES

A la Junta Directiva y a los Accionistas de  
Florida Ice & Farm Company, S.A.

#### *Opinión*

Hemos auditado los estados financieros consolidados que se acompañan de Florida Ice & Farm Company, S.A. y Subsidiarias ("la Compañía"), los cuales incluyen los estados consolidados de situación financiera al 30 de setiembre de 2018 y 2017, los estados consolidados de pérdidas o ganancias y otros resultados integrales, de cambios en el patrimonio y de flujos de efectivo que les son relativos para los años que terminaron en esas fechas, así como las notas a los estados financieros consolidados, incluyendo un resumen de las políticas de contabilidad significativas.

En nuestra opinión, los estados financieros consolidados que se acompañan presentan razonablemente, en todos los aspectos importantes, la situación financiera consolidada de Florida Ice & Farm Company, S.A. y Subsidiarias al 30 de setiembre de 2018 y 2017, su desempeño financiero consolidado y sus flujos de efectivo consolidados para los años que terminaron en esas fechas, de conformidad con las Normas Internacionales de Información Financiera.

#### *Base para la Opinión*

Hemos llevado a cabo nuestras auditorías de conformidad con las Normas Internacionales de Auditoría (NIA). Nuestras responsabilidades de acuerdo con dichas normas se describen más adelante en nuestro informe en la sección Responsabilidades del Auditor en Relación con la Auditoría de los Estados Financieros Consolidados. Somos independientes de la Compañía de acuerdo con las disposiciones del Código de Ética Profesional del Colegio de Contadores Públicos de la República de Costa Rica y del Código de Ética para Profesionales de la Contabilidad (Código IESBA, por sus siglas en inglés) del Consejo de Normas Internacionales de Ética para Contadores y hemos cumplido nuestras otras responsabilidades de ética de conformidad con esos requerimientos. Consideramos que la evidencia de auditoría que hemos obtenido es suficiente y adecuada para proporcionar una base para nuestra opinión.

#### *Asuntos Claves de Auditoría*

Los asuntos claves de auditoría son aquellos asuntos que a nuestro juicio profesional fueron los más significativos en nuestra auditoría a los estados financieros consolidados del período actual. Estos asuntos fueron atendidos en el contexto de nuestra auditoría a los estados financieros consolidados como un todo y en la formación de nuestra opinión y no proveemos una opinión separada por estos asuntos. Hemos determinado los asuntos descritos abajo como los asuntos claves de auditoría a ser comunicados en nuestro informe.

## Deloitte.

Asuntos Claves de Auditoría	Cómo Nuestra Auditoría Abordó los Asuntos Claves de Auditoría
<p>Deterioro de activos intangibles con vida indefinida, ver Nota 13. La Compañía ha identificado diversas unidades generadoras de efectivo sobre las cuales cada año se realiza un estudio de análisis de deterioro, que considera activos intangibles de vida indefinida de conformidad con la NIC 36, en los que se utilizan diferentes métodos de valoración y juicios sensibles para determinar si el valor de los activos se ha deteriorado. En consecuencia, la prueba de deterioro de estos activos se considera un asunto clave de auditoría.</p>	<p>Enfocamos nuestras pruebas de deterioro de los activos de vida indefinida sobre los principales supuestos realizados por la Administración. Nuestros procedimientos de auditoría incluyeron:</p> <ul style="list-style-type: none"> <li>• Involucramos a nuestros especialistas internos para ayudar a: <ul style="list-style-type: none"> <li>- Evaluar críticamente si los modelos utilizados por la Administración para evaluar el potencial deterioro cumplen con los requisitos de la NIC 36 Deterioro de Activos.</li> <li>- Validar la razonabilidad de los supuestos utilizados para calcular las tasas de descuento y recalculando estas tasas.</li> <li>- Analizar los flujos de efectivo futuros proyectados que fueron utilizados en los modelos para determinar si son razonables y soportables dadas las condiciones macroeconómicas actuales y el rendimiento futuro esperado de la unidad generadora de efectivo.</li> </ul> </li> <li>• Someter los supuestos clave a los análisis de sensibilidad.</li> <li>• Comparar los flujos de efectivo proyectados, incluyendo los supuestos relacionados con las tasas de crecimiento de los ingresos y márgenes operativos, contra el desempeño histórico y condiciones de mercado para probar la precisión de las proyecciones de la Administración.</li> </ul> <p>Con base en los procedimientos de auditoría realizados, determinamos que los supuestos utilizados por la Administración eran consecuentes con el desempeño histórico y perspectivas futuras esperadas y las tasas de descuento utilizadas eran apropiadas en las circunstancias. Las revelaciones de sensibilización ante</p>

(Continúa)

## Deloitte.

Asuntos Claves de Auditoría	Cómo Nuestra Auditoría Abordó los Asuntos Claves de Auditoría
	riesgos de deterioro se detallan en las notas a los estados financieros consolidados.
<p><b>Impuestos sobre la Renta, Ventas, Bebidas Alcohólicas y Precios de Transferencia</b> - La Compañía está sujeta a diversos impuestos en diferentes jurisdicciones y está sujeta a revisiones periódicas por parte de las autoridades fiscales durante el curso normal de los negocios. Producto de lo indicado podría existir una obligación eventual por la aplicación de criterios de parte de las autoridades fiscales de cada país, distintos de los que ha utilizado la Compañía al liquidar sus impuestos.</p> <p>Hemos identificado esta área como un riesgo significativo debido al nivel de juicio que se aplica en la cuantificación de provisiones para el pago de impuestos.</p> <p>Las revelaciones relacionadas con impuestos se especifican en las Notas 3p, 23 y 28 a los estados financieros consolidados.</p>	<p>Utilizamos especialistas en impuestos, obtuvimos una comprensión de la estrategia tributaria de la Compañía y de la aplicación de la legislación tributaria vigente en la determinación de los principales impuestos y concluimos que las provisiones respectivas son razonables a la fecha de los estados financieros consolidados. Finalmente, consideramos lo adecuado de las revelaciones realizadas por la Compañía en sus notas a los estados financieros consolidados.</p>

### *Responsabilidades de la Administración y de los Responsables de Gobierno de la Compañía en Relación con los Estados Financieros Consolidados*

La Administración es responsable por la preparación y presentación razonable de los estados financieros consolidados de conformidad con las Normas Internacionales de Información Financiera y por aquel control interno que la Administración determine necesario para permitir la preparación de estados financieros consolidados que estén libres de errores materiales, ya sea debido a fraude o error.

En la preparación de los estados financieros consolidados, la Administración es responsable de evaluar la capacidad de la Compañía para continuar como negocio en marcha, revelando, según corresponda, los asuntos relacionados con el principio de negocio en marcha y utilizando dicha base contable, a menos que la Administración tenga la intención de liquidar la Entidad o de cesar sus operaciones, o bien no tenga otra alternativa realista que hacerlo así.

Los encargados de gobierno son responsables de la supervisión del proceso de generación de información financiera de Florida Ice & Farm Company, S.A. y Subsidiarias.

### *Responsabilidades del Auditor en Relación con la Auditoría de los Estados Financieros Consolidados*

Nuestros objetivos son obtener una seguridad razonable de que los estados financieros consolidados en su conjunto están libres de errores materiales, ya sea debido a fraude o a error, y emitir un informe de auditoría que contenga nuestra opinión. Una seguridad



## Deloitte.

razonable es un alto grado de seguridad, pero no garantiza que una auditoría realizada de conformidad con las Normas Internacionales de Auditoría detectará siempre un error material cuando exista. Los errores pueden deberse a fraude o a error no relacionado con fraude y se consideran materiales si, individualmente o de forma agregada, puede preverse razonablemente que influyan en las decisiones económicas de los usuarios, tomadas con base en los estados financieros consolidados.

Como parte de una auditoría realizada de conformidad con las Normas Internacionales de Auditoría, aplicamos nuestro juicio profesional y mantenemos una actitud de escepticismo profesional durante toda la auditoría. También:

- Identificamos y valoramos los riesgos de error material en los estados financieros, consolidados debido a fraude o error, diseñamos y aplicamos procedimientos de auditoría para responder a dichos riesgos y obtenemos evidencia de auditoría suficiente y adecuada para proporcionar una base para nuestra opinión. El riesgo de no detectar un error material debido a fraude es más elevado que en el caso de un error material no relacionado con fraude, ya que el fraude puede implicar colusión, falsificación, omisiones deliberadas, manifestaciones intencionalmente erróneas o una evasión del control interno.
- Obtenemos un entendimiento del control interno relevante para la auditoría con el fin de diseñar procedimientos de auditoría que sean adecuados en las circunstancias y no con la finalidad de expresar una opinión sobre la eficacia del control interno de la Compañía.
- Evaluamos lo adecuado de las políticas contables aplicadas y la razonabilidad de las estimaciones contables y las revelaciones relativas hechas por la Administración.
- Concluimos sobre lo apropiado de la utilización de la base contable de negocio en marcha por parte de la Administración y, basándonos en la evidencia de auditoría obtenida, concluimos sobre si existe o no una incertidumbre material relacionada con eventos o condiciones que puedan generar dudas significativas sobre la capacidad de la Compañía para continuar como negocio en marcha. Si concluimos que existe una incertidumbre material, nos es requerido llamar la atención en nuestro informe de auditoría a las revelaciones correspondientes en los estados financieros consolidados o, si dichas revelaciones no son adecuadas, que modifiquemos nuestra opinión de auditoría. Nuestras conclusiones se basan en la evidencia de auditoría obtenida hasta la fecha de nuestro informe de auditoría. Sin embargo, eventos o condiciones futuros podrían causar que la Compañía cese de operar como negocio en marcha.
- Evaluamos la presentación general, la estructura y el contenido de los estados financieros consolidados, incluyendo las revelaciones, y si los estados financieros consolidados representan las transacciones y hechos subyacentes de un modo que logran su presentación fiel.
- Obtenemos evidencia de auditoría suficiente y apropiada acerca de la información financiera de las entidades o actividades de negocios dentro de la Compañía para expresar una opinión sobre los estados financieros consolidados. Somos responsables de la dirección, supervisión y realización de la auditoría del grupo. Somos los únicos responsables de nuestra opinión de auditoría.

## Deloitte.

Nos comunicamos con los responsables de gobierno de la Compañía en relación con, entre otros asuntos, el alcance planeado y la oportunidad de la auditoría y los hallazgos de auditoría significativos, así como cualquier deficiencia significativa en el control interno que identificamos en el transcurso de la auditoría.

También proporcionamos a los encargados del gobierno una declaración de que hemos cumplido con los requerimientos éticos relevantes acerca de la independencia y les comunicamos todas las relaciones y otros asuntos que razonablemente se puedan pensar como una ayuda a nuestra independencia, y cuando sea aplicable, las correspondientes salvaguardas.

A partir de los asuntos comunicados a los encargados de gobierno, determinamos que esos asuntos fueron de la mayor importancia en la auditoría de los estados financieros consolidados del año actual y por lo tanto, son los asuntos claves de la auditoría. Describimos estos asuntos en nuestro informe de auditoría a menos que las leyes o regulaciones impidan la revelación pública del asunto o cuando, en circunstancias extremadamente raras, determinamos que un asunto no debe comunicarse en nuestro informe de auditoría porque de manera razonable se pudiera esperar que las consecuencias adversas por hacerlo serían más que los beneficios de interés público de tal comunicación.



Lic. Luis Guillermo Rodríguez Araya - C.P.A. No.1066  
Póliza No.0116 FIG 7  
Vence: 30 de setiembre de 2019  
Timbre de Ley No.6663, ₡1.000  
Adherido y cancelado en el original

16 de noviembre de 2018



**FLORIDA ICE AND FARM COMPANY, S.A.  
Y SUBSIDIARIAS**  
**Estados Financieros Consolidados**  
**30 de setiembre de 2018 y 2017**



**FLORIDA ICE AND FARM COMPANY, S.A. Y SUBSIDIARIAS**

**Estados Consolidados de Situación Financiera  
(En Millones de Colones)**

**30 de setiembre de 2018 y de 2017**

<u>Activos</u>	<u>Nota</u>	<u>2018</u>	<u>2017</u>
Efectivo y equivalentes de efectivo	4	¢ 27.800	35.768
Inversiones en instrumentos financieros	5	3.926	9.639
Cuentas por cobrar, neto	6	67.662	64.046
Inventarios	7	64.551	65.293
Anticipos a proveedores		140	1.724
Desembolsos pagados por anticipado	8	20.879	18.565
Propiedades disponibles para la venta		1.898	14.959
Porción circulante por cobrar a largo plazo	9	2.226	-
<b>Total activo circulante</b>		<b>189.082</b>	<b>209.994</b>
Documentos por cobrar a largo plazo	9	13.076	6.828
Propiedades de inversión	10	40.677	44.939
Inversiones en asociadas y otras	11	55.599	57.293
Inmuebles, planta y equipo, neto	12	342.795	294.681
Activos intangibles	13	185.949	186.387
Crédito mercantil	13	77.610	92.644
Otros activos		2.085	1.603
Impuesto sobre la renta diferido activo	23b	25.042	31.917
<b>Total activo largo plazo</b>		<b>742.833</b>	<b>716.292</b>
<b>Total Activos</b>		<b>¢ 931.915</b>	<b>926.286</b>
<b><u>Pasivos y Patrimonio</u></b>			
Préstamos bancarios a corto plazo	14	¢ 21.024	28.525
Porción circulante de los préstamos bancarios a largo plazo	15	15.422	25.448
Porción circulante de los bonos por pagar a largo plazo	16	-	5.000
Cuentas por pagar	17	53.326	54.012
Gastos acumulados y otras obligaciones	18	37.479	31.057
Impuesto sobre la renta por pagar		4.784	6.824
Otros impuestos por pagar		7.952	7.986
Adelantos recibidos de clientes		3.951	3.665
<b>Total pasivo a corto plazo</b>		<b>143.938</b>	<b>162.517</b>
Préstamos bancarios a largo plazo, excluyendo la porción circulante	15	247.629	237.746
Bonos estandarizados por pagar a largo plazo, excluyendo la porción circulante	16	73.250	50.250
Impuesto sobre la renta diferido pasivo	23b	44.939	60.923
Instrumentos financieros mantenidos para la administración del riesgo	26	741	813
<b>Total pasivo a largo plazo</b>		<b>366.559</b>	<b>349.732</b>
<b>Total Pasivos</b>		<b>¢ 510.497</b>	<b>512.249</b>
<b>Patrimonio:</b>			
Capital en acciones comunes	19	¢ 93.081	93.734
Menos: acciones en tesorería a su valor nominal		1.065	653
Capital en acciones en circulación		92.016	93.081
Capital adicional pagado		54	54
Reservas		58.946	58.895
Utilidades no distribuidas		221.066	212.562
<b>Total patrimonio atribuible a los propietarios de la controladora</b>		<b>372.082</b>	<b>364.592</b>
Participaciones no controladoras		49.336	49.445
<b>Total patrimonio</b>		<b>421.418</b>	<b>414.037</b>
Contingencias y compromisos	28, 29	-	-
<b>Total Pasivos y Patrimonio</b>		<b>¢ 931.915</b>	<b>926.286</b>

Las notas que acompañan a los estados financieros consolidados son parte integral de los mismos.

**FLORIDA ICE AND FARM COMPANY, S.A. Y SUBSIDIARIAS**  
**Estados Consolidados de Pérdidas y Ganancias y Otros Resultados Integrales**  
**(En Millones de Colones)**  
**Por los períodos de doce meses terminados el 30 de setiembre de 2018 y de 2017**

	Nota	2018	2017
<b>Ventas netas</b>	27	¢ <b>697.944</b>	<b>673.790</b>
Costo de las ventas		357.105	333.359
<b>Utilidad bruta</b>		<b>340.839</b>	<b>340.431</b>
Gastos de ventas y mercadeo	20	157.285	157.554
Gastos generales y administrativos	21	64.703	62.443
Gastos de operación		221.988	219.997
<b>Utilidad de operación antes de ítems no recurrentes</b>		<b>118.851</b>	<b>120.434</b>
Otros gastos, neto	13 y 28	17.077	6.463
Utilidad de operación		101.774	113.971
Gastos financieros		26.062	24.623
Ingresos financieros		(1.264)	(1.774)
Diferencias de cambio, neto		2.620	521
Ganancia en participación de asociadas, neto	11	(7.848)	(11.138)
<b>Utilidad del período antes de impuestos</b>		<b>82.204</b>	<b>101.739</b>
Impuesto sobre la renta:			
Corriente	23	32.711	32.642
Diferido	23	(9.574)	(122)
Total impuesto sobre la renta		23.137	32.520
<b>Utilidad del período</b>		<b>¢ 59.067</b>	<b>69.219</b>
<b>Otros resultados integrales:</b>			
Partidas que pueden ser reclasificadas posteriormente al resultado del año:			
Diferencias de cambio al convertir negocios en el extranjero – propietarios de la controladora		273	1.968
Diferencias de cambio al convertir negocios en el extranjero – participación no controladora		71	1.464
Reserva por cobertura		(222)	550
Partidas que no pueden ser reclasificadas posteriormente al resultado del año:			
Efecto del superávit por revaluación		-	707
<b>Otros resultados integrales del período después del impuesto</b>		<b>122</b>	<b>4.689</b>
<b>Resultado integral total del período</b>		<b>¢ 59.189</b>	<b>73.908</b>
<b>Ganancia atribuible a:</b>			
Propietarios de la controladora		46.170	54.784
Participaciones no controladoras		12.897	14.435
		<b>¢ 59.067</b>	<b>69.219</b>
<b>Resultado integral total atribuible a:</b>			
Propietarios de la controladora		46.221	58.010
Participaciones no controladoras		12.968	15.898
		<b>¢ 59.189</b>	<b>73.908</b>
<b>Utilidad básica por acción</b>	19d	<b>¢ 49,86</b>	<b>58,39</b>

Las notas que acompañan a los estados financieros consolidados son parte integral de los mismos.

## FLORIDA ICE AND FARM COMPANY, S.A. Y SUBSIDIARIAS

Estados Consolidados de Cambios en el Patrimonio  
(En Millones de Colones)

Por los períodos de doce meses terminados el 30 de setiembre de 2018 y de 2017

	Saldo 30 de setiembre de 2017	Resultado integral total del período	Dividendos pagados	Absorción de acciones en tesorería	Compra de acciones en tesorería	Asignación de reserva legal	Saldo 30 de setiembre de 2018
Capital acciones	¢ 93.734	-	-	(653)	-	-	93.081
Acciones en tesorería	(653)	-	-	653	(1.065)	-	(1.065)
Capital adicional pagado	54	-	-	-	-	-	54
<b>Reservas:</b>							
Superávit por revaluación	31.800	-	-	-	-	-	31.800
Reserva legal	22.516	-	-	-	-	-	22.516
Reserva por cobertura	(519)	(222)	-	-	-	-	(741)
Ajuste por conversión de estados financieros	5.098	273	-	-	-	-	5.371
<b>Total Reservas</b>	<b>58.895</b>	<b>51</b>					<b>58.946</b>
Utilidades no distribuidas	212.562	46.170	(29.164)	-	(8.502)	-	221.066
Patrimonio atribuible a los propietarios de la controladora	364.592	46.221	(29.164)	-	(9.567)	-	372.082
Participaciones no controladoras	49.445	12.968	(13.077)	-	-	-	49.336
<b>Total Patrimonio</b>	<b>¢ 414.037</b>	<b>59.189</b>	<b>(42.241)</b>		<b>(9.567)</b>		<b>421.418</b>
	Saldo 30 de setiembre de 2016	Resultado integral total del período	Dividendos pagados	Absorción de acciones en tesorería	Compra de acciones en tesorería	Asignación de reserva legal	Saldo 30 de setiembre de 2017
Capital acciones	¢ 93.967	-	-	(233)	-	-	93.734
Acciones en tesorería	(233)	-	-	233	(653)	-	(653)
Capital adicional pagado	54	-	-	-	-	-	54
<b>Reservas:</b>							
Superávit por revaluación	31.093	707	-	-	-	-	31.800
Reserva legal	19.763	-	-	-	-	2.753	22.516
Reserva por cobertura	(1.069)	550	-	-	-	-	(519)
Ajuste por conversión de estados financieros	3.130	1.968	-	-	-	-	5.098
<b>Total Reservas</b>	<b>52.917</b>	<b>3.225</b>				<b>2.753</b>	<b>58.895</b>
Utilidades no distribuidas	193.860	54.785	(26.889)	-	(6.441)	(2.753)	212.562
Patrimonio atribuible a los propietarios de la controladora	340.565	58.010	(26.889)	-	(7.094)	-	364.592
Participaciones no controladoras	45.709	15.899	(12.163)	-	-	-	49.445
<b>Total Patrimonio</b>	<b>¢ 386.274</b>	<b>73.909</b>	<b>(39.052)</b>		<b>(7.094)</b>		<b>414.037</b>

Las notas que acompañan a los estados financieros consolidados son parte integral de los mismos.



## FLORIDA ICE AND FARM COMPANY, S.A. Y SUBSIDIARIAS

Estados Consolidados de Flujos de Efectivo  
(En Millones de Colones)

Por el período de doce meses terminados el 30 de setiembre de 2018 y de 2017

	2018	2017
<b>Fuentes (uso) de efectivo:</b>		
<b>Actividades de operación:</b>		
<b>Ganancia del período</b>	¢ 59.067	69.219
Partidas que no requieren efectivo:		
Depreciación y amortización	30.743	29.404
Deterioro del crédito mercantil	16.361	-
Diferencial cambiario no realizado	2.603	1.759
Pérdida (ganancia) en venta de activos	315	(564)
Participación en ganancias de compañías asociadas	(7.848)	(11.138)
Estimación para cuentas de dudoso cobro	587	513
Impuesto sobre la renta diferido	(9.574)	(122)
Impuesto sobre la renta corriente	32.711	32.642
Gasto financieros	26.062	24.623
<b>Efectivo provisto antes de cambios en el capital de trabajo</b>	<b>151.027</b>	<b>146.336</b>
Cambios en el capital de trabajo:		
Cuentas por cobrar	(4.730)	(9.779)
Anticipos a proveedores de equipo	1.584	(715)
Inventarios y propiedades disponibles para la venta	6.653	(1.299)
Desembolsos pagados por anticipado y otros activos	(2.314)	4.651
Cuentas por pagar	(686)	1.398
Otros activos	(482)	(1.825)
Gastos acumulados y otras obligaciones	6.091	542
Otros impuestos por pagar	(34)	300
Adelantos recibidos de clientes	286	434
<b>Efectivo provisto por las operaciones</b>	<b>157.395</b>	<b>140.043</b>
Pago de intereses	(25.731)	(24.582)
Pago de impuesto sobre la renta	(34.751)	(36.793)
<b>Efectivo neto provisto por actividades de operación</b>	<b>96.913</b>	<b>78.668</b>
<b>Actividades de inversión:</b>		
Dividendos recibidos	7.507	9.178
Inversiones en instrumentos financieros	5.419	(7.359)
Adiciones a inmuebles, planta y equipo e intangibles	(73.359)	(73.309)
Efecto en propiedades de inversión	(408)	-
Efecto de la disposición de activos	638	3.868
<b>Efectivo neto usado para las actividades de inversión</b>	<b>(60.203)</b>	<b>(67.622)</b>
<b>Actividades de financiamiento:</b>		
Proveniente de préstamos bancarios	69.410	480.534
Amortizaciones de deuda	(80.454)	(466.120)
Adquisición de acciones en tesorería	(8.502)	(7.094)
Disminución de la participación no controladora por dividendos pagados	(13.077)	(12.163)
Pago de bonos	(5.000)	-
Emisión de bonos	23.000	-
Dividendos pagados	(29.164)	(26.889)
<b>Efectivo neto usado para las actividades de financiamiento</b>	<b>(43.787)</b>	<b>(31.732)</b>
<b>Disminución en el efectivo y equivalentes de efectivo</b>	<b>(7.077)</b>	<b>(20.686)</b>
Efectivo y equivalentes de efectivo al inicio del período	35.768	63.246
Ajuste por conversión de estados financieros	(891)	(6.792)
<b>Efectivo y equivalentes de efectivo al final del período</b>	<b>¢ 27.800</b>	<b>35.768</b>

Las notas que acompañan a los estados financieros consolidados son parte integral de los mismos.



# Other Social Standards



## GRI 102-8

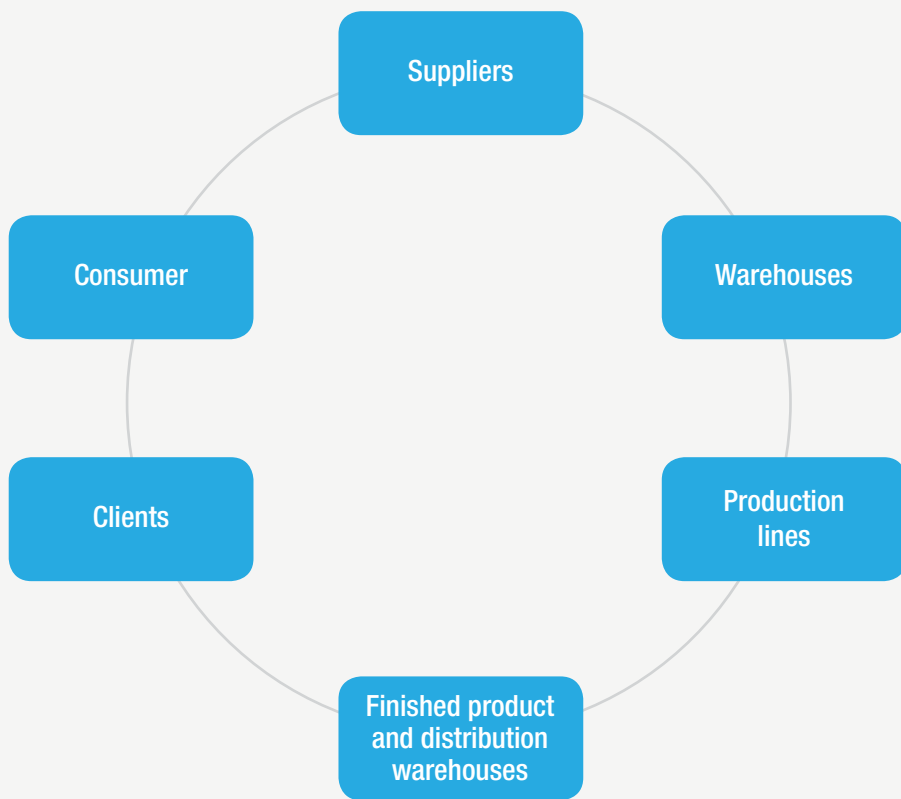
## Total permanent, temporary and part-time jobs, by gender and location

País	2016					2017					2018				
	Permanent Contract		Temporary or Part-time contract		Total	Permanent Contract		Temporary or Part-time contract		Total	Permanent Contract		Temporary or Part-time contract		Total
	Mujeres	Hombres	Mujeres	Hombres		Mujeres	Hombres	Mujeres	Hombres		Mujeres	Hombres	Mujeres	Hombres	
Costa Rica	867	3.661	26	243	4,797	897	3.461	23	277	4,658	167	624	136	103	1,030
Guatemala and El Salvador	63	426	6	216	711	73	444	4	201	722	725	3.261	18	67	4.071
United States	177	667	130	99	1,073	165	630	142	124	1,061	82	441	1	199	723
<b>Total</b>	<b>1,107</b>	<b>4,754</b>	<b>162</b>	<b>558</b>	<b>6,581</b>	<b>1,135</b>	<b>4,535</b>	<b>169</b>	<b>602</b>	<b>6,441</b>	<b>974</b>	<b>4,326</b>	<b>155</b>	<b>369</b>	<b>5,824</b>
<b>Total minus temporary</b>					<b>5,861</b>					<b>5,670</b>					<b>5,300</b>

**Note:** The number of temporary or part-time employees depends on market demand.

GRI 102-9

**Cadena de suministro**



FIFCO suppliers are located in different parts of the country, and expenses invested on those suppliers are classified according to: indirect or direct expenses, or others. Direct expenses are those such as raw materials and product packaging. Indirect expenses are those related to different types of inputs, services required for product operation or marketing. Lastly, there are one-time payments for specific services and that are not part of the operation's day-to-day life.

**Expenses for suppliers, by operation**

Operación	2017			2018		
	Direct Expense	Indirect Expense	Other expenses	Direct Expense	Indirect Expense	Other expenses
Costa Rica	+\$149,000,000	+\$92,000,000	+\$75,000,000	+\$159,000,000	+\$174,000,000	+\$51,930,000
Guatemala	+\$43,000,000	+\$8,000,000	+\$11,000,000	+\$48,000,000	+\$5,500,000	+\$10,260,000
United States	+\$82,000,000	+\$34,000,000	+\$196,000,000	+\$100,000,000	+\$71,000,000	+\$67,500,000

## GRI 201-1

Reporting the GRI 201-1 standard was not possible in 2018, given data availability before this report's publication.

FIFCO will report on this standard in its next report.



## GRI 201-3

**Social Benefits Program and retirement plans, by country****Costa Rica**

- The Worker Protection Law 7983 establishes a benefit plan for retirement, complementary to the Costa Rican Social Security Fund's disability, old age and survivors system.
- The company contributes the equivalent of 3% of each employee's salary under this law, to consolidate a complementary pension system.
- Unemployment fund: for this purpose, the company contributes 1% of each employee's salary through the Solidarity Association, and each employee contributes 2%.

**Guatemala**

- A monthly contribution is made to the retirement program, laid down by social security, which translates to 10.67% of paid salaries.
- Voluntary retirement program: all workers who wish to voluntarily withdraw from the company can do so and benefit his or her relatives in hiring their services.

**Estados Unidos**

There are no obligations stemming from benefit plans; contributions go to benefits managed by the union. The operation consists of each plan based on the amount of hours worked per week, according to location.

## GRI 202-1

### Standard entry-level category salary ratio, by sex compared to local minimum salary

Business Unit	Year	Currency	Average minimum wage by country	Company entry-level average	Company/Country Minimum Ratio
FIFCO USA	2016	USD	10	13.16	1,3
	2017	USD	11.04	13.68	1,2
	2018	USD	11.59	14.46	1,2
Florida Bebidas	2016	Colones	289,107.65	294,461.67	1,02
	2017	Colones	293,132.65	298,561.22	1,02
	2018	Colones	300,256	307,518	1.02
Florida Retail	2016	Colones	289,107.65	291,465.58	1,01
	2017	Colones	293,132.67	295,523.42	1,01
	2018	Colones	300,256	300,500	1.00
Reserva Conchal	2016	Colones	289,107.65	291,465.58	1,01
	2017	Colones	293,132.67	295,523.42	1,01
	2018	Colones	300,256	300,500	1.02
Industrias Alimenticias Kern's	2016	Quetzales	2,284.15	2,623	1,15
	2017	Quetzales	2,643.21	2,662.56	1,01
	2018	Quetzales	2,742.37	2,770.78	1,01

**Note:** Contractors or outsourced are sub-hired by suppliers, and in most cases these people are paid salaries above the minimum. For example, at NAB the minimum wage for labor is \$9 an hour, and the contractor receives \$12 an hour. The average sum shown in NAB is the sum paid per hour and takes into account 12 locations in the USA where FIFCO has operations. Costa Rica has a national minimum wage that is not disaggregated by gender. Moreover, the minimum wage established by the organization makes no gender difference.

## GRI 401-1

## Permanent worker rotation, by age, gender and zone

País	United States						Costa Rica y Guatemala					
	2016		2017		2018		2016		2017		2018	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Rango de edad												
Under 30	78	83	71	75	24	29	221	563	149	131	132	425
From 30 to under 50	42	59	17	40	14	42	151	365	119	232	98	386
50 or more	3	16	1	9	2	13	5	12	2	6	4	23
<b>Total hires</b>	<b>123</b>	<b>158</b>	<b>89</b>	<b>124</b>	<b>40</b>	<b>84</b>	<b>377</b>	<b>940</b>	<b>270</b>	<b>551</b>	<b>234</b>	<b>834</b>
Total employees	307	776	307	754	167	624	742	3,655	997	4,383	807	3,702
<b>Average annual rotation, by gender</b>	<b>40%</b>	<b>21%</b>	<b>29%</b>	<b>16%</b>	<b>24%</b>	<b>13%</b>	<b>51%</b>	<b>26%</b>	<b>27%</b>	<b>13%</b>	<b>29%</b>	<b>23%</b>

**Note:** Calculations for the average annual rotation by gender = total dismissals / total employees. In the case of FIFCO USA collaborator total was included, permanent and temporary; the rest of the countries only include permanent employees, since that is how the company collects the information.



## GRI 401-3

## Return-to-work and retention rates after maternity or paternity leave, disaggregated by gender and location

Empleados que:	Guatemala						Estados Unidos						Costa Rica					
	Women			Men			Women			Men			Women			Men		
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
Were eligible for maternity or paternity leave	4	1	83	21	18	640	5	165	163	14	631	614	45	49	743	132	114	114
Went on maternity or paternity leave	4	1	2	21	18	24	5	3	4	14	27	12	45	49	37	132	114	77
Returned to work at the end of their maternity or paternity leave	4	1	2	21	18	24	5	3	4	14	27	12	39	49	30	132	105	77
Returned to work after their maternity and paternity leave, and kept their job twelve months after their return	4	1	2	18	18	21	5	3	4	14	25	12	36	49	27	103	105	63
Return-to-work and retention rates for employees who went on their maternity or paternity leave	100%	100%	100%	86%	100%	88%	100%	2%	2%	100%	4%	100%	80%	100%	73%	78%	92%	82%

**Note:** Every employee has the right to maternity or paternity leave. However, only the ones who could apply for this benefit during the year are accounted for (for IAK, Reserva Conchal, Florida Bebidas, and Florida Retail).

## GRI 403-2

**Accident Rate**

	2016	2017	2018
	IAK	IAK	IAK
Accident injury incidence rate	Women: 0,00% Men: 0.789%	Women: 0,00% Men: 0.799%	Women: 0.00% Men: 0.84%
	Costa Rica	Costa Rica	Costa Rica
	Florida Bebidas: 1.07% Florida Retail: 3.37% Reserva Conchal: 2.97%	Florida Bebidas: 1.08% Florida Retail: 2.46% Reserva Conchal: 1.78%	Florida Bebidas: 2.25% Florida Retail: 2.22% Reserva Conchal: 1.83%
	FIFCO USA	FIFCO USA	FIFCO USA
	6.63%	7.12%	Mujeres: 0.40% Hombres: 6.19%

404-3

**Percentage of employees who have undergone a periodic assessment of their performance and of their career's evolution throughout this reporting period, disaggregated by gender and by professional category in the 2017-2018 period.**

Country	Workers		Middle Management		Management		Directors	
	Female	Male	Female	Male	Female	Male	Female	Male
FIFCO USA								
Guatemala	0%	0%						
Costa Rica								

**Note:** Information pertaining to Costa Rica is for the 2016-2017 period, given that data is generated each year in December. The fact that people joining the company in the last 6 months of the evaluation period or temporary workers were considered is important.



## GRI 405-1 (B)

## Workforce disaggregated by professional category and sex, age, minority group and other diversity indicators

Position	2016							2017							2018							Porcentaje 2018
	United States		Costa Rica		Guatemala and El Salvador		Total	United States		Costa Rica		Guatemala and El Salvador		Total	United States		Costa Rica		Guatemala and El Salvador		Total	
	M	H	M	H	M	H		M	H	M	H	M	H		M	H	M	H	M	H		
Workers	37	406	628	3,035	45	324	<b>4,475</b>	27	379	655	2,865	48	333	4,307	97	462	486	2,719	50	328	4,142	78%
Middle Management	95	123	199	508	18	88	<b>1,031</b>	96	114	202	492	24	102	1,030	65	138	204	455	30	106	998	19%
Management	40	91	33	106	0	14	<b>284</b>	39	85	36	103	1	9	273	5	24	35	87	2	7	160	3%
Directors/Managers	5	47	7	12	0	0	<b>71</b>	3	52	4	1	0	0	<b>60</b>	0	0	0	0	0	0	0	0%
Others	177	667	867	3,661	63	426	<b>5,861</b>	165	630	897	3,461	73	444	5,670	167	624	725	3,261	82	441	5,300	100%

M= Women

H= Men

## GRI 405-2

## Basic salary ratio by category, gender and location

Reserva Conchal, Florida Bebidas and Musmanni					
Position	Men	Women	2016 ratio*	2017 ratio*	2018 ratio*
Management	VS		1.09	1.19	1.27
Specialists, Supervisors and Heads	VS		1.03	1.05	1.06
Auxiliaries and Analysts		VS	0.9	1.09	0.87
Workers	VS		1.1	1.14	1.14
Industrias Alimenticias Kern's					
Management	VS		1.26	1.57	1.45
Specialists, Supervisors and Heads	VS		1.07	1.8	1.05
Auxiliaries and Analysts	VS		1.07	1.98	0.73
Workers	VS		1	1	0.80
FIFCO USA					
Management	VS		0.74	0.74	0
Specialists, Supervisors and Heads		VS	1.01	1.05	1.14
Auxiliaries and Analysts	VS		0.99	0.99	1.12
Workers		VS	1.05	1.01	1
Management	VS		0.86	0.98	1.55

(\*) Corresponds to men's base salary divided by women's base salary..

VS = Wage Advantage

In Costa Rica, the men in management positions, specialists, supervisors, heads and workers still have a WA. Women keep their WA in auxiliary and analyst positions. There is an opportunity for improvement in wage equality by gender. FIFCO works towards such equality through its compensation structure

# Other Environmental Standards



## Environmental Disclosures 2018

Número de Estándar GRI	Unidades	Estándar GRI	Resultado resumido	Detalles
301-3	Kg	Percentage of reclaimed products and their packaging materials	65% 2017 77% 2018	See table 301-3
302-1	GJ	Indirect electrical and thermal energy consumption	<ul style="list-style-type: none"> <li>Westin Hotel: 60,052 GJ in 2017; 57,049 GJ /pd in 2018</li> <li>Florida Retail: 27,944 GJ in 2017; 26,547 GJ in 2018</li> <li>FIFCO USA: 338,220 GJ in 2017; 321,309 GJ in 2018</li> <li>IAK: 4,371 GJ in 2017; 43,165 GJ in 2018</li> </ul>	See table 302-1
302-2	GJ	Direct fuel consumption for outsourced transportation	Florida Bebidas: 78,539 in 2017; 83,237 in 2018 Retail: Not available	
302-3	GJ/unit	Energy intensity: Electrical and thermal energy consumption per sales unit	<ul style="list-style-type: none"> <li>Westin Hotel: 0.12 GJ/pd in 2017; 0.10 GJ/pd in 2018</li> <li>Florida Retail: 1.43 GJ/ton in 2017; 1.39 GJ/ton in 2018</li> <li>FIFCO USA: 0.14 GJ/hl in 2017; 0.13 GJ/hl produced in 2018</li> <li>IAK: 0.14 GJ/Hl produced in 2017; 0.13 GJ in 2018</li> </ul>	See table 302-3
302-4	GJ	Quantified reduction of electrical and thermal energy	<ul style="list-style-type: none"> <li>Westin Hotel: -5,644 in 2018</li> <li>Florida Bebidas: -26,397 in 2018</li> <li>FIFCO USA: -15,648 in 2018</li> </ul>	See table 302-4
303-2	Units	Water sources significantly affected by withdrawal of water	Hospitalidad. Fuente con Índice de Escasez de Agua Alta. Importancia relevante para las comunidades locales	
304-4	N/A	Species (biodiversity)	See GRI 304-4	See table 304-4
305-4	Ton CO <sub>2</sub> e/hl pr	GHG emissions intensity	<ul style="list-style-type: none"> <li>Florida Bebidas CR: -0.091 in 2017; 0.0086 in 2018</li> <li>Florida Retail: 0.12 in 2017; 0.06 in 2018</li> <li>IAK: 0.016 in 2017; 0.015 in 2018</li> <li>FIFCO USA: 0.072 in 2017; 0.070 in 2018</li> </ul>	See table 305-4
305-6	Kg CFC-11 equivalent	Emissions of ozone-depleting substances	Florida Bebidas: 276 in 2017; 238 in 2018	See table 305-6
305-7	Kg de Nox; Kg de SO <sub>2</sub> ; Kg PTS; Kg PM10	Other significant air emissions	<ul style="list-style-type: none"> <li>NOx: 185,774.42 in 2017; 190,245 in 2018</li> <li>SO2: 454,245 in 2017; 350,139 in 2018</li> <li>PTS: 27,032 kg in 2017; 19,802 kg in 2018</li> </ul>	See table 306-7
306-1	m <sup>3</sup> ; Kg	Water discharge by quality and destination	<ul style="list-style-type: none"> <li>Florida Bebidas: 921,196 hl. See GRI 306-1 detail</li> <li>IAK: 134,765 hl</li> </ul>	See table 306-1
306-3	Liters; kg	Significant spills of dangerous materials	<ul style="list-style-type: none"> <li>Florida Bebidas: see detail for GRI 306-3</li> <li>Florida Retail: 0</li> <li>IAK: 0</li> </ul>	See table 306-3
306-4	Liters; kg	Weight of hazardous waste transported, imported, exported or treated	Florida Bebidas <ul style="list-style-type: none"> <li>Treated: 57,789 in 2017; 57,584 in 2018</li> <li>Exported: 2,366 in 2017; 3,536 in 2018</li> <li>Imported: 0 in 2017; 0 in 2018</li> </ul> IAK: <ul style="list-style-type: none"> <li>24.5 kg (bio-contagious) 2017; 20.3 kg 2018</li> </ul>	N/A

## GRI 201-2

### Financial implications and other risks and opportunities due to climate change 2018

Type	Detailed description	Physical, regulatory, or otherwise	Impact description	Financial implication	Management methods
Opportunity	Consumers more aware of environmental problems, willing to acknowledge products' environmental performance as a buying criteria	Reputational	Consumers acknowledge the issues related to climate and their impact due to increasing exposure and knowledge about climate change-related problems. Therefore, when choosing products, they become more critical of them and of the environmental performance of the companies that produce them.	On-going	Air Brands
	Adoption of new technologies for a more effective and efficient operation with available resources such as water and energy	Physical, reputational	Improve process and product environmental performance, as well as competitiveness due to operations with cutting-edge technology.	On-going	Innovation, Benchmark, BCS Heineken
Risk	Infrastructure damage due to natural threats	Physical	Flooding due to heavy rainfall, tropical storms and even hurricanes, increase the risk of direct value chain infrastructure damage, as well as that of suppliers and clients.	Winter	Emergency care Business continuity

## GRI 302-1 AND 302-4

## Energy Consumption and Reduction 2018

Use	Electrical Energy Consumption (kWh)			Consumption indicator (kWh/hectoliter produced)	
	2017	2018	Reduction 2018 vs. 2017	2017	2018
Beer plant	19,762,374	14,663,700	-5,098,674	9.66	7.24
Cristal plant	12,929,177	11,823,341	-1,105,836	10.07	10.17
Pepsi Plant	4,809,708	4,861,928	52,220	5.25	5.13
Other CR	6,319,846	5,139,610	-1,180,236	1.42	1.24
<b>Subtotal Costa Rica</b>	<b>43,821,105</b>	<b>36,488,579</b>	<b>-7,322,526</b>	<b>9.82</b>	<b>8.81</b>
IAK Plant	7,325,228	7,933,848	608,620	8.73	9.38
<b>Total</b>	<b>51,146,333</b>	<b>44,422,427</b>	<b>-6,723,906</b>	<b>9.65</b>	<b>8.91</b>

**Note:** According to the Reduction of Energy Consumption table, the Beer Plant, Pepsi Plant and Industrias Alimenticias Kern's were able to reduce electrical energy consumption, while the rest of the plants show an increase due to production increases and a greater energy requirement for certain processes.

Use	Fuel type	Installation/ Operation	Energy units (Gigajoules)		
			2017	2018	Reducción 2018 vrs 2017
Heating	Bunker	CCR Plant	188,702.69	182,735.56	-5,967.13
		Cristal Plant	79,747.62	62,249.06	-17,498.56
		ECSRL Plant	4,597.33	4,206.27	-391.066
		IAKGT Plant	62,842.19	14,603.00	-48,239.19
	LP Gas	IAKGT Plant		79,975.00	79,975
Machinery	Diesel/LP Gas/Gasoline	Florida Bebidas S.A.	0.00	0.00	0
CR Fleet Vehicles	JET A1	Florida Bebidas S.A.	4,701.73	0.00	-4,701.73
	Diesel/Gasoline and Gas LP		169,848.43	0.00	-169,848.43
<b>Total</b>			<b>510,439.98</b>	<b>343,768.88</b>	<b>-166,671.10</b>

## THERMAL (MJ/HL)

Year	Beer Plant	Cristal Plant	Pepsi Plant	Others in CR	IAK Plant
2011	115.14	69.77	12.25	57.76	83.80
2012	114.43	62.46	10.70	54.52	79.83
2013	110.71	62.72	11.11	50.08	87.48
2014	104.28	61.88	10.28	43.49	97.55
2015	96.40	65.06	9.74	42.97	93.47
2016	97.31	53.94	5.49	39.33	105.38
2017	95.26	62.09	5.02	38.87	103.20
2018	90.270	51.840	4.440	41.900	109.170



## ESTÁNDAR GRI 302-3

## Intensidad Energética 2018 vs 2017

Energy Type	Florida Bebidas		IAK		Hotel Westin		Florida Retail		FIFCO USA	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Intensity	0.136	0.135	0.106	0.142	0.12	0.12	1.43	1.4	0.14	0.13
Units	GJ/hl pr		GJ/hl pr		GJ/pd		GJ/ton pr		GJ/hl pr%	

## Energy Intensity 2018

Type of fuel	Internal Energy Consumption 2018 (GJ)			GJ/hl 2018		
	CR	IAK	Florida Bebidas	CR	IAK	Florida Bebidas
Bunker	249,191	14,603	263,794	0.060	0.017	0.053
LP Gas Fleet	14,899	0	14,899	0.004	0.000	0.003
LP Gas Machinery	2,451	79,975	82,426	0.001	0.092	0.016
Diesel Fleet	120,136	0	120,136	0.029	0.000	0.024
Diesel Machinery	1,422	0	1,422	0.000	0.000	0.000
Gasoline Fleet	29,754	0	29,754	0.007	0.000	0.006
Gasoline Machinery	162	0	162	0.000	0.000	0.000
Jet A1 Fuel	3,592	0	3,592	0.001	0.000	0.001
<b>Total fuel</b>	<b>461,607</b>	<b>94,578</b>	<b>516,185</b>	<b>0.102</b>	<b>0.109</b>	<b>0.103</b>
Electricity	131,359	28,562	159,921	0.032	0.033	0.032
<b>Total Energy</b>	<b>552,966</b>	<b>123,140</b>	<b>676,106</b>	<b>0.133</b>	<b>0.142</b>	<b>0.135</b>

## ESTÁNDAR GRI 304-4

## Species threatened or endangered in the Reserva Conchal Sphere of Influence 2018

## FAUNA

Common Name	Scientific Name	Status	CITES	IUCN Red List	Causes
Northern Tamandua	<i>Tamandua mexicana</i>	Threatened		√	Run over and habitat reduction
Mantled Howler Monkey	<i>Alouatta palliata</i>	Threatened	√	√	Run over, electrocution, food for hu-mans, habitat loss
Jabiru	<i>Jabiru mycteria</i>	Endangered	√	√	Habitat reduction
Nine-banded Arma-dillo	<i>Dasyus novemcinctus</i>	Threatened	√	√	Loss of nesting trees such as <i>Gallinazo</i> and <i>Ceiba</i> , as well as wetland drainage
White-tailed deer	<i>Odocoileus virginianus</i>	Threatened			Run over and food for humans
Puma	<i>Puma concolor</i>	Endangered	√	√	Food for humans, hunting
Jaguarundi	<i>Puma yagouarundi</i>	Endangered	√	√	Hunting and habitat loss
Ocelot	<i>Leopardus pardalis</i>	Endangered	√	√	Hunting and habitat loss
Olive Ridley Turtle	<i>Lepidochelys olivacea</i>	Endangered	√	√	Egg removal and food for humans
Leatherback Turtle	<i>Dermochelys coriacea</i>	Endangered	√	√	Egg removal and habitat degradation

## FLORA

Common Name	Scientific Name	Status	CITES	IUCN Red List	Causes
Honduras Mahogany, Mahogany, Mexican Mahogany	<i>Swietenia humilis</i>	Endangered	√	√	Precious wood ex-traction
Cocobolo, Rosewood	<i>Dalbergia retusa</i>	Threatened		√	Precious wood ex-traction
Rain tree	<i>Samanea saman</i>	Threatened			Wood extraction
Brazil Wood, Guaiacum	<i>Guaiacum sanctum</i>	Endangered	√	√	Wood extraction
Tempisque	<i>Sideroxylon capiri</i>	Threatened			Wood extraction
<i>Palo de Brasil</i> , Logwood	<i>Haematoxylon brasiletto</i>	Threatened			Wood extraction
Cedar, Cederwood, Red Cedar	<i>Cedrela Odorata</i>	Threatened		√	Wood extraction

## GRI 305-4

## GHG Emissions Intensity 2018 vs. 2017

Facility	Absolute Emissions (ton CO <sub>2</sub> )												Emission intensity (ton CO <sub>2</sub> /hl produced)	
	Alcance I			Alcance II			Alcance III			TOTAL Ton CO <sub>2</sub> e			2017	2018
	2017	2018	Reduction 2018 vs 2017	2017	2018	Reducción 2018 vs 2017	2017	2018	Reducción 2018 vs 2017	2017	2018	Reducción 2018 vs 2017		
Beer Plant	15,612.58	15,549.75	-62.83	1,162.7	1,105.64	-57,067	845.25	820,537.32	-24,716.7	17,620.54	17,475.93	-144.61	0.0086	0.0086
Cristal Plant	6,305.25	4,591.66	-1,713.6	728.78	891.48	162.7	41.68	64,163.03	22,483	7,075.71	5,547.30	-1,528.4	0.0055	0.0048
Pepsi Plant	354,101.26	332,486.59	-21,615	267.9	366.59	98,689	0	5.39	5,39	622	704,465.96	82,464	0.0007	0.0007
Other CR	10,542.32	9,461.61	-1,080.71	292.71	344.51	51,799	4,550.08	4,294.80	-255.28	15,385.11	14,100.92	-1,284.2	0.0034	0.0032
<b>SUB TOTAL CR</b>	<b>32,814.26</b>	<b>29,935.51</b>	<b>-2,878.75</b>	<b>2,452.10</b>	<b>2,708.22</b>	<b>256.12</b>	<b>5,459.49</b>	<b>5,184.89</b>	<b>-252.12</b>	<b>40,703.37</b>	<b>37,828.62</b>	<b>-2,874.75</b>	<b>0.0091</b>	<b>0.0086</b>
IAK	6,137.63		-6,137.63	2,347.71		-2,347.7			0	8,485.34	0.00	-8,485.34	0.0016	0.0000
<b>Total Florida Bebidas</b>	<b>38,951.89</b>	<b>29,935.51</b>	<b>-9,016.38</b>	<b>4,799.8</b>	<b>2,708.2</b>	<b>-2,091.6</b>	<b>5,459.49</b>	<b>5,184.9</b>	<b>-252.12</b>	<b>49,188.70</b>	<b>37,828.62</b>	<b>-11,360.09</b>	<b>0.0093</b>	<b>0.0072</b>



## GRI 305-6

## Cantidad de sustancias usadas que agotan la capa de ozono 2018

Type of refrigerant gas	FREON R22 (30LB)
<i>Kg</i>	905
<i>ODP</i>	0.05

**Note:** Florida Bebidas uses refrigeration equipment, mainly in the commercial area for beverage demonstrations and cooling. The R134A and R404A are the ones most used, both with zero ozone layer depleting potential. They are also used in some industrial equipment, but ammonia is the most significant use in the Beer Plant. Since 2008, Florida Bebidas has not purchased equipment that uses ozone-depleting refrigerating gases. There are still some within the active equipment that consume this type of gas, which are removed from operation once they are damaged and are cannot be repaired.

Implementation of the Natural Refrigerant Gas CO<sub>2</sub>/NH<sub>3</sub> Substitution Program is under way at the PINOVA industrial bread plant, in a Brine cascade system, which substitutes all R22 at this facility. This system was instituted in February 2018. See separate description (Annex 7).

## GRI 305-7

## Other Relevant Emissions 2018

Source	NOX			SO2		
	Florida Bebidas	IAK	Florida Retail Plant	Florida Bebidas	IAK	Florida Retail Plant
Fixed sources	30,732	2,500				
Forklifts	32,399	4,515	162			
Outsourced mobile sources	30,941			329,634	17,953	2,552
Special equipment	1,810					
Own mobile sources	87,186					
<b>Total Kg of pollutant</b>	<b>183,186</b>	<b>7,015</b>	<b>162</b>	<b>329,234</b>	<b>17,953</b>	<b>2,552</b>

Source	PTS yand PM10		
	Florida Bebidas	IAK	PINOVA
Fixed sources	9,656	5,963	
Forklifts			
Special equipment			
Own mobile sources	4,183		
<b>Total Kg of pollutant</b>	<b>13,839</b>	<b>5,963</b>	
Outsourced mobile sources	1,480		

**Note:** In 2016, a reduction in all sources was reported. This is due to efficient source use management. Also, particulate pollutants from consumed fuels are reported.

## GRI 306-1

## Water discharge by quality and destination 2018

Source	Water type	Treatment Method	DESTINATION	Amount (m <sup>3</sup> /year)	Outgoing load (kg DQO/year)	Quality
Tropical Plant	Special and ordinary	Primary and sec-ondary, anaerobic and aerobic activat-ed sludge	Río Segundo	20,803.7	31,967	Treated, non-drinking water
CCR Plant	Special and ordinary	Primary and sec-ondary, aerobic activated sludge	Río Segundo	600,829	132,247	Treated, non-drinking water
ECSRL Plant	Special and ordinary		Río Bermúdez	77,345	4,338	Treated, non-drinking water
Recycling and Spill Plant	Ordinary	Primary and sec-ondary, anaerobic (septic tank)	Infiltration	633	50,678	Treated, non-drinking water
Commercial services	Ordinary		Infiltration	8,876	703	Treated, non-drinking water
VINDES	Ordinary		Infiltration	4,675	358	Treated, non-drinking water
West Distribution Center and Corpo-rate Building	Ordinary	Primary and sec-ondary, aerobic activated sludge	Río Segundo	9,390	612	Treated, non-drinking water
Limón deposit	Ordinary	Primary	Infiltration	28	910	Treated, non-drinking water
Guápiles deposit	Ordinary		Río Verde	40	976	Treated, non-drinking water
Puntarenas deposit	Ordinary	Primary physico-chemical	Infiltration	70	834	Treated, non-drinking water
Liberia deposit	Ordinary	Primary and sec-ondary aerobic	Infiltration	106	1,081	Treated, non-drinking water
East Distribution Center	Ordinary	Primary and sec-ondary anaerobic (septic tank)	Infiltration	5,751	460	Treated, non-drinking water
San Carlos deposit	Ordinary	Primary and sec-ondary anaerobic (septic tank)	Infiltration	1,017	80	Treated, non-drinking water
Nicoya deposit	Ordinary		Infiltration	1,098	86	Treated, non-drinking water
Ciudad Neily deposit	Ordinary		Infiltration	834	87	Treated, non-drinking water
San Isidro deposit	Ordinary		Infiltration	1,278	99	Treated, non-drinking water
Distribution centers without treatment	Ordinary		Infiltration	1,189	798	Treated, non-drinking water
IAK Plant	Special and ordinary	Primary and sec-ondary, aerobic activated sludge	Municipal sewage	134,765	16,579	Treated, non-drinking water

306-3

### Significant spills of dangerous materials 2018

Facility	PEPSI	
Type	Spill	
Location	PTAR	
Emergency	Volume	Actions
Bunker spill at PTAR. Stopping the cauldron during non-production produced a perforation of the heating coil in the Bunker's daily tank. Due to the perforation, it got into the bunker, which exited through the trap and down the PTAR drain to the homogenizer	30 Litros	Build an intermediate pit for the trap to drain and for the condensate to be visible to the operator. This will make it possible to detect the bunker present in the condensate, allowing for immediate action • Implement one inspection of the following actions per shift • New condensate drainage pit, steam trap, heating serpentine, daily bunker tank • Bunker's main tank heating serpentine trap drain outlet • Oleaginous water traps to detect bunker presence. The boiler operator will perform this inspection upon beginning shift. These inspections will be performed by the boiler operator upon beginning shift and the idea is to detect bunker presence in the condensates or in the oleaginous water traps. Any presence of the hydrocarbon must be immediately reported.
Consequences	In June, the DQO parameter is detected above the limit allowed according to regulations in three consecutive readings.	

Facility	CEDI 0	
Type	Fire	
Location	ENVASE Plant	
Emergency	Volumen	Acciones
An unknown ignition source in the pallets patio area caused a fire from boxes with empty containers and pallets	12 thousand boxes and 42 thousand containers, and 2.5% of the area (approximately 200 m <sup>2</sup> )	The approximate 1-ton of resulting residue from sweeping the fire area was treated by co-processing from Geocycle company.
Consequences	Emissions to the air as a result of material combustion	

306-3

### Significant spills of dangerous materials 2018

Facility	Cristal	
Type	Spill	
Location	Old L-3	
Emergency	Volume	Acciones
Lye spill which reaches point 2 of wastewater discharge	50 Liters	Collect the rest of the lye in barrels. Projects will coordinate with the areas in charge prior to cutting pipes to en-sure they are free from chemical sub-stances.
Consequences	Lye in the body of water.	
Facility	CCR	
Type	Spill	
Location	Brewing	
Emergency	Volume	Acciones
PTAR extract spill	3,500 Kg extract	The spill was cleaned up and the treatment plant was informed so they would take necessary precautions.
Consequences	Alteration in the treatment plant's organic load.	
Facility	CCR	
Type	Spill	
Location	Dressing room, TCC, Laboratory	
Emergency	Volume	Actions
Lye contamination found in drinking water pipes at TCC. An inspection is performed in other areas and is also found in the laboratory, cafeteria and dressing rooms.  The operator starts his shift with the tank connection ready; the next operator performs cleanup normally without realizing the pipe is incorrectly fitted and the CIP is sent through the drinking water pipe.	150 HI lye-80 HI hot water	<ul style="list-style-type: none"> <li>• Carry out a procedure to guarantee a verified, proper elbow connection</li> <li>• Consider installing sensors linked to the tanks' CIP system</li> <li>• During these events, remind personnel about the seriousness of actions and consequences. Consider installing sensors linked to the tanks' CIP system</li> <li>• Conduct a valve installation drawing plan</li> <li>• Implement valve installation Check</li> </ul>
Consequences	Variations in PTAR pH	



## GRI 306-3

## Significant spills of dangerous materials 2018

Facility	CCR	
Type	Spill	
Location	Utilities	
Emergency	Volume	Actions
Pipes were cut as a result of daily diesel tank replacement work, producing a spill in its containment. The spill was contained and then withdrawn.	1,000 liters of diesel in containment	<ul style="list-style-type: none"> <li>• The spill was contained and then withdrawn.</li> <li>• Build an eave that covers containment to avoid rainwater</li> </ul>
Consequences	Lye in the body of water.	

Facility	CCR	
Type	Spill	
Location	Utilities	
Emergency	Volume	Actions
Jumbo tank containment was filled by a spill caused in packaging. Someone opened the drainage valve causing it to reach the treatment plant. This increases the influ-ent's PH, killing vital bacteria for the plant's proper operation.	1,500 liters of lye into 50% of the PTAR by inadequate containment drainage	<ul style="list-style-type: none"> <li>• Block drainage valve</li> <li>• Check automation system to prevent packaging having access to filling the containment</li> <li>• Incorporate adjacent pumps to the maintenance plan</li> </ul>
Consequences	PTAR variations in pH	



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