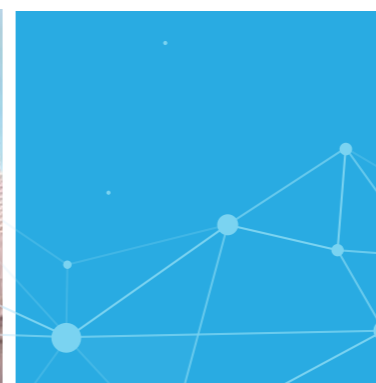


# FIFCO's Transformation and Our Growth Strategy

INTEGRATED REPORT 2019





# FIFCO's Transformation and Our Growth Strategy

INTEGRATED REPORT  
2019

## How to read this report



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

**For the seventh consecutive year, FIFCO's Annual Report is written according to the Integrated Reporting methodology, 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, Florida Hospitality and Florida Capitals, for the fiscal year between **October 2018 and December 2019**. 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 2017-2018 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.

### Verification process

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 review the complete report.

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This report is available at:

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

and

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

## Message from the Chairman of the Board

/// **Wilhelm Steinvorth H.** / Chairman of FIFCO's Board of Directors



Dear Shareholders,

FIFCO's economic performance in 2019 was below our expectations and we are not satisfied with the results. There were many hits, but we also faced significant challenges. We are aware that, in order to achieve our objectives in the near future, we must promote a transformation that will turn the market's challenges into growth opportunities.

Specifically, the fiscal period ended was affected by a slowdown in Costa Rican economy, because of the negative impact of smuggling and for important challenges faced by our business in the United States. This caused the company to end the year with very slight growth in sales volume and decreased profitability, mainly associated with impairment loss at FIFCO USA and the effect of tax adjustment in Costa Rica, which was communicated in December 2018.

A relevant aspect is that this was a 15-month fiscal period, in response to the need to adapt to the Law on Strengthening of Public Finances. We went from a period that comprised from October to September each year, to a calendar period (January-December). This change, to which all the companies in the country are subject, was carried out proactively by FIFCO and approved at an Extraordinary Assembly on September 12, 2019. Therefore, this report presents financial statements audited for 15 months and, additionally, 12-calendar-month comparable financial statements.

As for the most relevant aspects in FIFCO's businesses, it is important to note that our brewing business in Costa Rica managed to keep during this year its market share, despite a much more complex competitive environment. The food and beverage business in Central America, as a whole, reported lower volume of drinks and slight growth in sales.

In the case of FIFCO USA, the results were negatively impacted by the beer segment due to a general reduction in the volume of traditional beer and increased advertising investment in new products that in the end did not have the expected performance (especially "Pura Still"). These results were partially offset by another year of good growth for Seagram's Escapes.

Seven years after this business was acquired in the United States, the economic performance expected was not reached, causing 53,400 million colones impairment loss in this fiscal period, for having lower future projections. It is very important to note that this year FIFCO USA was resized and, on this new basis, we expect to generate sustainable economic growth.

Similarly, the food business in Costa Rica had a lower volume in baked goods, due to the impact of the VAT on the basic basket, and the real estate segment had a negative impact with Westin Hotel's partial closing due to the partial renovation of its rooms and restaurants,

## Mensaje del Presidente de la Junta Directiva

as established in the contract with the operator. In the social and environmental dimensions, we continue to make positive progress and we will fulfill all our commitments before the end of 2020.

In general, we have understood that beyond market challenges, FIFCO requires strong measures and a transformation that will allow us to take on the path of economic growth that has characterized us. As part of this process, we will perform an analysis to make sure we have an ideal business portfolio. This analysis will include the evaluation of those businesses that, despite their success, are not aligned with the company's strategic vision. In addition, businesses whose economic performance is not as expected or in those that FIFCO does not have the key capabilities to make them grow will be evaluated. As a result of this analysis and according to the highest strategic rigor, there is the possibility of us exploring opportunities for divestments that maximize value for our shareholders.

Under a new business model, coupled with a more agile and collaborative culture, and leveraged on technology, we will become a company that is even more focused on our customers and consumers.

FIFCO remains a strong company, which has generated value and prosperity for over 110 years. In spite of short-term challenges, we are convinced of the capacity of the company and its leaders to continue creating economic value for shareholders and continue to be, at the same time, a model of sustainability for the world.

**Wilhelm Steinvorth H.**

Chairman of the Board of Directors

## Message from our CEO

/// Ramón Mendiola S. /Chief Executive Officer | FIFCO



FIFCO is a company inspired by innovation, sustainability and excellence in customer service. Our proposal materializes thanks to the quality of capable, innovative, collaborative and passionate human talent.

This way of doing business allowed us to get through the 2019 period, a challenging year, characterized by modest economic growth yet significant given the socio-economic context of our main market. Faithful to our simultaneous value creation strategy, the social and environmental dimensions achieved very significant progress towards our goals for 2020.

It is during this period that we make the crucial decision to promote transformation within FIFCO that will turn market challenges into opportunities for growth. The company's focus is our consumers and customers, and our goal is to generate the best consumption and shopping experiences, as well as innovation and continuous improvement. Precisely, one of the period's most significant achievements is the company's progress and readiness for the IV Industrial Revolution with the creation of the Transformation Unit.

I invite you to read our seventh Integrated Report for the 2018-2019 fiscal period. This report presents the company's main commercial and financial statements, its progress towards the 7 environmental and social commitments set for the year 2020, as well as the main challenges we have confronted along the way and how we plan to overcome them.

This report is our best tool to hold ourselves accountable not only to our shareholders but to all our stakeholders. This year we confirmed our intention to share with the world a better way of living, contributing to the economic, social and environmental progress of the countries where we operate.

**Ramón Mendiola Sánchez.**

Director General | FIFCO

## Reporting according to the Global Reporting Initiative Standards: Comprehensive Option

Through its corporate strategy, FIFCO aims for sustainable development.

To hold itself accountable regarding this 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 and it applies the latest updates to them, which define a common language for the accountability of highly committed organizations.

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

### Content Principles

- 1 Stakeholder Inclusiveness
- 2 Sustainability Context
- 3 Materiality
- 4 Completeness

### Quality Principles

- 5 Accuracy
- 6 Balance
- 7 Clarity
- 8 Comparability
- 9 Reliability
- 10 Timeliness

## Reporting according to 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:

1

• **General aspects and business model**

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 11 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.

2

• **Strategic objectives**

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.

3

• **Corporate governance**

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

FIFCO is governed by the **Corporate Governance Code**, 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 according to the Global Reporting Initiative Standards: Comprehensive Option

4

#### Operational context

**Under which conditions does the company operate, considering the 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.

5

#### Performance

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

FIFCO's economic, social and environmental performance during 2019 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.

6

#### Looking into the future

**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. Champion communities, employees and Smart Consumption (CEC Champions).
3. Reach a positive balance in Water Consumption, Emissions and Waste (WEW Positive).

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## Section

# 2

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SECTION

1



## Board of Directors

**Wilhelm Steinvorth Herrera**  
**José Rossi Umaña**  
**Arturo Alexis Loría Agüero**  
**Shannon Music Gamboa**

Chairman  
 Vice Chairman  
 Secretary  
 Treasurer

**Sergio Egloff Gerli**  
**Phillippe Garnier Diez**  
**Jaime Jiménez Solera**  
**Roberto Truque Harrington**

Voting Member  
 Voting Member  
 Voting Member  
 Statutory Auditor



## Strategic Enrichment, Alignment and Leadership Team



**Ramón Mendiola Sánchez**  
Chief Executive Officer

**Carlos Manuel Rojas Koberg**  
Chief Finance and Corporate  
Services Officer

**Rolando Carvajal Bravo**  
Regional Director of the Food  
and Beverage Division

**Adrián Lachowski**  
Director of FIFCO USA

**Arnoldo Prada Carrillo**  
Supply Chain Director

**Scarlet Pietri Verenzuela**  
Talent Director

**Gisela Sánchez Maroto**  
Director of Corporate Relations

**Helmuth Sauter Ortiz**  
Director of Florida Hospitality

**Javier Sibaja Oviedo**  
Director of Florida Retail

**Mariel Picado Quevedo**  
Director of Legal Services

**Hernán Pérez Henríquez**  
Refreshments Manager

**Rafael Segovia Fonseca**  
Alcoholic Beverage Manager

## Our Purpose



**We share with the world a better way of living**



## Highlights of 2019

### Economic Dimension



- 1 Creation of the Transformation Unit, an agenda that empowers our economic growth and takes FIFCO into the digital age, databased decision-making and a culture of customer- and consumer-focused innovation.
- 2 **Bebidas Alcohólicas Costa Rica (alcoholic beverages):** We maintain our market share in a more intense competitive environment.
- 3 **Refrescos Centroamérica (refreshments):** Record sales of cold tea and energy drinks. Significant sugar reduction in the portfolio.
- 4 **Alimentos Centroamérica (food products):** Growth in volume and sales in the region as well as in exports to the United States.
- 5 **Opening of W Costa Rica Hotel:** First year with results above expectations.
- 6 **Opening of 31 new Musmanni bakeries** (18 new franchisees) for a total of 213 stores.
- 7 **FIFCO's Business Continuity Plan** is prepared.
- 8 **Relevant innovations:** Imperial Ultra, Bamboo Jet, Bavaria Masters, Adán & Eva, Pilsen 6.0, Tropical Zero, Blue Citra.
- 9 **Consolidation of the refreshment plants** ECSA (Pepsi) and Cristal.
- 10 **Corporate reputation:** FIFCO is recognized for third consecutive year as the number one company in terms of corporate reputation, sustainability and corporate governance in Costa Rica according to the MERCO ranking.

## Highlights of 2019

## Social Dimension



- 1 **86% in the GPTW index** in Central America, a 5-point improvement over the previous year enabling the achievement of the 90% goal by 2020.
2. **Eradication of income poverty in the first and second generation of the FIFCO Oportunidades program.**
- 3 **Integral Smart Consumption:** reduction in sugar, fat, sodium and alcohol placed on the market. An **18% sugar reduction** in our products is highlighted.
- 4 Improvement in the drinking pattern, frequency indicator (1.7 days) and remains stable in quantity per occasion.
- 5 We are certified as the third largest company in the country with the **ProNutri management system**, a scheme that establishes the minimum requirements to be met by the organizations in quality nutrition services for their collaborators.
- 6 **243,384 volunteer hours** in 2019 completing **853,598** volunteer hours accumulated since 2008.



## Highlights of 2019

## Environmental Dimension



- 1 **Océanos Project Agenda:** First biopackaging prototype ready to replace PET in our beverage packaging.
- 2 **83% recovery** of all packaging for recycling and the plastic recycling goal is exceeded, reaching a **92% recovery** level.
- 3 2% reduction in water consumption, 7% in carbon emissions and 25% in solid waste generation. **All these reductions are the result of continuous improvement to FIFCO's "Water positive" "Carbon positive" and "Solid waste positive" conditions.**
- 4 **FIFCO AIR BRANDS:** The purpose for the Tropical, Cristal, Pilsen and Musmanni brands is defined.
- 5 Extension of the **"Zero Waste to Landfill"** certification of Carbon Trust to the Retail manufacturing operation, reaching 99.9% of waste recovery.
- 6 Beginning of the **"Shared Loads"** operation with CEMEX for carbon emission reduction.

## 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 FIFCO's website: [www.fifco.com](http://www.fifco.com).

# 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.

## Attendance to Board meetings

Member	Meeting Number														
	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613
Date	29- Oct-18	19- Nov-18	17- Dec-18	21- Jan-19	18- Feb-19	18- Mar-19	29- Apr-19	20- May-19	17- Jun-19	22- Jul-19	19- Ago-19	16- Set-19	4- Nov-19	26- Nov-19	16- Dec-19
Wilhelm Steinvorth Herrera	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Rodolfo Jiménez Borbón	●	×	●	●	×	×	—	—	—	—	—	—	—	—	—
Arturo Loría Agüero	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
José Rossi Umaña	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Sergio Egloff Gerli	●	●	●	●	●	×	●	×	●	●	●	●	●	●	●
Roberto Truque Harrington	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Philippe Garnier Díez	●	●	●	●	●	●	●	×	●	●	●	●	●	×	●
Shannon Music Gamboa	●	●	●	●	●	●	●	●	●	×	●	●	●	●	●
Jaime Jiménez Solera	—	—	—	—	—	—	—	—	—	●	●	●	●	●	●

— Was not part of the Board of Directors  
 × Justified absence

The duties of the Board of Directors are documented in a Regulation that establishes that 12 ordinary meetings must be held during the year. This period reports 15 meetings for a 15-month extraordinary period in order to standardize the fiscal period to a calendar year.

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

In the last period, after more than 40 years as a member of FIFCO's Board, of which

he was Chairman, Mr. Rodolfo Jiménez Borbón resigned from his position as Vice Chairman. For his career and priceless contribution to the company, the current Board of Directors appointed him Honorary President. Mr. Jaime Jiménez Solera assumes Mr. Jiménez Borbón's position in the Board.

## 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
- ▶ Phillippe Garnier
- ▶ Wilhelm Steinvorth
- ▶ Emilia Amado

### Audit and Risk Committee

This committee promotes the supervision and responsibility (accountability) of the financial area. It ensures the development and execution of effective internal controls and adequate risk management. 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 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 the business's sustainable growth and the application of international corporate governance 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 incentives system to be granted to the Board of Directors, Statutory Auditors, Senior Management and Managements.

Support Committees

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. 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.”

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 date.

For **collaborators**, 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), Integral 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.

## Consulting the Board of Directors

### Companies Circle



Fabrizio Papaianni, FIFCO's Auditing and Compliance Director presides the Companies Circle Steering Committee. Some relevant issues this committee reviewed during the period were establishing criteria considered by investors regarding ESG (**Environmental, Social, Governance**) management by investee companies. The document's preparation was guided by the IFC (International Finance Corporation), Bogota office, Colombia and CESA (higher education institution). 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

### 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 operates. 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 International Labor Organization's (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

- ▶ The United Nations Global Compact. 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.**

FIFCO is against and rejects any form of child labor along its value chain.

# Risks

**Risk 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, and allows for the optimization of available funding sources.

**At 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.

- The role of the Board of Directors and the Audit and Risk Committee

is defined. Additionally, the Risk Management and its functions is consolidated.

- The parameters for managing the debt and investment portfolio and using financial hedges are established.
- The non-financial risk management and business continuity model is defined.

In order to implement this policy, Risk Management has worked with the company’s different areas to **evaluate these risk factors and determine their impact and mitigation measures**, using the following management process.

The results of these analyses are grouped into four categories to ease their management and a mitigation plan is set up for them according to the criticality of the residual risk.

## Risk Management Process



### Internal Context

- **Strategic:** Company’s strategy, Legal and Fiscal, Relationship with suppliers, customer relations.
- **Operational:** Employment and occupational safety, environment, product delivery and processing failures, process execution failures, failure in information systems.

### External Context

- **Financial:** Economic environment and market
- **Related to climate and nature:** External factors and business continuity.



## Business Continuity

In terms of organizational resilience, progress was made in setting up a business continuity management system for the beer business line in Costa Rica under the ISO 22301 standard.

The main advances in this area are described as follows:

- ▶ The **business risk and impact analysis** of the processes in the productive chain associated with beer and flavored alcoholic beverages in Costa Rica is carried out.
- ▶ The **organizational structure that will provide governance** to this process is created. Specifically, the following committees begin their work: Continuity and Crisis, Emergencies and Disaster Recovery. Additionally, Business Continuity Managers are appointed to provide guidance on recovery strategies in case the company faces a disruptive incident.
- ▶ The following plans are developed: **Business Continuity, Crisis Management, Emergencies and Disaster Recovery** and business continuity strategies are established and are undergoing an implementation and testing process.
- ▶ A technological tool is set up and implemented to keep all business continuity and risk management information.



## 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 retail and 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 7 production plants and 14 distribution centers. Our value chain is made up of 4,714 local and international suppliers. We export our products to 16 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, refreshments, nectars, teas, carbonated drinks, energy drinks, beans, preserves, tomato sauce and bakery products.



### ► Subsidiaries

#### **Distribuidora La Florida S.A.**

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 Hospitality**

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

#### **Florida Capitals**

Investments in packaging production and breweries in Central America.



### ► Our people

FIFCO has 6,067 collaborators and 2,242 shareholders, none of which own more than 10% of the company's total shares.

\*No disputed or prohibited products are marketed at FIFCO.

# FIFCO and its subsidiaries

DISCLOSURE GRI 102-4, 102-45



# Our categories and products

## Beer



- Imperial
- Pilsen
- Bavaria
- Rock Limón
- Heineken
- Bohemia
- Labatt
- Genesse
- Guinness
- Domingo 7
- Toña
- Budweiser
- Samuel Adams
- Paulaner

## Flavored Alcoholic Beverages



- Smirnoff Ice
- Smirnoff Black Ice
- Cuba Libre
- Bamboo
- Bliss
- Adán y Eva
- Seagram's Escapes

## Sports Drinks



- Gatorade®
- G Active
- Maxi Malta

## Waters, Juices, Refreshments and Teas



- Tropical
- Tampico
- Kern's
- Ducal
- Fun-C
- Vitaloe
- Cristal

## Carbonated Drinks



- Pepsi
- 7UP
- H2OH!
- Milory
- Pepsi Light
- 7UP Light
- Mirinda
- MUG
- Pepsi Black

## Energy Drinks



- Maxx Energy
- Sobe Adrenaline Rush
- Jet

## Food Products



- Ducal
- Musmanni
- Kern's
- Nutrivida

## Liquors



- Johnnie Walker®
- Flor de Caña®
- Smirnoff®
- Bailey's®

## Wines



- Concha y Toro
- Navarro Correas
- Trivento
- Riunite
- Marqués de Cáceres
- Freixenet
- Blue Nun
- Frontera
- Clos de Pirque
- Maipo
- Palo Alto

## Stores and Bakeries



- Musi
- Musmanni
- La Tienda de la Birra
- Vinum Store
- L'Artisan Café

## Hospitality and Real Estate



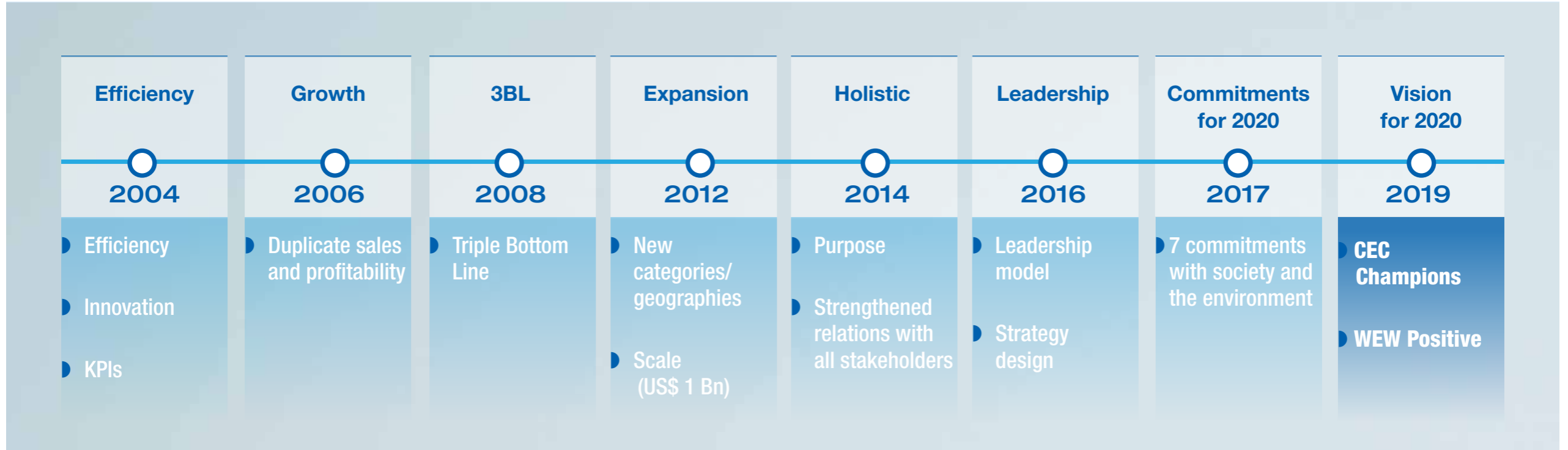
- Reserva Conchal
- Bar Imperial
- RePUBlica Casa Cervecera.

## Our markets



Country (Importing)	Brands		
	Food products	Beer and FABs	Refreshments
United States	Ducal	Imperial	Ducal
Nicaragua	Ducal y Kern's	Imperial Bliss Smirnoff ICE Heineken	Tropical Kern's Ducal Maxi Malta
Honduras	Kern's		Kern's
Costa Rica	Ducal y Kern's		Ducal y Kern's
El Salvador	Ducal y Kern's	Bliss Bamboo Adán & Eva Smirnoff ICE Heineken	Kern's Ducal Herbaloe
Panama	Kern's	Bliss Smirnoff ICE Heineken	Tropical, Kern's, Maxi Malta
Guatemala		Bliss Bamboo Adán & Eva Smirnoff ICE Heineken	Vitaloe
Belixe	Ducal		
Trinidad & Tobago	Kern's		Ducal y Kern's
Bermuda		Imperial	
Peru		Smirnoff ICE	
The Caribbean (San Andrés, Curacao, Bermuda, República Dominicana, Bahamas, Antigua)		Smirnoff ICE	Maxi Malta

# New strategic evolution



For over a decade, FIFCO's business strategy has been constantly evolving, marked by great milestones in its history.

**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.

**2014** The company defined its purpose and values, setting these as the guidelines that drive our collaborator's actions.

**2016** a new leadership model and the route towards 2020, the so-called *North Star*, was defined.

**2017** FIFCO revealed its seven commitments to the environment and society, which go hand in hand with the company's goals for 2020.

**2019** The company begins a new strategic planning process for the following years.

Our purpose

Share with the world a better way of living

Our values

- Celebration
- Sustainability
- Passion for winning
- Imagination

# Our business model

**Our purpose**

We share with the world a better way of living

**Our values**

Celebration

Sustainability

Passion for winning

Imagination

**Our “North Star”**

Enhance every beverage consumption occasion

**Our Triple Bottom Line goals for 2020**

**Economic Dimension**

- ▶ Double the company’s sales and profitability.

**Social Dimension (Internal-External)**

**Champion:**

- ▶ Smart consumption
- ▶ Collaborators
- ▶ Community

**Environmental Dimension**

Reach neutrality and go beyond, achieving a positive balance in:

- ▶ Water
- ▶ Emissions
- ▶ Waste

**Our 7 social and environmental commitments with the world for 2020**

- ▶ Lead with brands that make the world a better place to live.

- ▶ Be the benchmark for Integral Smart Consumption
- ▶ Eradicate poverty within our company.
- ▶ Be recognized as one of the best places to work.
- ▶ Complete 1 million volunteer hours.

- ▶ Be a water, waste and carbon positive company.
- ▶ Be able to recycle 100% of our packaging.

# FIFCO and the Sustainable Development Goals (SDG)



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 a response/action to address a negative impact caused by our operation. The initiatives either minimize or offset that initial impact or simply create 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:

- ▶ **Goal 1:** No poverty
- ▶ **Goal 3:** Good health and well-being
- ▶ **Goal 6:** Clean water and sanitation
- ▶ **Goal 8:** Decent work and economic growth
- ▶ **Goal 11:** Sustainable cities and communities
- ▶ **Goal 12:** Responsible consumption and production
- ▶ **Goal 13:** Climate action
- ▶ **Goal 14:** Life below water
- ▶ **Goal 15:** Life on land
- ▶ **Goal 17:** Partnerships for the goals

## Impact on the SDGs

FIFCO's positive or negative impact on the SDG's





## FIFCO and the Sustainable Development Goals (SDG)



### ► Alignment with the Sustainable Development Goals (SDGs)

Dimension	Triple Bottom Line Goal	SDGs we impact	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	184
		7, 12, 13, 15, 17	Emission reduction project, shared loads initiatives with CEMEX.	194
		12, 13, 14, 15, 17	Zero Waste project, <i>Océanos</i> Project and Post-consumer Recycling Program.	172, 176, 178
Internal Social	Champion our employees	3, 5, 10, 17	Great Place to Work, <i>FIFCO Oportunidades</i> (FIFCO Opportunities) and <i>Estar Bien</i> (Being Well) Programs.	126, 117, 130
		4, 8, 9	Training Program.	123
External Social	Champion Smart Consumption and the Community	3, 12, 17	Program to promote 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.	153, 167, 163, 117
		11, 16, 17	Code of Ethics, Customer Service, Integrated Report, among others.	168, 102, 1
Economic	Double the company's sales and profitability	8, 9, 12, 17	Commercial and economic performance	69

FIFCO and the Sustainable Development Goals (SDG)



► Alignment with the Sustainable Development Goals (SDGs)

Priorization	Goal	Target #	Description	Initiative Summary	Page
Priority		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.	117
		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.		
		2.2	By 2030, end all forms of malnutrition, including achieving by 2025 the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women, and older persons.	Social Enterprise Nutrivida.	157
Priority		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 well-being.	Integral 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.		153
		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.	117
		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 (SDG)



► Alignment with the Sustainable Development Goals (SDGs)

Priorization	Goal	Target #	Description	Initiative Summary	Page
		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.	117, 163
		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.	160
Priority		6.1	By 2030, achieve universal and equitable access to affordable drinking water for all.	<i>Costa Rica sin Sed: Agua para Todos</i> (Costa Rica Without Thirst: Water for All).	161
		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 Agenda: sewage treatment .	184
		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.	184
		6.5	By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate.	<i>Agua Tica</i> Initiative.	189
		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.	189

## FIFCO and the Sustainable Development Goals (SDG)



### ► 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.	190
		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 technology.	Carbon Positive Agenda – natural refrigeration system.	195
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. R.E.D. FIFCO.	65 113
		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.	65
		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. Sustainable Procurement with Customers Program.	170 103
		8.6	By 2020, substantially reduce the proportion of youth not in employment, education or training.	<i>Formación Dual</i> Program.	163
		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 (Nutrividá) Agenda.	126, 167

## FIFCO and the Sustainable Development Goals (SDG)



### ► 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.	65
		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 production line of aseptic beverages.	101, 170
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.	142,153
		11.4	Strengthen efforts to protect and safeguard the world's cultural and natural heritage.	Strategic Social Investment Agenda - volunteering.	142,153
		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.	170
		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 <i>Desamparados 360°</i> .	142,153
		11.8	Support positive economic, social and environmental links between urban, per-urban and rural areas by strengthening national and regional development planning.	Strategic Social Investment Agenda – volunteering <i>Desamparados 360°</i> .	142,153

## FIFCO and the Sustainable Development Goals (SDG)



### ► Alignment with the Sustainable Development Goals (SDGs)

Priorization	Goal	Target #	Description	Initiative summary	Page
<b>Priority</b>	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION 	12.2	By 2030, achieve sustainable management and efficient use of natural resources.	Sustainable Procurement Program, Environmental Dimension.	104,170
		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.	170, 80
		12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	Environmental Dimension.	170
		12.6	Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	Integrated Report 2019.	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, 153, 183
		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.	170
<b>Priority</b>	<b>13</b> CLIMATE ACTION 	13.2	Integrate climate change measures into national policies, strategies and planning.	Environmental Dimension.	170
		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, 153, 183

FIFCO and the Sustainable Development Goals (SDG)



► 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.	Océanos Project Agenda.	176
		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.		
		14.3	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.	Strategic Social Investment Agenda – volunteering.	142, 153
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, 153, 170
		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 (SDG)



► 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.	178
		16.8	Broaden and strengthen the participation of developing countries in the institutions of global governance.	Participation in Companies Circle.	23
<b>Priority</b>	<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.	88
		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.	195
		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.	141, 170



## 7 commitments for 2020



Commitment	Material topics	Internal policy or strategy supporting the commitment	Objectives and goals for 2019	Areas responsible for the commitment and resources available	Actions taken (by business unit)	2019 Achievements		Obstacles	Formal claim and/or complaint mechanisms	Goals and actions for 2020
						2019 Achievements	Obstacles			
<b>Complete 1 million volunteer hours</b>	Local communities, Strategic Social Investment	Volunteering Policy	Achieve 186,000 volunteer hours and 95% participation	Social Strategy Management and 100% of FIFCO collaborators	See page 153	<ul style="list-style-type: none"> <li>243,384 volunteer hours, participation of other stakeholders like consumers, community members, shareholders and suppliers. 85% collaborators' participation</li> </ul>	Budget and volunteer availability	elegiayudar@fifco.com	Complete 1 million volunteer hours accumulated since 2008	
<b>Be recognized as one of the best companies to work for</b>	Human Rights, Holistic Well-Being, Work Relations, Occupational Health and Safety, Talent Management, collective bargaining, target culture (live by values)	Human Rights, Holistic Well-Being, Work Relations, Occupational Health and Safety, Talent Management, collective bargaining, target culture (live by values)	Exceed last year's results in the Great Place to Work index	Talent Management	See page 123	<ul style="list-style-type: none"> <li>86% score in the Great Place to Work measure, 5 points above 2018</li> </ul>	Context of each business, organizational adjustments	Anonymous ethics hotline, Human Resources Department, others		
<b>Be the benchmark for Smart Consumption of food and beverages</b>	Alcohol in society, Strategic Social Investment	Alcohol in society, Strategic Social Investment	<b>Increase</b> Integral Smart Consumption awareness and increase health patterns. <b>Strengthen the relationship</b>	Smart Consumption Team, Innovation, Marketing, Special Events, Communication, others	See page 144	<ol style="list-style-type: none"> <li><b>Integral Smart Consumption:</b> reduction in sugar, fat, sodium and alcohol indexes placed in the market. 18% reduction in sugar vs. previous year on our products.</li> <li>Improvement in the drinking pattern, frequency indicator (1.7 days) and remains stable in quantity by occasion.</li> <li>Total impacts on the Smart Drinking agenda, FIFCO managed to impact more than <b>1,180,000</b> people with massive smart drinking campaigns: #EsMejorPlan (It's a Better Plan) and #TomáMejor (Drink Wisely)</li> </ol>	Established patterns and drinking habits, as well as specific Integral Smart Consumption-related habits. Specific challenges regarding nutrition and drinking in the countries where we operate.	consumointeligente@fifco.com	Be the benchmark for Smart Consumption of food and beverages	

7 commitments for 2020



Commitment	Material topics	Internal policy or strategy supporting the commitment	Objectives and goals for 2019	Areas responsible for the commitment and resources available	Actions taken (by business unit)	2019 Achievements		Obstacles	Formal claim and/or complaint mechanisms	Goals and actions for 2020
						2019 Achievements	Obstacles			
<b>Eradicate poverty within our company</b>	Holistic Well-Being, Strategic Social Investment	Champion collaborator-related issues	Redesign of 4 program axes under a multidimensional poverty focus. Relaunch of the mentors program.	FIFCO Oportunidades team, Talent, Communication, Finance, among others.	See page 117	Redesign of the 4 pillars of <i>FIFCO Oportunidades</i> under a multidimensional poverty approach. Beginning of new generation and relaunch of the mentors program.		Understanding of IPMe findings. Commitment of collaborators who are in the program and fulfill tasks. Socioeconomic context of Costa Rica.	fifcooportunidades@fifco.com	Eradicate extreme poverty within FIFCO, promote multidimensional prosperity among our collaborators.
<b>Become a water, waste and carbon positive company through our brands</b>	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	Continue progress towards becoming WEW Positive by 2020	Safety, Health and Environmental Management, Production/ Manufacturing Plants, Logistics, Distribution and Procurement	See page 172	<ol style="list-style-type: none"> <li>Efficiency in water use at FIFCO USA and Pepsi Plant.</li> <li>Extension of “<b>Zero Waste to Landfill</b>” certification from Carbon Trust to the Retail manufacturing operation, when reaching 99.9% recovery.</li> <li>the “<b>Shared Loads</b>” operation with CEMEX to reduce carbon emissions.</li> </ol>		Changes in the legislation of the countries where we operate. Operational and industrial typical challenges of a manufacturing and distribution operation.	800-CERVEZA or through the website www.fifco.com	Continue progress towards becoming WEW Positive by 2020
<b>Accomplish 100% recycling of our products</b>	Plastic packaging, post-consumer recycling	Corporate Environmental Policy, and Sustainable Packaging Strategy	Exceed 82% of plastic packaging recycling, 77% global collection	Safety, Health and Environmental Management. Supply Chain. Multidisciplinary team <i>Océanos</i> Project Agenda	See page 178	<ul style="list-style-type: none"> <li>Collection of 83% of packaging placed in the market (total) with 92% PET recovery</li> <li>Progress in the <i>Océanos</i> Project Agenda, design of biopackaging prototype</li> </ul>		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	Achieve 100% recycling of the packaging we place in the market

7 commitments for 2020



Commitment	Material topics	Internal policy or strategy supporting the commitment	Objectives and goals for 2019	Areas responsible for the commitment and resources available	Actions taken (by business unit)	2019 Achievements	Obstacles	Formal claim and/or complaint mechanisms	Goals and actions for 2020
<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: melcochón bread by Musmanni, Tropical and Reserva Conchal	Corporate Relations, Marketing, Research and Development	See page 80	<ul style="list-style-type: none"> <li>• Purpose of Ducal beans</li> <li>• Fat reduction map for Musmanni, sugar reduction for Tropical and Seagrams Escapes</li> <li>• Consumer volunteering for Imperial and Tropical</li> <li>• Water and carbon footprints from Imperial, Tropical and Agua Cristal</li> <li>• Consumption pattern measurement for Imperial</li> </ul>	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

# Our stakeholders

DISCLOSURE GRI 102-40, GRI 102-42

According to FIFCO, its 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.

## Who do we interact with?



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**

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

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 ●
	Yammer mobile app ●	
	Online Supplier Portal ●	Online Supplier Portal ●
	Face-to-face meetings ●	Customer service lines ●
Suppliers	Website ●	Online chat ●
	Integrated Report ●	Face-to-face meetings ●
	Online Supplier Portal ●	Customer service lines ●
	Face-to-face meetings ●	Online chat ●
Costumers	Integrated Report ●	Face-to-face meetings ●
	Encuentros presenciales ●	Customer service lines ●
	Website ●	Online chat ●
Consumers	Social networks ●	Social networks ●
	Integrated Report ●	Studies/Surveys ●
	Face-to-face meetings ●	Customer service lines ●
	Website ●	Online chat ●
Communities	Social networks ●	Social networks ●
	Integrated Report ●	Customer service lines ●
	Email ●	Face-to-face meetings ●
	Face-to-face meetings ●	Email and letters ●
	Face-to-face meetings ●	Studies/Surveys ●
Government, trade associations and media	Social networks ●	Customer service lines ●
	Sitio Web ●	Online chat ●
	Integrated Report ●	Face-to-face meetings ●
	Email ●	Email and letters ●
	Face-to-face meetings ●	Studies/Surveys ●

## Our stakeholders

DISCLOSURE GRI 102-43, GRI 102-44

### About the consultation process

Every two years, a survey is conducted with those groups that interact with the company. An external firm administers it using a quantitative and qualitative methodology; the most recent one was conducted 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 its commitments to its stakeholders.

### ► Migration to a new methodology

In 2019, the first steps were taken to migrate to a Net Promoter Score (NPS) measurement model, through an internal measurement focused on customer perception of FIFCO in their telesales, distribution and pre-sales services.

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 individuals, 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.

### 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

### 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 well-being.

### 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.

## Impact prioritization by business unit

Business Unit	Environmental Impact	Impact on health	Job creation	Economic and social development
<i>Florida Bebidas y Alimentos Costa Rica</i>	1	4	3	2
<i>Industrias Alimenticias Kern's (IAK)</i>	1	3	4	2
<i>Reserva Conchal</i>	3	4	1	2
<i>Florida Retail</i>	1	3	4	2

## What is expected from FIFCO?

1. **Support for social causes through volunteer work.** 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 drinking.** They express expectations about the development of health products (sugar reduction and elimination) and nutrition and welfare education.

**Our stakeholders**

DISCLOSURE GRI 102-43, GRI 102-44

**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 two box* score of 9 and 10 represents 57%.

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

For third consecutive year, Merco, the Corporate Reputation Monitor, appointed FIFCO as number one company in its three study categories:

- ▶ #1 Best Reputation in Costa Rica.
- ▶ #1 Social Responsibility and Corporate Governance.
- ▶ #1 Ramón Mendiola, leader with best reputation in Costa Rica
- ▶ Top 10: Gisela Sánchez.

- ▶ Top 100: Rolando Carvajal, Wilhelm Steinvorth, José Rossi and Philippe Garnier, members of FIFCO's Board of Directors.

Merco incorporates evaluations of seven sectors of interest or stakeholders, among them, top local executives, financial analysts, trade unions and consumers. The classification originates with the executives, since the core evaluation list is created using the names provided by top executives.

Merco's 2019 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 y Alimentos Costa Rica* (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 for every topic 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 31).

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.

Impactos y materialidad en la cadena de valor

DISCLOSURE GRI 102-46, GRI 102-47

FIFCO's main footprints or impacts

FB: Florida Bebidas y Alimentos Costa Rica | FR: Florida Retail | FH: Florida Hospitalidad | IAK: Industrias Alimenticias Kern's | FUS: FIFCO USA

Dimension	Material topic	Description	Our suppliers		Our collaborators and operations				Our customers				Our consumers							
			FR	FH	IAK	FUS	FB	FR	FH	IAK	FUS	FB	FR	FH	IAK	FUS				
Environmental	Waste	Raw material residues from our food and beverage production and services	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Climate change	Measure, reduce, compensate and create positive value for the emissions generated	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Water	Measure, reduce, compensate and create positive value for water consumption	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Biodiversity	Protection in operation areas							●											
	Post-consumer recycling	Recycling of packaging we place in the market										●			●	●	●	●	●	●
Internal Social	Occupational health and safety	Make sure the workplace is safe and does not cause damage to our collaborator's health	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Talent management	Promote and develop talent					●	●	●	●	●									
	Holistic well-being	Promote physical and mental health through activities and services for our collaborators while eradicating poverty inside the company					●	●	●	●	●									
	Labor relations	Maintain a harmonious work relationship with our collaborators, customers, suppliers and other stakeholders	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Human rights	Promote respect for Human Rights in our value chain	●	●	●	●						●	●	●	●	●	●	●	●	●
External Social	Strategic social investment	Invest in strategic projects that add positive value to society									●	●	●	●	●	●	●	●	●	
	Local communities	Harmony between the company and the communities where it operates					●	●	●	●	●									
	Indigenous populations	Protect people rights, area and culture			●				●										●	
Economic	Impact from our suppliers	Measure and help reduce the negative social and environmental effects of our suppliers' operation	●	●	●	●	●													
	Impact from our customers	Measure and help reduce the negative social environmental effects of our customers' operation													●	●	●	●	●	●
	Economic value created	Balance between income and the distribution of payments to different company stakeholders					●	●	●	●	●									
	Sales and profits	Focus on these two topics guarantees the company's economic sustainability					●	●	●	●	●									
	Product quality	Offer products and services that meet and exceed consumer expectations	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Leadership and market share	Lead the market by maintaining healthy competition					●	●	●	●	●									
	External economic impact	Create positive economic value in its value chain	●	●	●	●						●	●	●	●	●				
	Purchases from local suppliers	Economic value created by the purchase of local products and services	●	●	●	●														

## Creating value

As a corporate citizen, FIFCO seeks 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 building 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

## Creating value



### Dimensión social

- ▶ Placement of quality products and services.
- ▶ Job creation and related benefits.
- 
- ▶ Promotion of healthy drinking patterns, initiatives focused on reducing harmful drinking patterns.
- ▶ Addressing poverty inside and outside the company.
- ▶ Transfer of knowledge and good practices.
- ▶ Promotion of the holistic well-being 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 during the October 2018 – December 2019 period:

- I. Rodolfo Jiménez Borbón resigned from his position as Vice President of the Board of Directors in May 2019. Mr. Jaime Jiménez Solera was appointed in his place, and attended his first Board meeting in June 2019.
- II. The FIFCO Transformation Unit is created, a team with the mission to give traction, together with the business, to FIFCO's transformation initiatives. It is led by Mr. Rolando Carvajal Bravo, who went from being the Food and Beverages Regional Director to Transformation Director.
- III. With Rolando Carvajal's new role, Hernán Pérez, Refreshment Manager and Rafael Segovia, Alcoholic Beverage Manager, are integrated to the strategic alignment and leadership team.
- IV. In May 2019, Grupo Lala acquires the Mú! brand. The successful synergy of relationships between Grupo LALA and Distribuidora La Florida (FIFCO) is maintained, FIFCO continues as a distributor of this brand, as well as other Lala products.
- V. In the 2019 period, an important effort is made to simplify FIFCO's structure, merging several of the companies under which the company operates.
- VI. 2019 was a 15-month period, due to the need to adapt to the provisions of the tax reform. We moved from a period that went from October to September of each year, to a calendar period (January-December). This change, to which all companies in the country are subject, was carried out proactively by FIFCO and approved in an Extraordinary Meeting on September 12, 2019.

## Creating value

## ► Certifications and recognitions

- **Essential Costa Rica License for the brands:**  
Tropical, Imperial Exportaciones, Agua Cristal and Nutrivida
- **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, 2018
- **AIB International and QAS, compliance with PEPSICO's franchise requirements**  
Pepsi Plant
- **IRAM 323 (HACCP) and IRAM 324 (Manufacturing Good Practices)** CCR Plant
- **ISO 14001:2004 Environmental Management System**
  - CCR 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**
  - Planta Florida Retail
  - 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 Bebida
- **INTE ISO 14067:2015 Products Carbon Footprint**
  - Cerveza Imperial
- **Ecological Blue Flag awarded by AyA (Costa Rican Water and Sewer Institute)**
  - CCR 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**
- **Better award, Pepsico Latam**  
Regarding environmental matters  
Refreshments and Water Plant
- **ProNutri Technical Standard Certification**
  - FIFCO's Corporate Building, Costa Rica
- **Leader in MERCOSUR's Corporate Reputation Study**
  - FIFCO, company with best corporate reputation
  - FIFCO, Responsibility and Corporate Governance

## Creating value

### Commitment to external initiatives

- ▶ Founding member of the **Alliance for Sustainability**.
- ▶ Founding member of the first water fund in Costa Rica: **Agua Tica**.
- ▶ 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's 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.
- ▶ Signatories of the **National Pact for Compliance** with Sustainable Development Goals, Costa Rica, 2016.
- ▶ Member of the **United Nations Global Compact** since 2014.

### 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.

► **Capitals Classification | International Council of Integrated Reports**



### 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 well-being. Includes: shared rules, relationships with key stakeholders, intangibles associated with 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.

Capitals





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 individuals 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 6,067 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 – U FIFCO

### Activities

- Conduct the Great Place to Work survey
- Optimize the internal and external recruitment strategy
- Implement the new leadership model
- Redesign the induction program
- Implement the 360 holistic wellness strategy for our collaborators through the *Estar Bien* (Being 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	2017	2018	2019
Number of direct jobs created	6.441	6.508	6.067
Rate of accidents involving injuries	<b>IAK:</b> • Women: 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> NA	<b>IAK:</b> • Women: 0.00 • Men: 3.30 <b>Costa Rica:</b> • Florida Bebidas: 1.98% • Florida Retail: 4.71% • Reserva Conchal:0.60%  <b>FIFCO USA:</b> NA • Mujeres: 0.23% • Hombres: 2.71%
Training hours	73,504	92,983	163,048
Great Place to Work score	Trust Index: 87 Leadership Index: 84	Trust Index: 81 Leadership Index: 79	Trust Index: 86
Number of collaborators impacted by the leadership program	170	170	270

NA: record not available

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 44).

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 creation 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 Procurement program addressed to the company's suppliers
- Preserve and expand the corporate volunteering program: Elegí Ayudar (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 Integral 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	2017	2018	2019
Net Profit percentage dedicated to Strategic Social Investment	7.20%	9%	6,067
Volunteer hours	67,040	145,741	235,718
People impacted by Smart Consumption initiatives	+312,000 and 3,000,000 with campaign	Impacted +60,000 adults and +47,000 minors	1,180,000
Number of suppliers that are part of the Sustainable Procurement Program	293	317	396
Number of complaints recorded (operation total)	75	75	75

Capitals

## Empujando la excelencia operativa



### Contexto

As a multinational food, beverage, retail service 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 caused on the environment and other stakeholders, if any, and to have a positive impact by creating value in the communities where it operates.

### Inputs

- Properties, facilities and operations in 4 countries: Costa Rica, Guatemala, El Salvador and the United States
- 8 Production Plants (considering the Recycling Plant and Nutrivida), 15 Distribution Centers
- 1,256 hectares in Guanacaste, Costa Rica dedicated to hospitality projects
- 213 Musmanni bakeries and 71 Musi convenience stores

### 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. This plan is focused on expanding the installed capacity of key production and packaging processes for beer, flavored alcoholic beverages and non-alcoholic beverages.
- May 2019: commencement of constant operation of the first seawater Desalination Plant in Costa Rica
- Commencement of corporate facilities’ remodeling works
- Continue renovation works in production plant in Rochester, New York.
- Transfer of carbonated drinks operation in Costa Rica, merger with refreshments plant
- Commencement of High Tension Project
- Opening of W Costa Rica Hotel
- Opening of Musmanni bakeries and Musi convenience stores
- Investment in boilers and wastewater treatment plant in the *Industrias Alimenticias Kern’s* operation, Guatemala

### Outputs

Description	2017	2018	2019
Opening of Florida Retail and Florida Hospitality points of sale	<ul style="list-style-type: none"> <li>• 16 Musmanni bakeries</li> <li>• 6 Musi convenience stores</li> <li>• 1 <i>Tienda de la Birra</i></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 <i>L’Artisan Café</i></li> <li>• 1 <i>RePública Casa Cervecera</i> gastropub</li> </ul>	<ul style="list-style-type: none"> <li>• 31 Musmanni bakeries</li> <li>• 1 Musi convenience store</li> <li>• 1 <i>Tienda de la Birra</i></li> <li>• 1 <i>RePública Casa Cervecera</i> gastropub</li> </ul>
Investments in infrastructure to expand operations	+\$14 million	\$85,922 million dollars	\$65 million dólares

## Capitals

## Financial capital optimization

→ See our financial statements on Page 69.



### Context

**During the 2019 period, the company faced challenges in all the countries where we operate.**

The context in Costa Rica was particularly complex due to: tax reform, growth in unemployment and the number of poor households, high complexity of the State and its institutions, high incidence of smuggling and other illegal practices, social conflict and increased public insecurity.

The United States was also a complex market for FIFCO USA's business in the beer category. Similarly, the Food Unit achieved positive results with significant growth in specific markets.

As for Florida Capitals investments: *Cervecería Panamá* reported growth in both volume and market share; however, it maintains a negative operating profit. INCECA in Nicaragua achieved positive results with a 5% growth in EBITDA despite the socio-economic and political situation.



Capitals

Strengthening innovation | FIFCO undergoes transformation



Context

Facing the Fourth Industrial Revolution, the creation of *intellectual capital*, in the three dimensions, is a strategic priority for FIFCO. Proof of this is the creation of the Transformation Unit.

Digitalization, databased decision-making and process design, products and services based on the needs of customers and consumers were a development focus during 2019. In parallel, FIFCO continues with a major agenda of research and development of products and services.

Insumos

- Human Capital – Transformation Office
- Triple Bottom Line strategy, Air Brands agenda
- Patented products and technologies
- Procedures and services

- Brands and their reputational value
- Human resource
- Organizational culture and leadership model
- Intangible assets

Activities

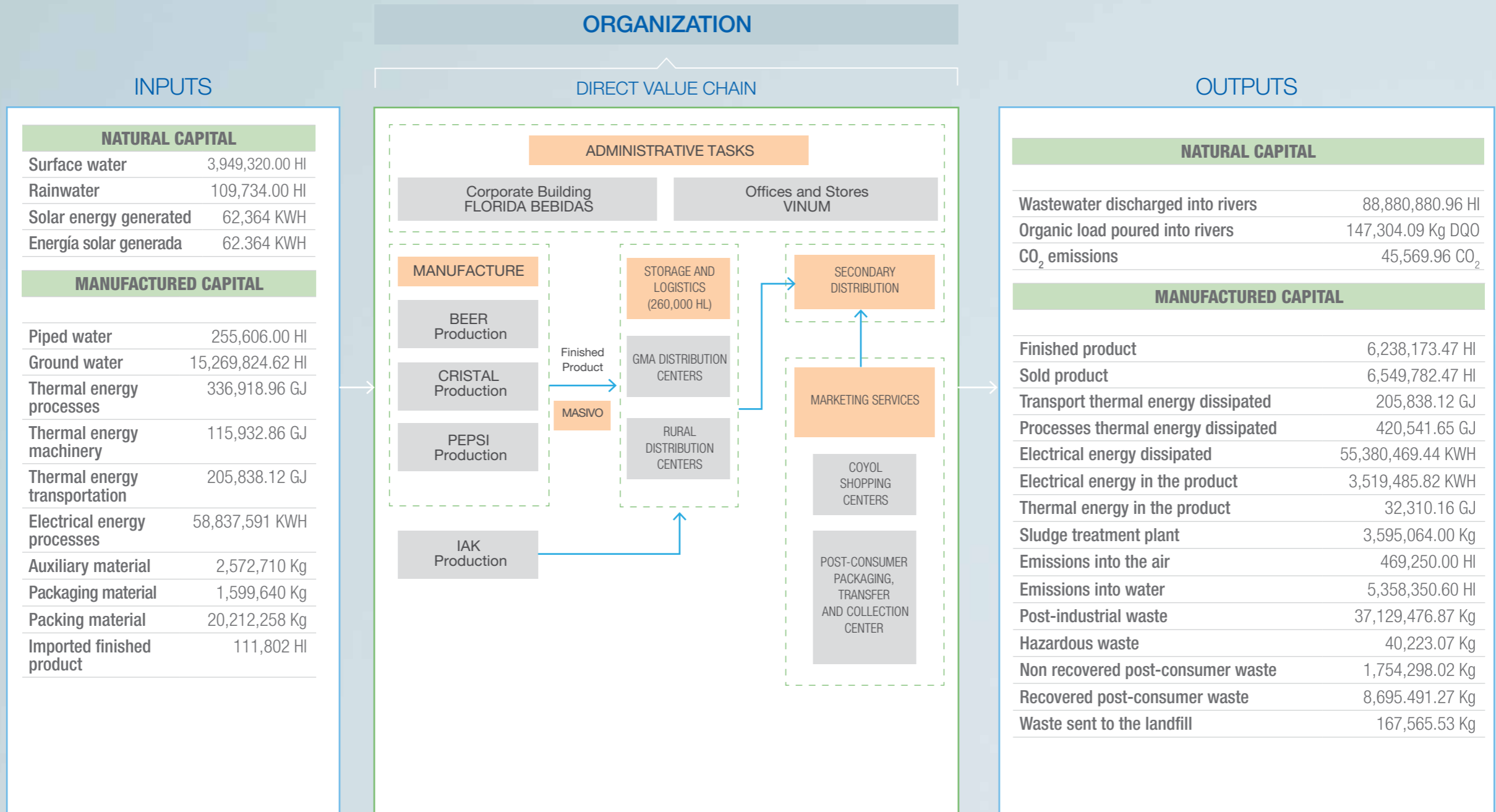
- FIFCO's Transformation Agenda. Highlighting:
  - Project 1
  - Project 2
  - Project 3
- Promotion of a digitalization organizational culture, focused on the customer, on databased decisions and new organizational structures that aim for greater agility and simplicity
- Launch of 77 new products into the market
- Progress in the *Océanos* Project agenda: development of the first biopackaging prototype
- FIFCO Air Brands: update of the Sustainability Brand Index
- Creation of an intervention methodology in the face of multidimensional poverty deficiencies for FIFCO *Oportunidades*

Outputs

Description	2017	2018	2019
% of total sales volume	1.23% beer and FABs 1% refreshments 1% food products	0.72% beer and FABs 1% refreshments 4.06% food products	4.22% beer and FABs 2.2% refreshments 0.5% food products
% of sales value	1.1% beer and FABs 1.3% refreshments 2.13% food products	0.79% beer and FABs 1.5% refreshments 3.65% food products	3% beer and FABs 1.56% refreshments 0.6% food products
Number of launches	45	77	77
Number of in-process projects (production)	13 beer and FABs 37 refreshments 22 food products	20 beer and FABs 43 refreshments 14 food products	35 beer and FABs 39 refreshments 3 food products
Number of in-process projects – Vos 2.0 program	44	NA – Evolution to UFIFCO	NA – Evolution to UFIFCO

Capitals

# Managing natural resources



## Capitals

## Capital flow analysis: natural resources



### Natural capital

- ▶ We offset our water footprint through payment for environmental services for a total of 846 hectares, of which 451.8 hectares correspond to manufacturing and supply chain; 394.2 hectares to product; both for Water Positive.

### Manufactured capital

- ▶ Increase in underground water collected compared to the previous period; part of it is transformed into finished products.
- ▶ Transformation of raw materials, auxiliaries, packing and packaging into finished products. Part of these materials are transformed into post-industrial waste and post-consumer waste.
- ▶ The electrical energy consumed in the processes is partially transformed into dissipated energy and energy contained in the product, necessary for processes such as mixing and bottle blowing. Energy for machinery and lighting is included within dissipated energy.
- ▶ Transformation of raw materials, auxiliaries, packing and packaging into finished products. Part of these materials are transformed into post-industrial waste and post-consumer waste.
- ▶ 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 for processes such as pasteurization and brewing.

S E C T I O N

2

Performance  
by Dimension





# Economic DIMENSION



# Material Topics



SDGs

THIS INITIATIVE CONTRIBUTES TO



FIFCO identifies **88 material topics about the business's sales and profitability** and how businesses move towards fulfilling their commitment to lead with brands that make the world a better place to live and achieve world-class economic performance.

- 1 Economic value created
- 2 Sales and profits
- 3 External economic impact
- 4 Product quality
- 5 Suppliers impact
- 6 Customers impact
- 7 Purchases from local suppliers
- 8 Leadership and market share



## Drivers and business context

### Our resources

#### Committed collaborators

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

#### Innovation with a purpose

The company fosters innovation and the inclusion of sustainability criteria in the development of products, processes and services, creating value simultaneously in the three dimensions under which we operate. Proof of this is FIFCO's Transformation agenda, a crosscutting corporate effort in face of the fourth industrial revolution.

#### 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.

#### 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.

#### 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. For FIFCO USA, the period was characterized by stability and better business conditions.

#### 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 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 (GHG) emissions.

## Drivers and business context

### Our relationships

#### 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 well-being 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.

#### 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 2020.

#### Suppliers

The company builds valuable relationships with its business partners, key allies in the company's value chain. We seek the growth and development of our suppliers through different programs, such as the Sustainable Procurement Program, which accompanies them in implementing improvements in social and environmental matters.

#### 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.

# Key Performance Indicators

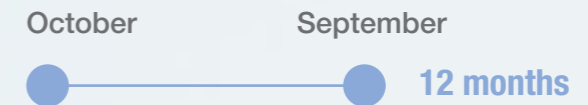


## Change from Fiscal Period to Calendar Year

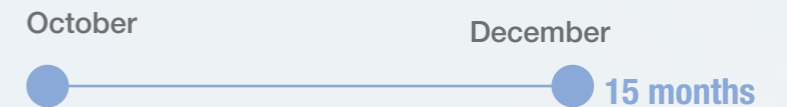
One relevant aspect is that this was a 15-month period, due to the need to adapt to the tax reform. We changed from a period that went from October to September each year, to a calendar year (January to December). This change all companies in the country are subject to was carried out proactively by FIFCO and approved at the Extraordinary Meeting held on September 12, 2019. For such reason, this report includes audited financial statements for 15 months and, additionally, comparable 12-calendar month financial statements ended in December.

## How did we reach a 12-month comparable financial statement ?

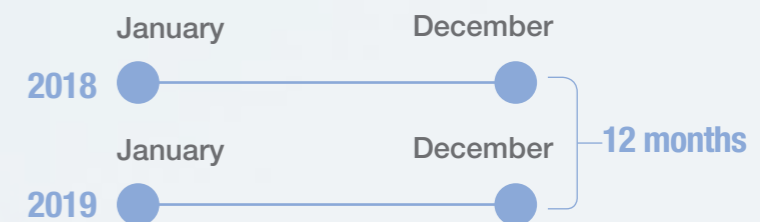
### Antes de la reforma fiscal



### With the tax reform



### Comparable periods



## Key Performance Indicators

**FLORIDA ICE AND FARM COMPANY, S.A. AND SUBSIDIARIES**  
**Consolidated Statement of Profit and Loss and Other Comprehensive Income**  
(in millions of colones)  
For the twelve-month period ended on December 31, 2019 and 2018

	2019	2018
<b>Net sales</b>	<b>¢ 890,383</b>	<b>692,761</b>
Net sales	452,578	357,105
<b>Gross profit</b>	<b>437,805</b>	<b>335,656</b>
Operating expenses	297,184	216,805
<b>Operating profit before non-recurring items</b>	<b>140,621</b>	<b>118,851</b>
Non-recurring items, net	83,933	17,077
<b>Operating profit</b>	<b>56,688</b>	<b>101,774</b>
Financial expenses, net	38,016	24,798
Exchange differences, net	1,258	2,620
Share of profit of associates, net	(12,041)	(7,848)
<b>Profit before tax</b>	<b>29,455</b>	<b>82,204</b>
Income tax	33,020	23,137
<b>Profit for the period</b>	<b>¢ (3,565)</b>	<b>59,067</b>
<b>Profit attributable to:</b>		
Owners of the Company	(1,243)	46,170
Non-controlling interest	(2,322)	12,897
	<b>¢ (3,565)</b>	<b>59,067</b>

## Key Performance Indicators

**FLORIDA ICE AND FARM COMPANY, S.A. AND SUBSIDIARIES**  
**Consolidated Profit and Loss Statement and Other Comprehensive Income**  
(in millions of colones)  
**For the fifteen-month period ended on December 31, 2019**  
**and for the year ended on September 30, 2018**

	<u>2019</u>	<u>2018</u>
<b>Net sales</b>	<b>¢ 711,587</b>	<b>706,715</b>
Cost of sales	364,097	366,803
<b>Gross profit</b>	<b>347,490</b>	<b>339,912</b>
Operating expenses	236,820	218,811
<b>Operating profit before non-recurring expenses</b>	<b>110,670</b>	<b>121,101</b>
Non-recurring items, net	57,296	43,334
<b>Operating profit</b>	<b>53,374</b>	<b>77,767</b>
Financial expenses, net	30,796	25,592
Exchange differences, net	(3,534)	7,765
Share of profit of associates, net	(8,905)	(7,388)
<b>Profit before tax</b>	<b>35,017</b>	<b>51,798</b>
Income tax	24,476	24,614
<b>(Loss) Profit for the period</b>	<b>¢ <u>10,541</u></b>	<b><u>27,184</u></b>
<b>(Loss) Profit attributable to:</b>		
Owners of the Company	9,354	21,319
Non-controlling interest	1,187	5,865
	<b>¢ <u>10,541</u></b>	<b><u>27,184</u></b>

## Comments on Financial Statements

The following comments correspond to the twelve-month comparable periods ended on December 31, 2019 and 2018.

### Net sales

Consolidated net sales increased 0.7% mainly as a result of the price increase in the beer and spirits categories in the beverage business in Costa Rica, greater sales of beans in Guatemala and the United States and the effect of a full year of operation of W Costa Rica Hotel net of an unfavorable combination of sales in the non-alcoholic beverage category, lower bakery production volume, lack of property sales in Papagayo and the effect of partially closing Westin Hotel due to renovation.

### Cost of sales

The cost of sales decreased -0.7%, due to the cost reduction associated with lower property sales and productivity in the food business net of the incremental effect in the beverage business, mainly due to the higher cost of imported products in Costa Rica and freights in the United States.

### Operating expenses

Operating expenses increased 8.2% affected by inflation, advertising costs and points of sale in Costa Rica and the United States, higher salaries in Central America to strengthen the IT structure and Commercial Transformation, hiring of services and software, higher expenses due to the opening of stores and the effect of a full year of operation of W Costa Rica Hotel.

### Operating profit before non-recurring items

The operating profit decreased -8.6%, mainly due to the beverage business in both geographies, as well as lower earnings in the real estate business.

### Non-recurring items, net

Non-recurring expenses (income) increased 32.2%, mainly as a result of the goodwill impairment losses reported

in the United States for 37,039 million colones, net of the payment made the previous year versus the favorable effect of the lack of tax adjustment payment made the previous year for 27,266 million colones related to material cases subject to court proceedings and which were settled completely.

### Net financial expenses

The net financial expenses increased 20.3% as a result of debt colonization at higher rates, higher capital investment debt (Master Plans and W Costa Rica Hotel) and higher rates for longer terms.

### Share of profit of associates, net

Share of profit of associates increased 20.5% due to improved performance in the results reported by Inceca Nicaragua and *Cervecería Panamá*.

### Profit attributable to owners of the Company

The net profit closed with a -56.1% decrease due to the operating effect in the beverage business in both geographies associated with the goodwill impairment losses reported in the United States and higher financial expenses net of higher earnings from Associates, exchange differences, appreciation of the colon and lack of tax adjustment payment in Costa Rica.



## Balance Sheet

**FLORIDA ICE AND FARM COMPANY, S.A. AND SUBSIDIARIES**  
**Consolidated Statements of Financial Position**  
(in millions of colones)  
**December 31, 2019 and 2018**

		2019	2018
Cash and cash equivalents	¢	15,804	27,415
Investments in financial instruments		1,296	4,071
Accounts receivable, net		88,724	92,617
Inventories		61,411	68,576
Advances to suppliers		2,164	3,332
Disbursements paid in advance		17,653	23,710
Available-for-sale properties		952	1,471
Current portion of notes receivable, long term		2,421	2,325
<b>Total current assets</b>		<b>190,425</b>	<b>223,517</b>
Notes receivable, long term		10,370	13,272
Investment properties		41,565	40,832
Investments in associates and others		55,928	61,495
Properties, plant, and equipment, net		366,971	355,761
Intangible assets		173,074	191,443
Goodwill		30,954	80,343
Other assets		2,291	2,444
Deferred income tax asset		16,765	18,056
<b>Total non-current asset</b>		<b>697,918</b>	<b>763,646</b>
<b>Total assets</b>	¢	<b>888,343</b>	<b>987,163</b>
<b>Liabilities and Equity</b>			
Short-term bank loans	¢	24,471	91,803
Current portion of the long-term loans		15,936	42,487
Bonds payable		10,000	-
Accounts payable		62,535	58,692
Accrued expenses and other accounts payable		32,417	35,688
Income tax payable		1,996	9,177
Other taxes payable		13,277	9,803
Advances received from Customers		9,609	6,392
<b>Total current liabilities</b>		<b>170,241</b>	<b>254,042</b>
Long-term bank loans		230,798	221,316
Standardized bonds payable		108,000	73,250
Deferred income tax liability		38,743	37,692
Financial instruments (held for risk management)		-	3,476
<b>Total non-current liability</b>		<b>377,541</b>	<b>335,734</b>
<b>Total Liabilities</b>		<b>547,782</b>	<b>589,776</b>
Equity:			
Capital in common shares		92,016	93,081
Less: treasury stock at nominal value		1,730	1,817
Capital in outstanding shares		90,286	91,264
Additional paid-in capital		54	54
Reserves		47,000	66,047
Retained earnings		171,521	195,344
<b>Total equity attributable to owners of the Company</b>		<b>308,861</b>	<b>352,709</b>
Non-controlling interest		31,700	44,678
<b>Total equity</b>		<b>340,561</b>	<b>397,387</b>
<b>Total Liabilities And Equity</b>	¢	<b>888,343</b>	<b>987,163</b>

## Comments on the balance sheet

### Current assets

Current assets decreased by -14.8% due to a lower level of cash used mainly in capital investments associated with the master plan of the beverage business in Costa Rica and the United States, improvement in the collection indicators of the operation in Costa Rica, lower inventories in the United States and as a result of the translation effect of the surplus balances of subsidiaries abroad due to the revaluation of the colon versus the previous period.

### Non-current assets

Non-current assets decreased by -8.6% as a result of the goodwill impairment loss and the intangible assets reported in the United States, and the translation of the surplus balances of subsidiaries abroad due to the revaluation of the colon versus the previous period net of investments in fixed assets resulting from the Master Plan of the operations in Costa Rica and the United States and the incremental effect of the share of profit of associates.

### Current liabilities

Current liabilities decreased by -33.0%, mainly due to the effect caused by financing term restructuring and debt amortization net of new bond issuance abroad due to the revaluation of the colon versus the previous period and higher advance payments from customers for hotel reservations.

### Non-current liabilities

Non-current liabilities increased by 12.4%, due to the refinancing of liabilities, as well as an increase in the debt associated with financing of the Master Plan of the Costa Rica and United States operations and the construction of W Costa Rica Hotel in Reserva Conchal, net of the translation effect of the surplus balances of subsidiaries abroad due to the revaluation of the colon versus the previous period.

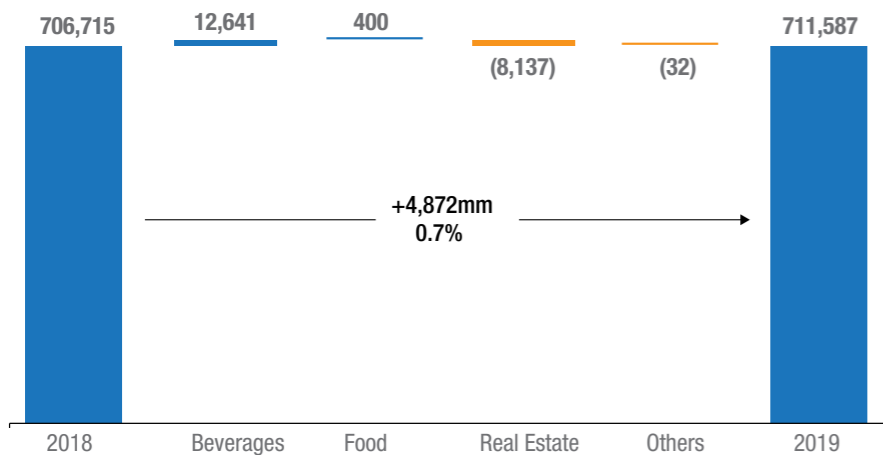
### Equity attributable to the owners of the Company

The equity attributable to the Parent Company decreased by -14.3% due to goodwill impairment loss and the intangible assets reported in the United States, and the translation effect of the surplus balances of subsidiaries abroad due to the revaluation of the colon versus the previous period net of income accrual from the period.

# Principales resultados e hitos del periodo

## FIFCO | Revenue

Millions of colones



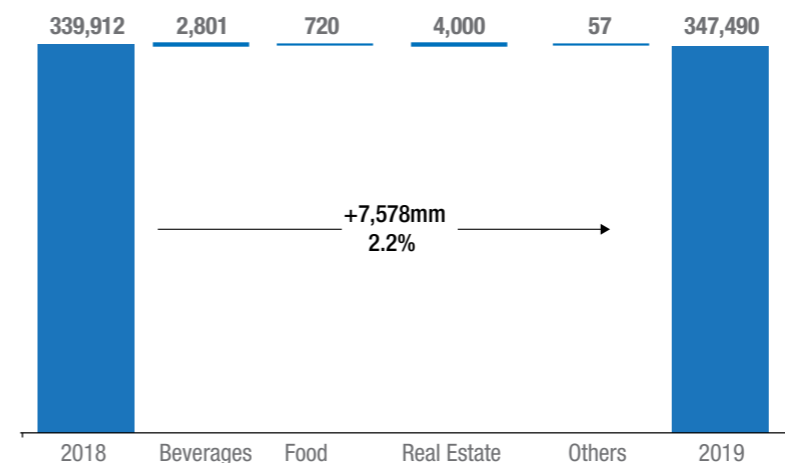
**Beverages:** Increase in the price of beer and spirits CR, net of a migration to family size presentations in non alcoholic products.

**Food:** Higher sales of beans in Guatemala and the United States, net of lower bakery production volume.

**Real Estate:** Lower sales in real estate and partial closing of Westin Hotel, net of W's opening.

## FIFCO | Gross profit

Millions of colones



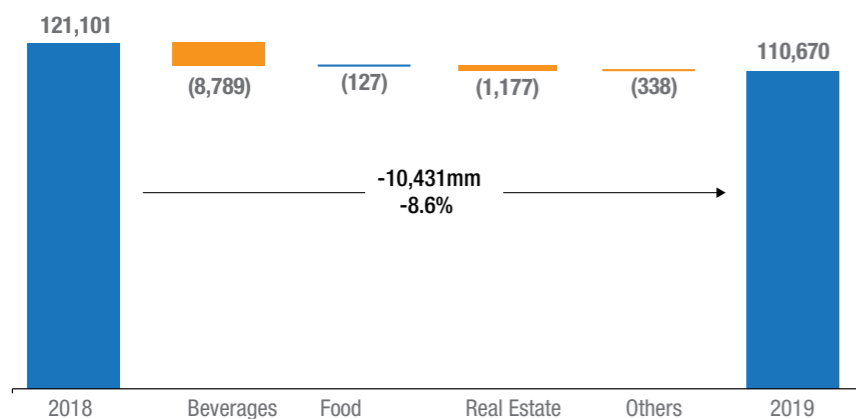
**Beverages:** Increase in the price of beer CR, net of a migration to less profitable presentations and lower income in the United States.

**Food:** Favorable combination for higher sales in the markets with higher margin (Guatemala and the United States), net of lower bakery production.

**Real Estate:** Opening of W Costa Rica sales, offset by closing of the last quarter of Westin due to remodeling works.

## FIFCO | Operating profit

Millions of colones



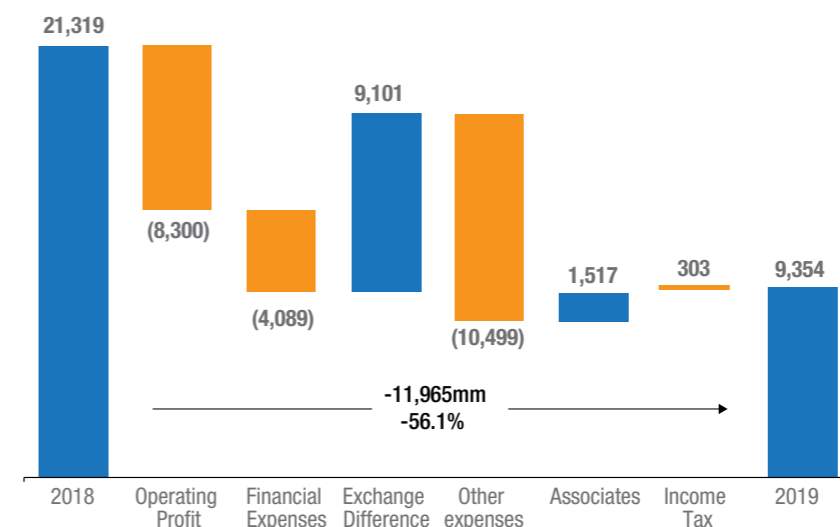
**Beverages:** Higher advertising expenses and point of sale in the United States, higher salaries in Central America and hire of services and software.

**Food:** Higher expenses due to stores opening.

**Real Estate:** Lower income from partial closing of Westin Hotel due to remodeling works.

## FIFCO | Net profit attributable to shareholders

Millions of colones



**Operating Profit:** Lower income from operating activities.

**Net Financial Expenditure:** Debt colonization at higher rates, higher indebtedness from capital investment (Master Plans and W Hotel) and higher rates for longer terms.

**Exchange difference:** Foreign exchange gain from appreciation of colon vs Dec 18.

**Non-recurring items:** Increased impairment loss in the United States net of Tax Adjustment in 2018.

**Associates:** Increased profits in Inceca (Nicaragua) and recovery in *Cerveceria Panamá*.

\*Before non-recurring items

\*Before non-recurring items

## Our approach to tax

DISCLOSURE GRI 207-1

- i) FIFCO's fiscal strategy aims to ensure that all business divisions act with integrity and transparency in its fiscal actions, with faithful adherence to the tax legislation, avoiding tax contingencies and uncertain positions, through proactive risk management.

Our internal policies require the administration to fully comply with all tax obligations and to thoroughly describe in its audited financial statements the composition of the taxes paid, by their direct and indirect nature.

Our fiscal strategy consists in paying what is right to the tax authorities, guaranteeing our consumers, that the taxes related to our products have been duly paid to the respective tax authorities.

Our fiscal strategy is in line with the organization's values and with the triple bottom line vision, where FIFCO recognizes its importance in society, as a collecting body of a wide range of taxes, both at the national and municipal level, to contribute to the development and progress of the countries where we operate.

By virtue of FIFCO's fiscal image, this is considered a strategic partner in the fight against smuggling, counterfeiting and tax evasion, illicit activities that drain the tax collection and thus the capacity

to invest in social, environmental and sports programs. FIFCO, as an entity regulated by the Costa Rican Stock Market, must make public, the execution of significant fiscal initiatives, such as business reorganizations, standardization bond issuance, acquisitions, trade sales, among others.

FIFCO has always been characterized for having a responsible approach to tax payment, showing transparency in its decisions and opening completely to the tax authorities.

Any tax planning initiative, requires an economic basis to justify the project's rationale or intention, also in case of legal gaps or areas for interpretation, a review is required from an internationally renowned consulting firm, which will issue an independent recommendation on the specific case.

- ii) Any situation of fiscal significance, particularly fiscal policy and strategy, are reviewed and approved by the Corporate Tax Committee, which meets three times a year and is comprised as follows:

Financial Management, acting as President  
Corporate Treasury and Risk Management  
acting as a Vice President  
Corporate Tax Management  
Local Tax Management  
Legal Directorate

Shared Service Center Management  
Corporate Financial Management  
External Tax Advisor (non-voting)

- (iii) FIFCO seeks to achieve compliance with its tax obligations in a correct, timely manner and in strict accordance with the tax regulations of the countries where it operates, understanding that there are legal gaps requiring tax interpretation, for which it usually takes conservative fiscal positions.

In order to comply with the regulatory framework, internal control processes are established with multidisciplinary areas. Constant training is provided to personnel involved in tax compliance tasks, relevant investments in technology are made to support demand for fiscal requirements, audits are coordinated and tax opinions on the degree of compliance are requested to external tax firms.

The above in order to ensure permanent control, to help us avoid human errors and subjective interpretations without legal basis. The compliance process has working papers and supporting documentation to back tax payments, which are kept for a period of 10 years - although tax authorities request an average of 4 years - in order to help tax authorities carry out any revision it may require afterwards.

## Our approach to tax

DISCLOSURE GRI 207-2

FIFCO has always been characterized by its tax commitment, carrying out business transactions only with formal suppliers and customers, leaving accounting and tax traceability on every purchase and sale transaction, information that is periodically sent to the tax authorities, for tax cross-checks.

Part of our fiscal policy is to avoid doing business with suppliers located in non-cooperating countries, or located in countries with low or no taxation.

iv) As world reference in the Triple Bottom Line business philosophy, FIFCO has a **fiscal strategy aligned not only with economic objectives, but also of a social and environmental nature**. At FIFCO, we consider that tax payment and social security contributions, carried out correctly, allow for countries' development and foster the stability of pension funds; therefore, FIFCO's fiscal strategy promotes the correct payment of taxes and supports tax activities focused on control and fiscal responsibility.

FIFCO, a taxpaying company which provides tax information to its shareholders, government entities and public in general, understand that brand value starts by operating correctly and contributing to the country's development, by paying taxes in an accurate and timely manner.

FIFCO finds satisfaction in assuring consumers and business partners that every unit sold is duly taxed. FIFCO believes that a transparent and responsible fiscal strategy guarantees the social components, which are immersed in the company's sustainability strategy. This provides a significant contribution to the development, progress and well-being of the communities where we operate.

i) FIFCO has a **corporate committee focused in the fiscal agenda**, which includes the management of risks, the approval of fiscal initiatives, revision of tax codes, update on tax reviews and litigations in process.

The daily operation to ensure the strategy is implemented in the compliance and tax planning processes is performed directly by the Corporate Tax Management along with the Corporate Treasury and Risk Management.

The corporate tax area is in charge of defining the controls for the tax compliance processes; the local tax areas are in charge of executing the controls established.

ii) The fiscal area coordinates **training programs for areas of interest**, either by topics associated with the entry of new laws, the configuration of a new tax system, update of tax indicators, among others.

The tax culture is present in the organization's different departments; it is understood that the incorrect payment of taxes resulting from an incorrect configuration of any master data, translates into a high cost to the organization and it is ensured that relevant procedures and controls are followed to guarantee an accurate tax settlement.

The different projects developed by the organization are examined by the fiscal area, which makes sure the fiscal strategy is present in every business decision.

iii) For the **risk management process, there is a framework approved by FIFCO's Tax Committee**, which allows risk identification and definition, valuation in terms of probability and economic, reputational, social, environmental materiality etc., as well as the creation of action plans and controls to mitigate the identified risks. The fiscal area has an internal tool called "Tax Risk Register Tool," which is used to capture and consolidate fiscal risks, thus facilitating the management of the approved action plans.

Once the risks are consolidated in the fiscal risk matrix, it is presented to the Tax Committee in its respective sessions.

## Our approach to tax

DISCLOSURE GRI 207-3

iv) **FIFCO has a set of methodic provisions to validate the accuracy of the figures indicated in the tax returns, before presenting them.** The tax compliance degree is evaluated by an external tax firm, which reviews the effectiveness of internal controls and the accuracy of the figures declared. This tax diagnosis is delivered to the External Audit and discussed internally with the Tax Committee, which must approve action plans to address the findings considered relevant. Additionally, FIFCO has an Internal Audit area, which within its work areas incorporates the tax compliance processes.

B: Any internal or external situation, which may have an illegal connotation, must be reported immediately to the external audit division, as set out in FIFCO's Code of Ethics; such complaint may be made anonymously. The complaints are investigated based on priority and, if necessary, the respective judicial bodies are contacted.

C: We understand the value of our financial reports to shareholders, business partners, consumers, government bodies and other stakeholders. **FIFCO's tax department is constantly watching to provide improved, transparent and balanced disclosure in the communication of our tax affairs.** It is FIFCO's practice to disclose any uncertain tax situation in its notes to the financial statements audited, and provide for fiscal contingencies, when there are no high chances of obtaining a favorable outcome, in higher procedural instances.

## Economic Dimension

### Main results and milestones for the period

Despite the Top Line's lack of growth, partial results were achieved thanks to the rigorous management of the expenditure containment and a search for efficiencies, together with the great effort of commercial areas to hold up sales.

- 1 **Creation of the Transformation Office**, an agenda that strengthens our economic growth and takes FIFCO to the digital era, to databased decision-making, and to an innovation culture focused on customers and consumers.
- 2 Outstanding **performance of the food portfolio** in the United States: with an increase in volume and sales versus the previous year, expansion in national chains and new geographies.
- 3 Record **sales growth in the iced tea and energy drinks category** in Costa Rica, as well as a +5% increase compared to last year in **flavored alcoholic beverages** (Seagram's Escapes) in the US market.
- 4 **Opening of W Costa Rica Hotel**, on time and following specifications, with economic results in line with the project's proforma.
- 5 **Opening of 31 new Musmanni bakeries** (18 new franchisees) for a total of 213 stores.
- 6 The Business Continuity Plan is prepared to mitigate risk and maintain long-term value.
- 7 **Relevant Innovations:** Imperial Ultra, Bamboo Jet, Adán & Eva, Bavaria Masters, Pilsen 6.0, Tropical Zero portfolio, Blue Citra.
- 8 **Consolidation of the ECSA (Pepsi) and Cristal plants**, on time and without affecting the operation.
- 9 **Corporate reputation:** FIFCO is recognized as the leading company in corporate reputation, sustainability and corporate governance in Costa Rica, according to MERCO's ranking.

# FIFCO Air Brands



SDGs

THIS INITIATIVE CONTRIBUTES TO



## COMMITMENT #7 FOR 2020

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

Aligned with our environmental and social strategy of taking our environmental and social actions to our brands, in the 2019 period we moved forward in our commitment to offer lighter brands, an agenda we call *FIFCO Air Brands*. With this, our brands minimize their environmental and social footprints and rather create positive value for the environment and the different stakeholders we relate with. We know that who best connects and communicates with our consumers are our brands, being capable of targeting consumers and reporting on the environmental and social initiatives being developed.

#### Towards lighter brands



For this, we have created an in-house methodology, called "*Sustainability Brand Index*" which allows us and ensures the brand's systematic measurement and its evolution towards greater sustainability. The commercial, environmental and social strategies converge in this methodology, a triple bottom line model applied to brands.

Currently, seven of our top ten brands actively work under the Air Brands methodology. By 2019, they have discovered their purpose through an intuitive process based on the past, the present and future expectation of various stakeholders.



#### FIFCO Air Brands



#### 2019 milestones

- The purpose of the Pilsen, Cristal, Tropical, Musmanni and Conchal Reserve brands is discovered.
- Construction and external verification of one third of the water and carbon footprints of Imperial, Tropical and Agua Cristal.
- The SBI (Sustainability Brand Index) is developed for Conchal and Musmanni.
- Volunteer work for the Imperial, Pilsen, Cristal and Tropical brands with consumers.



FIFCO Air Brands

In this process, not only are partners related to the brand's development, like the marketing, trade marketing and business areas, but representatives of the sustainability, chain supply, as well as external audiences like consumers, non consumers, communication and advertising agencies, among the most relevant, also participate. This process of discovering the purpose is led by Talent Management and the Corporate Relations Directorate.



Our brands and the WEW Positive agenda

**Imperial** remains as a water positive product, meaning that Imperial "returns" more water to the environment than it consumes throughout its value chain. Our hospitality and amenities service at **Westin Hotel, Golf Resort & Spa Playa Conchal** also maintains its carbon positive status for this 2019. Our Genesee beer in the United States has achieved significant reductions in water consumption in its production process. **Tropical** has developed high-value initiatives to reduce sugar in its products. These and other sugar, fat and sodium reduction initiatives for our brands are highlighted in the Smart Consumption section. In the social area, we highlight the volunteer and social investment initiatives being developed by brands such as **Imperial, Pilsen, Cristal, Reserva Conchal** and **Genesee**. These initiatives are detailed in the External Social Dimension of this report.

Progress according to the SBI

	Imperial	Pilsen	Tropical	Cristal	Musmanni	Ducal	Reserva Conchal	Genesee	Seagram's
Purpose	✓	✓	✓	✓	✓	✓	✓		
2020 Plan	✓	✓	✓	✓			✓		
SBI Measurement	✓		✓	✓	✓		✓		
Reduction	✓		✓	✓	✓		✓		
Compensation	✓				✓		✓		
Environmental Value +	✓		✓	✓	✓		✓	✓	
Social Value +	✓	✓	✓	✓			✓	✓	
Value chain	✓		✓						



### ► Volunteer work as a pillar

Two of the refreshment brands reinforce their commitment to reach one million volunteer hours. As a novelty this period Cristal presented its proposal, “**Corriente Azul Cristal**” (Blue Currents).

**Tropical, Cristal, Imperial** and **Pilsen** presented a varied offer of volunteer work for social and environmental causes.

Inspired by "Blue Zones", Cristal proposes the idea of positively impacting communities and help them become areas that contribute to people's well-being. This is how *Corriente Azul Cristal* was born. The platform contributed more than 2,000 hours of volunteer work with consumers, collected more than 3 tons of garbage and helped maintain more than 250 trees in the province of Heredia.

“**Tropical Te Mueve**” (Tropical Moves You) contributed more than 6,000 hours during this period with its platform that brings joy and well-being to people in vulnerable conditions.

## FIFCO undergoes transformation

**The “Transformation Unit” is created in April 2019. This unit leads the important FIFCO’s Transformation agenda in face of the IV Industrial Revolution.**

The **Transformation Unit** presents relevant progress in projects aimed at turning FIFCO into a more digital, modern consumer -and customer- focused company.

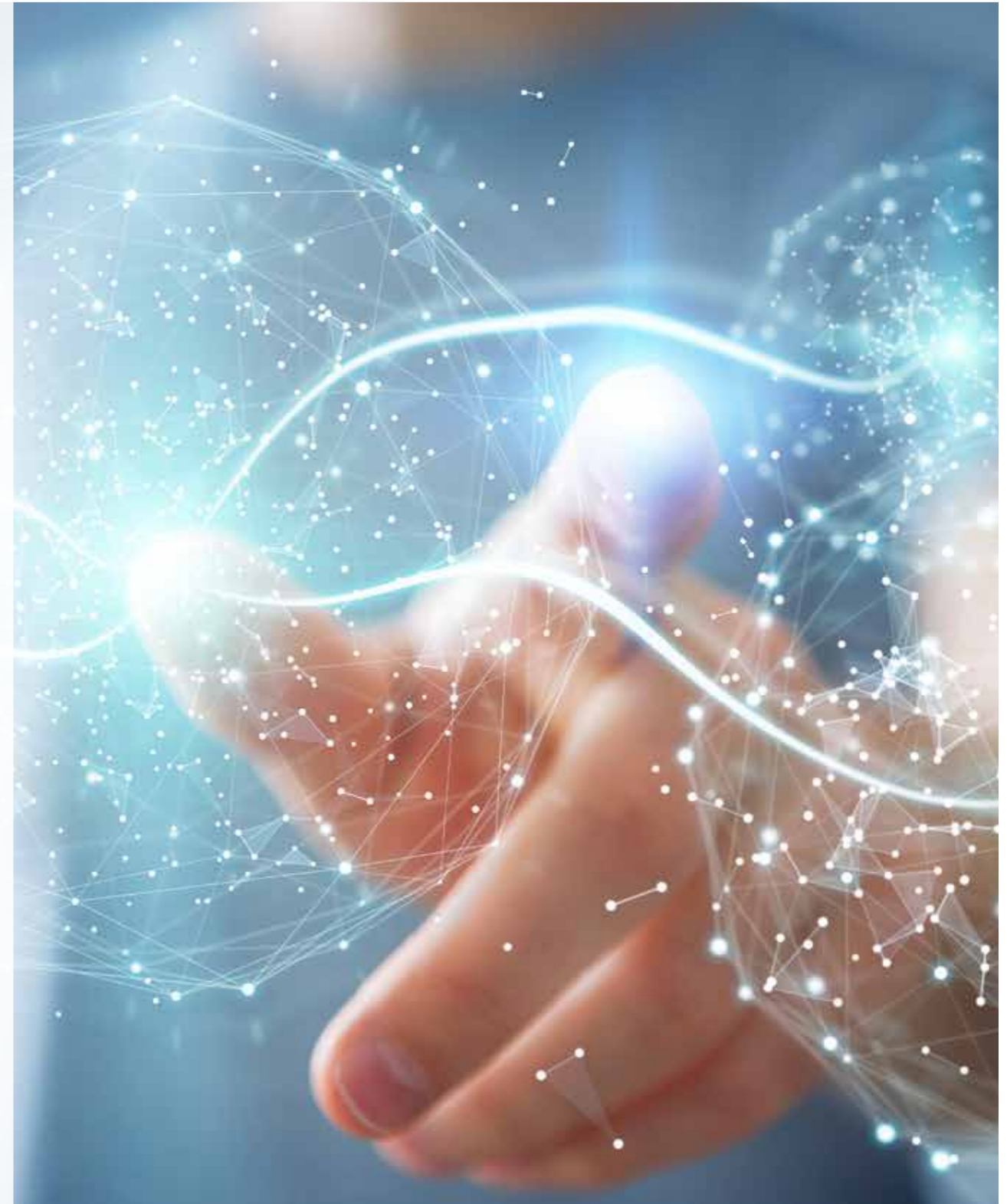
### MAIN ACHIVEMENTS

#### Advanced Analytics CoE:

A center of expertise (CoE), comprised of data scientists who already generate analytical and predictive models to answer business questions and make databased decisions, was integrated. Several models such as predictive credit risk analysis, price elasticity and a market basket analysis, are available to the teams.

#### Business Platform

The first version of **FILL**, a digital tool that facilitates in a technological and friendly way the interaction between customers and sales teams, was implemented. In a first stage, the key accounts of the Modern Channel have an integrated customer's view, negotiation tools and analysis boards that allow them to give better advice.



## FIFCO undergoes transformation

### ► E-commerce

As part of the business platform, a version of the B2B (business to business) e-commerce platform was developed. **Fill Commerce** is available 24/7. In its initial version, a pilot was implemented with customers, who currently and successfully place their orders, make payments, view historical information in the tool, among other procedures.

### ► AHead Marketing

New digital market tools that use consumer's data and knowledge are part of the tools of marketing teams. Seven pioneering brands started the process as part of their campaigns obtaining excellent results through customized campaigns.

### ► Revenue Management

A Revenue Management team is created focused on developing more specialized knowledge and good organizational practices in this discipline. During this year we were able to implement an integrated business cycle and completed a world-class consulting process to identify the following steps to develop this capability for the company. Our objective is to manage profitability through price optimization practices, discounts and business conditions.

### ► Organizational Design

A team was formed to design and co-create, along with the company, the new business structure and culture enablers that will take us to a more agile way of operating and to focus more strongly on customers and their needs. An organizational culture diagnosis was completed by means of surveys and group sessions with the participation of over 600 collaborators as a basis to build a new reality.

### ► Segmentation, cost to serve and service model

In the initiative "*Voz del Cliente*" (Customer's Voice) co-workers from different areas participated throughout the country in interviews and group sessions with customers from different channels in order to delve into their knowledge about the company and their needs. This information was used as a basis to build the foundations of what will be the new Service and Contact Strategy model for customers, supported by a deepening process of customer segmentation and determining the cost to serve.



# Florida Bebidas y Alimentos (Food and Beverages)



**FIFCO's product portfolio has a common denominator: innovation applied to global consumer trends. Consumer data and preferences are the driving force behind creating new more balanced products that respond to new lifestyles.**

Innovation had in common low-calorie and/or low-sugar beverages, highlighting Imperial Ultra with only 85 calories, Adán & Eva, the first *Hard Seltzer* drink in Central America, sugar- and carb-free, with only 80 calories, in addition to the new Apple Kiwi Tropical ZERO, among others.



## Innovation in the portfolio

- 1 Development of the innovation model across the organization focused on the three main businesses: beer and flavored alcoholic beverages, refreshments and food products.
- 2 Advances in the route towards reducing the sugar footprint, respective innovation plan.

## Innovation recount and impact

	Beer and FABs			Refreshments			Food products		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
Total number of innovations or projects (this includes label and/or image changes, reformulations, new packaging, new materials, new products, new presentations, etc.)	17	10	35	25	37	39	31	23	3
Total number of launches (only new brands or new products in existing brands, SKU unit)	20	33	19	14	14	27	10	24	1
Total sales volume (%) (based on the total number of launches)	1,23%	0,72%	4,22%	1%	1,0%	2,2%	1%	4,06%	0,5%
Sales value (%)	1,1%	0,79%	3%	1,3%	1,5%	1,56%	2,3%	3,65%	0,6%
Number of projects in progress	13	20	15	37	43	64	22	14	15

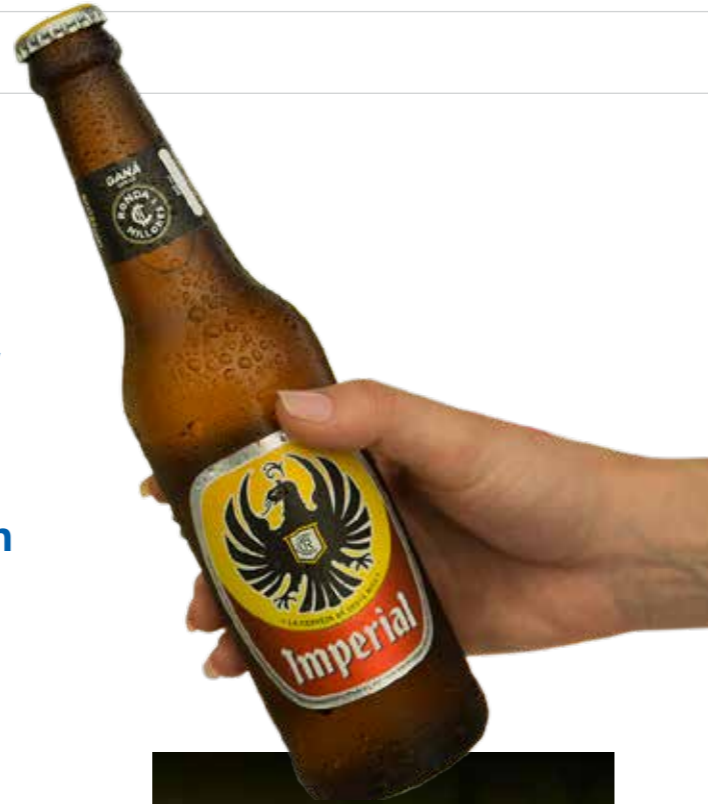
Note: SKUs = number of presentations launched

## Beer and Flavored Alcoholic Beverages (FABs)

**Despite a complex business environment, FIFCO maintained its participation in the basket and profitability under the beer and flavored alcoholic beverages (FABs) categories of the Costa Rican market.**

Innovation acted as a sales differentiator and driver for the main brands.

For second year in a row, multi-brand campaigns, which were widely accepted by the consumer in 2018 were relaunched for FIFCO's 110th Anniversary. The event included a grand celebration with customers and consumers and, in 2019, *Ronda de Millones* (Round of Millions) awarded 90 winners with one million colones each, a promotion that also energized the market and was well received by customers and consumers. During 2019, the "*Imperial Barata Aquí - IBA*" (Cheap Imperial Here) activation was added to respond to the market behavior associated with the entry into force of the tax reform in Costa Rica, offering affordable and low price solutions to consumers.



### Beer

#### Imperial

"Costa Rica's Beer" presents **Imperial Ultra** with 4% alcohol and only 85 calories, being the lowest-calorie beer in the Costa Rican market and one of the lowest in the regional market. This innovation received an honorable mention for the "IFT-ASCOTA Food Industry Innovation Award," granted by the Institute of Food Technologists of the United States (IFT).

The brand continues to reconnect consumers with the essence of Costa Rican people, with experiences such as the *Barra Imperial* (Imperial Bar) in Palmares, presence in the main national festivities and consumer volunteer days under the platform "*Águilas al Rescate*" (Eagles to the



Rescue) adding up to more than 4,400 hours of volunteer work in the 2019 period.

#### Positive balance

"La Barra" is awarded the Carbon Positive event certification, the only event of this kind to achieve such standard.



Beer and Flavored Alcoholic Beverages (FABs)/ Beer



**Heineken**

Heineken launched its new 250 ml sleek can presentation, which has been very well received by its consumers, offering an ideal size and staying cold from start to finish. This presentation allows new consumers to try this renowned beer at an affordable price, either in single or six-pack presentation. Heineken stood out as a brand at events that promote art and culture such as San José Fashion Week and Open San José.



**Pilsen**

After 10 years, the brand relaunched its **Pilsen 6.0 version**, a balanced beer with double malt, robust body, accentuated bitterness and an ideal alcohol percentage for those characteristics. Pilsen, in alliance with **Ketchup Kern's**, launches a **BBQ sauce** version with Pilsen's essence for pairing with grilled meats.

The **#Movember** campaign upheld its commitment to raise funds to support and give greater visibility to the fight against prostate cancer, with an approach that reinforces the message of positive masculinity. Volunteering was an important component of the campaign.



**Bavaria**

Bavaria's Premium portfolio added a "perfectly balanced" proposal, the **Bavaria Masters' Edition**, a beer that highlights sensory experiences. This one helps add five brand extensions: Light, Chill, Masters' Edition, Gold, and Dark. In line with our Triple Bottom Line strategy and as a new way to connect with consumers, Bavaria successfully developed its first volunteer

**La Micro Brewing Company**



La Micro closed the period with 5% growth versus the previous year, an outstanding achievement in a segment that showed contraction in consumption worldwide. During the period reported, the launch of new beers under the *Domingo 7* brand stands out: *Conejo Mago Mandarin Session IPA*, *Póxima Saison* and the traditional beers at the Oktoberfest: *Fraulien* and *Frau*.

The consolidated craft beer and *Premium Imported Beers* category closed with 12% growth compared to 2018.



initiative open to brand supporters and the general public, *Dog Celebration*, an adoption, food collection and donation campaign for the *Territorio de Zaguates* organization and the local community of Alajuela, Costa Rica.

## Beer and Flavored Alcoholic Beverages (FABs)

## Flavored Alcoholic Beverages (FABs)

### The flavored alcoholic beverages (FABs) category stood out with launches inspired by the consumer and his/her lifestyle.

This is the case of the first drink in the Hard Seltzer category, *Adán & Eva*; with only 80 calories, 4% alcohol and zero sugar, it identified a market opportunity from the trend of more balanced consumption. Another example was **Bamboo JET**, a drink that fuses its essence with JET's fruit flavor, excluding all stimulating ingredients as an energy drink, a combination that emerges from the consumer.

FABs have experienced an **exponential growth in the last 10 years, +127%**, as a result of market trends, a consistent innovation agenda and the expansion to international markets.

The category stood out for its creative, segmented and high-impact social media dynamics for its consumers, the launch of Bamboo in glass, as well as Smirnoff's summer 2019 *Feel the Rhythm* campaign, a packaging and 360-degree strategy to connect and stimulate consumption, highlighting music.



### Export of beer and FAB categories

Currently, FIFCO exports some products and presentations of its Beer and FAB portfolio to **12 countries: Bermuda, Antigua, Curacao, Bahamas, Dominican Republic, Guatemala, Nicaragua, Panama, San Andres (Colombia), Peru, El Salvador and the United States.** Specifically, FAB started exports in 2015 with *Bliss* and *Bamboo*, this period *Adán & Eva* was exported to several markets. The acceptance and response has been very positive, especially in the Central American market.





## Wines and Spirits



### Florida Wines and Spirits reports significant growth in various direct execution channels.

Among the achievements are a double-digit growth in the traditional off channel, and a 120% growth among the sales force of *Distribuidora La Florida*. In addition, operational improvements in inventory management.

The unit successfully implemented cross-marketing strategies and customized consumer promotions, both multi-channel and in specific channels.

This division sets the trend in the way **wine culture is promoted**, as evidenced by *El Camino del Vino* (The Wine Road) event, which captivated more than 2,000 people in 2019 and achieved a 30% growth in sales compared to the previous edition.



### Fight against smuggling

As was the case last year, this illegal method of marketing alcoholic beverages continues to occur in Costa Rica, monopolizing 21% of the alcoholic beverages market and implying great challenges for the wine and spirits division. Total evasion in the category means a tax loss for the State of more than \$94 million annually. In the case of spirits, 6 out of 10 bottles are illegal, while in the case of wine, the illegal product is close to 2 out of 10 bottles. This practice is also occurring in flavored alcoholic beverages and beer, on a much smaller scale.

FIFCO continues as a company to support different institutional efforts to reduce this impact. During 2019, we continued to actively participate in spaces of collaboration between the private and public sectors, such as the Inter-institutional Commission for the Fight against Smuggling, through the American Chamber of Commerce (AMCHAM), but one more player also joined this fight: the *Observatory*, created by the Costa Rican Chamber of Commerce to fight Illicit Trade, and which we are also part of.

In the period reported, the company implemented the placement of additional identifiers on spirits in the products (distilled liquors, mainly whiskey) that are marketed in the Commercial Free Deposit of Golfito, in accordance with the directive issued to that effect, to differentiate legally imported products from contraband products, providing a more effective way to investigate and control the market, facilitating one more instrument for the authorities to identify legal and illegal products. However, the operations have not been carried out by police authorities as expected, so we are still fighting to obtain more convincing results from the Government.

It is essential to continue to make this scourge of the informal and illicit market visible to the authorities and public opinion, so that the fight against illicit trade is truly prioritized and addressed in a comprehensive manner by the government authorities and to raise awareness among the population of the impact on health, the country's security and the impact on tax collection this type of illegal activity has on society.

## Wines and Spirits

**VINUM** STORE  
RECOMPENSA TUS SENTIDOS**VINUM Store**

During this period, VINUM Store started an important portfolio expansion process, increasing its range of wines and spirits with the new lines selected by the company. New origins complete an assortment that amounts to 1,000 references and is offered to customers who visit VINUM Store. The stores are located in Escazú, Lindora and Tibás, Costa Rica.



# Refreshments

**In 2019, FIFCO reported sales record in the teas and energy drinks category, two of the most relevant categories in the refreshment portfolio.**

The inclusion of new presentations, like the ZERO portfolio for the Tropical brand, as well as new tinplate and non-returnable glass containers for Jet energy drink were some of this growth's drivers. A crosscutting factor was the implementation of a series of improvements in equipment and business management.

In this period, FIFCO made an important investment in state-of-the-art machinery for the Refreshment Plant, achieving higher operating efficiency. During this technological modernization process, the Tropical brand and the entire carbonated drink category revamped their products' image. The new designs included changing the shape of bottles, relaunching graphics, **reducing the plastic grammage in the Tropical label**, among other changes. The Refreshment area continues measuring, reducing and offsetting the environmental footprint of its production plant and the storage

## Environmental initiative

In 2019, the “**Pedilo en Vidrio**” (Ask for Glass) initiative was launched to stimulate this portfolio's consumption and minimize the related environmental footprint. This campaign impacted both at an internal level as well as its main customers, by promoting a more robust portfolio with a more adequate mixture by container type.



## Tropical

Tropical continues setting a trend in the refreshments and teas categories. In 2019, it strengthens its value proposal by adding refreshing combinations of apple and kiwi to its ZERO sugar family. Additionally, it migrated peach, green apple and blueberry flavors from Light to ZERO; such change added dynamism and growth to the category.

For third consecutive year, Tropical launched its clothing collection, supporting Costa Rican talent, with garments inspired by summer and designed by *Guayaberi Swimwear*, created from fishnet material and using renewable energy in the entire process. Tropical benefitted the *Mini Vets* organization and *Fundación Génesis* through its consumer volunteering platform “*Tropical te mueve*” (Tropical Moves You).



“ I had always wanted to participate in any activity to help people or the environment and never knew how or with whom; thanks to you I was able to help. For me, getting to see those children's happy faces was a motivation to continue helping.”

TROPICAL VOLUNTEER

Refreshments

Energy drinks



JET is refreshed by the "With JET You're Flying" campaign, which managed to increase recall and connect with consumers by strengthening brand values. It launched new 355 mL and 473 mL cans, as well as 350 mL returnable glass presentations.

For third consecutive year, Maxxx Energy conquered consumers with the

Halloween experience. Each season, the brand evolves with disruptive and unique communication, closing with a themed party, which has become one of the most anticipated by consumers.



Carbonated drinks

To promote consumer preference for packaging such as aluminum, the Pepsi brand launched its line of vintage cans, which won over consumers with high acceptance.

As part of the awareness agenda of a balanced diet and in line with Integral Smart Consumption, H<sub>2</sub>OH! is promoted, a carbonated drink without calorie content or sugar that continues its double-digit growth during 2019. In addition, a significant reduction in the sugar content of Milory's portfolio is applied.



Gatorade

The brand implemented the second edition of BAM [Batalla en Altamar (Sea Battle)] focused on youngsters between 13 and 17 years old who competed in attractive and highly competitive modalities. Gatorade also supported the major athletic races in Costa Rica, including the Gatorade Flamingo Beach Marathon and Gatorade San Silvestre, as well as other events as part of its efforts to promote spaces to practice sports.

# Nectars



## Launch of Kern's Iced Tea

Kern's Iced Tea is launched in different presentations and flavors for countries of the northern region: Guatemala and El Salvador, aimed at consolidating the teas category in Central America, under a brand that conveys tradition, known by its quality and leadership.

## Relaunch of the Kern's Jr. image

To remain in the consumer's preference, the design of the different Kern's Jr. presentations is deeply renewed, promoting the product's natural properties.

## Sugar reduction: nectars portfolio

Inspired by "Sharing with the world a better way of living" and committed to the company's socio-environmental footprint, the Kern's and Ducal Nectars complete portfolio undergoes a significant sugar reduction process, accompanied by an important campaign to educate our consumers.



**FIFCO USA**



**Industrias Alimenticias Kern's**



The FIFCO USA business unit continues driving its flavored malt beverages portfolio and incorporating new products as a growth strategy.

During 2019, Seagram's Escape achieves relevant growth by launching new presentations and attaining more presence among the country's main retailers. The launch of Blue Citra adds to this at the beginning of 2019, with a refreshing proposal of lager beer with fruit notes and 4.7% alcohol. The performance of Labatt Blue Light is also highlighted with an increased share in key markets.

2019 focused on designing a new growth strategy for this unit.



The year 2019 brought significant growth in terms of volume and profitability for the food business at a regional level, being Guatemala, the United States and Nicaragua the main contributing countries.

Ducal launched the new communication campaign restating its brand's purpose without losing its essence, which allowed it to rejuvenate.

Kern's celebrated 60 years in the market and we celebrated in style. This enables us to travel in time and have our customers visit the past with a glass bottle and a special version of spicy ketchup.

# Florida Retail



## Musmanni

Musmanni consolidates its presence in the bakery and coffee shop format with **31 new stores and 18 new franchisees**. Its participation in Expo Franquicias (Franchise Expo) Costa Rica and the International Franchise Fair in Mexico is also worth mentioning.

During 2019, measures were adopted to provide economic and financial support to franchisees to stabilize the format in the economic environment during the entry into force of the so-called tax reform.

As part of its brand presence strategy:

- Participation in the KidZania project offering a fun experience for children.
- Presence with the "Móvil Musmanni" in: TEDxPuraVida, El Patio Imperial and Oktoberfest.



## Musi

The Musi convenience store format reports double-digit growth in the food and beverages category over the previous year. It also achieves double-digit revenue growth in other categories.

Musi's employees join the "Elegí Ayudar" (Choose to Help) program with more than 14,000 hours of volunteer work, supporting strategic issues such as the Integral Smart Consumption agenda, messages of good environmental impact practices and institutional campaigns such as #Movember.

Musi joins the growing service and consumer preference for door-to-door delivery through different commercial platforms.

## Florida Retail



### La Tienda de la Birra

“La Tienda de la Birra” (The Beer Store) expands its presence by opening a kiosk in City Mall shopping center in Alajuela, Costa Rica. The offer of accessories and textiles of the company’s flagship brands reinforce consumers’ connection and loyalty to our brands.

### L’Artisan Café

L’Artisan Móvil completes the Coffee Shop offer and takes its gourmet bakery and beverage offer to various locations. In this way, more people are able to try its menu.



# Florida Hospitality



## W Costa Rica Hotel

The first W Costa Rica Hotel was inaugurated in 2018, highlighting a bold design with local inspiration in Guanacaste, 133 rooms and 18 suites decorated with local artwork. W Costa Rica was developed by FIFCO, with an investment of approximately US \$51 million.



### 2018 Hotel Development Award

This hotel received the 2018 Hotel Development Award, granted in the Hotel Opportunities Latin America conference. This award recognizes those Latin American projects standing out for having an innovative design, economic impact and sustainability initiatives, as well as other aspects like budget execution, project's timeliness, the size and complexity of the work and its communication strategy.

## Hotel Westin Golf Resort & Spa, Playa Conchal

During 2019, the hotel's first remodeling phase is underway; it includes works on rooms, the four main restaurants and the convention center. The hotel's partial closure, as a result of the remodeling, impacts the operating profit for the period reported. The next remodeling stage is planned for the second half of 2020.



### Impact on the community

Reserva Conchal contributes on several fronts to the area's social progress and environmental conservation. During 2019 the following stands out:

1. Graduation of 32 students from the Dual Training program for a cumulative impact of 236 graduates.
2. Donation of land and construction of the Police Force station.
3. More than 13,000 volunteer hours in social and environmental causes.

Florida Hospitalidad



**Reserva Conchal, real estate project**

During 2019, more than 10 properties will be sold within the complex. At the same time, infrastructure works to develop residential properties and lots under the "W" brand and real estate development plots of the "Cocobolo" project are being initiated. Finally, the closing of the rental operation stands out.

In October 2019, "Troon International" international leader in Golf Courses and Club Houses operations assumes the operation of Reserva Conchal's Beach Club and Golf Course.

**On Premise: RePUBlica Casa Cervecera gastropub**

RePUBlica Casa Cervecera gastropub extended its borders with a new location with the same essence of a nice place that offers quality beers and fine cuisine, evidence of the concept's growth and acceptance. Its current locations are Sabana and Alajuela, Costa Rica.

This is a scheme in which FIFCO maintains a share, while the operation is taken over by a third party.



**Bar Imperial**

FIFCO maintains its Imperial Bar concept, located at the Daniel Oduber Quirós International Airport, Guanacaste, Juan Santamaría Airport in San José and Westin Golf Resort & Spa Playa Conchal Hotel in Costa Rica.

**A "Pura Vida" bar**

Imperial Bar transmits the authentic "Pura Vida" experience inspired by nature, iconic places in Costa Rica and Ticos' joyful nature through a warm and fun stay.

## Florida Capitals



### Cervecería Panamá

- 7% increase in volume and 2% in market share, significantly reversing the trend of the last years
- Double-digit growth in operating profit
- Positioning and good acceptance by consumers of the “Soberana” brand.

### INCECA – Nicaragua

- 5% growth in EBITDA
- Job stability
- Expansion of the non-alcoholic beverages and food portfolio
- Growth of the convenience stores business

### Comegua

- Operation undergoes a sales decrease
- EBITDA reduction; however, it achieves a margin increase from improved operating profit.



## Quality and safety of our products

### One hundred percent of the products manufactured by FIFCO undergo evaluations to verify their impact on consumer health and safety.

#### How is this verification carried out?

- Commercial partner Comprehensive Internal Audits (Heineken, Diageo, AIB, Pepsico)
- Certification bodies, food safety certification processes (INTECO-FSSC 22000 Scheme)
- Production lot traceability, physicochemical and microbiological analyses, all of them are specified in their respective management systems.
- In the case of Florida Retail, the plan receives audits for the management systems: FSCC 22000, BRC Start Intermediate for Subway products production lines, as well as ISO 9001 audit.

### Responsible product labeling

All products manufactured and sold during the 2019 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 of Costa Rica, as well as Central American Technical Guidelines.

#### Each package specifies:

- Food product's name
- 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's logo

Industrial bakery 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, and 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.

### Quality criteria reports by operation per applicable law

Criteria	2018		2019	
	Must report	Do not have to report	Must report	Do not have to report
Origin of product or service components		FIFCO USA		
Contents, especially regarding substances that might have an environmental or social impact	IAK, Cristal, ECSA, Dairy	FIFCO USA	Refreshments, IAK	FIFCO USA
Product or service safety instructions		FIFCO USA, ECSA*		
Product disposal and environmental or social impact	IAK, Cristal, Dairy	FIFCO USA, ECSA*		

\* Storage recommendations are included in the product label.

## Quality and safety of our products

## Consumer safety and health



► Our commitments to consumer health and safety

1. Develop initiatives that encourage access to affordable and healthy food, promoting well-being in communities
2. Develop products with low sodium, trans and saturated fats and added sugar
3. Develop products containing fiber, vitamins, minerals and other functional food additives
4. Increase the number of products in the portfolio that have a lower social and environmental impact

► PEPSICO acknowledges our plants' trajectory in sustainability

At the PEPSICO Operations Forum in September 2019, FIFCO received the special recognition **"Better"** for our plants' trajectory and actions in environmental sustainability; being a reference in environmental matters for PEPSICO worldwide.

The Refreshment Plant underwent a transformation process where three production lines of carbonated beverages, an aseptic beverage production line, as well as auxiliary systems required for water treatment and cold equipment were installed.

With these investments, this production plant increased its production capacity by 130%.

During this period, a complaint was received from the Ministry of Public Health regarding a bottle of Tropical Mixed Fruit, which, according to the report, was in bad condition. Various studies and detailed analyses of this production were carried out, including chemical, temperature, preventive maintenance plans, microbiological, physical-chemical and sensory controls of the refreshment, and no deviations were found at the time of production. After analyzing the evidence, the Ministry of Public Health determined that this was an isolated case and proceeded to close the case.

## Customer Service

### The First Contact Center evolved into the Issue to Resolution (ITR) Department.

The ITR addresses inquiries, claims and complaints from end consumers and customers. Throughout this period, 8,241 monthly calls were received, compared to 7,183 monthly calls in the previous period. Service Levels were 84% versus the 90% goal, and abandonment was 5% versus the 5% goal. During the 2019 period there were no claims substantiated on violation of privacy and customer data breach.

#### ▶ ITR toll free numbers:

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

Incorporating social networks in the Customer Service agenda has been a priority to communicate more expeditiously with our commercial area through chats divided into work desks.

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.

Among the projects we developed in 2019 are:

*Purecloud*: Implementation of a new telephone exchange in the cloud

*Salesforce*: Substitution of the current CRM platform for a Salesforce CRM

#### ▶ New complaints during 2019

Type of complaint	Number of complaints		
	2017	2018	2019
Products (customers)	609	728	1,093
Products (consumers)	1,301	1,400	1,503
Logistics (customers)	30	88	71
Property damage	19	44	49
Environmental	33	14	5
Bad driving	81	119	131
Smuggling	3	0	315
<b>Total</b>	<b>2,520</b>	<b>2,128</b>	<b>3,167</b>

**Explanatory Note:** The sum of claims submitted for 2017 and 2018 is rectified

# Value Chain Sustainability



SDGs

THIS INITIATIVE CONTRIBUTES TO



FIFCO maintains sustainability initiatives throughout its value chain, both with suppliers through the **Sustainable Procurement Program** and with customers in the **Sustainable Customer Program**.

We also continue our sustainability agenda at major company events to provide our consumers and other stakeholders with high-value experiences in harmony with sustainability.

► **Combination of national and international suppliers**

	Local	International
Distribuidora La Florida	81.7%	18.3%
Hospitalidad	90.7%	9.3%
Retail	96.3%	3.7%
IAK	82.1%	17.9%

\*The local and international definition from past reports is maintained.



## Sustainable Procurement

Since 2010, FIFCO, through the Corporate Environmental, Health and Safety Management, in conjunction with the Procurement Department, has maintained a work agenda aimed at sharing good sustainability practices with its suppliers.

### Advances in the Sustainable Procurement Program



In 2019, it was possible to include FIFCO USA suppliers as a pilot project; therefore, the program is currently in all the geographies and businesses where we operate.

In 2019, we continue strengthening the integrated work between these areas in order to promote that the procurement decisions made by the company are based not only on economic criteria, but also on issues such as quality of goods and services, legal compliance of suppliers and their performance in sustainability, which corresponds to environmental, social internal, external and occupational health practices.

As of this year, we are taking the international standard INTE/ISO 20400:2017 Sustainable Procurement: Guidelines, as a reference framework to document our Sustainable Procurement Program. Our challenge for 2020 is to achieve total documentation of our processes under this regulatory scheme.

The main lines of action of our management with suppliers allow us to work on the supply process from various fronts, integrating sustainability into FIFCO's procurement strategy.

### Axes of the Sustainable Procurement Program

- Sustainability requirements for goods and services
- Sustainability assessment for suppliers
- Supplier Development Program
- Partnerships and sustainability projects with suppliers



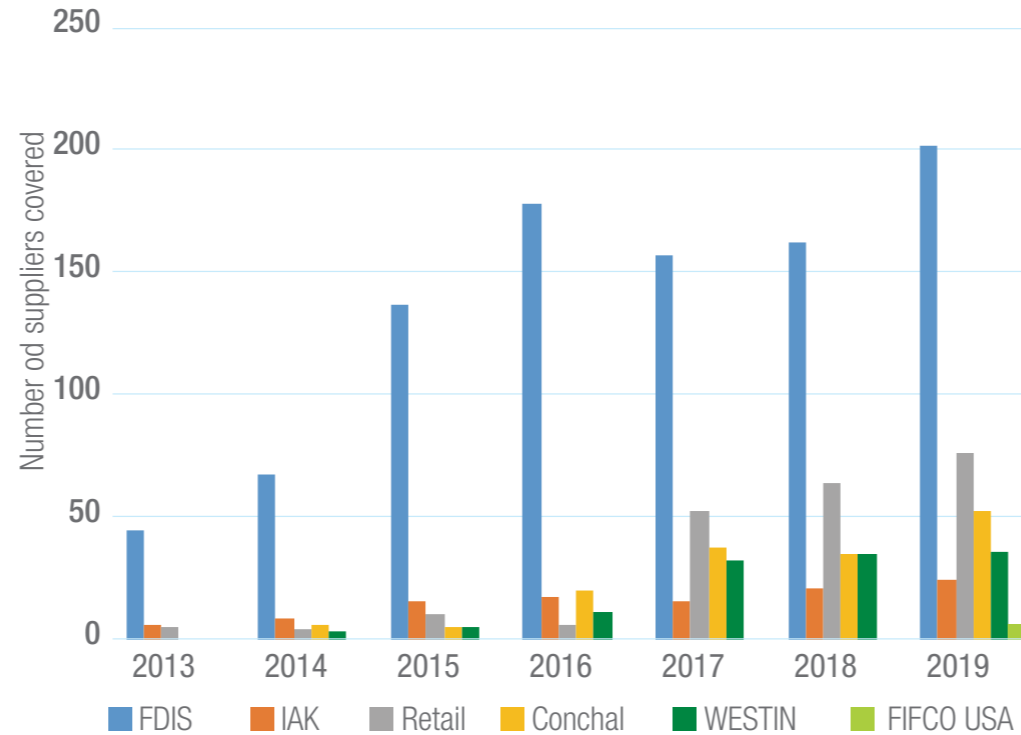


In the axis of Sustainability Requirements for Goods and Services, we define those that are important and the requirements that the Procurement department must take into account before acquiring them. Likewise, we integrate the sustainability variable within the processes of contracting critical suppliers, which is aligned with FIFCO's Corporate Procurement Policy

As part of the Sustainability Assessment process for suppliers, this year we incorporated suppliers that are part of Air Brands as an additional selection criterion. We also continued with the supplier audits model, conducted both by FIFCO personnel and by subcontracted personnel.

For the 2019 period, 66 new suppliers were included in the social and environmental evaluation process of the FIFCO Sustainable Procurement Program, in an effort to standardize critical supplier sustainability categories. One of the most important categories was that of construction suppliers. If we look at the breakdown by business unit, we can see the constant trend of growth in supplier coverage within the program.

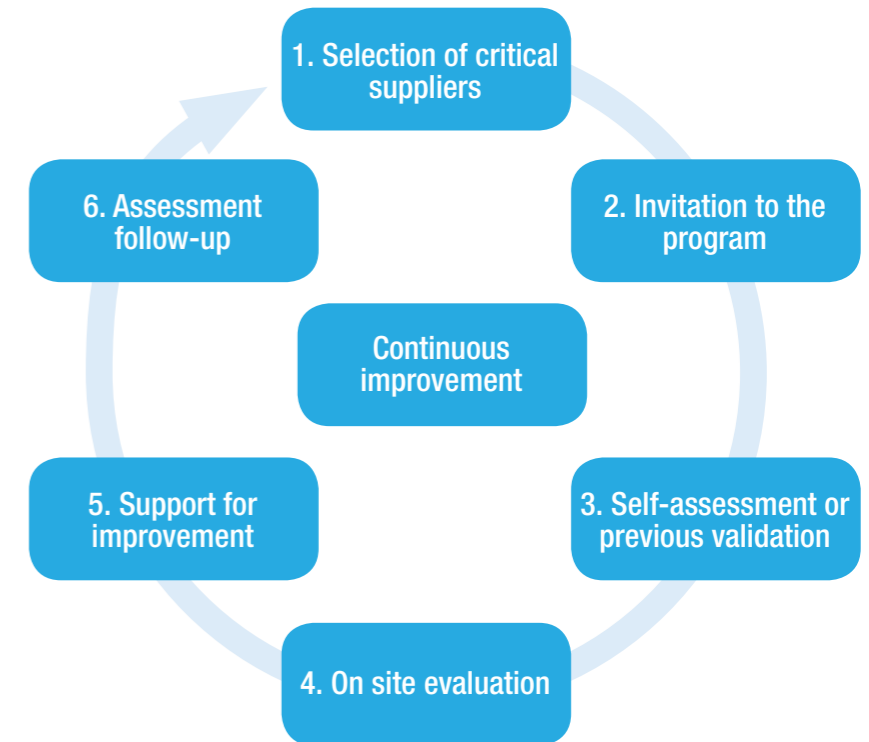
► Breakdown of suppliers by business unit



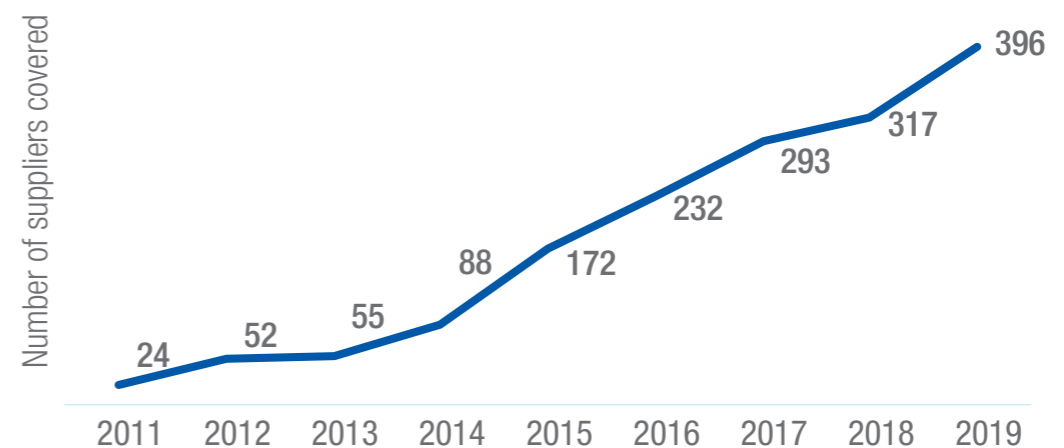
For FIFCO it is of utmost importance not only to know our suppliers, but also to support their continuous improvement process, where we seek to work hand in hand towards sustainability.

During the 2019 period, in terms of the coverage and performance of the suppliers evaluated, the first corresponds to the number of suppliers within the program in the different business units, and the second corresponds to the scores obtained from the process.

► Supplier assessment process



► Supplier coverage, Sustainable Procurement Program





We maintain, as in the previous period, **5 supplier performance categories**. However, for the 2019 period, we raised the minimum level to become a FIFCO supplier, to a 70 score.

With this new rating scale, by 2019, 66% of all suppliers are above the passing level (80% or more). By 2020, we aim to raise this number so that we exceed 70% of suppliers at this level of performance.

In this way, we are looking for our suppliers to improve their level of performance, which responds to the program's level of maturity and allows us to take the efforts made in the 9 years of existence of the Sustainable Procurement Program a little further.

As for the suppliers identified with significant potential or actual environmental or social impacts, through the evaluation process, a total of 46 suppliers were identified, whose results of the process closed in the red category. However, 74% of them improved their performance or maintain an action plan to be implemented. The remaining 26% are off our supplier list. The main impacts detected correspond to the lack of environmental or social permits or to risks of soil and/or water contamination in the process.

**New supplier assessment scale of the Sustainable Procurement Program**

Classification				
Red	Orange	Yellow	Green	Blue
≤ 69	≥ 70- y ≤ 79	≥ 80 y ≤ 89	≥ 90 y < 100	≥ 100
Not approved	Approved with opportunities	Not approved	Outstanding	World class
N.A.				

**Results of the Sustainable Procurement Program for 2019: Supplier Performance**

Categories	FDIS	%	IAK	%	Reserva Conchal	%	WESTIN	%	Florida Retail	%	Total
Blue	6	4%	1	5%	1	3%	2	6%	3	5%	13
Green	69	43%	9	43%	16	46%	11	31%	25	39%	130
Yellow	62	38%	7	33%	13	37%	18	51%	27	42%	127
Orange	16	10%	3	14%	3	9%	3	9%	4	6%	29
Red	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>



Regarding the percentage of suppliers identified as having significant, potential and actual, negative environmental impacts with **whom the relationship has been terminated as a result of the assessment, we can mention the case of 17 suppliers in total** who withdraw from the sustainable procurement program. This represents less than 1% of the suppliers in the reporting year. Of these 17 suppliers, **59% ceased to be FIFCO suppliers due to poor sustainability performance, and therefore a decision was made in conjunction with the procurement department to terminate their services; the remaining 41% ceased to be FIFCO suppliers due to a merely commercial decision.** These suppliers are located in Costa Rica.

Under the FIFCO Air Brands program, the Sustainable Procurement Program contributes to the sustainability index of the participating brands, based on the performance of the suppliers that are part of these products.

All suppliers that are part of the program have free access to FIFCO's sustainability supplier development program. Some of the ways in which we provide this support are as follows:

1. During audits, observations and opportunities for improvement are provided.
2. Remotely by mail and/or telephone at any time at the request of the supplier or in FIFCO's follow-up.
3. Progress review and feedback sessions.
4. Annual training program, 4 modules:
  - A. Environmental Module
  - B. Occupational Health Module
  - C. Quality and Food Safety Module
  - D. Human resource management and legal module

In 2019, we are **encouraging more partnerships with suppliers, with special emphasis on volunteer work.** As of 2018, we started the *Elegí Ayudar* program for suppliers, only at *Distribuidora La Florida*. For this period, the process was extended to all other FIFCO business units, with the exception of FIFCO USA. In 2019, we achieved a **138% increase in the number of supplier volunteer hours** compared to 2018.

**► Volunteer hours with Sustainable Procurement suppliers**

Business Unit	Volunteer hours - 2018	Volunteer hours - 2019
Distribuidora La Florida	2,204	3,356
Industrias Alimenticias		
Kerns	0	1,317
FIFCO Retail	0	320
FIFCO Hospitality	0	264
<b>TOTAL</b>	<b>2,204</b>	<b>5.257</b>

## Value Chain Sustainability / Sustainable Procurement

### Other relevant milestones

- 29% of annual expenditure corresponds to suppliers addressed within our Sustainable Procurement Program.
- 100% of new suppliers during the period signed and accepted FIFCO's Environmental Policy and Responsible Supplier Code. As of 2020, in addition, a Corporate Social Responsibility Manual will be made available to suppliers, explaining in detail how they can comply with the guidelines of the Responsible Supplier Code.
- 500 hours of training for suppliers on environmental, occupational health, smart consumption, quality and safety and human resources.
- 78 suppliers participate in FIFCO's *Elegí Ayudar* volunteer program.
- +50 suppliers awarded for their performance in the Sustainable Procurement Program in the 2017-2018 period.
- 53 audits were conducted by a third party to support growth in program coverage.
- 17% of the companies visited have some kind of certification in their management systems.
- 12% of the companies visited are led by women.
- 15% of the suppliers in the program have some type of program for the inclusion of sensitive populations.
- 17% of the companies in the program are certified before the Ministry of Economy, Industry and Commerce as Small and Medium-Sized Enterprises (SMEs).

### Challenges identified for the period

- Continue the process with outsourcing of audits, 13 of the audits were paid for by the supplier.
- Strengthen the supplier development program with more than 20 participating suppliers.
- Incorporate the Sustainable Procurement Program into FIFCO's Corporate Procurement Policy.
- Exceeded the supplier volunteer hours goal.
- Launch of the Sustainable Procurement Program at FIFCO USA, not only was the ABC of sustainability achieved, but also 6 supplier audits were carried out through a pilot project.

### Challenges for 2020

- Achieve full integration of sustainability into FIFCO's corporate procurement process.
- Continue the advancement of Sustainable Procurement in the FIFCO USA business.
- Calculate the environmental footprint of at least one product within Air Brands' brands, be it raw materials or packaging materials.
- Strengthen strategic alliances with suppliers on sustainability matters
- Advance in the implementation of the INTE/ISO 20400:2017 Sustainable Procurement standard.

Value Chain Sustainability

## Sustainable Events

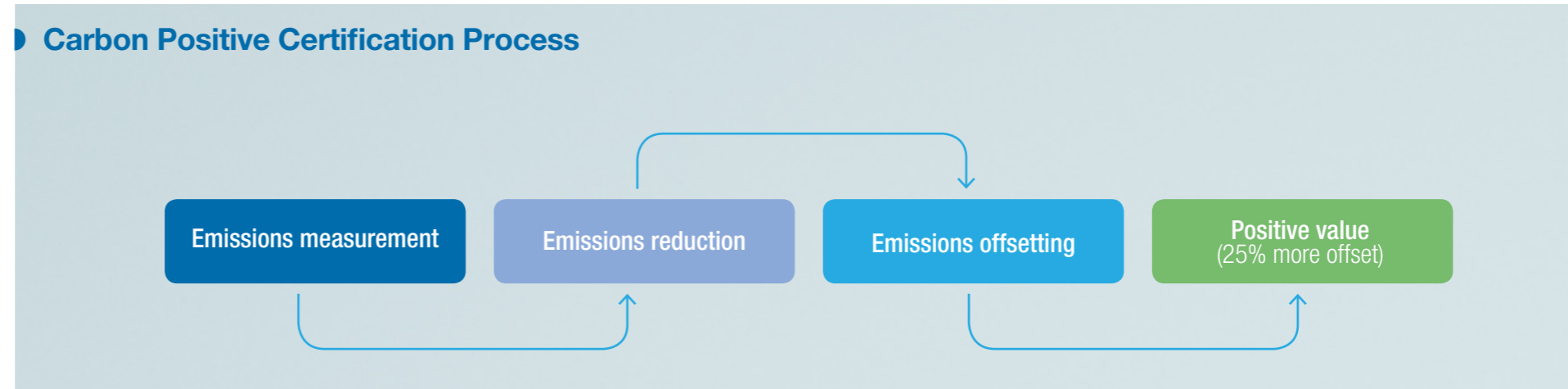
**During the 2019 period, we continued to implement good sustainability practices at our main brand events and corporate events.**

As part of the processes to reduce the social and environmental impact of these events, we developed a platform for total waste separation, so we also managed to turn a large part of these into Zero Waste to Landfill events.

Likewise, in order to provide greater confidence in the process, we conducted through the Institute of Technical Standards of Costa Rica (INTECO) footprint verification for most of the events.

By 2020, we will be working on ways to reduce the impacts associated with the events with new initiatives, based on the lessons learned from the 2019 events. Another of our challenges relates to incorporating these variables into the internal events we hold such as the employee party and the children's party.

### Carbon Positive Certification Process



### 2019 Sustainable Events

<p>110<sup>th</sup> Anniversary Celebration <i>Cervecería Costa Rica</i> (NOVEMBER 2018)</p> <p><b>EMISSIONS</b> 50.12 ton CO<sub>2</sub>e</p> <p><b>OFFSET</b> 60 ton CO<sub>2</sub>e</p> <p><small>*externally verified by INTECO</small></p>	<p>FIFCO's 2018 Shareholders Meeting (DECEMBER 2018)</p> <p><b>EMISSIONS</b> 5.82 ton CO<sub>2</sub>e</p> <p><b>OFFSET</b> 8 ton CO<sub>2</sub>e</p> <p><small>*externally verified by INTECO</small></p>	<p>Imperial Bar Palmares 2019 (JANUARY 2018)</p> <p><b>EMISSIONS</b> 298.25 ton CO<sub>2</sub>e</p> <p><b>OFFSET</b> 357.9 ton CO<sub>2</sub>e</p> <p><small>*externally verified by INTECO</small></p>	<p>Presentation of FIFCO's Integrated Report (FEBRUARY 2018)</p> <p><b>EMISSIONS</b> 2.4 ton CO<sub>2</sub>e</p> <p><b>OFFSET</b> 3.5 ton CO<sub>2</sub>e</p> <p><small>*externally verified by INTECO</small></p>	<p>Presentation of Financial Results to the Stock Exchange (MAYO 2018)</p> <p><b>EMISSIONS</b> 2.11 ton CO<sub>2</sub>e</p> <p><b>OFFSET</b> 3.0 ton CO<sub>2</sub>e</p> <p><small>*externally verified by INTECO</small></p>
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## Sustainable Customers

Currently, FIFCO maintains two action fronts with its customers, as a way to promote sustainability with our business partners.

Since 2015, with the creation of the Sustainable Customers Program, we have been making diagnostic visits to various points of sale such as bars, restaurants, bakeries and mini-marts, among others.

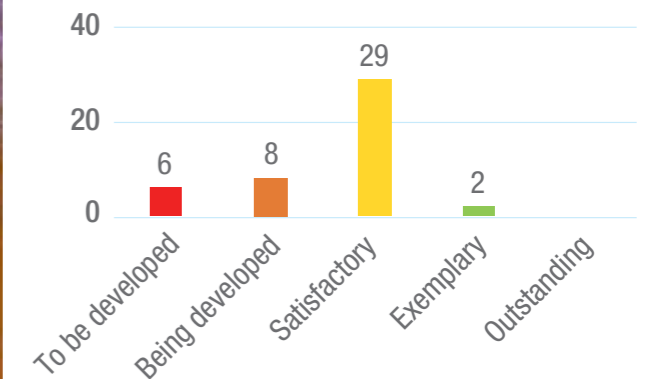
During 2019, as part of the R.E.D. FIFCO Program, 45 visits were made to advise customers on sustainability issues.

### Environmental consulting visits to customers as part of R.E.D FIFCO

Bar - Restaurante	23
Liquor Store	8
Mini-mart	14



### Customer Sustainability Performance for 2019



Also, during this period, in line with our challenges of the previous year, we started a training program for customers on sustainability issues. As a first action, through the Business Developers of the R.E.D. Program, we shared with our customers a virtual training session that covers all the topics evaluated in the sustainability diagnosis. This program for 2020 will be accompanied by visits and personalized attention to the points of sale diagnosed between 2018 and 2019 to follow up on the improvement process.

Value Chain Sustainability / Sustainable Customers

At Florida Retail, we maintain the sustainability visit program for both our own and franchised stores. These visits also include an evaluation of social, environmental, occupational health, human resources and legal compliance issues. For 2019, 55 visits were made to points of sale of the MUSI, Musmanni, Vinum and *La Tienda de la Birra* formats. In addition, training focused on waste management was provided to all stores.

The second front we started working on during this period corresponds to specific work alliances with our customers on sustainability issues. One of our priorities was to support FIFCO customers in proper waste management.

Supplier assessment scale of the Sustainable Procurement Program

Clasificación				
Red	Orange	Yellow	Green	Blue
≤ 60	60-69	70-89	90-100	>100
To be developed	Being developed	Satisfactory	Exemplary	Outstanding
N.A.				

Visits to Florida Retail points of sale

Formats of the points of sale visited	Number
Vinum	1
MUSMANNI	19
La Birra	1
MUSI	34
<b>Total general</b>	<b>55</b>

FIFCO Recycling Ambassador

In April 2019, a project was launched to increase the recycling of one-way glass generated at some points of sale in the Greater Metropolitan Area. To participate in this initiative, customers with a high volume of sales of our glass products were selected, a training and awareness process was carried out, and the necessary containers and elements were provided to facilitate the process of separating and storing the containers.

A total of 34 points of sale participated actively and in alliance with VICESA, a coordination process was carried out for **adequate glass management** including on-site collection with authorized managers. As part of this initiative, an award and special incentives were given to the points of sale with the highest collection rate, of more than 70% recycled glass with respect to glass sold, reaching more than 60 tons of recovered glass.



## Value Chain Sustainability / Sustainable Customers

Compared to the previous period, we managed to overcome all the challenges posed to add more value to our sustainability management with customers, working on these lines of action:

Number of visits from 40 to 45 for new customers

20 more FIFCO Retail customers in 2019

Training for R.E.D. FIFCO customers

Glass recycling initiative in partnership with VICESA with some of our customers

### Challenges for 2020

→ Ensure the continuity and improvement of the glass-recycling project in the participating points of sale, extending the project's scope to sustainability reviews.

→ Strengthen the program we started in 2019 for training and improvement of customers in environmental, social and human resources matters, as well as social responsibility.

→ Extend the scope of our program to specific customer segments where we can have a greater effect and impact, such as gastronomic areas.



## R.E.D. FIFCO

### Strengthening Entrepreneurship and Development

The R.E.D. FIFCO program reinforces its objective of promoting business and human development between the company and its customers: bars, restaurants, *pulperías*, cafeterias and mini-marts, with two main lines of action:

1. **Business Development:** strengthening professional skills
2. **Human Development:** apoyo support in soft skills and integral well-being.

The Ministry of Economy, Industry and Commerce of Costa Rica (MEIC) recognized the impact of R.E.D. FIFCO, highlighting the work and interest in the development of small and medium-size enterprises in the country and even promoted a network of private companies to ensure the implementation of strategies and joint work to continue with this objective.



### PEX Methodology

The Business Excellence platform, PEX, through its "Climb to Success" program, is developing a new recognition pillar that will highlight the achievements of the sales force in line with the company's strategic objectives. The PEX methodology will be applied during the 2020 period.



During the period, training was increased as well as access to loans from the Development Banking System (DBS), this added to the inclusion of customers in corporate initiatives such as the Sustainable Customers Program, Financial Education workshops and volunteer work with the corporate program *Elegí Ayudar*.

### R.E.D. FIFCO in figures

- ▶ **300** customers, **80%** family businesses, **20%** led by women
- ▶ **¢126,686.552.04** placed from the Development Banking System (DBS).
- ▶ Commercial advice provided to **100%** of customers.
- ▶ Training: **2,400** hours at the point of sale and **1,500 hours from customer's work**, resulting in 30% growth in impacted businesses.

# Internal Social DIMENSION

## Our People



Our goal

Champion our employees



SDGs

THIS INITIATIVE CONTRIBUTES TO

**As a company, FIFCO promotes creating value in each of the audiences it relates with.**

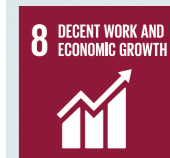
For such reason, in 2016 we established the corporate goal for 2020 regarding its internal audience: **champion our employees**. By applying FIFCO's purpose, values and leadership model, we address an agenda that enables our collaborators' comprehensive professional and personal development.

**Our people**

At FIFCO, we are 6,067 persons working in all our operations in Costa Rica, Guatemala, El Salvador and the United States. We believe our workforce is essential to create economic, social and environmental value.

**FIFCO Total number of collaborators**  
(Regular, temporary and part-time)

País	2017	2018	2019
Guatemala y El Salvador	722	723	549
Estados Unidos	1,061	995	1,026
Costa Rica	4,658	4,790	4,492
<b>TOTAL</b>	<b>6,441</b>	<b>6,508</b>	<b>6,067</b>

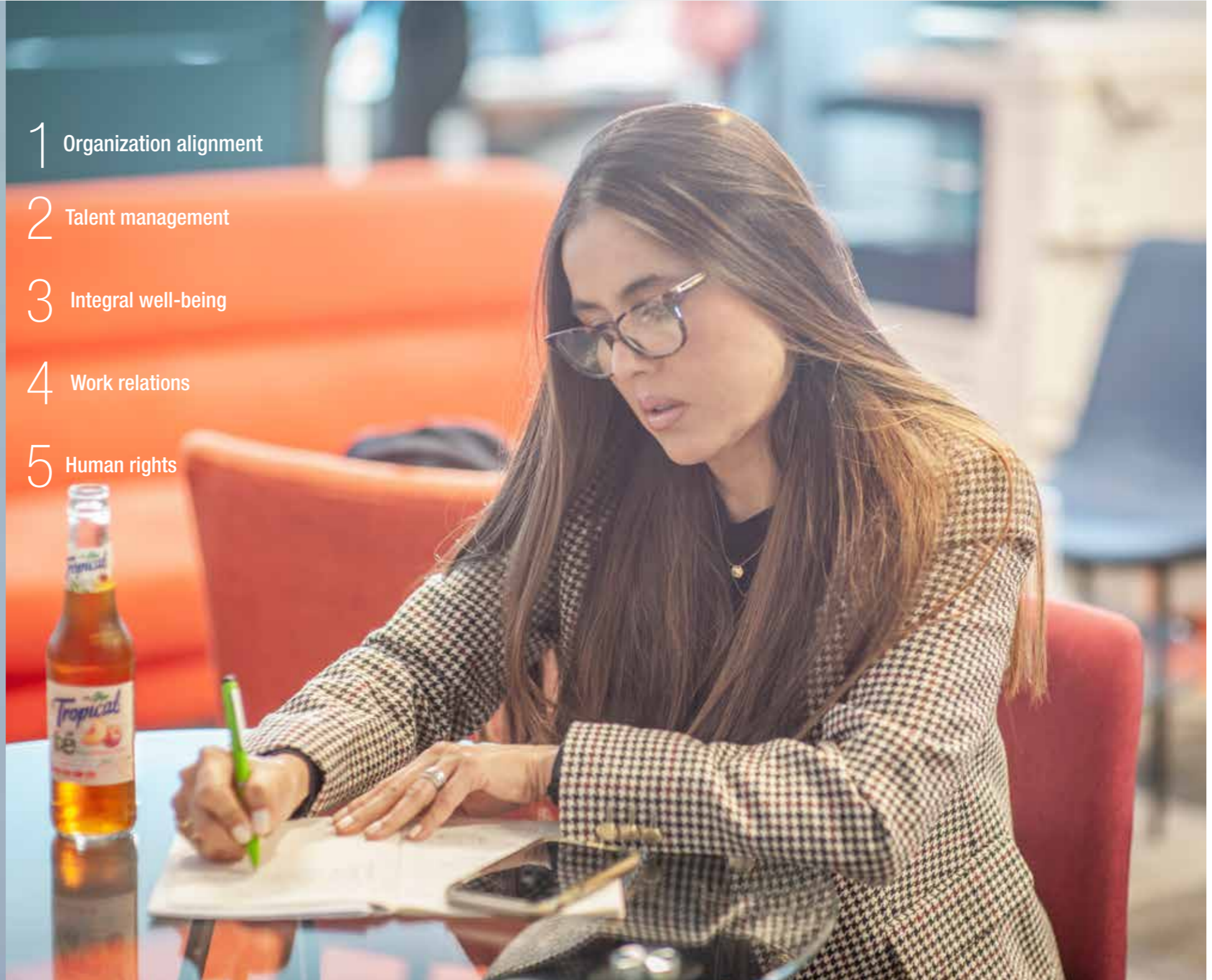


## Material Topics

### Many factors combine when addressing the company's most valuable resource: our human talent

FIFCO focuses on five material topics internally as priorities in order to move towards fulfilling two of the 7 commitments for 2020, and walk hand-in-hand with the Sustainable Development Goals known as Good Health and Well-Being, Gender Equality, Reduced Inequalities, and Partnerships for the Goals.

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



## Main results and milestones for the period



### FIFCO Oportunidades

COMMITMENT #1 for 2020

#### Eradicate poverty within our company

*FIFCO Oportunidades* seeks to improve living conditions and promote integral prosperity among those employees who live in conditions of socioeconomic vulnerability. At FIFCO, we implement a series of actions focused on our employees and their families that cover housing, education, finance and health/nutrition. For fifth consecutive year, the program contributed to address deficiencies and reduce poverty indicators according to the methodology of the Multidimensional Poverty Index of the *Horizonte Positivo* organization.



SDGs

THIS INITIATIVE CONTRIBUTES TO



## Main results and milestones for the period /FIFCO Oportunidades



During 2019, the company expanded its impact and reports significant advances in the quality of life of FIFCO collaborators and their families, both in the beverage business and in the Retail and Hospitality sectors. In the last year, the program directly impacted almost 300 collaborators and indirectly their families, which adds up to at least 1,200 more people.

During the 2018 period, FIFCO conducted with a relevant part of its population the measurement of the Business Multidimensional Poverty Index of the “Horizonte Positivo” organization. The findings of this measurement are a key input to validate and refresh the established intervention methodology. The Social Strategy area proposes to strengthen the 4 pillars of the Program by moving towards a much more comprehensive approach to poverty and vulnerability.

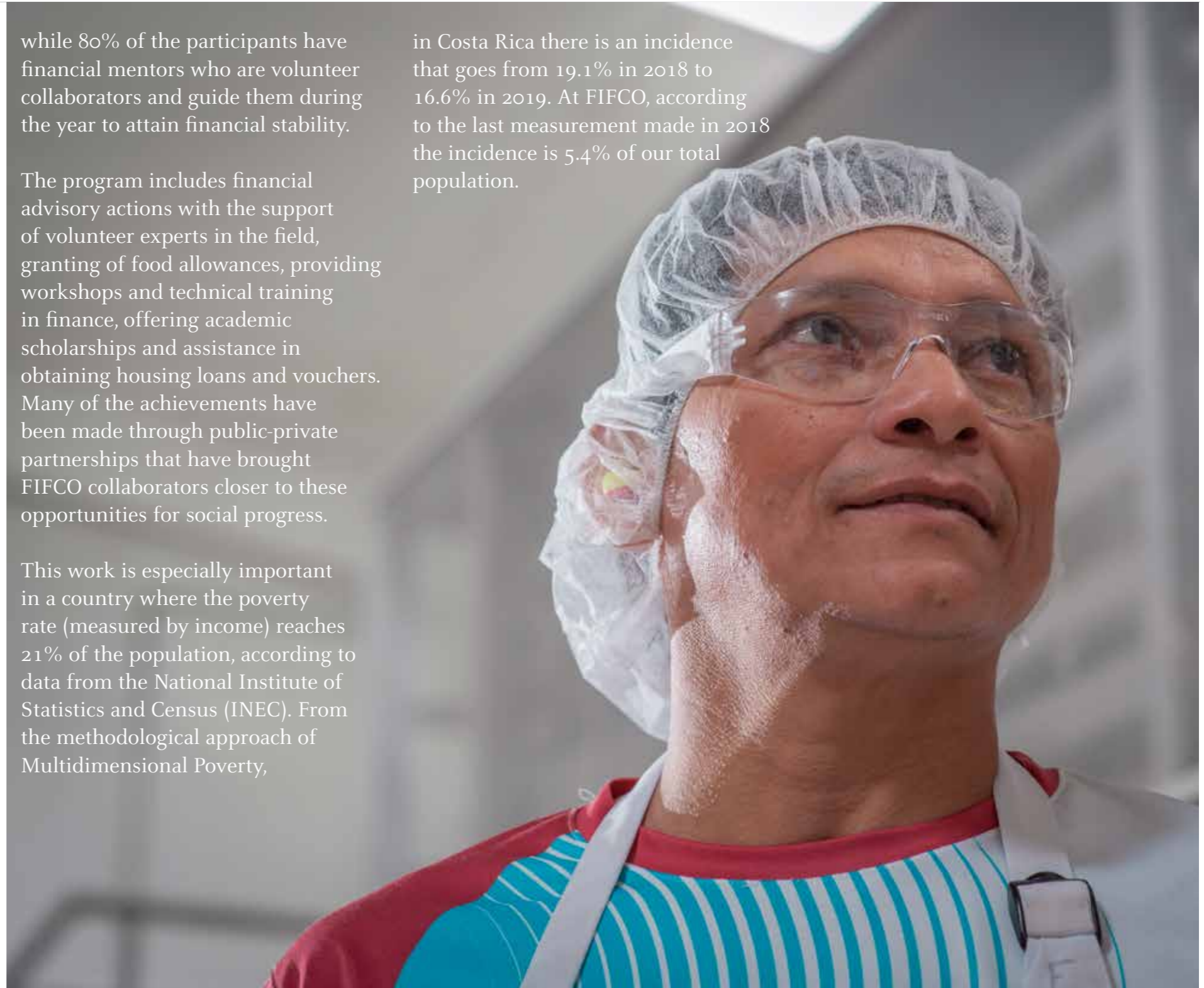
One of the program’s main strengths is that it is designed to have a positive impact not only on the company's collaborators but also on their families. Thus, 100% of the beneficiary population receives **comprehensive accompaniment**, together with their spouses, attend life skills workshops that include financial and legal training;

while 80% of the participants have financial mentors who are volunteer collaborators and guide them during the year to attain financial stability.

The program includes financial advisory actions with the support of volunteer experts in the field, granting of food allowances, providing workshops and technical training in finance, offering academic scholarships and assistance in obtaining housing loans and vouchers. Many of the achievements have been made through public-private partnerships that have brought FIFCO collaborators closer to these opportunities for social progress.

This work is especially important in a country where the poverty rate (measured by income) reaches 21% of the population, according to data from the National Institute of Statistics and Census (INEC). From the methodological approach of Multidimensional Poverty,

in Costa Rica there is an incidence that goes from 19.1% in 2018 to 16.6% in 2019. At FIFCO, according to the last measurement made in 2018 the incidence is 5.4% of our total population.



Main results and milestones for the period /FIFCO Oportunidades



Why redesign

During the 2019 period, a series of factors and conditions lead to redesign the program originally conceptualized in 2016.

- Culmination of the 3-year term for the First Generation..
- Conduction of the Business MPI
- The Central Government adopts Multidimensional Poverty as official parameter for the country.
- An anthropological study is performed to analyze the first generation's output conditions. In addition to considering a qualitative investigation with "mentors".
- Greater efficiency in the use of the budget assigned to the program.
- Administrative, legal and communication opportunities are identified.



Partnerships are consolidated

2019 was a great year in terms of partnership consolidation, both internal and external, to address those shortcomings with higher incidence in our population:

- People with disabilities without transfer
- Senior citizens without pension
- Low-quality training in human capital
- No high school diploma
- No health insurance
- Overcrowding
- Roof/floor in bad conditions

Number of people impacted 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 life	41	0	11	52
Finance	68	20	26	114

## Main results and milestones for the period /FIFCO Oportunidades



## Impacto de FIFCO Oportunidades

Country	Costa Rica 2017	Costa Rica 2018	Costa Rica 2019
<b>Housing</b>	<ul style="list-style-type: none"> <li>• <b>14</b> houses remodeled</li> <li>• <b>16</b> houses built</li> <li>• <b>7</b> cases under study</li> <li>• <b>11</b> cases for 2016, in process of financial improvements to begin voucher granting procedure</li> <li>• <b>64</b> school vouchers</li> </ul>	<p>In view of the population's advancement during these 3 years, this year ends with:</p> <ul style="list-style-type: none"> <li>• <b>8</b> housing vouchers</li> <li>• <b>5</b> remodeling projects</li> <li>• <b>64</b> school vouchers</li> <li>• <b>24</b> collaborators plus partners in the high school program "Apuntate a Ganar".</li> </ul>	<ul style="list-style-type: none"> <li>• <b>5</b> houses remodeled</li> </ul>
<b>Education</b>	<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 plus partners in the high school program "Apuntate a Ganar".</li> </ul>	<ul style="list-style-type: none"> <li>• Launch of the "Terminá el Bach" (Complete High School) campaign with the Talent Department for the FIFCO Oportunidades population</li> <li>• <b>79</b> school vouchers</li> <li>• Partnership with <i>Fundación Acción Joven</i> to address the following deficiencies: no attendance to regular education, education lag, no high school diploma and low human capital. Long-term unemployment.</li> </ul>
<b>Finance</b>	<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>	<ul style="list-style-type: none"> <li>• <b>86</b> collaborators part of the Mentorship program</li> <li>• Financial Education Workshops for mentors, partnership with the Financial Consumer Office</li> </ul>
<b>Health</b>	<ul style="list-style-type: none"> <li>• <b>52</b> families with general medical check-ups</li> <li>• Emergency support for children 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 check-ups</li> <li>• Emergency support for children, and spouses of collaborators, in case of surgery, and for collaborators affected by workplace accidents</li> </ul>	<ul style="list-style-type: none"> <li>• <b>250</b> collaborators and their families impacted by life skills workshops</li> <li>• Impact on <b>55</b> persons affected by lack of social and health protection</li> <li>• Partnership with organizations to address the unattended children issue</li> <li>• Support in extraordinary health and disability situations</li> </ul>



## Main results and milestones for the period /FIFCO Oportunidades



## About the Multidimensional Poverty Index (MPI)

In Costa Rica, the Government of the Republic announced the implementation of the Multidimensional Poverty Index (MPI) in October 2015, as part of the National Strategy for Poverty Reduction “Bridge to Development”. The National Institute of Statistics and Census (INEC) is responsible for measuring the MPI using the National Household Survey (ENAH) and publishing the results in October each year.

The Multidimensional Poverty Index (MPI) is a rigorous and robust statistical tool that goes beyond measuring poverty in a one-dimensional way. The MPI considers different aspects of the living conditions of Costa Ricans in order to understand multidimensional poverty in our country and its determinants, and to identify the best ways to eradicate it.

- ▶ It was developed in 2007 by James Foster and Sabina Alkire – experts from Oxford University – who created the method to measure poverty multidimensionally, based on the conceptual framework of 1998 Nobel Prize in Economics, Amartya Sen.
- ▶ It is used as a measure of poverty in multinational organizations such as the United Nations Development Program (UNDP), among others.
- ▶ The MPI applied in Costa Rica identifies the needs of households in five dimensions considered to be priorities for assessing quality of life:
  - Housing and Internet use
  - Health
  - Education
  - Work
  - Social Protection

## Main results and milestones for the period



SDGs

## Human rights, diversity and inclusion

### As a signatory to the United Nations Global Compact and the Sustainable Development Goals, FIFCO demonstrates its commitment to the fulfillment, respect and promotion of Human Rights.

2019 was a period of progress in this agenda, with a special focus on **research, benchmarking and advice by organizations** such as the Business Association for Development, AMCHAM, among others.

For the year 2020, the company has a work plan that addresses these issues much more strongly. Developing a Human Rights policy, as well as specific initiatives in the areas of diversity, inclusion and well-being to permeate the FIFCO population in a transversal manner are priority actions.

#### Key actions of the period

- Training of leaders in Human Rights and women's participation.
- Review working sessions in specific areas such as the Supply Chain, with significant improvements in life/work balance.
- Remote work or teleworking for employees was included in the agenda and strengthened.
- The Leadership Connection Program was launched, training 500 leaders on topics such as suppression of unconscious prejudices, diversity and inclusion.
- Increased recruitment of women in management positions, leadership and "non-traditional" jobs, such as in the commercial area and supply chain.
- FIFCO reiterated its commitment to inclusion and respect for the LGTBI population, being a company that supports equality and inclusion initiatives at a national level, such as the signing of the San José Pact, for second consecutive year.



THIS INITIATIVE CONTRIBUTES TO

5

GENDER  
EQUALITY

10

REDUCED  
INEQUALITIES

## Main results and milestones for the period

### Organizational Alignment

#### COMMITMENT #2 FOR 2020

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

The heart of FIFCO is our collaborators. We have directed our attention on developing capabilities that will allow working expeditiously and focused on our customers and consumers; we improve control with hours of learning and optimize the investment, to increase coverage of all our collaborators.



## Main results and milestones for the period / Organizational Alignment

### Costa Rica and Guatemala

During this period, we continued developing leadership skills, through the programs: “**Leadership in Connection**” and “**Harvard Manage Mentor**”, having as a result, leaders more prepared to listen, care and develop its collaborators in Costa Rica and Guatemala.

During this period, the Commercial area launched the “**Alas**” (**Wings**) program, aimed at the sales team, designed in conjunction with the University of Costa Rica, to work on the future skills of our sales force. In addition, a modern Marketing and Sales Technician program was launched for sales supervisors.

With this high level training, our sales force is equipped with tools to become an advisor to our customer, positioning a process and sales advisory focused on the customer’s needs, boosting their business and driving their growth. These efforts complement and align with FIFCO’s Transformation agenda.

In the Supply Chain area, we continue with the training plan for **standards and regulations**, in subjects such as: quality, food safety, emergency brigades, security and the environment.

On the other hand, we work on technical training, which supports an **agile and quality production** in all our operations.

During 2019, 85% of the operating population was covered with the workshop “**En Ruta a mi Mejor Versión**” (Towards the Best Version of Myself) in Costa Rica and Guatemala, in which we seek to make an introspection of various areas of the workers’ lives, to define improvement plans that will help them in a comprehensive manner. In addition, massive talks were given on: **positive masculinity, security, personal finances and stress management in all distribution centers in Costa Rica**. At the same time, first entry induction and English sessions are being held.



### Terminá el Bachi

In alliance with the FIFCO *Oportunidades* program, we continue to provide special support to the GED program, to encourage our most sensitive population to discover a better version of themselves, which will allow them access to better opportunities for themselves and their families.



Main results and milestones for the period / Organizational Alignment

**United States**

FIFCO USA launched a successful internal training program to promote professional development among collaborators. The main topics were: regulation, legal issues, besides implementing trainings and training models that respond to guidelines suggested by the federal government.

**Number of training hours**

Level	2017	2018	2019
Operating	59,971	19,648	105,438
Middle Management	11,178	17,987.5	47,867
Management	2,355	2,215.4	9,743
<b>Total hours</b>	<b>73,504</b>	<b>38,850.9</b>	<b>163,048</b>



**Average annual training hours**

Location	Worker				Middle Management				Management			
	Female		Male		Female		Male		Female		Male	
	Female	Male	Female	Male	Female	Male	2018	2019	2018	2019	2018	2019
Costa Rica	33%	7%	67%	93%	27%	25%	73%	75%	38%	25%	62%	75%
Guatemala	8%	7%	92%	91%	24%	25%	76%	75%	12%	9%	88%	91%
FIFCO USA	12%	10%	88%	90%	27%	30%	73%	70%	27%	35%	73%	65%

Main results and milestones for the period

## Talent Management

In line with our commitment to being a great place to work, during 2019 we achieved very significant and valuable advances for our collaborators.

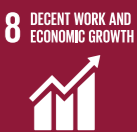
### 2019 Achievements

- ▶ Automation of organizational climate internal measurement.
 improvements were implemented in the sales and delivery management process, which improve work times in the commercial and supply chain areas.
- ▶ Strengthening of recognition schemes with the *Dame 5* (Give Me 5) program.
 Leadership development. Our most iconic leadership event of the year was the Elevate 2019 conference, which was a call to action for transformational, close and increasingly human leadership.
- ▶ Improvement of existing organizational practices to analyze organizational climate through focus groups, microclimates and follow-up to the implementation of the Hope Program.
 We updated the leadership training program and implemented the Leadership in Connection program, which seeks to develop new skills and learn techniques that support the leader in the interaction and development of teams with tools based on ethnographic observation, positive psychology, appreciative inquiry and inclusiveness.
- ▶ Implementation of various channels and methodologies of two-way communication with collaborators.
 Positioning and support to leaders. Exchange of best leadership practices in our organization through the Influencers Program.
- ▶ Promotion and adoption of a digital culture by our collaborators, applying technology in key Talent processes.
- ▶ Implementation of different initiatives to improve the life/work balance of our collaborators, especially our Distribution teams, with significant improvements in the working days. To this end, various



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## Main results and milestones for the period / Talent Management



In 2019, we achieved a participation level of over 93% in the Great Place to Work (GPTW) measurement, with a **five-point increase in the Confidence Index score from 81 to 86**. This puts us four points short of the 90-point target for 2020. At FIFCO, this positive increase

is a result of our efforts and our real commitment to the well-being of our employees. It is important to note that for 2019, FIFCO conducted the GPTW measurement **but did not officially compete for such ranking**.

### Collaborators' experience

During 2019, we worked to ensure our collaborators, customers and main stakeholders are part of our corporate purpose: "Share with the world a better way of living." With **multidisciplinary teams we define our brand's purpose**, aligned with our organizational purpose, thus creating not only sustainable products, but **products that give life to our reason for being**.

The **Celebration**, one of our corporate values, defines us as an organization. During 2019, we implemented a dynamic agenda of dates and events to celebrate, with simple, creative and joyful events that allow us to energize or relax the organization. We seek inclusive celebrations towards our communities and our collaborators' families.

Salary increases were implemented in solidarity with our collaborators and we support colleagues with specific situations of need or vulnerability through the **FIFCO Oportunidades** program and the **"Bajo las Estrellas" (Under the Stars)** initiative.

## Main results and milestones for the period / Talent Management

→ More on Dual Training on Page 163 of this report

### Learning and Development

During 2019, more than **163,000 hours** of training and coaching were given to our collaborators. Through classroom training and the strengthening of virtual training with our e-learning platform, collaborators from different areas in the four countries where we operate were impacted.

For second consecutive year, we implemented the *Profes U-FIFCO* (U-FIFCO Teachers) program, which shares the knowledge and experience of our collaborators with other collaborators who wish to learn about various subjects. Among the main topics seen: technology packages, English, and finance, among others.

2019 is a key year for the **Dual Training** agenda, a learning modality that has been promoted by FIFCO for more than six years. It is during this period that the Dual Education and Training Law was passed in Costa Rica, Law No. 9728, which is intended to strengthen and make official this teaching modality that trains students in two learning environments: an educational institution and a training company.

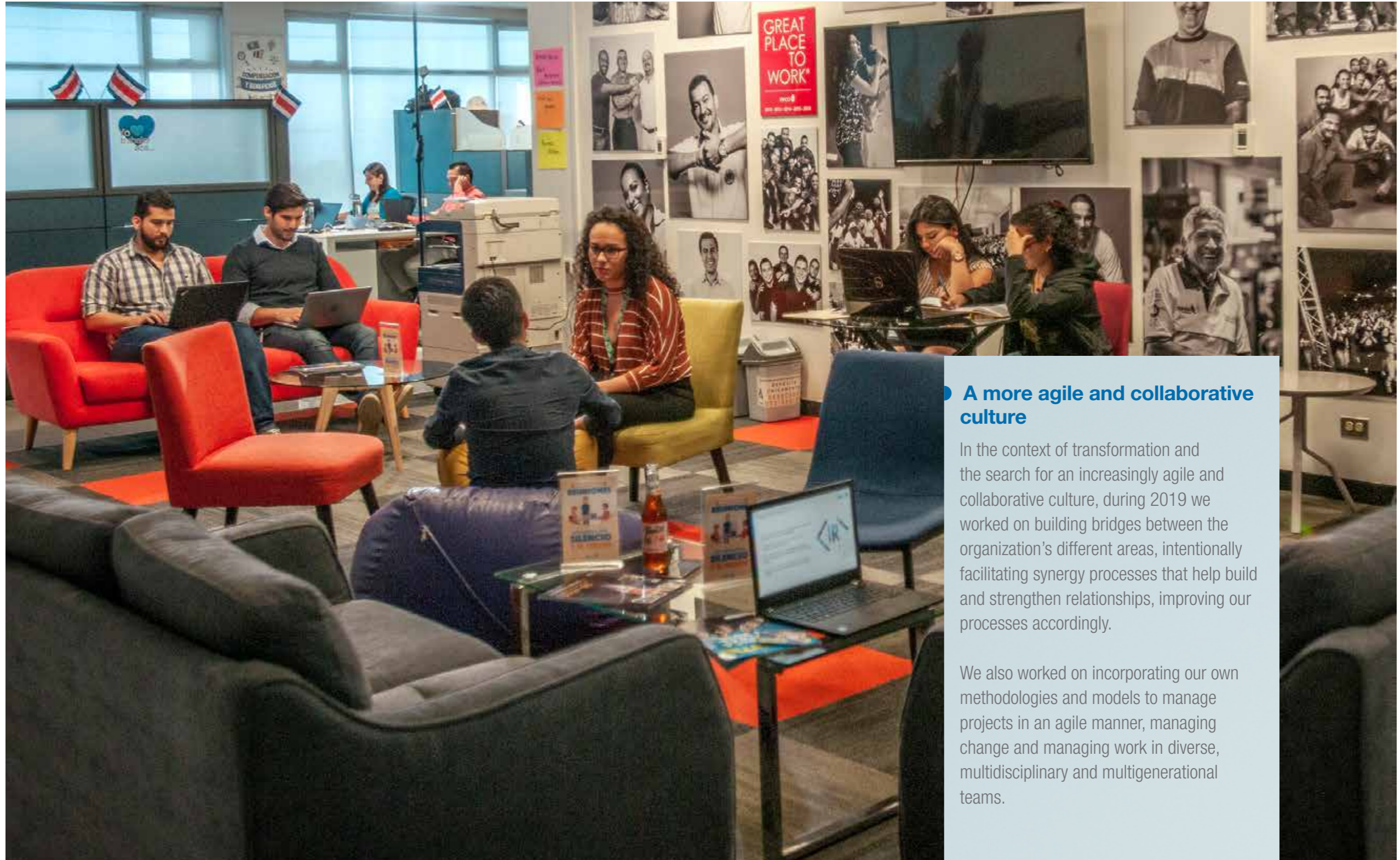
The new legislation provides extensive benefits and opportunities, as well as a modern legal framework that gives security to the parties involved in this modality, through which quality learning processes are generated that facilitate comprehensive training and a better transition to the labor market.

At FIFCO, the program began in the Hospitality Unit with the launch of the hotel and service program at Reserva Conchal, with a very relevant impact on the local community of Guanacaste, Costa Rica, an area historically affected by high unemployment rates. In 2019, **the first steps were taken to expand the modality within the company**, specifically with the aim of launching it to expand to other areas related to retail, production and commercial areas in the metropolitan region.





## Main results and milestones for the period / Talent Management



### • A more agile and collaborative culture

In the context of transformation and the search for an increasingly agile and collaborative culture, during 2019 we worked on building bridges between the organization's different areas, intentionally facilitating synergy processes that help build and strengthen relationships, improving our processes accordingly.

We also worked on incorporating our own methodologies and models to manage projects in an agile manner, managing change and managing work in diverse, multidisciplinary and multigenerational teams.

Main results and milestones for the period



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## Health and Integral Well-Being

### Integral Well-Being Pillars

**At FIFCO we promote the integral well-being of our collaborators and their quality of life in terms of physical, emotional and psychological well-being.**

#### Estar Bien Program

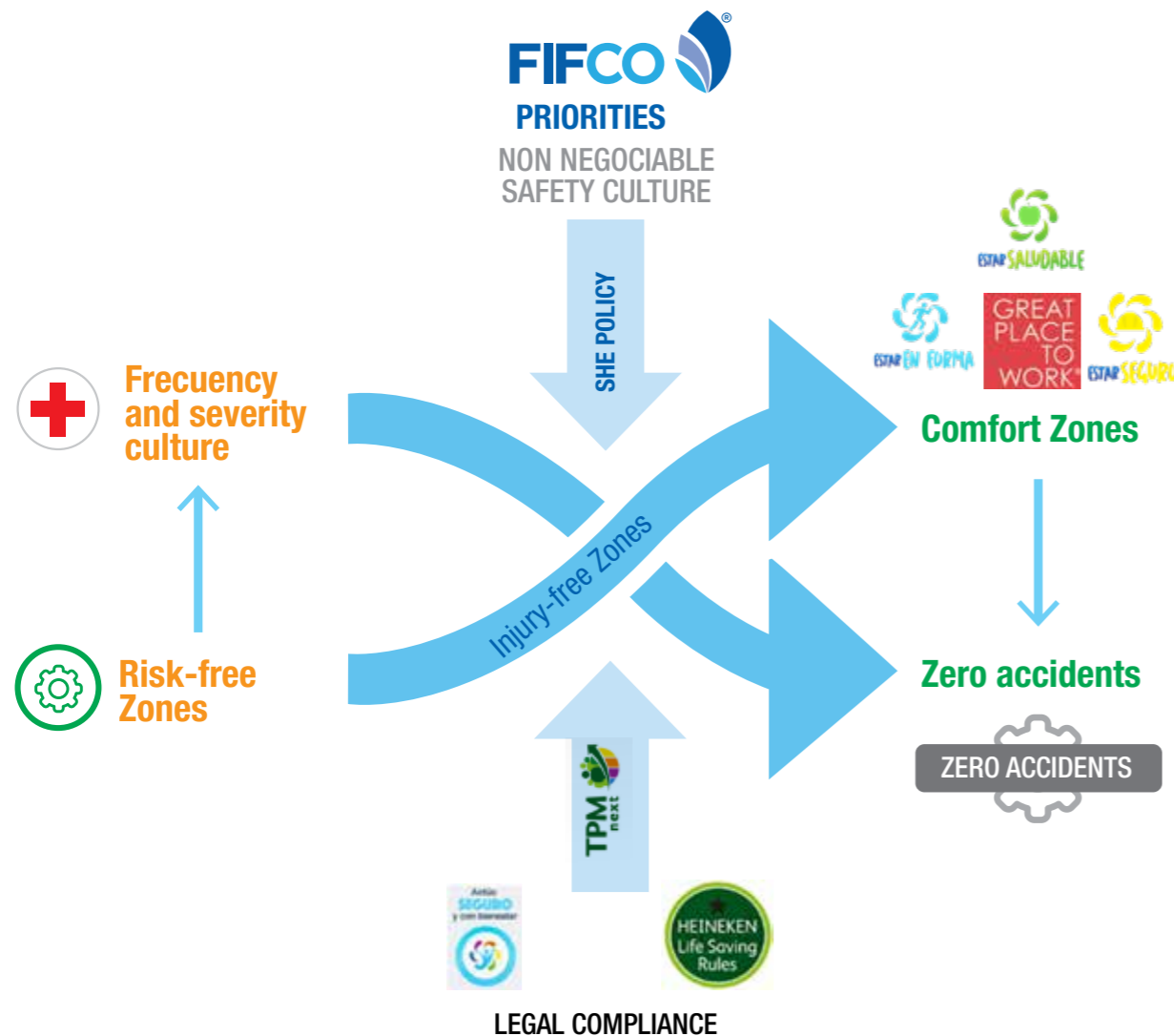
The “Estar Bien” (Being Well) Program, successfully implemented since 2015, offers collaborators integral care, starting with safe workplaces, under the **Being Safe** pillar, quality preventive and corrective physical and mental health services, with the **Being Healthy** pillar, and complemented by initiatives to raise the health and welfare of collaborators, **Being in Shape**, all based on a process of raising harmony and enjoyment, **Being Happy**, aligned with our leadership model.



Main results and milestones for the period / Health and Integral Well-Being

Integral Wellbeing Strategy

During the 2019 period, we redesigned our Health and Safety Strategy in order to **better address future challenges and improve our collaborator's performance**. This strategy seeks to move from work areas with certain accident risks, with certain frequency and severity, to a state of **comfortable work areas with zero accidents associated with lost time**; that is our vision for the future.



Main milestones for 2019

- Implementation of consultation mechanisms to assess satisfaction with the medical services provided.
- 80% decrease in staff transfers from rural areas to the GMA.
- 100% attention to pre-employment assessments.
- 100% follow-up of cases of addictions in rural areas.
- Implementation of prevention campaigns.
- INS (National Insurance Institute) certification of consulting rooms located in rural areas.
- Adequacy of fixed space for nutrition and psychology services.

This is achieved through the participation of all the staff in the permanent health and occupational safety programs, such as:

- The Safety Pillars of every operation
- Company medical service for preventive and corrective care
- Physiotherapy service
- Nutrition Service
- Psychology Services
- "Being in Shape" Pillar

## Main results and milestones for the period / Health and Integral Well-Being



## Being Safe



The identification of risks in the facilities, unsafe behavior and "near misses" are the basis of our accident prevention system.

Their early identification allows us to eradicate or reduce the risk situations to which our collaborators would be exposed. We seek to ensure that our collaborators work in conditions that do not compromise their physical or mental health, creating safe and comfortable spaces, environments and workplaces.

At FIFCO we use the *Total Productive Management* (TPM) methodology as a management system for continuous improvement in terms of reducing our accident rate. This methodology promotes risk management and the reduction or eradication of accidents associated with lost time. **2019 was a key year in this systematization process, as all of our food and beverage operations in Costa Rica, Guatemala, and the United States began or developed their Safety Pillars based on this methodology.**

This system allows us in its early stages to identify and ensure legal compliance in terms of occupational safety, regardless of the differences in legislation in the different countries where we operate.

Developing a safety culture based on behavior is one of our priorities, specifically implementing a **culture of care** has been our motto during this 2019. This has been achieved by promoting the involvement and empowerment of collaborators in their own safety and that of their colleagues. Likewise, the company reaffirms its commitment to provide operations with the infrastructure and equipment with the least risk, develop adequate safety methods and procedures, the required training and sensitivity, and a positive reinforcement process by formally recognizing collaborators under a corporate recognition program who act safely and for their well-being.

Main results and milestones for the period / Health and Integral Well-Being

The main risks associated with our operations are:

1. Leakage of NH<sub>3</sub> and CO<sub>2</sub>
2. Entrapment by or between objects
3. People falling

To reduce these major risks, we have also developed a series of guidelines called “Rules that Save Lives”, fifteen basic rules aimed at modeling the behavior of employees exposed to major risk situations in their daily work to raise their awareness and alertness when performing this type of task. The deployment and massive awareness of these guidelines will be carried out in the year 2020.



### ► Distribution of accidents associated with lost days per operation



Operation	Number of Accidents
Other S.Cs	18
Non Operating + Sales FDIS	10
Reserva Conchal	2
Business Retail	41
IAK	19
FIFCO USA	15
Beer Manufacture	9
Refreshment Manufacture	5
****Istics	26
W&T****	100

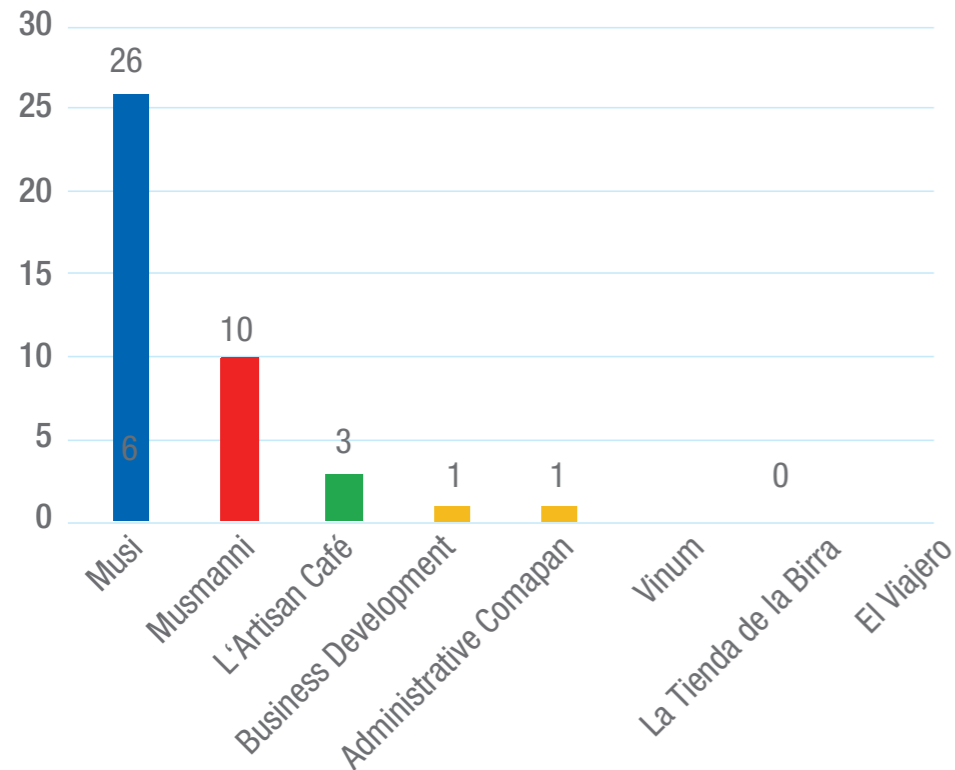


How we measure and record accidents was a priority in 2019. For this purpose, we use the OSHA reference from the United States, one of the countries where we operate. For this period we reported a total of 245 accidents associated with lost days, distributed among the different operations.

**Main results and milestones for the period / Health and Integral Well-Being**

As for 2018, the accident rate in terms of accidents associated with lost days was reduced by 27%, 89 accidents less than the previous year, which puts us in the best historical year in terms of the number of accidents reported.

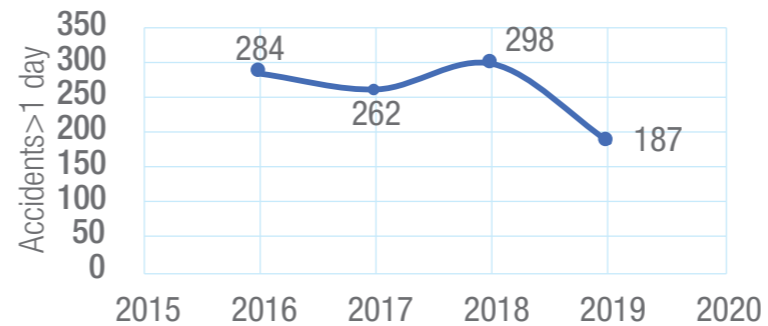
**Florida Retail | Accident rate per format**



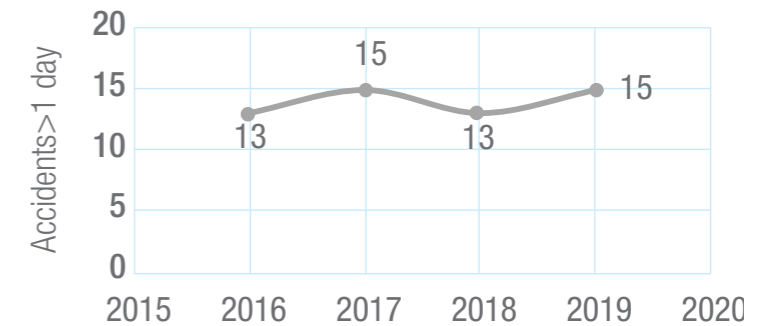
However, despite having a good overall result for FIFCO in 2019, challenges are identified in the commercial operation of the Retail business in Costa Rica (Musmanni, Musi and L'Artisan formats) where there was a significant increase from 20 accidents to 41. This phenomenon is explained by the opening of new points of sale of the Musi format, as well as new formats such as L'Artisan Café, which implied additional risks. In the case of the FIFCO USA operation, the number of accidents associated with lost days for this operation increased by 2 accidents, returning to the 2017 indicator.

**Accident rate per business unit**

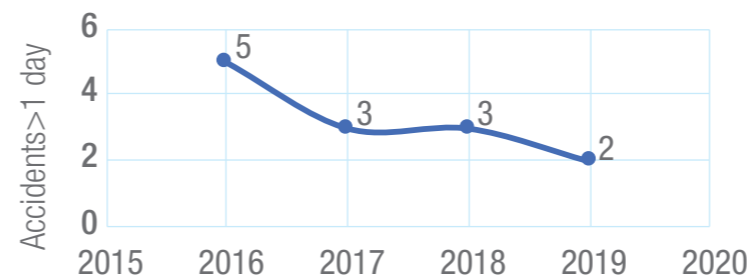
**Bebidas y Alimentos Centroamérica | -37%**



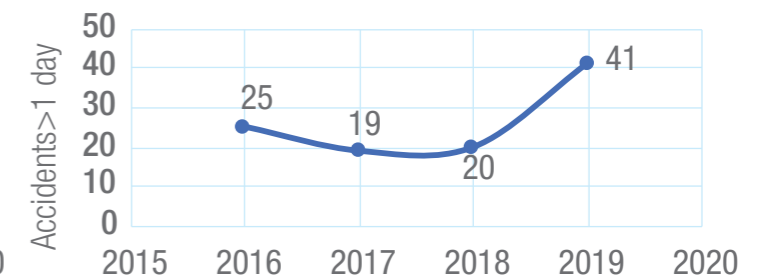
**FIFCO USA | +15%**



**Hospitality | +33%**



**RETAIL | +105%**



**TOTAL FIFCO | -27%**

In terms of emergency preparedness and response, we improved our emergency protocols and for the first time in our history, we conducted a scheduled drill for all FIFCO food and beverage operations in Costa Rica, which allowed us to test our systems, evaluate and improve them to be prepared for a real emergency:

- 1,739 people evacuated, 13 FIFCO facilities in Costa Rica. Maximum evacuation time: 4 minutes
- Overall evacuation time was good (4 minutes)

Main results and milestones for the period / Health and Integral Well-Being

Being Healthy



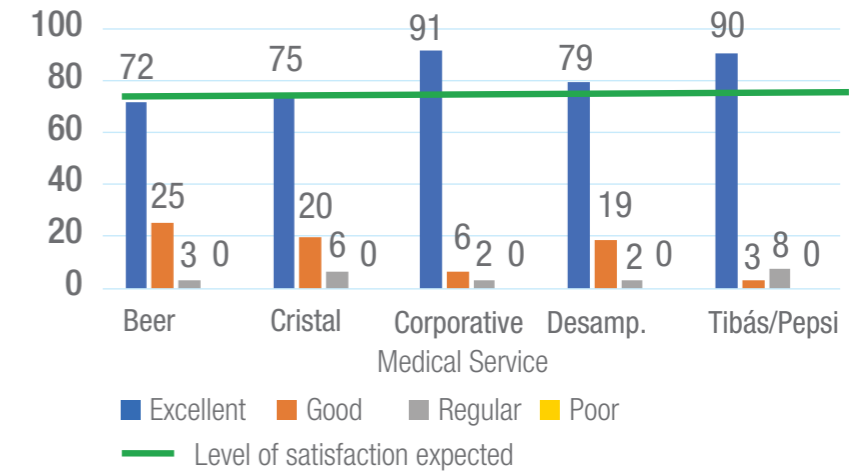
In 2019, the company's medical service continued to provide preventive and corrective measures through the consulting rooms in FIFCO's main facilities that provide health services to all collaborators. Previously, all FIFCO collaborators in Costa Rica, located in the rural area, had to go to some of the consulting rooms in the GMA to be attended. As of this year, 8 external consulting rooms were opened, also in the INS category, to avoid the transfer of collaborators to receive health services, adding to the quality of life and positive work experience of the collaborators in the country's rural areas, thus expanding the entire range of services in occupational medicine, psychology, nutrition and physical therapy. Together with the Canteens and Smart Consumption area, the **ProNutri** standard of INTECO (Costa Rica's Technical Standards Institute)

was implemented and certified for the collaborators of the Corporate Building, which offers healthy menus to this population, in addition to preventive nutritional clinical care.

As part of the improvements implemented, various mechanisms are applied to consult and evaluate the quality of the consulting room service. Criteria such as level of clinical explanation, service, usefulness and effectiveness of the consultation in GMA clinics in Costa Rica, among others, are evaluated.

As for the nutrition service, among the collaborators who consult the services frequently, they show an **improvement in their eating habits, control and follow-up measurements** such as body mass index, percentage of fat, among others.

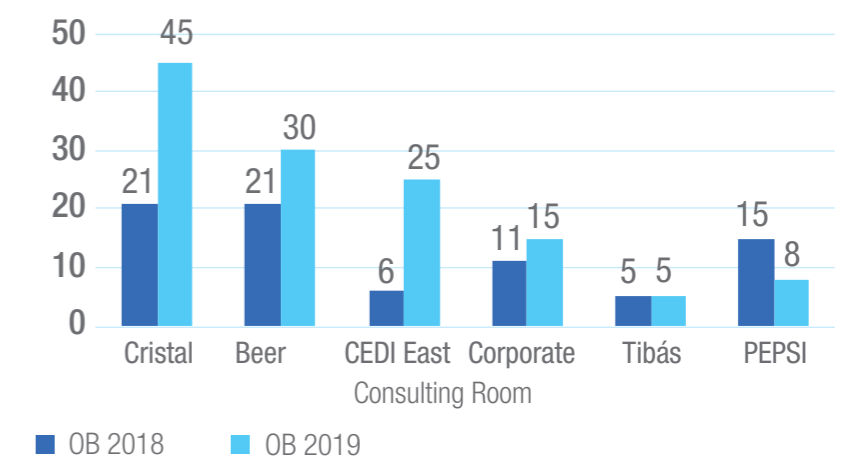
Level of satisfaction of medical services in the GMA



- Consulting rooms
- Manufacture Beer\*
  - CEDI East\*
  - Wines and Spirits Tibás
  - Manufacture Refreshments\*
  - Corporate Building
  - Manufacture Retail\*
  - IAK Plant Guatemala
  - FIFCO USA, Rochester, NY
- \*INS Category, Costa Rica



Increase in hours of medical services in the GMA, Costa Rica



## Main results and milestones for the period / Health and Integral Well-Being

### Being in Shape



As for the **Being in Shape** initiative, which aims to provide collaborators with physical activity to improve and maintain their physical and health condition, the offer of **group exercise classes is maintained, extending the schedules and types of group classes** (dance, yoga, functional exercises, swimming, etc.) to **promote accessibility and assistance**. The physical conditioning area, both in the CCR Plant and in the Retail Manufacturing Plant, provides collaborators with a space to do physical conditioning, before or after the end of their working day. The Reto 90 (Challenge 90), individual peer challenge that promotes and supports weight loss through balanced eating and regular exercise, and *Carrera FIFCO* (FIFCO Run) have become iconic activities in FIFCO's health programs. Even *Carrera FIFCO* around FIFCO City has captured the attention of family, friends and neighbors in our communities.

This initiative is possible thanks to the support of the company's brands focused on these types of populations to make them a reality: Gatorade, Cristal, Smart Consumption, among others.

The **physical therapy service** to reduce muscle-skeletal injuries in collaborators exposed to ergonomic risks and to improve chronic injuries has also been of **great relevance to accelerate the recovery of collaborators with some type of injury**.

The Being in Shape pillar not only focuses on physical health, but also on the **emotional and psychological health** of collaborators. This is why, in order to promote this **balance between the body, mind and emotions** of the collaborators, we have invested in psychological consultation. More and more people are using this type of service, seeking an integrated approach to health.





## Main results and milestones for the period / Health and Integral Well-Being

### ProNutri

At FIFCO we know that collaborators with better physical health indicators, proper nutritional habits, a more active and balanced lifestyle, are happier, healthier and more efficient.

For this reason we worked and implemented successfully for the Corporate Building the ProNutri certification, a technical standard developed by the Association of Nutrition Professionals (CPN), with the support of the Institute of Technical Standards of Costa Rica (INTECO). This standard aims to establish the minimum requirements that must be met by organizations interested in implementing a quality and safety nutrition service for their collaborators.

At FIFCO we implement actions to improve the health of our collaborators; such as nutritional diagnosis, nutritional clinical attention, special menu on lunch options, among others.

FIFCO was the third company to receive the ProNutri certification in Costa Rica. The certification as such is a subsequent event granted in January 2020.



#### ProNutri's impact on FIFCO

- Diagnoses for more than **540 collaborators**.
- 690 hours** of clinical nutrition consultation, with high impact.
- 86%** of the patients attended decreased at least 5% of their waist circumference, 74% decreased their percentage of fat and 44% their body mass index.
- Seven** activities, equivalent to 23 hours, between training sessions and activities open to collaborators. In addition, 33 communications shared internally.



Main results and milestones for the period



SDGs

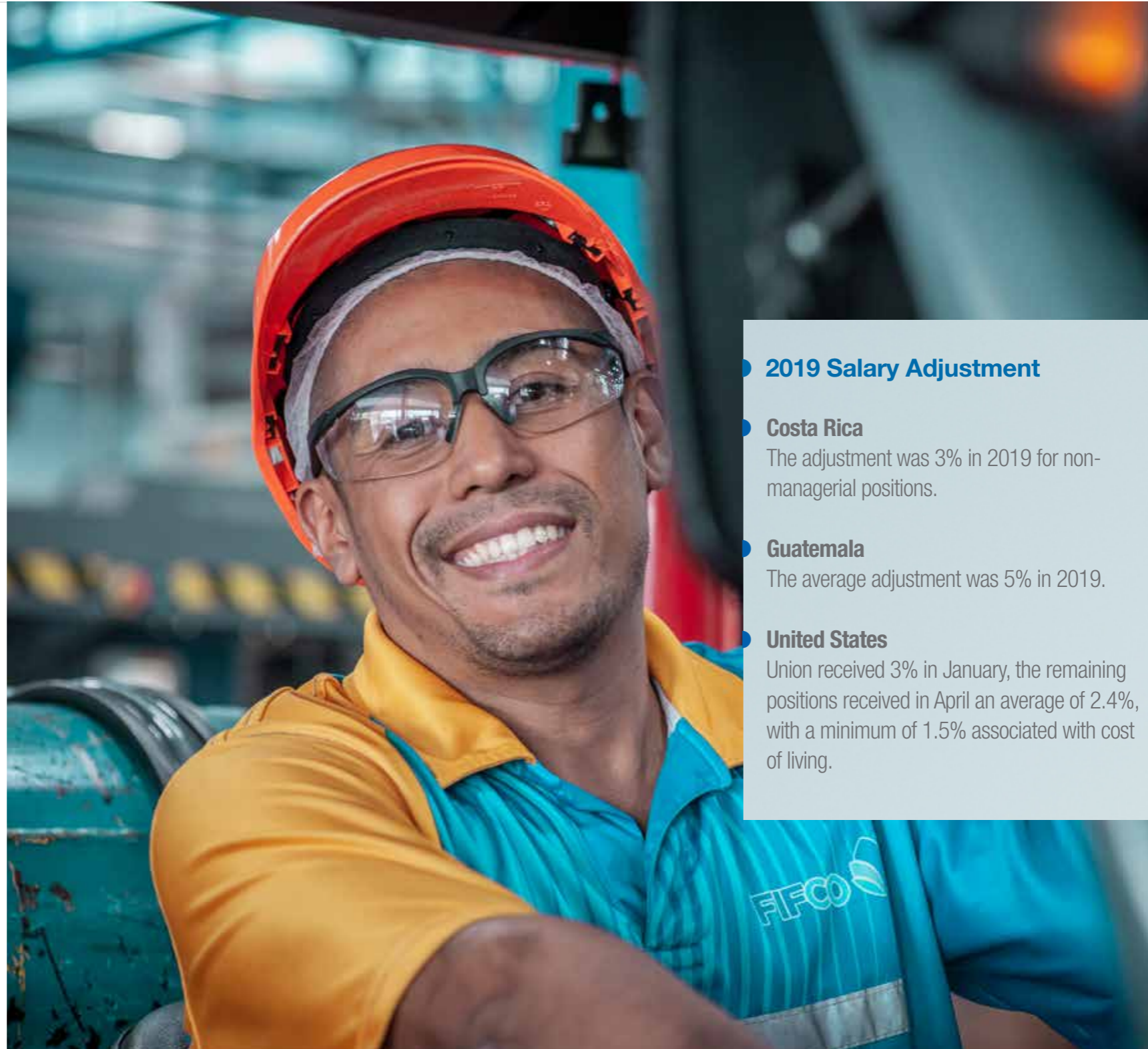
Workplace relationships

**Harmony and happiness are central to a good workplace relationship, which is why they are a priority at FIFCO and every year we reinforce our efforts and results on issues such as remuneration, benefits, freedom of association and union management.**

**Our Balanced Score Card**

The Balanced Score Card evaluates collaborators, according to their job position and the unit they belong to. It is a methodology that reflects the company's commitment to generate value in three dimensions: economic, social and environmental. This evaluation structure is reinforced in the monthly strategic alignment meetings presented in this report.

One hundred percent of our collaborators are evaluated by performance.



THIS INITIATIVE CONTRIBUTES TO



● **2019 Salary Adjustment**

● **Costa Rica**

The adjustment was 3% in 2019 for non-managerial positions.

● **Guatemala**

The average adjustment was 5% in 2019.

● **United States**

Union received 3% in January, the remaining positions received in April an average of 2.4%, with a minimum of 1.5% associated with cost of living.

## Main results and milestones for the period / Workplace relationships

## Collaborator Benefits

### Costa Rica

- ▶ Canteen service
- ▶ Company doctor
- ▶ Life insurance (applicable to managers and heads of the food and beverage business; Florida Retail managers, heads, supervisors and professionals; and Hospitality managers)
- ▶ Medical insurance (applicable to managers and heads of the food and beverage business; Florida Retail and Hospitality managers)
- ▶ Disability coverage
- ▶ Maternity and paternity leave
- ▶ Actions (applicable only to managers of the food and beverage business)
- ▶ Performance bonus (applicable to all except Hospitality Supervisors, Professionals and Workers)
- ▶ Higher education scholarships
- ▶ Solidarity Association
- ▶ Diversified education programs
- ▶ Salary advances
- ▶ Severance pay advance (applicable only to the food and beverage business)
- ▶ Gifts or product discounts
- ▶ Well-being program
- ▶ Housing subsidy (applicable only to Hospitality and those candidates moving from San Jose)
- ▶ Reward for all the company's non-executive population
- ▶ Flexible hours and telecommuting options (administrative)
- ▶ Delivery of school packages
- ▶ INS consulting rooms in rural areas

- ▶ Agreements with education centers, gyms, restaurants and entertainment centers
- ▶ Internal platform for online courses
- ▶ Internal internship plans
- ▶ Health fairs
- ▶ Leadership programs
- ▶ Free nutrition consultation
- ▶ Free physical therapy (based on medical check-up)

### Guatemala

Through the trade union, its members receive subsidy for food, medical and dental clinic, vacation bonus and universal indemnity, among others. Personnel also receive

- ▶ 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)
- ▶ Bursary
- ▶ Health fairs extensive to relatives
- ▶ Canteen service

- ▶ Life insurance
- ▶ Salary advances
- ▶ Product discounts
- ▶ Vacation bonus (20% for administrative personnel since February 2010; according to the Collective Agreement table for workers)
- ▶ Full salary for medical disability
- ▶ Christmas bonus
- ▶ Drug subsidy
- ▶ Benefit liabilities (subject to contingent liabilities)
- ▶ Car Allowance (applicable to certain levels)
- ▶ Well-being program (gyms)
- ▶ Telecommuting option (administrative)

### 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
- ▶ Volunteering during work hours
- ▶ Maternity and paternity leave
- ▶ Health Savings account
- ▶ 24-hour nursing service
- ▶ Gifts (products)

Main results and milestones for the period / Workplace relationships

DISCLOSURE GRI 102-41

**Freedom of association**

In each country where we operate, we respect the freedom of association established by local labor laws, as well as the agreements ratified by the International Labor Organization (ILO). In the case of Costa Rica, the company recognizes the great value of the Solidarity Movement and its valuable contributions to the country's development. During the year, no strikes or labor disputes were reported in any of the countries where FIFCO operates.

In the United States, no prior notice is required for the environment that does not have a union, usually if there is a change in operations, notice is given two to four weeks prior to the event.

In the case of Costa Rica, this does not apply, as there is no union. In FIFCO, notice periods are applied in accordance with each country's labor laws, regardless of whether or not they occur due to organizational changes.

**About unions**

In the event of operational changes affecting collective agreements, a minimum of weeks' notice is stipulated for the members of these agreements. For the Guatemala operation, there is a collective agreement, which specifies that the period of notice, consultations and negotiations is 8 weeks.



**Voluntary membership organizations**  
Percentage of affiliate workers

Country	Type of agreement	Employee coverage		
		2017	2018	2019
Costa Rica	Asociación Solidarista de Empleados de Reserva Conchal y Afines (ASORESERVA)	97%	98%	96%
	Asociación Solidarista de Empleados de Panificadora Nacional (ASEPAN)	76.49%	76.91%	82.04%
	Asociación Florida (ASOFLORIDA)	83%	72.98%	80.27%
	Asociación Solidarista de Vinos y Destilados (ASOHI)	84%	88%	-
Guatemala	Kern's Workers Union	39.88%	39.55%	40.55%
United States	There are 5 different trade unions	32%	31.30%	33%

**Explanatory note:** ASOFLORIDA assumed the members of ASOHI, the figure of 80.4% contemplates the average of all members with respect to the total number of collaborators who have an impact.

# External Social Dimension



## External Social Dimension

The strategic social investment agenda is comprised of four main programs that contribute to 12 of the 17 UN Sustainable Development Goals

- 1 Integral Smart Consumption
- 2 *Elegí Ayudar* volunteering program
- 3 Dual Training Program
- 4 Nutrivida



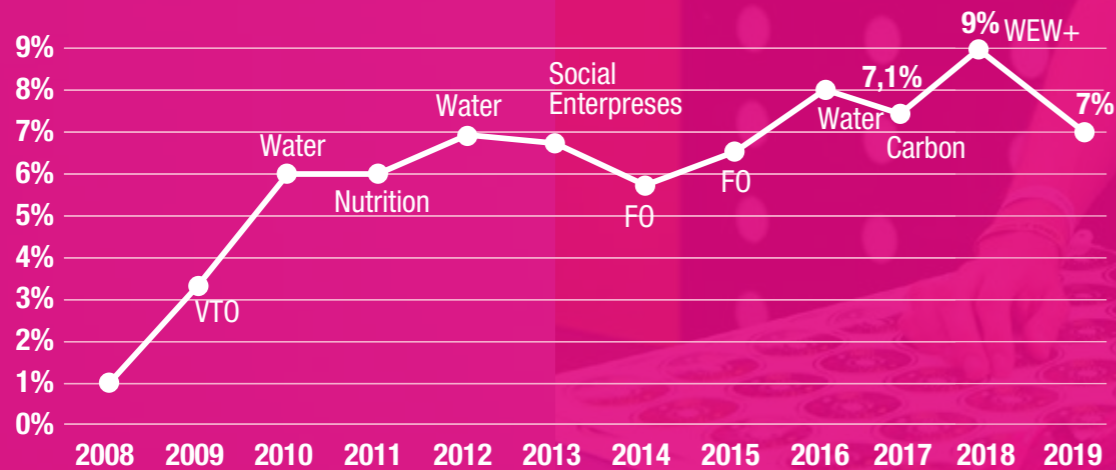
# Material Topics

FIFCO defined its main social footprints in order to measure, reduce and compensate its negative impact on society.

We seek to generate positive value through different initiatives that go hand in hand with the company's purpose, commitments for 2020 and which additionally contribute to 12 of the 17 UN Sustainable Development Goals.



Percentage of our destined social investment



# 1. Integral Smart Consumption



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## Our goal

Champion Community and Integral Smart Consumption matters

**As set out in our vision for FIFCO 2020, the company confirms its commitment to promoting Integral Smart Consumption, as well as to develop the communities where we operate**

It is through strategic social investment that we address both agendas to achieve our commitment to be a benchmark for Integral Smart Consumption of food and beverages worldwide, leading with brands that make the world a better place to live. This year, compared to last year, **7% of profits are reported to be invested in social and environmental projects.**

Integral Smart Consumption is made up of two main agendas:

1. Smart Drinking
2. Healthy Eating





1. Integral Smart Consumption



SDGs

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Our goal

Be a benchmark for food and beverage Smart Consumption

During the 2019 period, the impact of the Integral Smart Consumption agenda grew exponentially.

Its messages and information are positioned in the media, through stakeholders, mass events, and social networks, a channel in which it has impacted more than 1,180,000 people through Smart Drinking campaigns: #EsMejorPlan (It's a Better Plan) and #TomáMejor (Drink Wisely) carried out between the years 2017 - 2019.

Within FIFCO, Integral Smart Consumption articulated, together with the *Estar Bien* program and other areas of the company, the execution and successful implementation of the ProNutri management system for the Corporate Building, including measurements, gastronomic proposals, training, activities and nutrition consultation programs focused on reducing nutritional and health risk parameters, thus improving collaborators' quality of life and productivity.



## 1. Integral Smart Consumption



## Alcohol

During the last 3 years, the **Smart Alcohol Consumption** area has made significant progress.

In terms of the number of people impacted (consumers, customers, minors, employees and other audiences), we have managed to position advice on how to drink in a responsible, smart and low-risk way.

▶ **Smart drinking: outstanding achievements during 2019**

- 1 Number of people impacted and quality of the information provided on responsible drinking.
- 2 Our brands of alcoholic beverages, both beer and flavored alcoholic beverages, as well as our wine and spirits brands, have adopted good practices in their activities on how to have safer events to mitigate the negative impact of harmful drinking. This contributes to building brands with purpose.
- 3 Involving consumers and academia to promote the core messages that define Smart Drinking.



## 1. Integral Smart Consumption / Alcohol

### Cumulative impact for the 2017-2019 period

FIFCO managed to impact more than **1,180,000** people with massive smart drinking campaigns: #EsMejorPlan and #TomáMejor.

More than **54,000** followers on the social networks Facebook and Instagram.

People impacted: in Costa Rica it went from 14,500 in 2016 to 158,000 by 2019. USA: **20,000** customers and population.

**179,762** collaborators impacted in Costa Rica and 1,762 in the United States, adding up all the events and various occasions in the three years.

“Cero Alcohol a Menores” (Zero Alcohol to Minors) campaign: **103,937** people impacted, through the “Circuito Saludable” (Health Circuit) and “Ponele a la Vida” (Do It for Your Life) programs conducted by Mersalud endorsed by the Ministry of Public Education (MEP). **3,085** patented establishments of customers were labeled in recent years.

▶ The training “**Responsabilidad en Acción**” (Responsibility in Action) aimed at on premise customers managed to bring our message to more than 535 customers.

▶ **In 2018, Beer Responsibility Day was adopted**, a date celebrated in different countries of the world by the main beer companies. In 2019, efforts were made with stakeholders such as the media, academia, customers, influencers and consumers.

▶ Virtual learning platform “**Aprendo a Manejar**” (I Learn How to Drive) adds up to more than **108,200** people impacted.



## 1. Integral Smart Consumption/ Alcohol



### New agreements

In 2019, collaboration agreements were signed with Universidad Hispanoamericana and the Municipality of Montes de Oca (Costa Rica) to support the safe consumption program, which seeks to prevent harmful consumption in that locality. The agreement with the Ministry of Public Education is still in force.

Among the most important strategic partners for the Smart Drinking agenda are *Asociación Cerveceros Latinoamericanos* and *Éduc'alcool Canada*.

### Measurement

In 2018, FIFCO included within its strategic objectives the drinking pattern measurement, which is calculated on an annual basis. One of the findings was the consumption per days of the week (frequency), the result for Costa Rica was 1.7 days per week according to a study conducted by the Latin American Faculty for Social Sciences (FLACSO), so it is clear that the pattern remains the same as that of the 2015 study, also conducted by FLACSO.

### Advertising self-regulation

FIFCO develops all its commercial communication about beverages with alcohol content (brand advertising, activities and promotional materials) under the guidelines of the **Advertising Self-Regulation Code of the Association of Alcoholic Beverages Producers and Importers of Costa Rica** (APIBACO).

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

### Alcohol reduction in our products

In the last 3 years, thanks to different initiatives, such as the formulation and marketing of products with lower alcohol content, the alcohol placed on the Costa Rican market was reduced by 1,393 hectoliters. Today, an average FIFCO alcoholic beverage has 4.32% alcohol.

## 1. Integral Smart Consumption

### Healthy Eating

The years 2017, 2018 and 2019 have been a breakthrough for FIFCO in terms of taking action for health, nutrition and the marketing of more balanced products.

In these years, significant progress is being made in terms of measuring, reducing and mitigating our nutritional footprints, primarily reducing sugar and fat content in our food and beverages portfolio.

Creating and strengthening strategic partnerships and contacts with key audiences in this agenda such as government agencies, academia, non-governmental organizations, and others is a priority for the company.

#### Smart Consumption of food and non-alcoholic beverages: achievements during 2019

- 1 Reducing our "nutrient footprint" (sugar and fat) by providing consumers with healthier foods and beverages.
- 2 The identification, approach and formalization of partnerships from both the public and private sectors to comprehensively address the challenge of promoting healthier products and habits. An example of the above is the ProNutri certification, which was subsequently granted in February 2020.
- 3 The exchange of good practices within FIFCO, as well as with other external entities to formulate and market more balanced products.



## 1. Integral Smart Consumption / Healthy Eating



### Cumulative impact for the 2017-2019 period

- **31,900** minors impacted by the "Health Circuit" program.
- **42,587** adults participating in activities related to the promotion of healthy lifestyles and balanced nutrition.
- **3,441 volunteer hours** with consumers of our products and students.
- Collaboration agreement signed with Universidad Hispanoamericana to work on these issues with the Costa Rican population.

### Reduction of nutrient footprints in our products

#### Sugar

Decrease of **1,389 tons** of sugar in the portfolio's beverages (with and without alcohol), means a reduction of **13% from 2018 to 2019**. The average sugar in a FIFCO beverage serving is **11.83 grams of added sugar**; soft drinks have only **7.34 grams per serving**, which means less than two teaspoons of added sugar.

An important reference is that the standard according to the World Health Organization is 15 grams per serving and the best practice is 10 grams per serving.

#### Fat

**Musmanni's Melcochón Breads:** The Musmanni "*melcochón*" bread family has reduced **99.91 tons** of added fat from oil and other sources, which is equivalent to **22% vs. 2016 (base year)**. These breads currently have only **1.8 grams of fat per 100-gram serving on average**, which marks it as a low or light fat product according to the UK Food Standard Agency.



## 1. Integral Smart Consumption / Healthy Eating

### ProNutri

In 2019, FIFCO implements the PRONUTRI management system. The first implementation stage takes place at the FIFCO Corporate Building in Heredia, Costa Rica, with plans to expand the program to the rest of the facilities and operations. The objective of the management system is to reduce nutritional and health risk parameters through a nutrition consultation system and a series of complementary actions. In this first stage, very positive results were achieved:

- ▶ Diagnoses for more than **540 collaborators**; evaluation of height, body mass index, waist circumference, assessment of their lifestyles and health history.
- ▶ **690 hours** of clinical nutrition consultation, with high impact:
  - Optimizing body composition indicators and making adjustments to their eating habits and lifestyle.
  - **86%** of the patients attended decreased at least 5% of their waist circumference.

- **74%** lowered their fat percentage and **44%** lowered their body mass index.

- **148** people treated in this building managed to reduce 5.4% body mass index, 11.2% fat percentage and 7.6% waist circumference measurements.

- ▶ **400** people approached in 7 sessions of nutrition education, health and sports during 2019

- ▶ The ProNutri menu was created, adequate in nutrients and energy for lunch, which reinforces the topics seen in consultations and talks, making it easier for collaborators to meet their health goals.

### Most important strategic partners for the Integral Smart Consumption agenda

CACIA, CITA-UCR, School of Biochemistry (UCR), Association of Nutrition Professionals, School of Human Movement Sciences (UNA), School of Nutrition (UCIMED), Universidad Hispanoamericana, schools of the health



area, Ministry of Public Education, ILSI, Costa Rican Institute of Metabolism, Nutritionists Association, Transformarte Association, INCIENSA (Costa Rican Institute for Research in Nutrition and Health) of the Ministry of Health, Sodexo.



## 1. Integral Smart Consumption

### ● ProNutri

ProNutri intends to involve the intervention of nutrition professionals in the Costa Rican population as a response to the alarming health situation reflected in statistical data.

#### How to achieve ProNutri certification?

- Companies must implement actions to improve the health of their collaborators.
- Incorporate clinical nutrition care service.
- Present a nutrition education program.
- Establish a system of monitoring, verification and continuous improvement, to evaluate the program's progress.
- In the case of FIFCO, new proposals were implemented in the menu of the food service for collaborators.



### ● We go beyond

At FIFCO we set out to go one step further in terms of the **benefits** we provide to our collaborators, not only for their own well-being, but because the learning acquired by the workers is scalable to other areas of each person, such as their friend circles and their own families, so we see that there is an impact that goes beyond the company's boundaries.



## 2. Elegí Ayudar volunteering program



SDGs

THIS INITIATIVE CONTRIBUTES TO

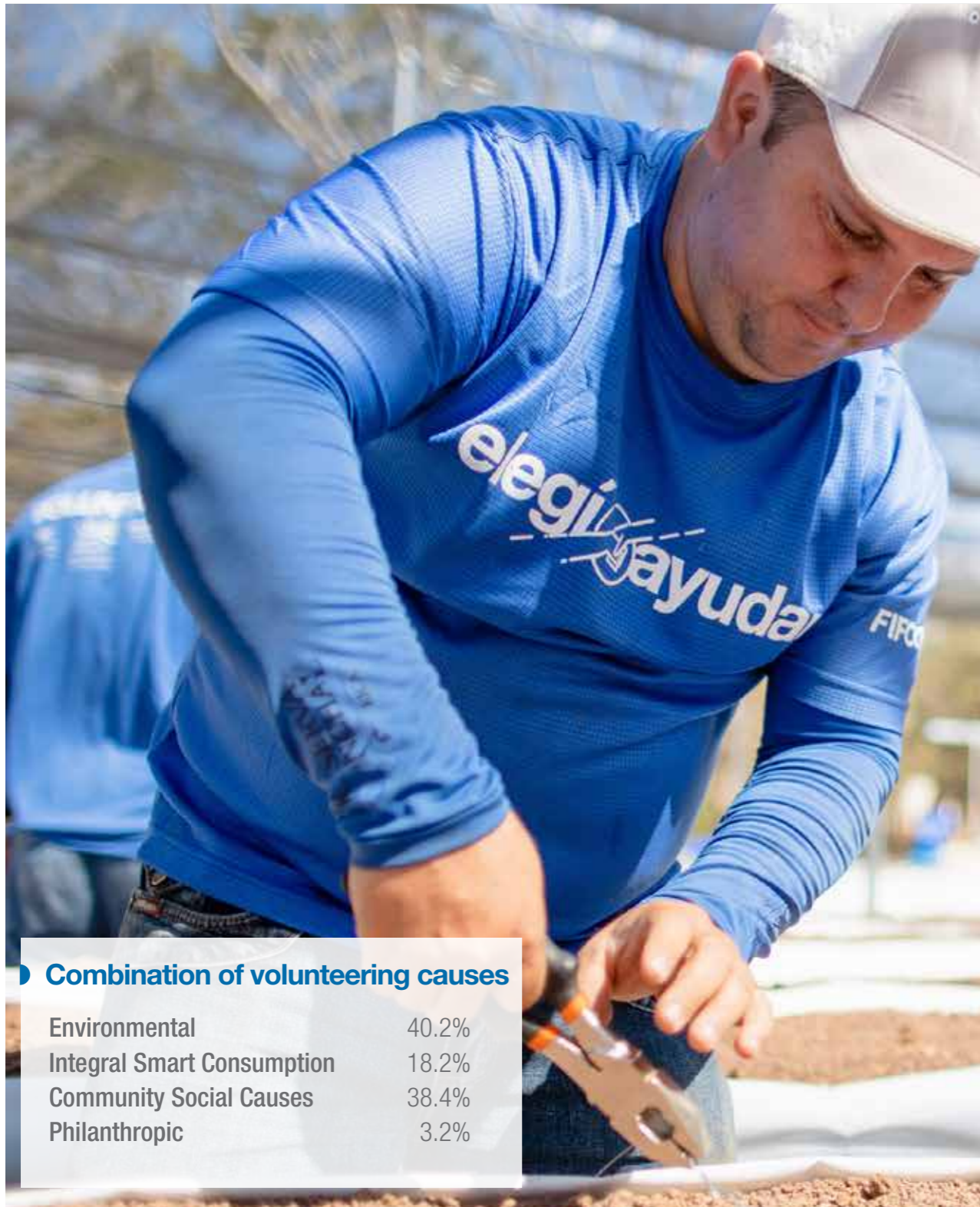


**Our corporate purpose, as well as our values, framed within a Triple Bottom Line strategy, determine the way we relate and interact with the communities where we operate.**

The company's social investment actions are **intimately aligned** with our line of business, that is, with the commercial, social and environmental impacts that result from our day-to-day operations. The *Elegí Ayudar* corporate volunteer program, as well as the different community initiatives and projects, are **tools that allow us to minimize and offset our footprints and even generate positive value** in agendas such as promoting Smart Drinking, promoting balanced lifestyles, as well as corporate goals of being a water, carbon and waste positive company (WEW+), having lighter brands -Air Brands- and achieving 100% recovery of our packaging.



2. Elegí Ayudar volunteering program



Each action contributes in turn to **local and global agendas**, such as the Sustainable Development Goals and the UN Global Compact at the international level. At the local level, they contribute to the respective action plans against climate change, decarbonization, waste management and poverty and obesity reduction agendas of the countries where we operate.

**Elegí Ayudar: volunteering as a pillar of sustainability**

The “Elegí Ayudar” volunteering program is successfully implemented in Costa Rica, Guatemala and the United States. The program contributes not only to the previously mentioned role of being the executing arm of many of our social and environmental initiatives, but it plays an even more strategic and important role: it is the mechanism through which our collaborators

experience sustainability first-hand. This is where FIFCO's commitment to society and the environment comes in, a physical demonstration of our interest in contributing to the development of the countries where we operate.

In the year 2017 a corporate goal is established, as part of the 7 Social and Environmental Commitments by the year 2020, to achieve one million hours of volunteer work. Eleven years after the program was launched, a record number of volunteer hours has been achieved in 2019: 243,384 hours from October 2018 to December 2019. More than a quantitative achievement, 2019 is a great year as it is the year in which we strategically involve the greatest number of people from different interest groups along our value chain.

**Combination of volunteering causes**

Environmental	40.2%
Integral Smart Consumption	18.2%
Community Social Causes	38.4%
Philanthropic	3.2%

**Total from October 2018 to December 2019**

**243,384**  
HOURS

**Total from October 2018 to December 2019**

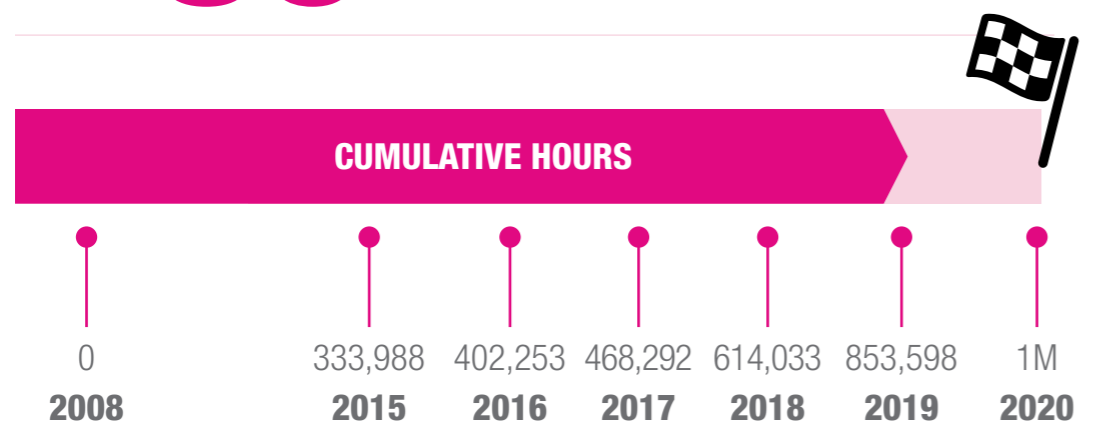
**853,598**  
CUMULATIVE HOURS

2. Elegí Ayudar volunteering program



Cumulative volunteer hours

WE ARE GOING FOR THAT  
**85%** of the goal for 2020



Cumulative volunteer hours

Year	Bebidas y Alimentos Costa Rica	Industrias Alimenticias Kern's	Florida Hospitality	Florida Retail	FIFCO USA	External Stakeholders (Shareholders, Suppliers, Customers and the Community)	Total
2008 – 2009	24,950	0	0	4,630	0	0	24,950
2009 – 2010	46,274	0	0	46%	0	0	46,274
2010 – 2011	48,798	0	0	5,096	0	0	48,798
2011 – 2012	47,126	4,351	2,950	152	0	0	54,427
2012 – 2013	45,895	4,971	3,431	5,248	2,416	0	56,713
2013 – 2014	38,836	4,736	3,113	644	3,096	0	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
2018 - 2019	87,173	11,242	17,266	32,368	23,664	71,671	243,384
<b>Total</b>	<b>509,320</b>	<b>46,173</b>	<b>42,988</b>	<b>69,448</b>	<b>57,488</b>	<b>128,181</b>	<b>853,598</b>

Pilsen's Movember: the biggest massive day of the year

- 836 collaborators** from all warehouses: spreading the message and raising awareness about prostate cancer.
- 67 consumers:** 50 volunteers maintaining and beautifying section 13 of Hospital Mexico. 17 consumers raising funds for section 13 (oncology) of Hospital Mexico.
- 29 Gessa staff members** raising funds for section 13 (oncology) of Hospital Mexico.
- A total of **7,456 hours** for Movember.

### 2. Elegí Ayudar volunteering program



## 2. Elegí Ayudar volunteering program



### ► Projects by business unit

Business Unit	Social volunteering	Environmental volunteering
<b>Florida Bebidas y Alimentos Costa Rica</b>	<ul style="list-style-type: none"> <li>• Integral Smart Consumption and life balance talks and campaigns in elementary schools and high schools</li> <li>• Support for Nutrivida production</li> <li>• Food Bank</li> <li>• <i>Fundación Quirós Tanzi</i></li> <li>• Maintenance of Sensory Park in Parque La Libertad</li> <li>• Support for senior citizen homes</li> <li>• Support for the homeless</li> <li>• Construction work for building FIFCO Oportunidades beneficiary homes</li> <li>• Maintenance and construction work at Hospital México: Movember</li> <li>• Asociación Roble Alto, Tropical Te Mueve, and support to vulnerable children and families</li> <li>• Volunteer work for Territorio de Zaguates, Dog Celebration</li> <li>• Professional volunteer work: R.E.D. FIFCO, Nutrivida, UFIFCO, FIFCO Oportunidades</li> </ul>	<ul style="list-style-type: none"> <li>• Cleanups and waste collection in beaches, communities and public areas</li> <li>• Environmental 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> <li>• Classification of solid waste</li> <li>• Classification of caps for the <i>Cahuita Accesible</i> project</li> <li>• Support for Collection Centers and campaigns in AmbientaDOS, classifying waste</li> <li>• Awareness raising among customers about recycling and adequate use of resources</li> </ul>
<b>Florida Hospitality</b>	<ul style="list-style-type: none"> <li>• Land donation and volunteer work for the Police Station, Brasilito, Guanacaste</li> <li>• Support for the Food Bank</li> <li>• Support for the Dual Training Program</li> <li>• School embellishment and infrastructure improvements</li> <li>• Awareness through the Leatherback Turtle Festival</li> <li>• Support during national emergencies</li> </ul>	<ul style="list-style-type: none"> <li>• Beach cleanups</li> <li>• Playa Conchal's Mixed Wildlife Refuge preservation</li> <li>• Educational tours</li> <li>• Race for the environment</li> <li>• Support for National Parks and Conservation Areas</li> </ul>
<b>Florida Retail</b>	<ul style="list-style-type: none"> <li>• Support for the Food Bank</li> <li>• Beach cleanups</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 cleanup</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 Volcán de Fuego eruption</li> </ul>	<ul style="list-style-type: none"> <li>• Antigua cleanup</li> <li>• Municipal cleanups</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>

2. Elegí Ayudar volunteering program



**Engaging our audiences**

More than a quantitative goal, achieving one million volunteer hours aims at promoting the culture of volunteerism in Costa Rica, Guatemala and the United States. The involvement of different audiences confirms that we are on the right track. 2019 was a great year in terms of the participation of third parties in our corporate volunteer program. We had the participation of our entire value chain.

**Volunteer partner companies and organizations**

- Universidad Latina de CR
- Universidad de Costa Rica
- Universidad Nacional
- Coalición Ambiental
- Holcim
- BAC
- BCR
- Purdy Motor
- Britt
- Chepe Se Baña
- Claro
- Fundación OneSea
- 5 Minute Beach Cleanup
- Lion Resources
- DIWO
- Enviajarme
- Asociación Roble Alto
- Río Urbano
- Gessa
- Deloitte
- EcoTárcoles
- Costas Verdes
- Nassar Abogados
- BLP
- Kimberly Clark
- Pro Parques

**+45,000**

HOURS COMPLETED WITH OTHER HELPING COMPANIES, MEMBERS OF THE COMMUNITY AND SUPPLIERS

**Volunteer work in our value chain**



2. Elegí Ayudar volunteering program



Another year when our brands and consumers join our volunteer program!



- **Total consumer hours for 2019**
- **Imperial:** 4,440 hours / 555 volunteers
- **Pilsen:** 2,678 / 312 volunteers
- **Tropical:** 6,015 hours / 692 volunteers
- **Cristal:** 2,928 hours / 366 volunteers
- **Smart Consumption:** 3,513 hours / 292 volunteers

● **Hours completed with our consumers in 2019** **19,574**

● **Total number of consumers joining as volunteers** **2,217**



## 2. Elegí Ayudar volunteering program



### Collective volunteering: big companies unite for a cleaner San José

June, 2019

Three large companies in the country have created a team to multiply efforts in favor of the environment and social development through the volunteer work of our collaborators and the community. **FIFCO, Grupo Britt and Grupo Purdy Motor** joined forces through the "**Business Volunteering Team**" initiative whose objective was to generate a positive impact for the country through volunteerism, recognizing the power of this tool in Costa Rica's environmental and social agenda.

As part of the Environment Month, this business movement held its first massive volunteer day on Saturday, June 1, 2019, with a massive cleanup in the city of San José. The event was supported by the **Municipality of San José and ecolones**. As a result, a total of 970 kg of non-recoverable waste was collected, leaving a cleaner city and inspiring others to keep the capital city that way.

### La Libertad Sensory Park

During 2019, maintenance works were carried out in the Sensory Park of *Parque La Libertad*, which was donated by FIFCO to the community of Desamparados, Costa Rica, in 2018.



### Guanacaste, Costa Rica

We work for the community as part of the *Florida Hospitality* business unit and consistent with our triple bottom line strategy, Reserva Conchal leads an important strategic social investment agenda in Guanacaste, Costa Rica. Leveraging on a series of successful public-private partnerships, both with state institutions and with local governments and groups, we are joining forces to benefit the Brasilito community in Santa Cruz, the province, and tourism in general.



## 2. Elegí Ayudar volunteering program



### New police station

The citizens and tourists of Brasilito are safer, thanks to the construction of a police station that houses the Public Force. This project was built on land donated by Reserva Conchal, who also provided the capital for its construction, from its own funds and donations from its guests, as well as volunteer hours from its collaborators.

### Water for all

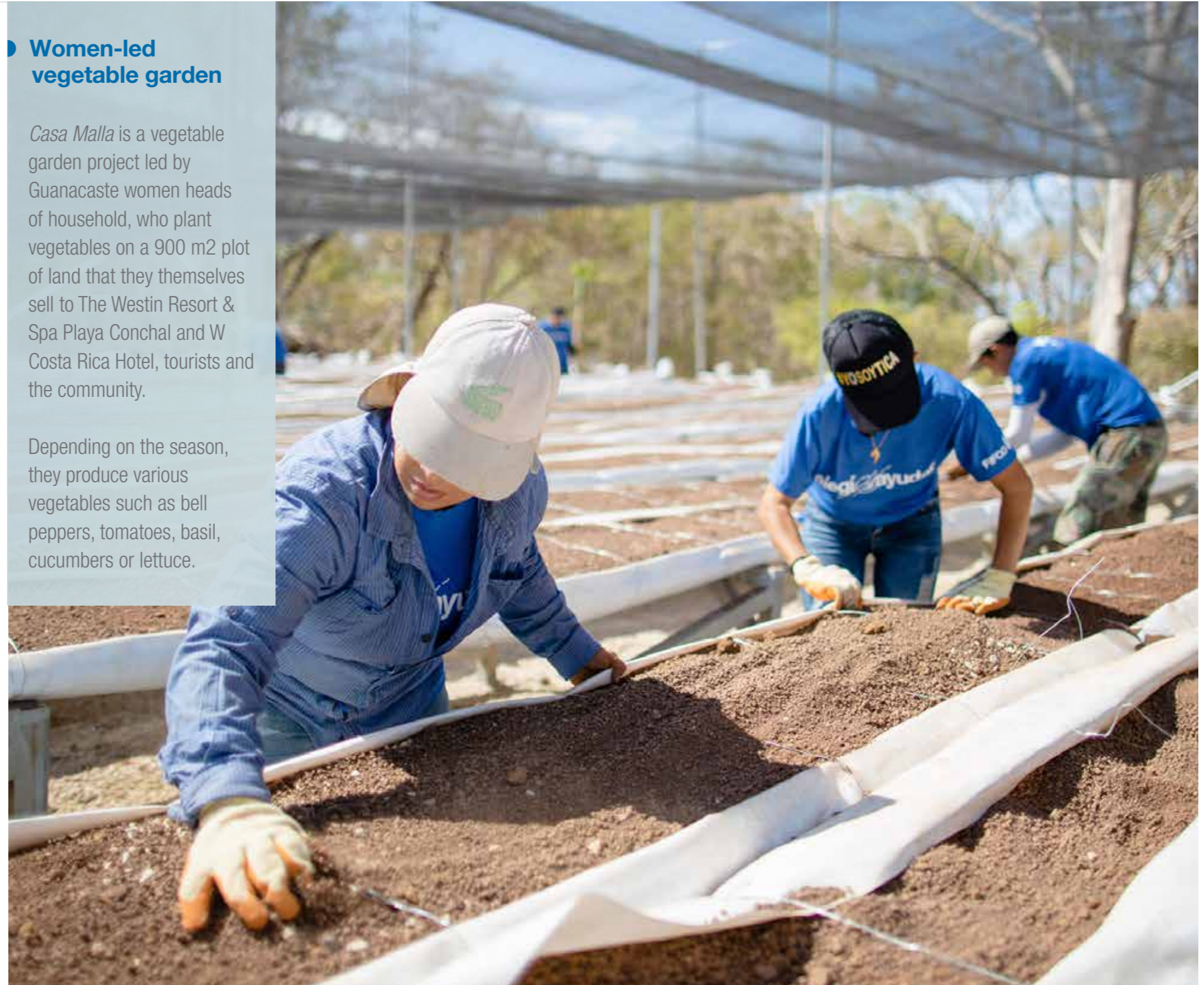
In July 2019, an aqueduct was inaugurated in Brasilito, with an €8,000 million investment from the Costa Rican Water and Sewer Institute's (AyA) own funds and the contribution of nearly €1,200 million from the company Reserva Conchal. Under the public-private partnership modality, Reserva Conchal donated 3 plots of land and 4 wells (60L/s), which included infrastructure and assets installed as part of the equipment for the wells.

These works will make it possible to compensate for the flow lost in coastal aquifers due to salinization, while increasing the security of access to drinking water for communities in the face of drought.

### Women-led vegetable garden

*Casa Malla* is a vegetable garden project led by Guanacaste women heads of household, who plant vegetables on a 900 m<sup>2</sup> plot of land that they themselves sell to The Westin Resort & Spa Playa Conchal and W Costa Rica Hotel, tourists and the community.

Depending on the season, they produce various vegetables such as bell peppers, tomatoes, basil, cucumbers or lettuce.



## 2. Elegí Ayudar volunteering program



### Guatemala

During 2019, Guatemala focused its strategic social investment efforts on working **jointly with the Municipality of Guatemala**. More than 15 days of volunteer work were dedicated to benefit the communities near our plant. The support was given both in environmental issues through reforestation and waste collection days, as well as in the promotion of healthy eating habits and support in infrastructure works in the town's most vulnerable schools.

At the same time, as part of the initiatives of the volunteer program *Elegí Ayudar* and in alliance with the *Municipality of Antigua*, three days of massive volunteer work were dedicated to cleanups and garbage collection. The support of more than 300 volunteers made a difference in this iconic and much visited Guatemalan city.



### FIFCO USA

FIFCO USA continued a rigorous agenda of engagement with the communities in which it has presence, especially Rochester and Buffalo, New York. Events such as “Roc the Falls” bring the community together for a good cause, enhancing in turn the important presence of the Brewery and Genesee brand in the Rochester community. On a single day, employees participate in a volunteer day, open-air concerts are held for neighbors, while our brands and Smart Consumption, the true spirit of our corporate purpose, are promoted.



### 3. Dual Training

#### In August 2019, the Government of Costa Rica approved the Dual Technical Education and Training Law.

This law strengthens the work of Reserva Conchal as a promoter in Costa Rica of this modality of theoretical-educational learning with immediate practice in a real work environment. It also provides greater legal security to FIFCO and other companies that implement it and seek to multiply its impact.

In November, the sixth generation graduated officially with 32 people, who were trained in two technical-professional areas; 17 in gastronomy and 15 in the waitress-bartender modality. A high percentage of them were hired for hotel operation, both at The Westin Golf Resort & Spa Playa Conchal and W Costa Rica Hotel. In the year 2018, the number of students increased to 55 when W Costa Rica Hotel opened in November of that year.



SDGs

THIS INITIATIVE CONTRIBUTES TO

1

NO POVERTY



2

ZERO HUNGER



4

QUALITY EDUCATION



8

DECENT WORK AND ECONOMIC GROWTH



10

REDUCED INEQUALITIES



17

PARTNERSHIPS FOR THE GOALS



### 3. Dual Training

The Dual Training program promoted by Reserva Conchal together with the National Learning Institute (INA), and The Westin Golf Resort & Spa Playa Conchal and W Costa Rica Hotel, already has 236 graduates with first-class training, experience and skills to have more and better job options in the province of Guanacaste.

#### Dual Training grows at FIFCO

According to the Continuous Employment Survey of the second quarter of 2019, in Costa Rica, at least 70% of the national working population holds positions at the operational level (elemental occupations, sales in premises and provision of services, assembly and operation of facilities and machinery). In more developed countries, the aspiration is to have an average of 40-45% of the working population in this level and higher percentages of workers in technical levels that are better paid. This has been achieved to a great extent through the implementation of Dual Training programs.

At FIFCO, the allocation of collaborators in the operational level is very similar to that of Costa Rica, with most staff members in operational positions.

#### Costa Rica: Population by occupational group, II trimester 2018 and II trimester 2019



Source: INEC-Costa Rica. Continuous Employment Survey (ECE), 2019

The company is currently working to extend the program to the entire organization and become a benchmark in the implementation of Dual Training in Costa Rica. This by graduating students of high professional quality, giving them the opportunity to obtain a different educational experience that allows them to develop the diverse skills required in the labor market.

FIFCO contributes to the country's employability and professional advancement



#### Example of self-improvement

Among the 32 graduates of 2019, the story of Elías Torres stands out. During the 12 months of the dual program, he traveled from Samara to Brasilito, location of The Westin Golf Resort & Spa Playa Conchal, a round trip of six hours total. This sacrifice and his desire to excel earned him the best average in the gastronomy category, as well as the satisfaction of having a new job and seeing his family grow.

### 3. Dual Training

We hope the implementation of the Dual Training programs will help move our collaborators to technical levels; and that, in turn, this will help the country move in this direction too.

We began with careers that are relevant to FIFCO and to companies in the country, in the Retail, Business, and Manufacturing areas. It is recognized that public-private partnerships are vital to the project's success. This is why we are working together with the INA, public and private universities, in line with the new law and the National Qualifications Framework.

Currently, FIFCO has the cashier courses and we have developed a standard for the position of Point of Sale Administrator with the support of the INA and the National Qualifications Framework. In 2020, the first Dual Training courses in Retail will be opened and we will continue developing the standards for additional courses in Retail, Business and Manufacturing careers.



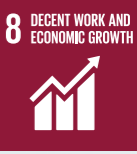
# 4. Nutrivida

NUTRIVIDA



SDGs

THIS INITIATIVE CONTRIBUTES TO



In 2019, the social enterprise Nutrivida celebrates its fifth anniversary. During this period, Nutrivida relaunched its image to position itself as a brand that, more than producing and selling food, offers well-being in all stages of life.

In addition, the company implemented a series of actions and adjustments to become more efficient and thus achieve greater financial and operational stability.



## ► A year of innovation

### ► New image

► 3 new soups: : bean, oxtail and olla de carne (traditional Costa Rican beef broth)

► 1 new beef bouillon

## ► A 2019 full of achievements for Nutrivida

- Improvements in financial and accounting controls.
- Implementation of the SAP system for inventory and production control.
- Achieves the "Essential Costa Rica" license, preparing for the expansion of the customer portfolio, including international customers for exports in Central America, specifically Nicaragua and Honduras.
- New organizational structure, more agile and adequate to the size of the operation.



4. Nutrivida



Nutrivida received the **Green Growth** award from the Foreign Trade Promoter, PROCOMER, which allowed them to optimize the production processes to be more environmentally friendly. In addition, it obtained the **Essential Costa Rica** license, for being a brand that recognizes innovation, sustainability and excellence as indisputable values in the search for social progress.

As a social enterprise and aimed at fighting malnutrition, during 2019 and in alliance with the Inter-American Development Bank (IDB), it was possible to benefit more than 600 women who, through the Pro Nutrition Moms Network or *Red Manu*, generated income of between \$200 and \$300 per month and at the same time, brought the products to more than 3,000 households at social risk.

A portfolio of 13 products allowed it to set ambitious goals to perform better and position itself more effectively in the business channel.

► **Strategic partnerships and promotions**

- ◻ Hogar de Niños Casa de Pan
- ◻ Centro Infantil Jehová Jiret
- ◻ Supermercado Cristal
- ◻ Hanna Gabriels
- ◻ Unidad de Cuidados Paliativos
- ◻ 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 – Indigentes
- ◻ CCH Cafeterías
- ◻ Campaña Platos Llenos / Banco Nacional
- ◻ Degustación Sor Maria Romero
- ◻ Liga Deportiva Alajuelense
- ◻ Fundación Génesis
- ◻ BAC San José
- ◻ Obras del Espíritu Santo
- ◻ Municipalidad de Tibás
- ◻ Ecolones
- ◻ Pastoral Social Nuestra Señora Mercedes de Grecia
- ◻ Asociación Cristiana Iglesia del Nazareno
- ◻ ULACIT
- ◻ Fundación Lazos de Vida

Nutrivida obtained financial aid from the renowned McNulty Foundation

► **Nutrivida's Impact**

Pillar	2017	2018	2019	TOTAL	HISTORICAL (2014-2019)
Total sales (tons)	57.2	73.3	75.3	205.8	320
Total food plates served	8,759,647	11,225,212	11,531,493	31,516,352	42,603,584
Total food plates donated	589,674	157,241	14,318	761,233	1,746,033

# Ethics and Transparency



DISCLOSURE GRI 205-3

SDGs

**Ethics and transparency are fundamental and crosscutting pillars of FIFCO's operation. In every action, project and relationship, integrity and honesty permeate.**

The Code of Ethics and Business Conduct addresses the subject in a forceful way, specifying the expected behavior of collaborators, existing mechanisms for reporting and complaints, as well as the treatment given to corruption issues.

The management position responsible for the Code of Ethics is represented by the Director of Audit and Compliance. The members of the governing body and employees receive training on the code of ethics and on the most important policies for the company. For permanent employees, an annual refresher schedule is planned and for new employees the officer receives it as part of the induction training. These trainings are given through a virtual course, which

contains the downloadable Code of Ethics, a knowledge check and a title of acceptance. In Florida Retail (Musmanni's own stores) a pilot was carried out in a store where the virtual course was taught to the employees of this store. Thanks to the satisfactory results of this pilot, the virtual course will be given in all Musmanni stores during the 2020 period. In addition, by February 2020, we have coordinated with the Distribution area so that the course is carried out by 100% of the Distribution Managers.

The total number of new employees was 1,769. According to the policies and procedures to fight corruption, 723 new employees in Costa Rica and 266 in Guatemala have been informed, which represent 16% and 48% of the active employees at the end of the 2019 period, respectively. A total of 513 registered suppliers in Costa Rica, 70 in Guatemala and 7 in El Salvador signed the Responsible Supplier Code, a document that includes the main sections of the Code of Ethics.

All members of the governing body, employees and business partners must follow the Code of Ethics online course and read the Code of Ethics document, being registered at user level in the company officer's file. This code applies to all units in Costa Rica, El Salvador and Guatemala; FIFCO USA is undergoing the implementation process.

Regarding corruption issues, the business units in Costa Rica and Guatemala were evaluated. In the Costa Rica operations, 27 cases of potential violations of the Code of Ethics were detected. Of these, two cases were executed by Managers and one by middle management due to non-compliance with internal regulations, as well as alteration to the integrity and accuracy of records and accounting standards. The other cases were carried out by operational personnel for misappropriation of product and money from the sale.

**Sharing experiences**

On December 9<sup>th</sup>, we participated as panelists in the Forum and Course "Liability of Legal Entities, Law Enforcement for Companies," organized by the International Chamber of Commerce (ICC), sharing good practices and experiences from FIFCO's Ethics and Compliance area.

THIS INITIATIVE CONTRIBUTES TO

- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS



Ética y transparencia

► **Code of Ethics and Business Conduct**

Our code covers the following topics:

► **Responsibilities:**

ethics and communication, regulatory compliance, protection of company assets, integrity and accuracy of accounting records, fair and diverse labor practices, discrimination and harassment, hiring of minors, personal conduct.

► **Company representation before customers and external groups:**

fair and equitable treatment with customers and suppliers; political lobbying; public appearances.

► **Privacy and confidentiality:**

confidential information, privacy of stock market, customers and employees information.

► **Conflict of interest:**

business transactions with third parties, gifts and investments in recreational activities, ethics and transparency, external business activities, use of company name or facilities, corporate opportunities.

► **Other important provisions:**

antitrust laws, commitment to environmental and occupational health, reporting of suspicious activities and/or evidence of money laundering.

► **Code implementation, sanctions.**

**Reporting and complaint mechanisms**

Four official areas have been defined for consultation on ethical-lawful conduct and organizational integrity issues:

- 1) On a personal basis: Ethics and Compliance, Asset Protection or Talent (applies to all FIFCO.)
- 2) Through the website of the supplier *Resguarda*, where the complaint can be sent electronically (applies to Costa Rica, Guatemala, El Salvador and FIFCO USA).
- 3) Confidential ethics line: this line is attended by a supplier and calls can be anonymous, so it has become the most used reporting tool by the organization's employees (applies for Costa Rica, Guatemala, El Salvador and FIFCO USA).
- 4) Through other areas of the organization such as the First Contact Center: this area receives calls and transfers them to the Ethics and Compliance Department for investigation (applies to all FIFCO).

As for queries or calls, these are transcribed and sent to the Ethics and Compliance Department, where they are followed up within a maximum period of 30 days. Sometimes, queries are referred to the Talent area, when it is the responsibility of that area. FIFCO personnel are aware of the existence of this confidential ethics line and know that they can make inquiries directly to authorized personnel in the ethics and Talent area. As part of the induction process, staff is given training on the subject, emphasizing and guaranteeing the confidentiality of the processes. Within the Code of Ethics it is established as a policy that no reprisals may be taken against people who make any kind of complaint.

► **Formally notified complaints**

Classification or area	2017	2018	2019
Complaints related to workplace harassment, treatment, etc.	7	16	21
Ethics Code violation complaints	23	28	37
Total complaints	30	44	65
Total complaints solved at the end of the period	29	41	63

# Environmental DIMENSION



## Environmental Dimension

During the 2019 period, 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 it relates with, as well as for the environment.

In this period, we advance in implementing our environmental strategy in order to fulfill FIFCO's environmental commitments, incorporating additional elements that reinforce the organization's commitment and position FIFCO in a new sustainability standard, beyond footprint offset and further towards creating positive environmental value through its brands.



## Our strategic priorities

**Our priorities remain focused on water resource, waste disposal, reduction and post-industrial recovery and on maximizing our post-consumer collection, energy and greenhouse gas (GHG) emissions.**

We report on the progress of our clearly defined strategic projects: Water Positive, Carbon Positive, Zero Post Industrial Waste what we call our WEW+ agenda (Water, Emissions and Waste Positive), to achieve 100% Post Consumption Recycling as part of the *Océanos Project* agenda. In parallel, FIFCO remains focused on the continuous and crosscutting improvement of our value chain to provide our suppliers and customers with the best economic, environmental and social practices through our **Sustainable Procurement and Customers Programs**. The objective is to provide integral support for the successful incorporation of practices based on the Triple Bottom Line model in their business strategies and in their operations. **Biodiversity** is included as a material topic only in the real estate and hotel business because it is a relevant footprint for this operation.

### Our environmental priorities

- 1 **Water resource:** sanitation and protection.
- 2 **Post-industrial and post-consumer waste management.**
- 3 **Energy:** reduction in consumption and use of renewable energy.
- 4 **Greenhouse Gas (GHG) Emissions.**

All our environmental management is carried out under a **certifiable environmental management system in our operations** based on international (ISO 14001/14064/14046, Carbon Trust, Audubon) and local (Ecological Blue Flag and the Tourism Sustainability Certificate) environmental standards and protocols.

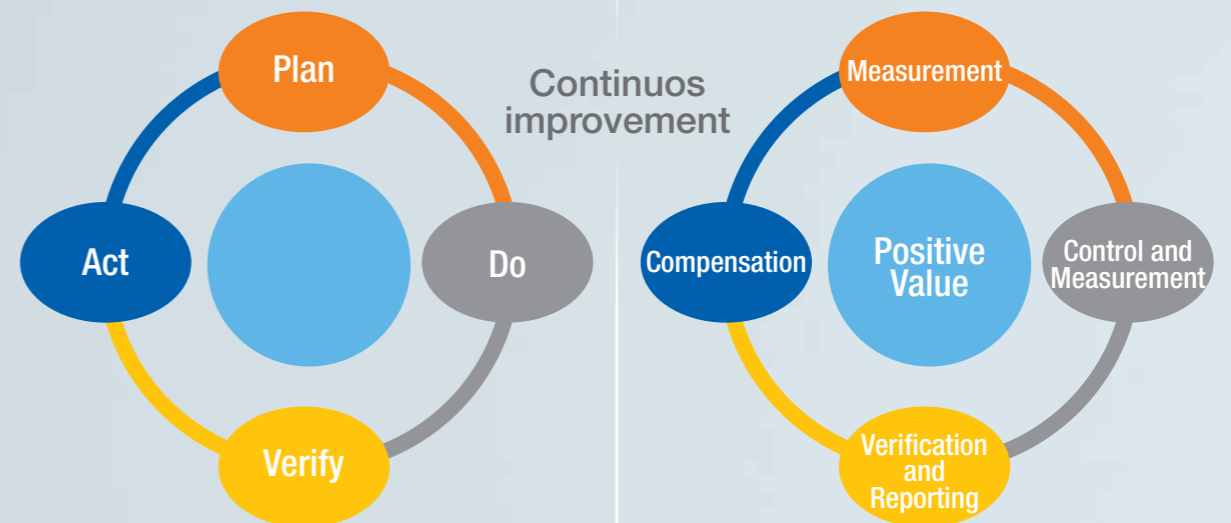
## How do we work?

### Positive environmental value through continuous improvement

We work under a focus of continuous improvement through our lines of action: integrated water resource management with the **Water Positive Program**, the management of post-industrial waste and post-consumer recycling in our **Zero Waste Program**, as well as greenhouse gas emissions in our **Carbon Positive Program**.

We align our environmental commitments with the continuous improvement cycle, so we seek not only to measure our environmental impacts, but also to control and reduce them where possible, to be accountable to our stakeholders through a verification and reporting process, and to offset these impacts. Additionally, we want to generate environmental value so after the compensation process, we seek to give back to the environment more than we take from it.

### Continuous improvement proces



# Our Environmental Strategy



SDGs

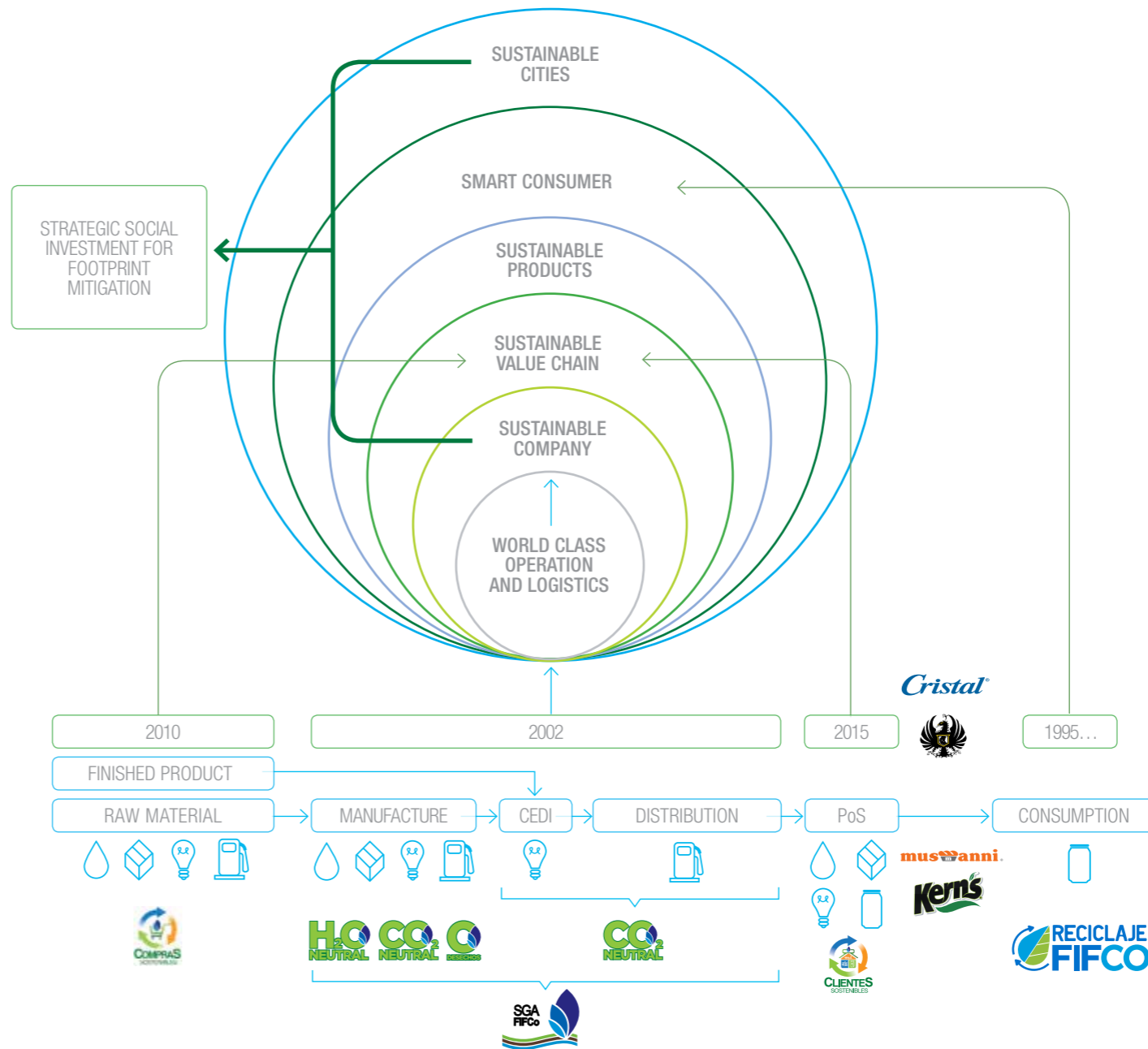
THIS INITIATIVE CONTRIBUTES TO

- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 17 PARTNERSHIPS FOR THE GOALS

The efforts, initiatives and program within our Environmental Dimension, aim not only to achieve operations with world-class standards, but also contribute to achieve more sustainable cities, as well as other Sustainable Development Goals.

Hand in hand with the strategic social investment we make, we aspire to generate value in the societies where we operate, addressing as a priority the following SDGs: Affordable and Clean Energy, Sustainable Cities and Communities, Responsible Consumption and Production, Climate Action, Life Below Water, Life and Land, and Partnerships for the Goals.

Under the Triple Bottom Line corporate strategy, we want our manufacturing and distribution operation to be an example of best environmental practices. Through our Environmental Dimension, we contribute to the important agenda and commitment to develop and provide increasingly sustainable products and services, from a life cycle perspective, inspired by circular economy. On the other hand, in conjunction with the Smart Consumption Program, specifically the FIFCO Recycling Program, we promote that our consumers and customers have more information and decision criteria that allow them to be more sustainable consumers.



## Use of materials

In accordance with our Corporate Environmental and Occupational Health Policy, the rational use of materials and resources used in the company is one of our commitments.

As in previous years, for the food and beverage business in Costa Rica, we maintain four categories for the materials used:

- Raw materials and inputs:** water and all materials dissolved or in suspension in the product such as concentrates, additives, and aromas.
- Packaging:** primary containers such as aluminum cans, plastic containers made of PET, HDPE and polycarbonate, glass bottles and stainless steel siphons, caps, seals and labels.
- Packing:** cardboard boxes and sheets, plastic and cardboard packaging, strapping, among others.
- Auxiliary materials:** cleaning substances and lubricants among others used in the production process but not part of the product.

Of these materials, we identify those that are **renewable in nature** (for example, water), and those that are **non-renewable** (packaging whose materials come from petroleum (plastics) or mineral sources (glass and aluminum)).



FOR THE REPORTING PERIOD, THE FOOD AND BEVERAGE OPERATIONS IN COSTA RICA USED

2,071,064,319 → 98% BELONG TO THE RENEWABLE MATERIALS CATEGORY  
KILOGRAMS OF MATERIALS



## Use of materials

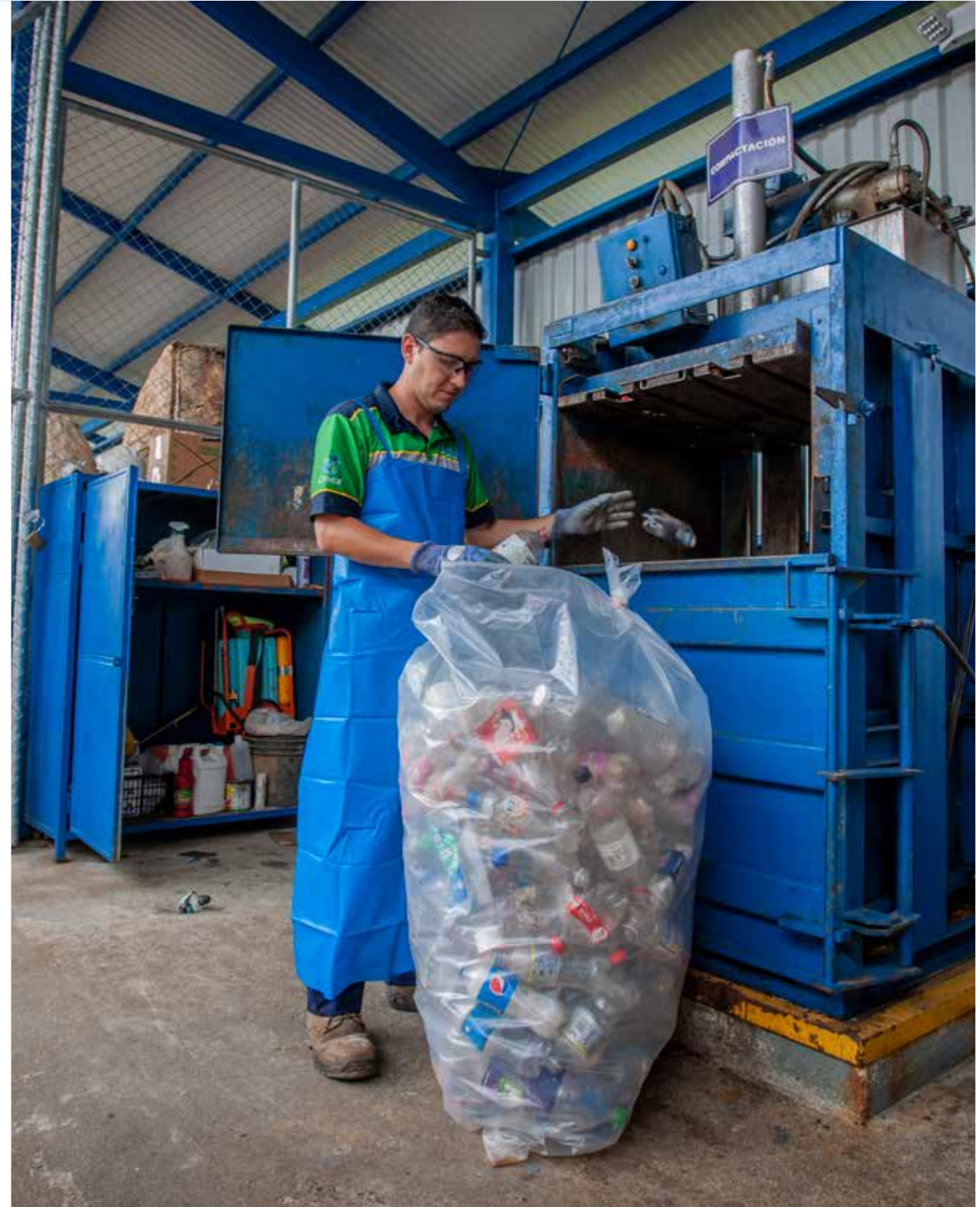
Likewise, some of the materials we use contain a percentage of recycled material in their composition, which replaces virgin material. **For the reporting period, for the food and beverage business in Costa Rica, we used 16% recycled materials in the manufacturing process.** This includes the recycled content of some of our packaging, for example, the use of 100% recycled plastic in 100% of our water and refreshments packaging and up to 15% recycled plastic in our soft drink packaging.

As for aluminum cans, 30% of their content is recycled and for siphons, we have a maximum of 18% stainless steel and 18% nickel in beer siphons. In the case of glass bottles, approximately 20% is recycled material. In addition, some of the packaging elements we use contain recycled material, such as carriers, which contain 5%, and plastic boxes, which contain 20% of recycled material.

For the reporting period, the following was achieved in the beverage business in Costa Rica, a case of circular economy with part of the wood pallets that we use to store and transport the finished product, since with one of the suppliers, the waste from these was incorporated into new pallets, called "hybrid pallets".

During 2019, important advances were reported in the construction of the platform to capture this information and the weighing of materials for the retail business in Costa Rica, as well as the operation in Guatemala and the United States.

Regarding the percentage of products and packaging materials recovered by 2019 in the food and beverage business in Costa Rica, the amount of kilograms of packaging material that we place on the market is calculated annually and compared to the kilograms of these materials recovered through the Recycling Program. For this year, we managed to recover **83.21%** of the products we place on the market.



# Packaging Agenda: Océanos Project

**Single-use plastic is a material topic for FIFCO. Since 2018, the company has been investing heavily in an agenda to eradicate plastic as we know it today.**

Under the name *Océanos* (Oceans), FIFCO is leading a holistic - and one of a kind - approach to reducing and eventually replacing the use of this material as much as possible. The *Océanos* Project agenda was born as an evolution of our commitment to 2020 of achieving 100% recycling of the packaging placed on the market. It contemplates not only maintaining 100% collection of plastic containers, but also placing less plastic from fossil sources on the market, a very revolutionary paradigm shift in the global beverage industry.

## The Océanos Project agenda

**A Lightening**  
use the least amount of plastic possible in each of the bottles that come onto the market

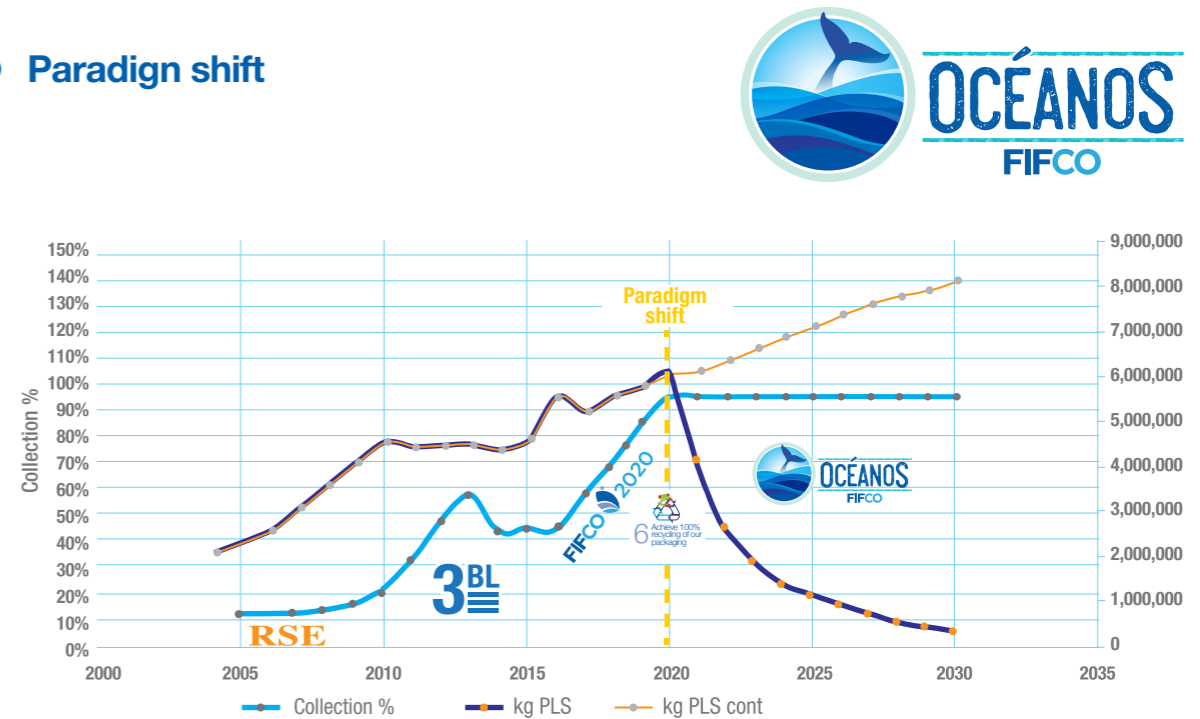
**Recycled plastic**  
use 100% RPET (non virgin plastic) in 99% of our packaging

**B Post Consumer Recovery-Recycling**  
FIFCO is consistently collecting and recycling 84% of the plastic it places on the market. In parallel, it has improved its process, creating the infrastructure necessary to meet the goal of collecting and recycling 100% by 2020

**C Alternative materials**  
The company has a plan to migrate to more glass and aluminum containers

**D Consumer awareness**  
FIFCO has worked to educate the consumer on the importance of recycling as well, and has invested resources in improving the processes of collection centers that receive plastic

## Paradigm shift



The main focus of this agenda is prevention, aiming at the greater replacement of single-use plastic containers by returnable glass containers, which have the least impact at the end of their useful life since they are recovered at rates higher than 99% and used as raw material for the elaboration of new glass containers, a basic concept of circular economy. Subsequently, we seek to replace the largest amount of single-use plastic with aluminum containers, which, although

they are not returnable, have a high return value due to their economic value, which leads to collection rates of over 90%. During 2019, a reduction of two percentage points in the use of plastic in the refreshments portfolio was achieved, bringing us closer to the right direction. For plastic that we cannot replace, we included an additional element in our strategy related to the replacement of single-use plastic with biopolymers from natural sources that are compostable.



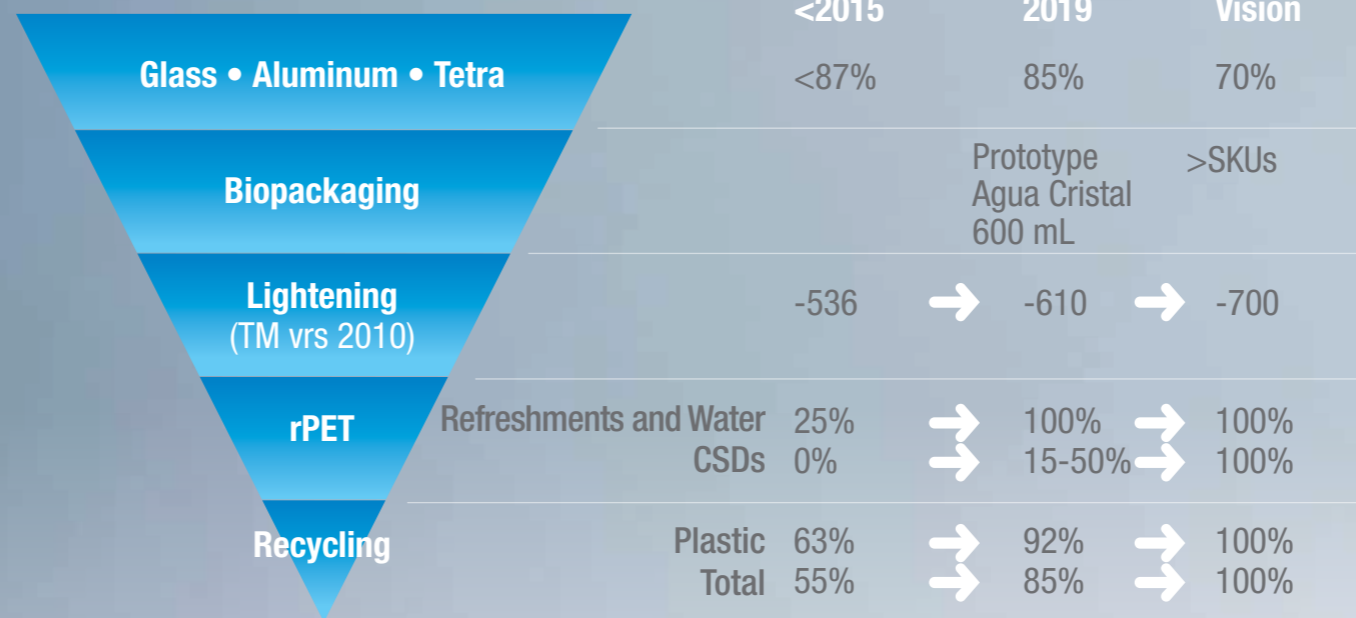
Packaging Agenda: Océanos Project



This initiative is still in the prototyping process for one of the largest volume products and presentations in the Refreshments business portfolio, which is expected to come to market in 2021.

**A Lightening and Recycled Plastic (RPET)**

During 2019, significant advances are achieved in the lightening and use of recycled plastic (RPET) initiatives.

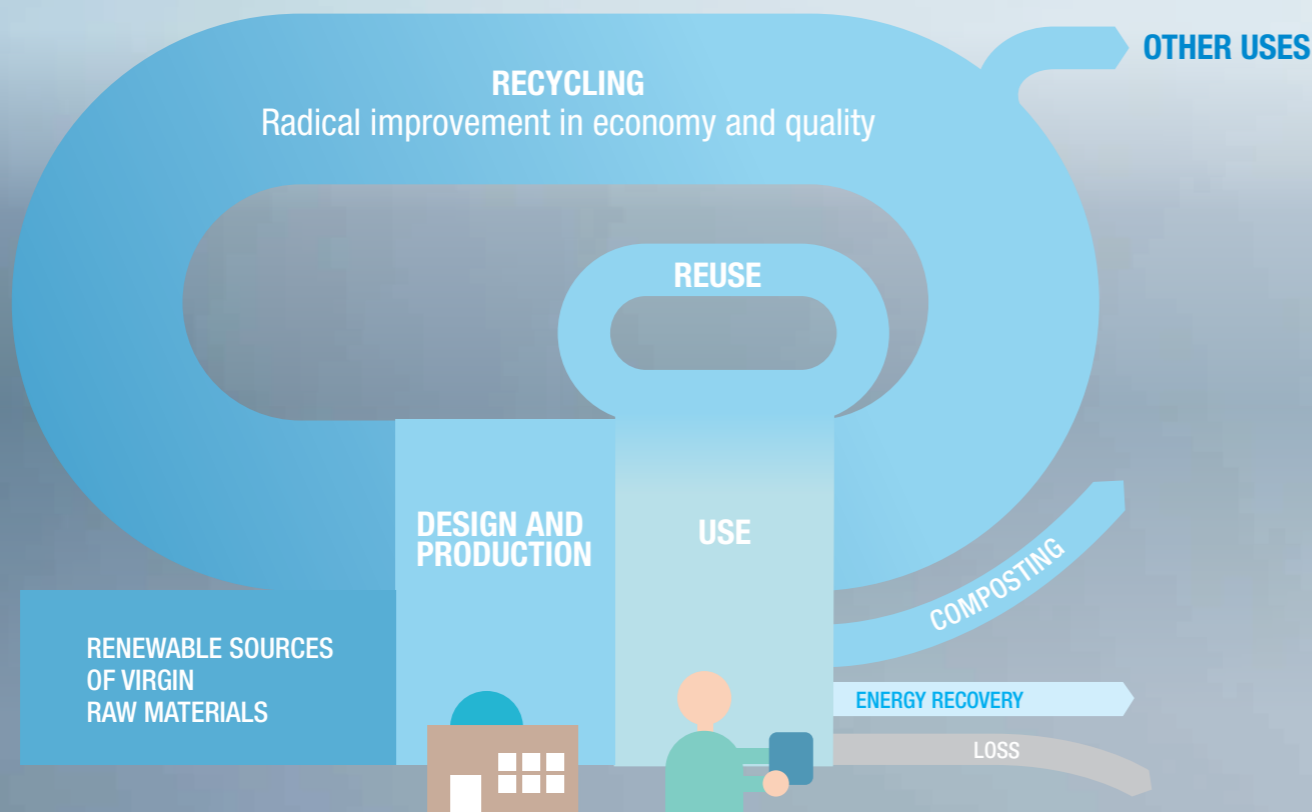


Packaging Agenda: Océanos Project



**B Post-Consumer Recovery - Recycling**

2019 is a year of important achievements in the Post-Consumer Agenda, not only for FIFCO, but also for Costa Rican industry in general.



**Positive waste**

2008	2016	2017	2019	2020
Total: 25%	Total: 60%	Total: 65%	Total: 83%	<b>Total: 100%</b>
Pet: 18%	PET: 50%	PET: 63%	PET: 92%	<b>PET: 100%</b>

Florida Bebida's Post-Consumer Packaging Recycling Program continues this year with its extensive trajectory and increasingly positive results in terms of post-consumer packaging recovery. These non-returnable containers (plastic PET bottles, HDPE, aluminum cans, Tetra Pak poly laminated packaging and tin cans) may or may not generate an environmental impact depending on how consumers handle them. These are all the containers managed through the Program, which is equivalent to 100% of the containers FIFCO places on the market to sell its products.

Through the inverse logistics process, non-returnable post-consumer recyclable packaging of any commercial brand is recovered, regardless of whether or not it is Florida products' packaging, in order to achieve the greatest possible impact.



► Resources for the Recycling Program



**Two collection routes** for the Greater Metropolitan Area and six routes for the rural areas of Costa Rica.



**Eight collection centers of our own** to manage recyclable material.



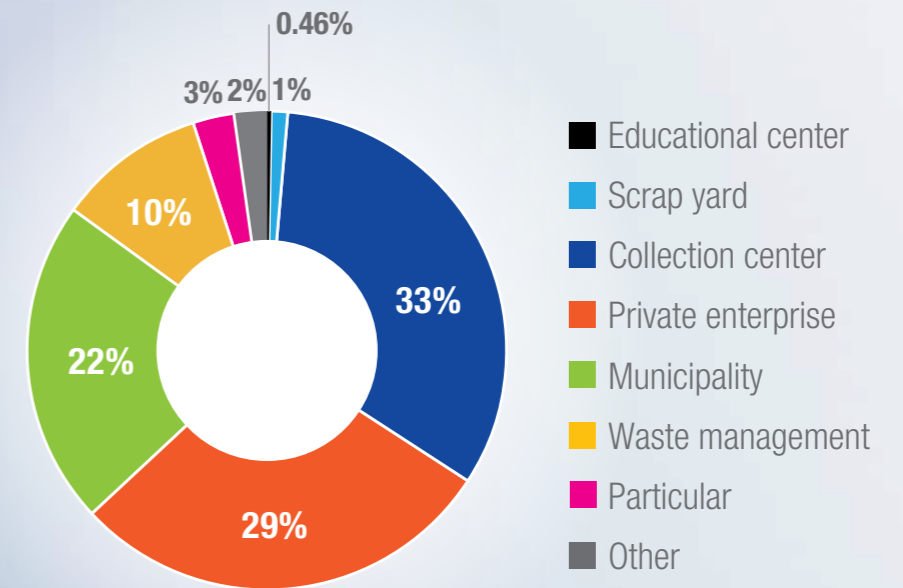
**A recycling plant** where all the recovered material is consolidated, selected, classified, compacted and grinded for later recycling.

► Countries of destination where the waste is traded and used as a raw material to process other materials

- **Brasil y Estados Unidos** for raw material for the metal-mechanical industry.
- **Guatemala** through intermediaries for its smelting and metal-mechanic use.
- **Nicaragua** for the production of flakes and **Honduras** for polyester fiber.
- **México, Colombia y Tailandia** where the fiber is used in toilet paper.

During 2019, the supply (suppliers) of post-consumer packaging is wide and varied and each one delivers materials to the program in different proportions.

► Suppliers of packaging waste



**71% GMA**  
**29% RURAL**

Packaging Agenda: Océanos Project

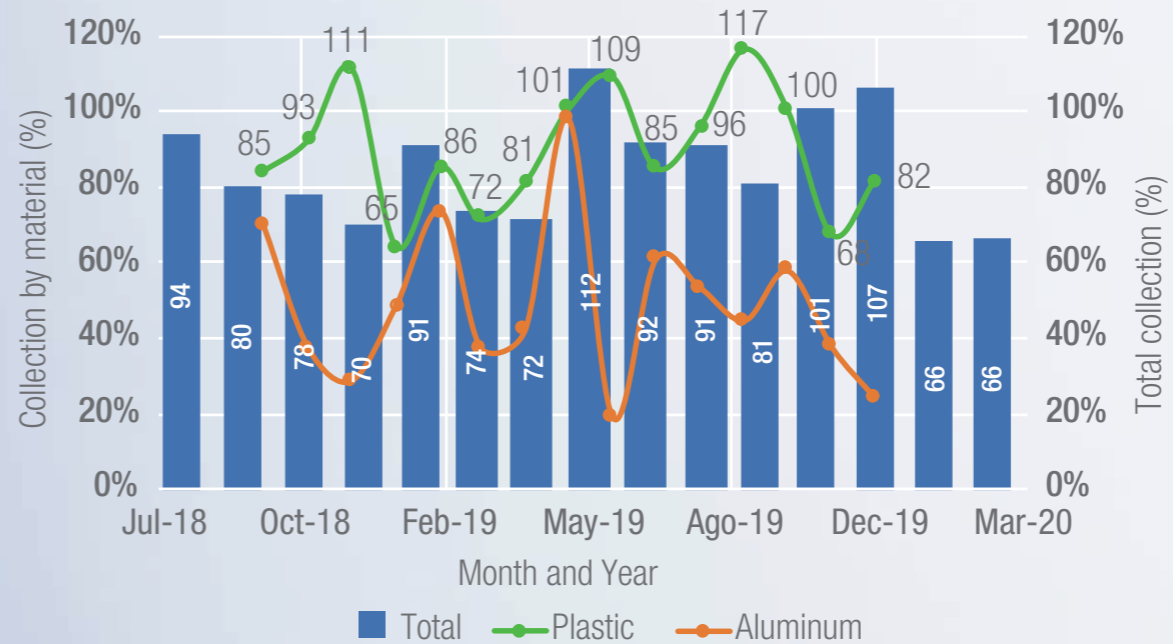


For 2019, the support provided to educational centers continues not only with the participation within the program, but also through support with recycling stations and environmental talks for students, as well as informative material.

A total of 47 stations were donated for a total of 188 recipients. The stations allow the separation of aluminum waste, plastic and tetrapak containers and ordinary waste.

To date, there are 26 compactors located in 25 external recycling projects, which are suppliers to the program. During this period, a total of 8,695 mt kg of post-consumer containers were recovered, 398 mt more than in 2018.

Suppliers of packaging waste



Collection by type of material

Packaging type	2018		2019	
	MT recovered	Collection %	MT recovered	Collection %
PET and HDPE	5,259	85%	5,357	90%
Aluminum	1,530	41%	1,735	45%
Tetra Pak	1,377	240%	1,494	315%
Tin	132	64%	108	65%
<b>TOTAL</b>	<b>8,297</b>	<b>78%</b>	<b>8,695</b>	<b>83%</b>

**5%** ↑ THE RECYCLING PERCENTAGE INCREASED COMPARED TO 2018

Packaging Agenda: Océanos Project



History of Post-consumer recycling



## C Alternative materials: Biopackaging

In parallel, FIFCO takes a further step to eradicate the use of plastic and begins the search for and creation of a substitute material that is lightweight, safe and commercially viable.

During 2019, the company makes significant progress in the development of **bio-based and compostable packaging**.

For this project to be successful, it is critical to recover the container because, although it is made of organic materials, it must undergo a composting process at an industrial level to return it safely to nature. FIFCO's current achievements in container collection-retrieval give us confidence that we have the right infrastructure to successfully collect our biopackages for the above-mentioned composting process.

Another relevant aspect in this type of development is **having experts from different disciplines and areas**. For the creation of the biopackage we have partnered with multiple

strategic partners. We established the supply chain and partnerships with research laboratories, which in turn have global partners. There are also a series of partnerships with the Costa Rican academia: the National Products Research Center (CIPRONA) of the University of Costa Rica (UCR), the School of Chemical Engineering of the UCR, the Regional Institute of Studies on Toxic Substances of the National University (UNA) and the National Laboratory of Nanotechnology (LANOTEC) of the National Center of High Technology (CENAT).

The goal is to have commercially viable and compostable pilot packaging at the industrial level by 2020. The **first prototype is ready** and is undergoing manufacturing, quality, transport and composting tests.

## Packaging Agenda: Océanos Project



## D Consumer awareness

In addition to the reverse logistics for the retrieval of post-consumer packaging to ensure its recovery, for FIFCO education and environmental awareness is fundamental to strengthen collection at source.

2019 is an important milestone in the consumer awareness and education agenda, specifically in Costa Rica. In June 2019, FIFCO inaugurated a new educational program in which, during a one-hour tour, people of all ages, can learn for free about the operation of a recycling plant, correct waste separation, the destination of materials and how they are reused, as well as the processes they undergo for export to other countries.

FIFCO's new Recycling Education Program was inaugurated along with authorities from the Ministry of the Environment and Energy (MINA E), the Ministry of Public Education, universities, non-governmental organizations, companies, collection centers and private and public educational centers, who will benefit from this initiative.

## Plant Tours

Tours of the recycling plant allow us to educate children, young people or adults about the importance of recycling and which new products are made from what was previously considered waste, and we show them the many benefits that recycling has for the environment, the economy and employment generation. This is the reason why we decided to open our plant and receive groups that are interested in knowing more about this topic and its impact.



One of the most important topics learned during the tour is circular economy, because beyond being only an environmental issue, the recycling program allows 250 collection centers throughout the country to work as partners of the company and generate employment and resources. They collect approximately 90 metric tons each week of materials such as polyethylene PET and HDPE; tinsplate, aluminum and Tetra Pack packaging.

Additionally, they are on the agenda to replace single-use plastics in the other FIFCO operations:

- The *melcochon* product, which represents more than 60% of the sales of Musmanni bakeries, is packed in paper bags, achieving 100% of the plastic bag substitution to market this product. For the rest of the bakery products sold this way we find a gradual migration process towards the substitution of single-use plastic.
- L'Artisan Café implements initiatives to minimize the use of plastic in its operations.
- The Hospitality Unit, specifically at Westin, Golf Resort and Spa Playa Conchal and W Costa Rica Hotel, is moving forward and taking important steps to become a plastic-free, single-use facility.

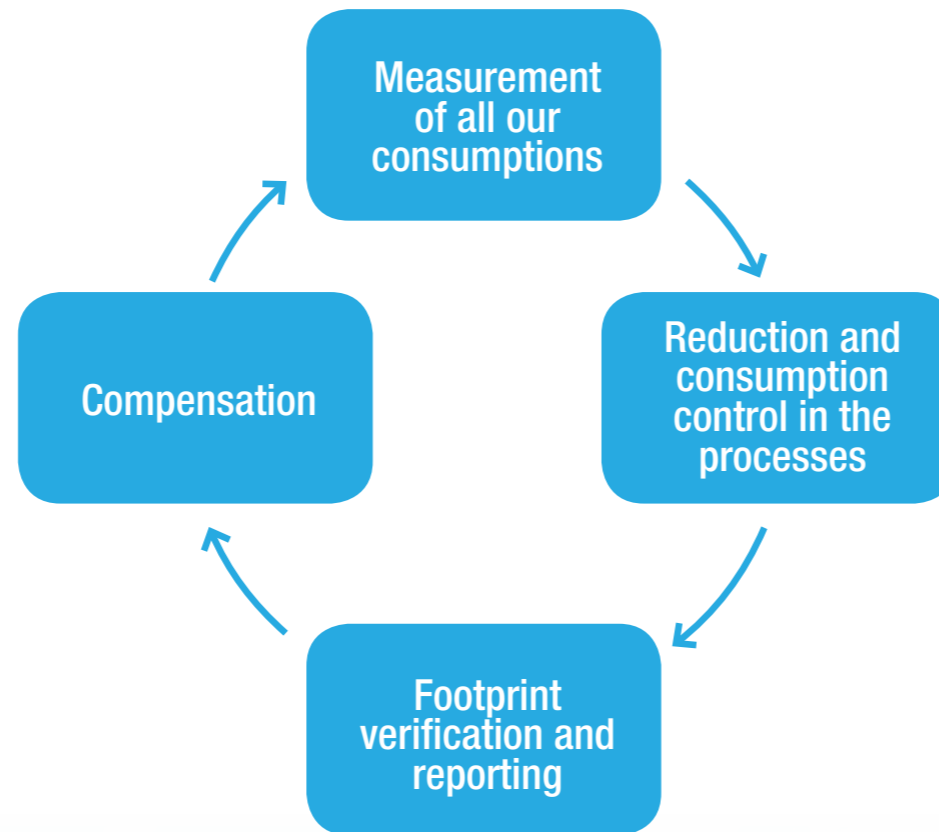
# Water and sanitation



Since 2012, FIFCO has been committed to being a water-neutral company. We maintain this condition in our food and beverage operations in Costa Rica and the industrial bakery operation.

However, all operations manage a process of measuring and reducing consumption. The Water Neutrality strategy is summarized in 4 stages, framed in the continuous improvement process explained above and supported by a verification and reporting process that allows us to account for our performance.

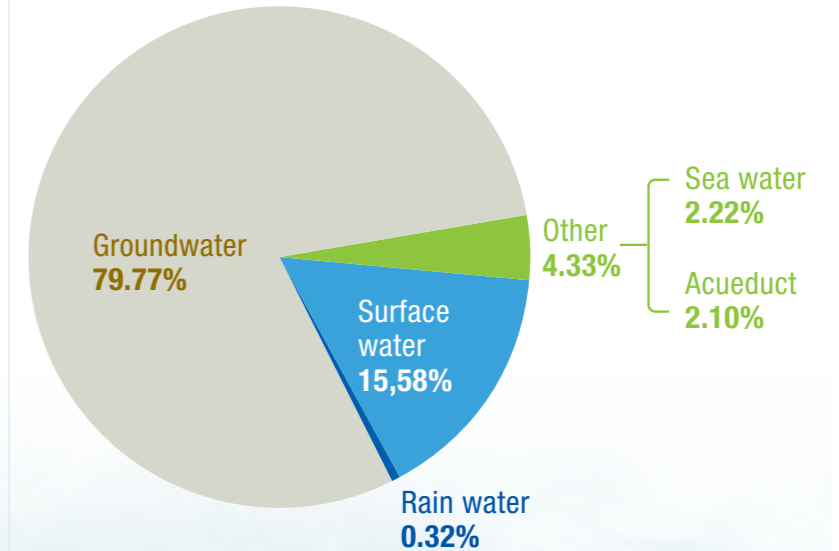
## Stages of the Water Neutrality process



## Measurement

The process starts by measuring 100% of water consumption in all our operations. The following is a description of the water sources we use at our food and beverage facilities in Central America, and the Retail and Hospitality Business in Costa Rica.

## Water sources





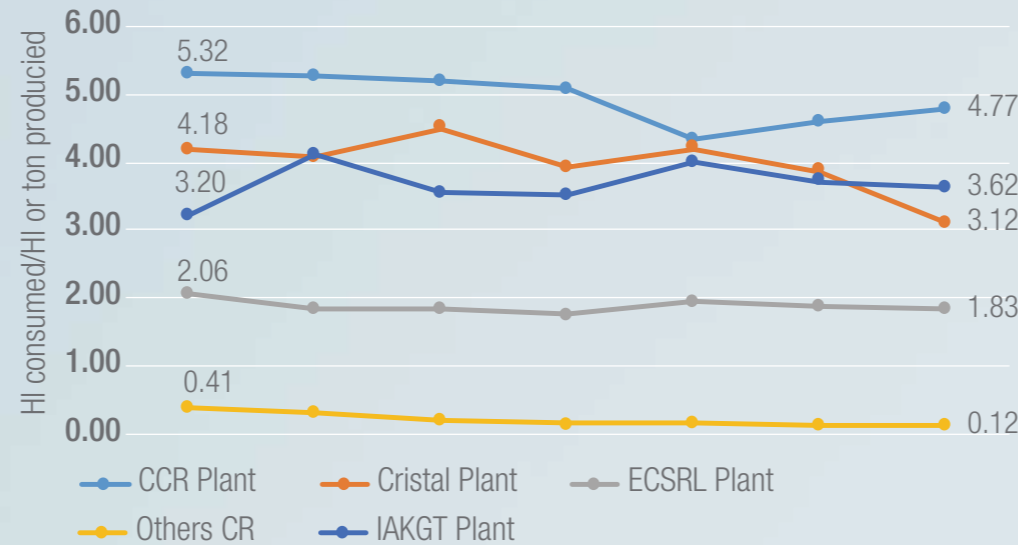
**Water and sanitation**



We increased water recovery to reduce consumption from traditional sources in vehicle washing processes and some other operations that use water indirectly, mainly in our distribution centers. For this period, we increased the coverage of rainwater harvesting systems in the Liberia, San Isidro and Nicoya reservoirs. In our food and beverage operations in Costa Rica, we use spring water for products, underground water for production and aqueduct water supply for some distribution centers and administrative areas. In the case of IAK and Reserva Conchal, 100% of the sources are underground, while in the case of the bakery operations of FIFCO Retail and FIFCO USA, the water is provided by the local aqueduct.

Water consumption in the food and beverage operations in Central America (water use plus water included in the product) this year is 24.1 million hectoliters of water. This represents 4.28 liters of water for every liter of food and beverage produced and distributed.

**History of water consumption in beverage facilities in Central America and USA**



En cuanto al consumo de agua de la operación de manufactura de Retail, el indicador presenta un incremento del 16%, por efecto de producción.

**Water consumption in Retail operations**



The increase in the last year is due to two reasons: the first is the installation of a new ammonia condenser, during the 2017-2018 period, which must use fresh water for the system to function, it cannot incorporate the treated water we use in other auxiliary systems. On the other hand, last year a new production line was incorporated, which has increased water consumption in the facilities.

Regarding the operation of The Westin Golf Resort & Spa Playa Conchal, total consumption was 887,493 m<sup>3</sup> per year. Compared to the previous year, there is an increase in absolute consumption due to an increase in scope, as a result of the entry into operation of W Hotel in November 2018. However, the focus on measurement and reduction is extended to this new facility as well, in order to ensure the rational use of this important resource in all processes.

The desalination modules are operating normally; 76 million liters of water were extracted for irrigation during this period. It should be noted that treated water is reused for irrigation both on the golf course and in the hotels, which allows us to reduce the use of fresh water for these processes.

## Water and sanitation



For 2019, the annual verification process of the organization's water footprint for the food and beverage operations in Costa Rica continues, as well as for Agua Cristal, Cerveza Imperial and Té Frío Tropical under the product approach. This verification process is carried out annually by the Costa Rican Technical Standards Institute (INTECO).

The approach used to identify water-related impacts is based on the ISO 14046 standard "Water Footprint: Guidelines." The scope of this evaluation for the reporting period corresponds to the Costa Rican food and beverage operations, for fiscal year 2019, from January 1 to December 31, 2019. The organization's boundaries have an operational control focus, that is, all activities coming from the operations over which it has control. The impact categories defined are water footprint due to scarcity, eutrophication and eco-toxicity.

The result of the *Florida Bebidas* water footprint inventory for the defined scope corresponds to 19,584,484 hectoliters (4.02 hl water/hl produced).

It is concluded that the evaluation of this water footprint inventory for scarcity, under the AWARE method, in scope 1, corresponds to 8,037,644 hectoliters (1.50 hl water/hl produced).

As for the products studied, the water footprint evaluation is maintained for Agua Cristal, Cerveza Imperial and the Té Frío Tropical line is incorporated.

In the case of the Cristal products under study, in the comparison between presentations, the one with the highest impact corresponds to the 1750 ml flat cap presentation.

In this study, the stage of raw materials for all presentations is the one that contributes more in measuring the product's water footprint, compared to the other stages of the life cycle analysis. FIFCO, through its commitment to society and the environment, maintains important efforts to work on reducing the product footprint in the different associated impacts and is very focused on product category rules, which is why it maintains a committee to identify water consumption reduction projects within the production plant, and also an innovation committee in conjunction

## Products studied by brand for the water footprint inventory

### Brand: Agua Cristal (water)

- 350 mL PET Recycled Flat Cap
- 600 mL PET Recycled Flat Cap
- 600 mL PET Recycled Sport Cap
- 1000 mL PET Recycled Sport Cap
- 1750 mL PET Recycled Flat Cap
- 1750 mL PET Recycled Sport Cap
- 2000 mL PET Recycled Flat Cap

### Brand: Cerveza Imperial (beer)

- 350ml Imperial Can
- 355ml Imperial Can
- 473ml Imperial Can
- 710ml Imperial Can
- 355ml Imperial One Way
- 350ml Imperial Regular Returnable Glass
- 750ml Imperial Regular Returnable Glass
- 1000ml Imperial Regular Returnable Glass
- 350ml Silver Can
- 473ml Silver Can
- 350ml Imperial Silver Returnable Glass
- 750ml Imperial Silver Returnable Glass
- 1000ml Imperial Silver Returnable Glass
- 350ml Light Can
- 473ml Light Can
- 350ml Imperial Light Returnable Glass
- 750ml Imperial Light Returnable Glass
- 1000ml Imperial Light Returnable Glass
- 350ml *Imperial Cero* Can
- 350ml *Imperial Cero* Returnable Glass

### Marca: Té frío Tropical

- Tropical White Tea Light RPET2500 ml
- Tropical Té Blanco light RPET500 ml
- Tropical Té Blanco light RPET6000 ml
- Tropical Té Blanco RPET1000 ml

- Tropical White Tea RPET1750 ml
- Tropical White Tea RPET2000 ml
- Tropical White Tea RPET2400 ml
- Tropical White Tea RPET250 ml
- Tropical White Tea RPET2500 ml
- Tropical White Tea RPET3000 ml
- Tropical White Tea RPET350 ml
- Tropical White Tea RPET500 ml
- Tropical White Tea RPET6000 ml
- Tropical White Tea Returnable Glass 355 ml
- Tropical Lemon Tea RPET1000 ml
- Tropical Lemon Tea RPET2400 ml
- Tropical Lemon Tea RPET250 ml
- Tropical Lemon Tea RPET2500 ml
- Tropical Lemon Tea RPET350 ml
- Tropical Lemon Tea RPET500 ml
- Tropical Lemon Tea Returnable Glass 355 ml
- Tropical Apple Tea Light RPET2500 ml
- Tropical Apple Tea Light RPET500 ml
- Tropical Apple Tea RPET2400 ml
- Tropical Apple Tea RPET2500 ml
- Tropical Apple Tea RPET350 ml
- Tropical Apple Tea RPET500 ml
- Tropical Apple Tea Returnable Glass 355 ml
- Tropical Peach Tea Light RPET500 ml
- Tropical Peach Tea RPET1000 ml
- Tropical Peach Tea RPET1750 ml
- Tropical Peach Tea RPET2000 ml
- Tropical Peach Tea RPET2400 ml
- Tropical Peach Tea RPET250 ml
- Tropical Peach Tea RPET2500 ml
- Tropical Peach Tea RPET3000 ml
- Tropical Peach Tea RPET350 ml
- Tropical Peach Tea RPET500 ml
- Tropical Peach Tea RPET6000 ml
- Tropical Peach Tea Returnable Glass 355 ml

## Water and sanitation



with suppliers to work on the search for new raw material options. For example, starting this year, the study to migrate to compostable sources of plastics for the different presentations and brands was initiated.

In the case of **Imperial**, for the water shortage impact, for each functional unit, the product with the highest result corresponds to Imperial's 473 ml can presentation. The products with the greatest impact on their footprint throughout the stages of their life cycle are those packaged in aluminium containers, followed by one-way or disposable glass, and products with less impact are those made of returnable glass. Considering that the products packaged in cans are the ones with the greatest impact, it can be seen that the greatest contribution to the impact of the product footprint corresponds to the raw materials stage, followed by the production stage, then the distribution stage and finally the point of sale and final waste disposal stages. It is important to emphasize that the impact on final disposal is low thanks to the contribution of the post-consumer recycling program that allows a significant percentage of aluminum packaging to be recycled.

As for **Tropical** products, the water footprint study corresponds to the tea presentations.

In the impact category water scarcity using the AWARE model, water use is indicated at the maintenance level of available water, once the demand of the ecosystems is met. As a result, in the raw material life cycle stage, the greatest contribution is made by sugar and tea extract, due to the crop's water requirements.

The above is relevant information for consumers through which they can base their choice of product by introducing the environmental variable as a selection criterion not only before other brands in the market, but also within different presentations of the same product.

For the 2020 period, FIFCO continues with the study of these brands, always seeking to improve the methodology to measure the impacts, so that this is as accurate as possible. Likewise, the possibility of working, hand in hand with the Sustainable Procurement program, on measuring the footprint of some of the raw materials that are part of these products is being evaluated, since all the information in the studies is theoretical and takes as a reference Simapro software databases.

This is in addition to the results that the life cycle studies of our products have given us, where the greatest impacts on the three brands studied correspond to raw materials, above our own impacts on the manufacturing and distribution process.

FIFCO does not currently operate in water-stressed areas, as stipulated by the World Resources Institute's (WRI) **Aqueduct Water Risk Atlas** and the **World Wildlife Fund's (WWF) Water Risk Filter**. In accordance with these tools, our operations in Central America and the United States are located in areas of low water stress. In addition, all of the water we use is fresh water, except for seawater and treated wastewater used for irrigation, reported in the Hospitality operations at the Reserva Conchal project.

An important point for the measurement process is that, if these are internal, the data are taken from calibrated equipment. This allows us to ensure the data's veracity, since the information is used to keep internal indicators on a daily, weekly and monthly basis in order to strictly monitor consumption behavior and focus on projects aimed at reducing consumption.

### Control and reduction

As part of the strategy, the second step is to control consumption and reduce it to a technically feasible standard, based on best practices worldwide.

The indicators and targets related to water consumption used in the control process are established annually according to historical data from previous years and projections of production, projects, changes in processes, calculating the impact of these changes on the water consumption indicator per facility. Once approved by senior management, these become part of the performance evaluation of the employees or teams in the process areas. Additionally, this indicator becomes part of the annual performance evaluation of the Supply Chain management, in order to give a high level of importance to its monitoring and continuous improvement.

## Water and sanitation



Pepsi Plant managed, one more year, to be the most efficient operation in terms of water consumption per unit produced, being also one of the best among Pepsico's system with 1.83 hl of water per hl produced. In the warehouse and logistics operations they registered a similar behavior to the previous year.

For this period, however, the integration process of the Pepsi Plant and Cristal Plant in the new Refreshment Plant, as of June 2019, generated an increase in the absolute consumption of water compared to the previous period. However, per unit produced, there was a significant reduction compared to 2018, so the testing and assembly process, as well as the integration, did not have a significant impact on the consumption of water per unit produced at this facility.

In the case of the operations in the alcoholic beverage plant, specifically, there was an increase in the consumption of fresh water while the operation of the water recovery system of the pasteurizers was being optimized, which is reflected in the annual indicator per unit produced and in the absolute consumption.

### ► Absolute water consumption by facility

Facility	Absolute water consumption (HL)		
	2018	2019	Reduction
Alcoholic Beverage Plant	11,998,347	12,238,220	239,873
Refreshment Plant	5,464,800	6,256,379	791,579
PEPSI Plant	2,231,510	1,088,700	-1,142,810
Others in Costa Rica	720,926	659,667	-61,258
Total Distribuidora La Florida	20,415,583	20,242,967	-172,616

### ► Water consumption reduction initiative

For this period, some initiatives were carried out to reduce water consumption, among the most relevant:

- **Reactivation of the rainwater harvesting system** at the GMA West Distribution Center, Costa Rica.
- **Creation of a system for pumping water drums** used for washing vehicles at the GMA East Distribution Center.
- **Creation of rainwater harvesting systems:**
  - Distribution Center in San Isidro del General.
  - Distribution Center in Liberia, supplemented by the provision of energy-efficient sanitation facilities.
  - Distribution Center in Nicoya.
- **Initiation of second level water consumption measurements per process** in the Retail facilities to control consumption in various areas and identify reduction opportunities.

## Water and sanitation



## Offset

FIFCO continues the external offset of its water footprint by protecting watersheds through the Payments for Environmental Services (PES) mechanism of the National Forestry Financing Fund (FONAFIFO), an institution attached to Costa Rica's Ministry of Environment and Energy (MINAEC). It consists of an economic recognition to forest owners in areas of aquifer recharge for capturing rainwater and infiltrating it back into the subsoil. Since 2001, **Florida** became the first private company to recognize forest environmental services, covering a specific area of aquifer recharge in Barva's Upper Basin, in the province of Heredia, Costa Rica.

- ▶ Distribuidora La Florida: 850 hectares in the Barva and Osa Peninsula Upper Basin.
- ▶ Reserva Conchal: 80 hectares in the Matapalo and Lajas river basins, in the province of Guanacaste.

In addition to the continuity of the PES and external social investment in community water projects and water harvesting as a means of offsetting the water footprint that have been implemented in recent years, since 2015 **Florida** has been part of the first water fund in Costa Rica called *Agua Tica*.

▶ *Agua Tica* Fund: activities

- ▶ Soil regeneration.
- ▶ Good agricultural practices.
- ▶ Restoration of degraded areas.
- ▶ Environmental Education.
- ▶ Agroforestry Systems.
- ▶ Slope control.
- ▶ Forest protection.
- ▶ Reforestation.

*Agua Tica* is a public-private financial mechanism aimed at protecting water resources located in the Greater Metropolitan Area. The purpose of this initiative is to promote integrated management of water resources located in the selected area. Under the coordination of Fundecor, the promoter group was created to offer technical support to the creation and implementation process. **Florida** is part of this group with other public companies such as the Ministry of Environment and Energy and AyA, as well as other private companies and non-governmental organizations.

The fund aims to capture generated and existing resources to be used for developing activities to ensure water quantity and quality, in benefit of water users.

## ▶ Water Positive and interaction with stakeholders

Being **water positive** means that after the process of measuring and evaluating the impacts on the organization's or product's water footprint, and after the compensation is made, value is created through projects that bring water back into the environment and the level of compensation is exceeded.

In the case of Imperial beer, the water footprint generated for the production of Imperial beer throughout its value chain (obtaining raw materials, manufacturing, distribution, final disposal and recycling of packaging) is still fully quantified. This allows the brand to be certain of its real impact on the ecosystem and to clearly define the route to reduce and offset this footprint. This quantification is reviewed by the Center for Life Cycle Analysis and Sustainable Design in Mexico and verified annually by the Technical Standards Institute in Costa Rica.

The positive value is achieved by the water fixation projects in the Barva and Osa Peninsula Upper Basin; as well as the community water projects that are being developed together with our collaborators in two important areas of the country such as Gavilán Canta in Talamanca and in Brasilito, Guanacaste.



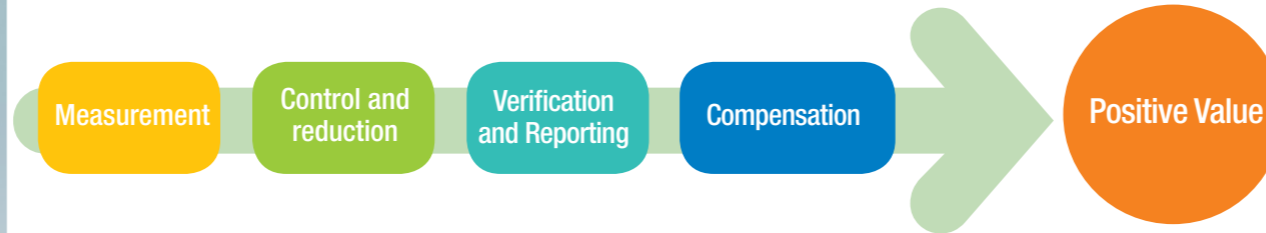
# Energy, emissions and carbon positive



When considering the carbon footprint strategy, the main components of this footprint are: thermal energy consumption, refrigerant gas consumption and electrical energy consumption.

Electrical energy is mainly used for lighting, air conditioning and equipment operation. Thermal energy is used in combustion processes to generate steam for the processes, as well as for the use of vehicles and forklifts. Refrigerant gases include the use of the cooling equipment we place at the point of sale, as well as air conditioners and cold rooms for storing raw materials.

## Stages of the Carbon Positive cycle



## Electrical energy

### Measurement and reduction

Operations in Costa Rica have an energy matrix based on 90% renewable energy. In the case of Guatemala, although the operation in that country does not represent high consumption of the country's electrical energy, the generation of greenhouse gas

emissions from electrical consumption is considerable due to the local energy matrix based on only 64% renewable energy. In the case of FIFCO USA, the geographic location of the main operation in Rochester, New York is favored as one of the states with the highest generation of electricity from renewable sources in the United States.

As for the consumption of electrical energy in all operations, a measurement and control process is maintained in order to follow up on performance and to be able to take reduction actions in a timely manner. Due to new process energy requirements at all facilities, an increase in energy consumption is reported for this period.

## Consumo eléctrico por instalación

Instalación	Electrical Energy Consumption KWH			Consumption indicator		Unit
	2018	2019	Reduction (KWH)	2018	2019	
CCR Plant	17,115,895	18,474,442	1,358,547	6.54	7.20	KWH/Hi produced
Cristal plant	15,069,015	18,361,339	3,292,324	10.64	9.16	
Pepsi Plant	5,964,764	2,998,400	-2,966,364	4.99	5.05	
Others in CR	9,622,183	8,926,556	-695,627	1.73	1.63	
<b>SUBTOTAL CR</b>	<b>47,771,857</b>	<b>48,760,737</b>	<b>988,880</b>	<b>8.58</b>	<b>8.90</b>	
IAK Plant	9,824,211	10,076,854	252,643	9.24	9.38	KWH/ton sold
<b>TOTAL Beverages</b>	<b>57,596,068</b>	<b>58,837,591</b>	<b>1,241,523</b>	<b>8.69</b>	<b>8.98</b>	
Retail	9,663,567	9,416,788	-246,779	380.28	426.37	
Conchal	17,403,428	28,955,236	11,551,808			Total KWH

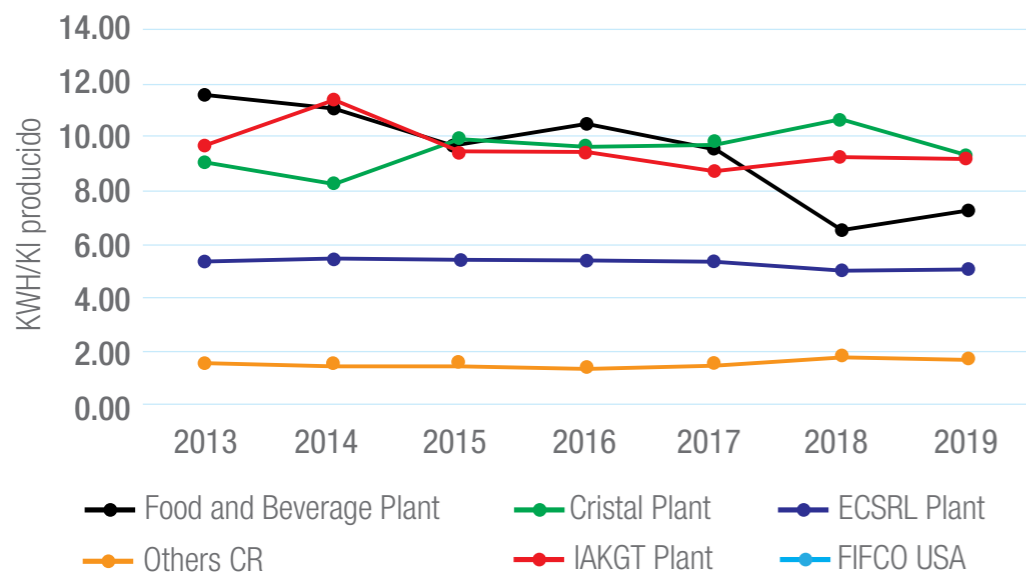
Energy, emissions and carbon positive



Electrical energy

Regarding historical consumption by facility since 2013, for the beverage operations, we maintain the decreasing trend in a more noticeable manner in the operations of the Beer and Cristal plants, which closed the period with a better performance after the merger with the Pepsi Plant. Despite the increase in electricity consumption for the period, we maintain an energy management program with which we seek to reduce consumption.

► **Electrical energy in beverage operations in Central America and the United States**



► **Initiatives to reduce energy consumption**

Description of the reduction initiative	Facility
Optimization of the use of compressors for the blowers that supply the aeration system of the wastewater treatment system	Cristal Plant
Charging room for 8 batteries of electric forklifts	Cedi West
Change in lighting of the picking area for LED lights	Cedi West
Change in warehouse lighting (internal and external) for LED lights	Cedi East
Change of lights to LED technology inside the warehouse, in the Cold Equipment and Special Events area, as well as in external areas	San Carlos Deposit
Improvement in energy consumption in the PTAR's aerobic treatment	CCR Plant
Reduced energy consumption by compressor shutdown	Retail Plant
Installation of the Endocube system to save electricity in the hotel's 40 cold rooms	Westin Hotel Restaurants
Installation of 1,352 solar panels	Guanacaste

Energy, emissions and carbon positive



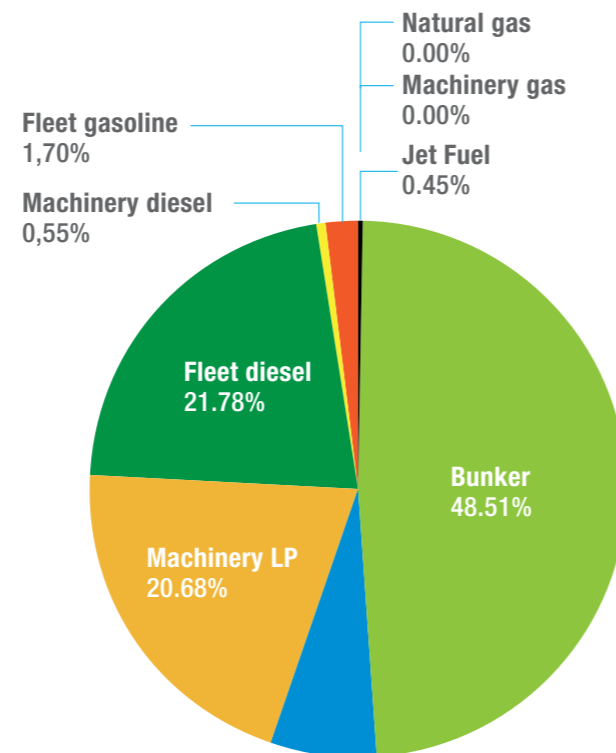
Thermal energy

Measurement and reduction

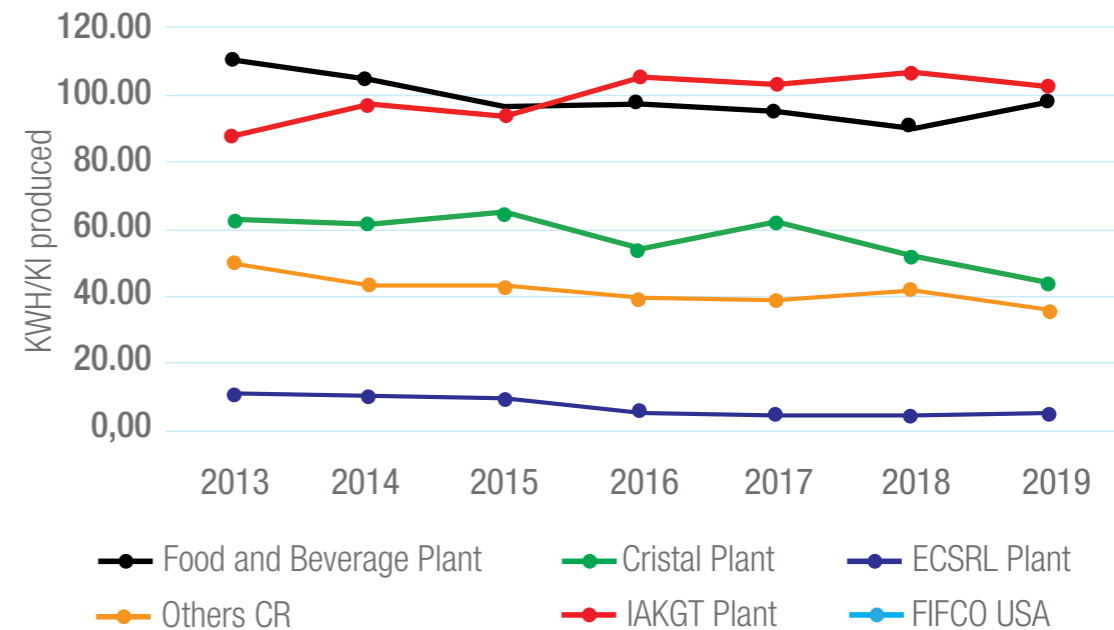
Thermal energy consumption for FIFCO's facilities shows bunker as the largest source, used in the manufacturing processes for steam generation (bunker), followed by transport diesel and LPG used in machinery such as cookers and heaters. The remaining sources are distributed in the lowest percentage (fleet gasoline and LPG, machinery diesel and Jet A1).

In the case of the Beverage operations in Central America, we see that, for the refreshment plants, IAK in Guatemala and non-productive operations, there is a reduction in consumption compared to the previous year. Only in the case of the CCR Plant is there an increase in consumption due to the installation of new equipment in the brewing area that has generated an overflow of hot water, and there is a project for its use in the next period.

Thermal consumption (GJ)



Thermal energy in beverage operations in Central America and the United States



Thermal energy consumption by production unit

Year	MJ/Hi					MJ/Ton		
	CCR Plant	Cristal Plant	ECSRL Plant	Others in CR	IAKGT Plant	FIFCO USA	RETAIL	MJ Conchal
2013	110.71	62.72	11.11	50.08	87.48		162.00	
2014	104.28	61.88	10.28	43.49	97.55		138.50	
2015	96.40	65.06	9.74	42.97	93.47		120.47	
2016	97.31	53.94	5.49	39.33	105.38		123.89	
2017	95.26	62.09	5.02	38.87	103.20		110.05	
2018	90.27	51.84	4.44	41.90	106.89		118.92	17,403.12
2019	98.04	44.35	5.08	36.00	102.35		97.50	28,952.53



Energy, emissions and carbon positive



Thermal energy

For the beverage operation in Costa Rica, there is external energy consumption or consumption outside the organization, due to mass transport trips made by third parties, which consume diesel in the vehicles that perform this work.

In summary, regarding energy consumption by FIFCO operations, for the reporting period there is a total of **30,018,167 GJ** of energy (thermal and electrical) for the beverage and food operations in Central America and the United States.

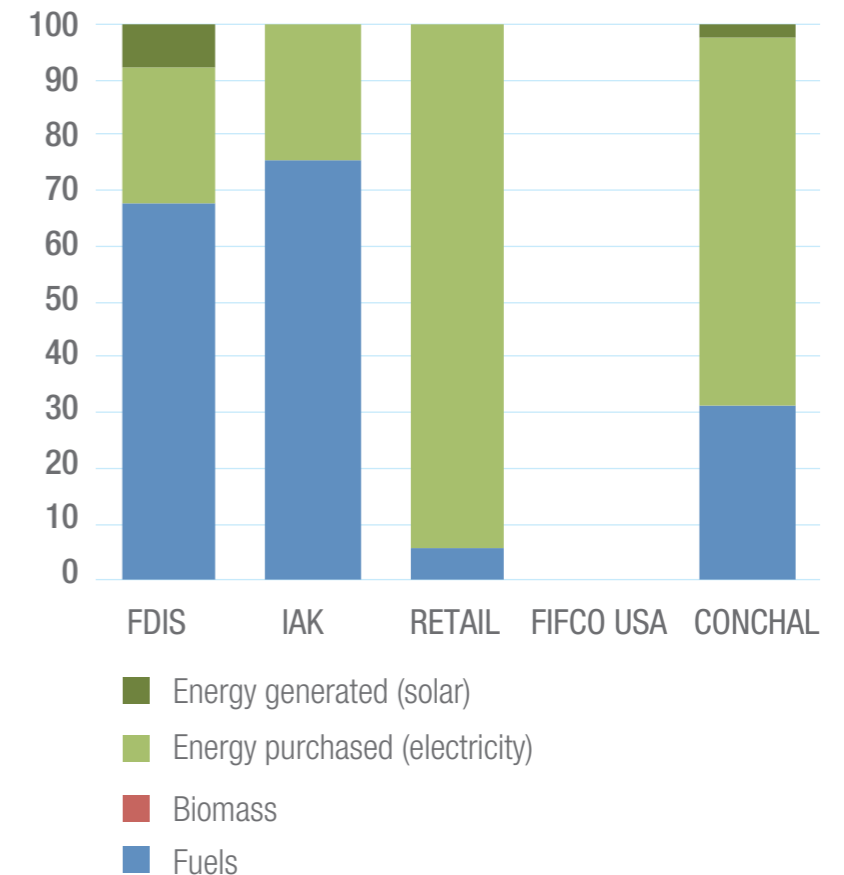
Initiatives to reduce energy consumption

Description of the reduction initiative	Facility
Change of 5 forklifts from LPG to electric	Cedi West
CO2 savings (improvements in water and thermal energy management)	CCR Plant
Elimination of empty return trips from rural centers to Cedi West or GMA by agreement with rice and cement companies that use these trips for their transport activities	Distribution
Reduced energy consumption by eliminating pre-baked goods	FIFCO Retail Plant
Replacing the combustion vehicle fleet with electric vehicles	Westin Hotel

Total energy consumption (GJ)

FDIS	IAK	RETAIL		CONCHAL	TOTAL
809,397	146,198	36,024	20,026,548	30,018.67	30.018,67

Total energy consumption by business (GJ) Percentage





## Green House Gas Emissions

### Measurement, reduction and neutrality



Several of FIFCO's operations have achieved Carbon Positive status, which not only measures and reduces the footprint, but also offsets and exceeds the level of neutrality by more than 20%.

These operations are also recognized by the Costa Rican Government as Carbon Neutral.

For this process, FIFCO takes as a reference the INTE ISO 14064 standards, the B5:2016 standard and is governed by the guidelines in the framework of Costa Rica's Carbon Neutral Country Program 2.0.

Distribuidora La Florida	Retail	Hospitality
Since 2018	Since 2017	Since 2015
2019 Footprint: 39,114 ton CO <sub>2</sub> e	2019 Footprint: 1,432 ton CO <sub>2</sub> e	2019 Footprint: 5,022 ton CO <sub>2</sub> e
Offset: First Climate	Offset: FONAFIFO	Offset: FONAFIFO

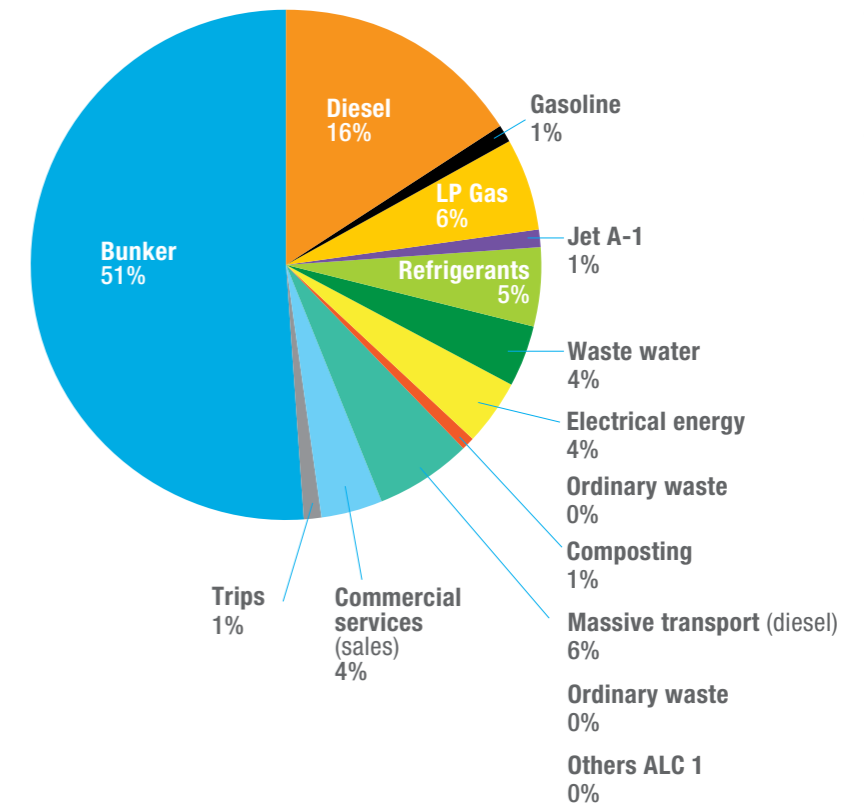
### Distribuidora La Florida Carbon Positive

In the case of Distribuidora La Florida, the footprint ranges from the entry of raw materials into the manufacturing process to the product's distribution. The carbon footprint measurement includes all direct emissions (scope 1), indirect emissions (scope 2) and some indirect emissions (scope 3).

This is the ninth year since 2011 that we perform external footprint verification, and for second consecutive year, we perform footprint offset after the corresponding reduction process. The 2019 carbon footprint for this operation is 39,114 tons of CO<sub>2</sub>e.

As in the previous period, we offset 20% above the level of neutrality, so we maintain the positive carbon condition for the operation.

### Breakdown of carbon footprint sources



### Load sharing

FIFCO and CEMEX decided to strategically partner and unite their supply chains to reduce the greenhouse gas emissions of their vehicle fleet. CEMEX's trucks, which used to return empty from San Jose to its distribution center in Nicoya and Puntarenas now bring products to the FIFCO distribution center in these areas.

Results in the first 10 months: 110,880 kilometers not traveled by trucks, 62,292 liters of diesel saved, 165,938 kg of CO<sub>2</sub> equivalent, heavy vehicle traffic on a high-traffic route decreased.



During this period the Emissions Protocol for distribution vehicles was updated, allowing us to calculate the footprint based on more specific information from our fleet, reducing the differences that may exist with theoretical data from the reference databases. During 2020, the factor related to mass transport will be updated.

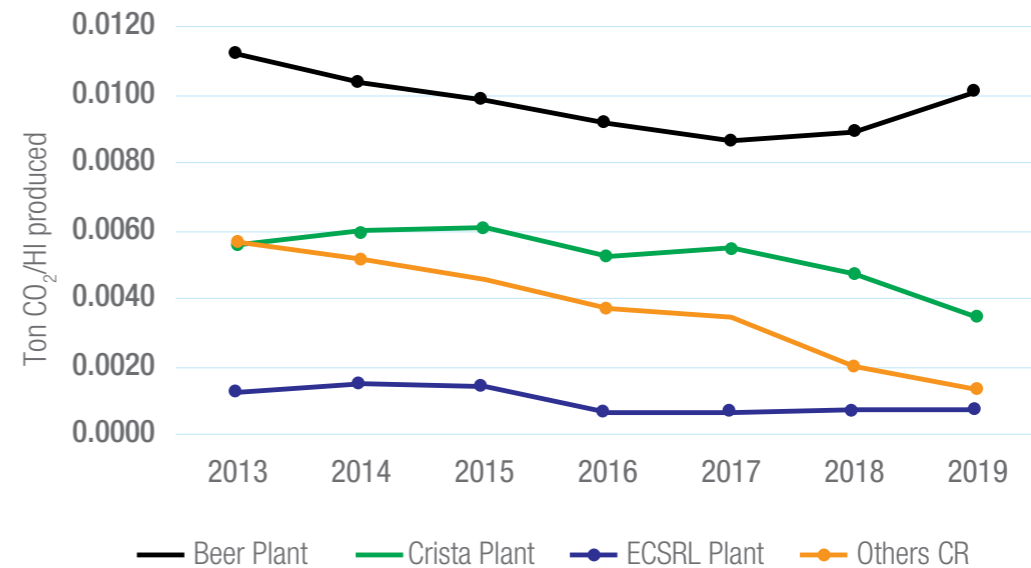
Regarding the intensity of emissions from the Distribuidora La Florida facilities, except for the **CCR Plant**, which had an increase in thermal energy consumption in the previous period, the other facilities show a downward trend.

### Carbon Positive Retail Manufacturing

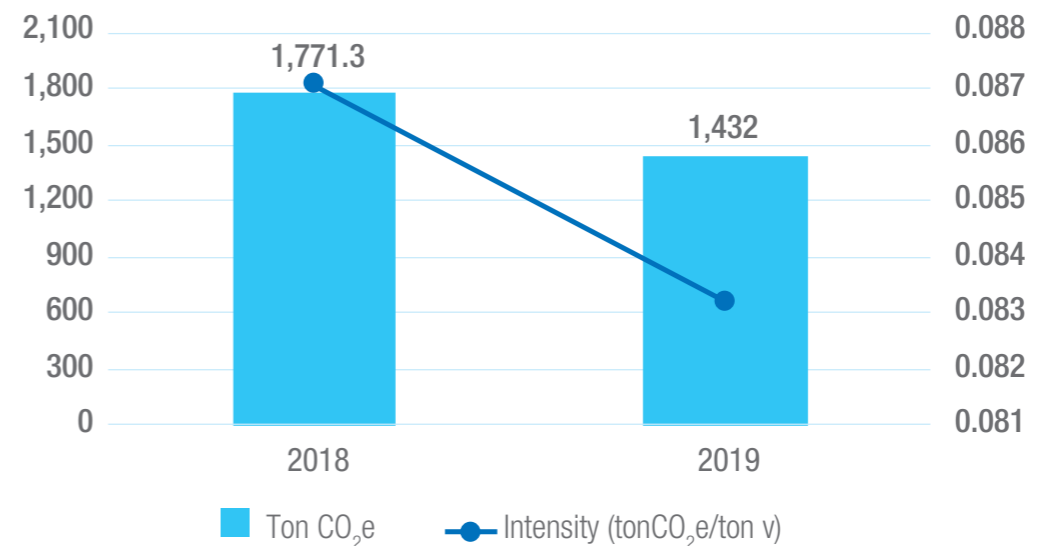
The Retail operation's manufacturing plant reported its emissions inventory for six years, being offset to positive carbon level for two consecutive years. The carbon footprint of this operation includes all direct emissions (scope 1), indirect emissions (scope 2) and some indirect emissions (scope 3). In this period, reductions start showing for the project to replace the R-22-based refrigeration system with an NH<sub>3</sub>/CO<sub>2</sub> cascade system carried out in partnership with UNDP and MINAE. For this period, more than 300 tons of reduction were reported compared to the inventory of the previous period.

As for the Retail operation, the 5 points of sale with positive carbon status are maintained. These five points of sale are: Trejos Montealegre, Sabana Estadio, Pavas Triangulo, Amistad and Centro Colón.

### CO<sub>2</sub> emissions in beverage operations (Costa Rica)



### Retail carbon footprint



## Energy, emissions and carbon positive | Green House Gas Emissions



### Hotel Westin Golf Resort & Spa Playa Conchal Carbon Positive

The Westin Hotel also maintained its carbon positive status during the reporting period, reaffirming its commitment to go further and today remains the first all-inclusive hotel and golf course in Central America to achieve a carbon positive status.

Due to the entry into operation of W Costa Rica Hotel, the carbon footprint of this period shows an increase of 16%, which generated an inventory for this business of 5,022.50 tons of CO<sub>2</sub>e.

Within Reserva Conchal, the organization has 265 ha of coverage of three types: shrub and tacotal vegetation (49.2 ha), tacotal in transition to secondary forest (87.10 ha) and secondary forest (129.0 ha). This forest cover captures CO<sub>2</sub> by fixing this gas present in the atmosphere and incorporating it into its plant mass as carbon through photosynthesis. This same process releases oxygen into the environment as a result of carbon fixation. Given this process, this particular forest is called a carbon sink, which is managed under a natural regeneration forest scheme.

During this period, two highly important initiatives to reduce the footprint were carried out:

- Replacing the combustion vehicle fleet with electric vehicles
- Installation of 1,352 solar panels

Despite the fact that the total emissions are increasing for the above reason, without these projects the impact of the new hotel would have been greater on the inventory, which somehow allowed this increase to be mitigated.

For the operations in Guatemala, the inventory is partially calculated and in the case of FIFCO USA, the calculation of the main emission sources is available; however, a more detailed process is required in order to make the inventory. In the 2020 period, work will be done to advance this agenda and bring these operations to the level of those previously mentioned in Costa Rica.

### Summary of the emissions inventory

#### Emissions from FIFCO Central America facilities (tons of CO<sub>2</sub>e)

Facility	Emissions from FIFCO Central America facilities (tons of CO <sub>2</sub> e)										Emission intensity (tons of CO <sub>2</sub> /hl produced)			
	Scope I			Scope II			Scope III			TOTAL Ton CO <sub>2</sub> e		2018	2019	
	2019	2018	Reduction 2019 vs 2018	2018	2019	Reduction 2019 vs 2018	2018	2019	Reduction 2019 vs 2018	2018	2019			
CCR Plant	20,018.37	15,667.24	4,351.13	1,576.38	853.41	-722.97	333.65	386.82	53.17	17,577.28	21,258.61	3,681.33	0.00672	0.00828
Cristal Plant	5,062.12	4,044.60	1,017.51	889.51	615.43	-274.08	24.83	24.61	-0.22	4,958.95	5,702.16	743.21	0.00350	0.00285
Pepsi Plant	192.67	309.76	-117.09	357.55	71.92	-285.63	1.17	0.50	-0.66	668.47	265.09	-403.38	0.00056	0.00045
Others in CR	5,818.56	9,873.58	-4,055.02	339.28	217.19	-122.09	4,301.66	4,332.46	30.80	14,514.52	10,368.21	-4,146.31	0.00261	0.00189
<b>Subtotal Beverages CR</b>	<b>31,091.71</b>	<b>28,895.18</b>	<b>1,196.53</b>	<b>3,162.72</b>	<b>1,757.95</b>	<b>-1,404.77</b>	<b>4,661.31</b>	<b>4,744.40</b>	<b>83.09</b>	<b>37,719.22</b>	<b>37,594.07</b>	<b>-125.15</b>	<b>0.0068</b>	<b>0.0069</b>
IAKGT	6,941.64	7,315.70	-374.07	3,147.52	1,034.26	-2,133.26	NA	NA	0.00	10,463.22	7,975.89	-2,487.32	0.00984	0.00743
<b>Total Beverages</b>	<b>38,033.35</b>	<b>37,210.88</b>	<b>822.46</b>	<b>6,310.24</b>	<b>2,792.21</b>	<b>-3,518.03</b>	<b>4,661.31</b>	<b>4,744.40</b>	<b>83.09</b>	<b>48,182.43</b>	<b>45,569.96</b>	<b>-2,612.47</b>	<b>0.0073</b>	<b>0.0070</b>
Retail	1,009.68	1,185.40	-175.72	584.60	422.18	-162.42	1.30	0.40	-0.90	1,771.30	1,432.26	-339.04	0.08703	0.08322
Conchal	3,246.50	2,556.46	690.04	891.01	659.70	-231.31	874.20	1,116.30	242.10	4,321.67	5,022.50	700.83	NA	NA

## Environmental certifications and other awards

**After INTECO's (Costa Rican Institute of Technical Standards) internal and external audit processes, Distribuidora La Florida S.A.'s three manufacturing facilities: Beer and Flavored Alcoholic Beverages (FAB) Production Plant, Water and Refreshment Plant, and 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 management program being developed in a basin's transect, both upstream and downstream from where the plants are located.

Our finished products' storage and distribution operation (Distribuidora La Florida S.A.) maintains its certification for distribution centers located in the Greater Metropolitan Area (known as CEDI GMA West in Llorente de Flores, Heredia, and CEDI GMA East, located in San Rafael Arriba of Desamparados). Since 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.

The ISO 14001 Environmental Management System of the 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 (CCU) helped this operation keep its Carbon Neutral status achieved in 2014, FIFCO's first operation to achieve the award and among the first 20 in the country. This great achievement has allowed Florida Retail to obtain the Carbon Neutral country brand granted by the Costa Rican government.

As for the Hospitality operation, 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. 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.

Environmental certifications and other awards

2019 Environmental Certifications

SITE	EMS	WaterFP	Carbon FP	Carbon+	ZERO W	Ecological Blue Flag AyA-CR			TSC	Safety	TPM (Heineken)		
	ISO 14001	ISO 14046	ISO 14064	MINAE	Carbon Trust	Microbasin	Beach	Community	Prot. Spec.	ICT-CR	OHSAS 18K	Safety Pillar	Pack&Sust
Cerveza y BAS	●	●	●	●	●	■						■	
Refrescos y Agua	●	●	●	●	●	■					■		
CEDI GAM	●	●	●	●	●						■		
CEDI Rural		●	●	●	●								
Manufac. Retail	●		●	●									
Retail (5 PDV's)			●	●									
WPC Hotel	●			●			●			■			
W Hotel							●						
Reserva Conchal							●	●	■				
IAK (GUA)		●											
ROC (USA)													

●		ISO 14001	●		Carbono 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

**Product environmental footprint certification**

ISO 14046-1:2006 Water Footprint

ISO 14067:2015 Product's Carbon Footprint Línea de Tés Tropical

## Complaints, claims and sanctions

During this period, 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 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. 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.

## Biodiversity

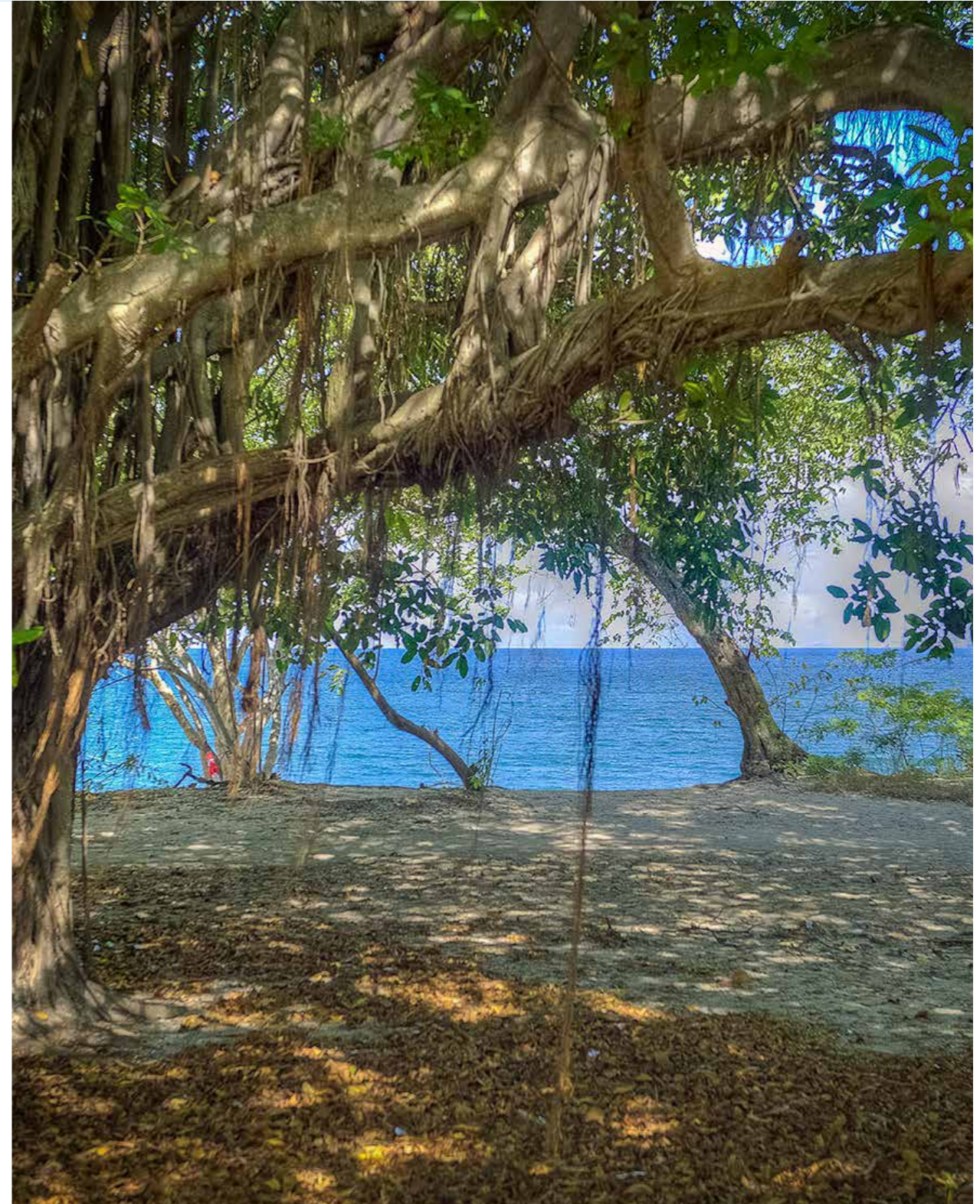
None of our own or rented facilities for food and beverage operations are adjacent to, include or are located in protected or unprotected areas of great biodiversity value. The Beer, Cristal and Pepsi manufacturing plants, as well as the Regional Distribution Center (RDC) in Guápiles, border with surface 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. Regarding 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 result of earthworks. The process was verified through inspections carried 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 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.

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 water sources, 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





## Biodiversidad

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

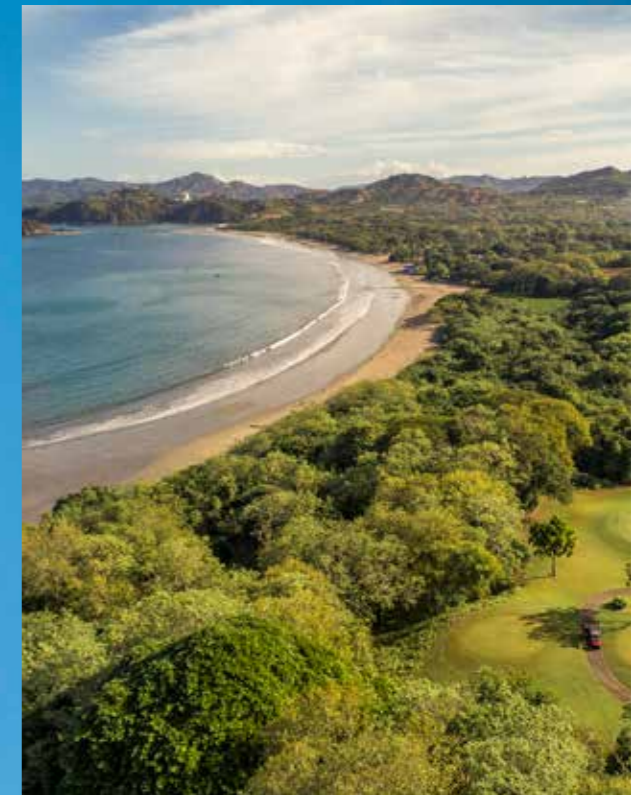
reach owners and areas of interest by means of resource use and application verification. This is why it maintains FONAFIFO's Environmental Service Certificates (ESCs).

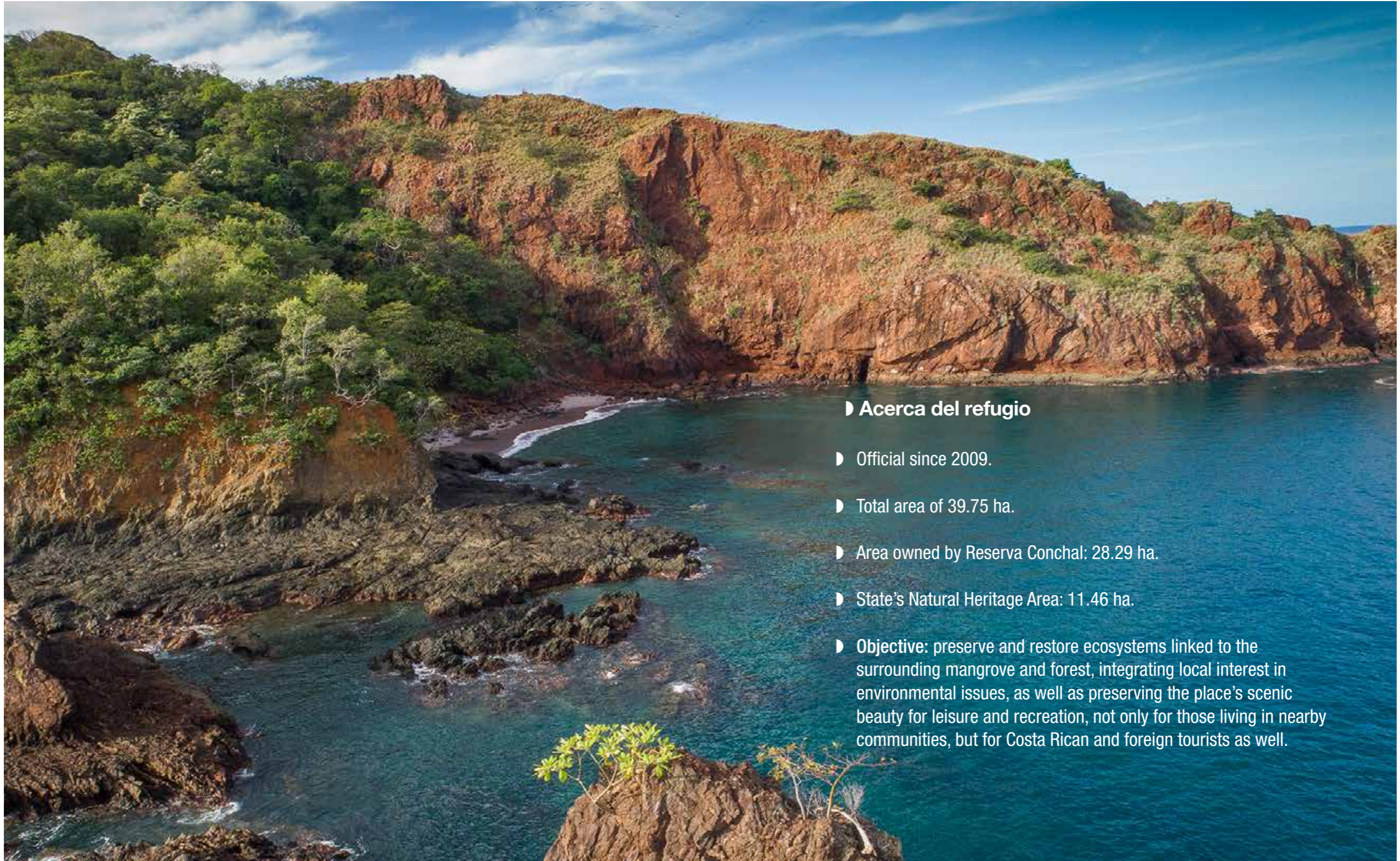
During this period, FIFCO still holds all of its valid environmental services contracts with FONAFIFO in Barva's Upper Basin in the Central Valley (650 ha) and in Vivo Park (150 ha) in the Osa Peninsula, in the country's South Pacific. It is of great biologic importance, since 5% of the world's biodiversity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

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 our facilities are located. However, endangered species that coexist within the Reserva Conchal sphere of influence can be observed under the GRI 304-4.





### ► Acerca del refugio

- 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.

# GRI Standards

## GRI Standards



### GRI DISCLOSURE INDEX

For the Materiality Disclosure Services, GRI Services has verified that the GRI Disclosure Index is clear and that the references for Disclosures 102-40 through 102-49 correspond to the sections provided in the report.

GRI STANDARD	STANDARD NUMBER	DISCLOSURE	PAGE AND DIRECT RESPONSES	OMISSIONS	EXTERNAL VERIFICATION
<b>GRI 101: Foundation 2016</b> (GRI 101 does not include disclosures)					No
	102-1	Name of the organization	3		No
	102-2	Activities, brands, products, and services	26 - 29		No
	102-3	Location of headquarters	26		No
	102-4	Location of operations	26		No
	102-5	Ownership and legal form	26		No
	102-6	Markets served	29		No
	102-7	Scale of the organization	26		No
	102-8	Information on employees and other workers	26, 228		No
	102-9	Supply chain	103, 229		No
	102-10	Significant changes to the organization and its supply chain	53 y 103		No
<b>GRI 102: General Disclosures 2016</b>	102-11	Precautionary principle or approach	54		No
	102-12	External initiatives	54		No
	102-13	Membership of associations	54		No
	102-14	Statement from senior decision-maker	4-6		No
	102-15	Key impacts, risks, and opportunities	8, 9, 24-26		No
	102-16	Values, principles, standards, and norms of behavior	31, 168, 169		No
	102-17	Mechanisms for advice and concerns about ethics	168 y 169		No
	102-18	Governance structure	12, 18-21		No
	102-19	Delegating authority	20		No
	102-20	Executive-level responsibility for economic, environmental, and social topics	22		No

## GRI Standards

GRI STANDARD	STANDARD NUMBER	DISCLOSURE	PAGE AND DIRECT RESPONSES	OMISSIONS	EXTERNAL VERIFICATION
<b>GRI 102: General Disclosures 2016</b>	102-21	Consulting stakeholders on economic, environmental, and social topics	44-48		No
	102-22	Composition of the highest governance body and its committees	12, 18-21		No
	102-23	Chair of the highest governance body	4, 12		No
	102-24	Nominating and selecting the highest governance body	18		No
	102-25	Conflicts of interest	169		No
	102-26	Role of highest governance body in setting purpose, values and strategy	19		No
	102-27	Collective knowledge of highest governance body	22		No
	102-28	Evaluating the highest governance body's performance	19		No
	102-29	Identifying and managing economic, environmental, and social impacts	46, 47		No
	102-30	Effectiveness of risk management processes	20, 21, 24, 25		No
	102-31	Review of economic, environmental, and social topics	22		No
	102-32	Highest governance body's role in sustainability reporting	22		No
	102-33	Communicating critical concerns	22, 45		No
	102-34	Nature and total number of critical concerns	22, 45		No
	102-35	Remuneration policies	20		No
	102-36	Process for determining remuneration	-	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 Standards

GRI STANDARD	STANDARD NUMBER	DISCLOSURE	PAGE AND DIRECT RESPONSES	OMISSIONS	EXTERNAL VERIFICATION
<b>GRI 102: General Disclosures 2016</b>	102-39	Percentage increase in annual total compensation ratio	138		No
	102-40	List of stakeholder groups	44		
	102-41	Collective bargaining agreements	140		
	102-42	Identifying and selecting stakeholders	44		
	102-43	Approach to stakeholder engagement	46-48		
	102-44	Key topics and concerns raised	47-48		
<b>GRI 102: General Disclosures 2016</b>	102-45	Entities included in the consolidated financial statements	3 y 27		
	102-46	Defining report content and topic Boundaries	3, 49, 50		
	102-47	List of material topics	49-50		
	102-48	Restatements of information	49		
	102-49	Changes in reporting	49		
	102-50	Reporting period	3		No
<b>GRI 102: General Disclosures 2016</b>	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 disclosure index	204		No
	102-56	External assurance	The report does not have external verification		No

## GRI Standards

GRI STANDARD	STANDARD NUMBER	DISCLOSURE	PAGE AND DIRECT RESPONSES	OMISSIONS	EXTERNAL VERIFICATION
<b>ECONOMIC DIMENSION</b>					
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary	Economic standards: 67 (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 created and distributed	70-73		No
	201-2	Direct economic value created and distributed	230		No
	201-3	Financial implications and other risks and opportunities due to climate change	231		No
	201-4	Defined benefit plan obligations and other retirement plans	67		No
<b>GRI 202: Market Presence 2016</b>	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	232		No
	202-2	Proportion of senior management hired from the local community	19		No
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1	Infrastructure investments and services supported	59, 70		No
	203-2	Significant indirect economic impacts	51, 70		No
<b>GRI 204: Procurement Practices 2016</b>	204-1	Proportion of spending on local suppliers	231		No
<b>GRI 205: Anti-corruption 2016</b>	205-1	"Operations assessed for risks related to corruption"	168, 169		No
	205-2	Communication and training about anti-corruption policies and procedures	168, 169		No
	205-3	Confirmed incidents of corruption and actions taken	169		No
<b>GRI 206: Anti-competitive behavior 2016</b>	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	Omission: There were no such claims during the reporting period	No
<b>GRI 207: Tax 2019</b>	207-1	<i>Approach to tax</i>	75		No
	207-2	<i>Tax governance, control and risk management</i>	76		No
	207-3	<i>Stakeholder engagement and management of concerns related to tax</i>	77		No

## GRI Standards

GRI STANDARD	STANDARD NUMBER	DISCLOSURE	PAGE AND DIRECT RESPONSES	OMISSIONS	EXTERNAL VERIFICATION
<b>ENVIRONMENTAL DIMENSION</b>					
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary	All environmental Standards: 171-173		No
	103-2	The management approach and its components			No
	103-3	Evaluation of the management approach			No
<b>GRI 301: Materials 2016</b>	301-1	Materials used by weight or volume	174, 175		No
	301-2	Recycled input materials used	179, 180		No
	301-3	Reclaimed products and their packaging materials	174, 175		No
<b>GRI 302: Energy 2016</b>	302-1	Energy consumption within the organization	240		No
	302-2	Energy consumption outside the organization	240		No
	302-3	Energy intensity	240		No
	302-4	Reduction of energy consumption	240		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	189		No
	303-2	Water sources significantly affected by withdrawal of water	240		No
	303-3	Water recycled and reused	189		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	240		No
	304-2	Significant impacts of activities, products, and services on biodiversity	240		No
	304-3	Habitats protected or restored	240		No
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	240		No



## GRI Standards

GRI STANDARD	STANDARD NUMBER	DISCLOSURE	PAGE AND DIRECT RESPONSES	OMISSIONS	EXTERNAL VERIFICATION
<b>GRI 305: Emissions 2016</b>	305-1	Direct (Scope 1) GHG emissions	240		No
	305-2	Energy indirect (Scope 2) GHG emissions	240		No
	305-3	Other indirect (Scope 3) GHG emissions	240		No
	305-4	GHG emissions intensity	240		No
	305-5	Reduction of GHG emissions	196		No
	305-6	Emissions of ozone-depleting substances (ODS)	240		No
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant emissions	240		No
<b>GRI 306: Effluents and Waste 2016</b>	306-1	Water discharge by quality and destination	240		No
	306-2	Waste by type and disposal method	178		No
	306-3	Significant spills	240		No
	306-4	Transport of hazardous waste	240		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	199		No
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1	New suppliers that were screened using environmental criteria	104		No
	308-2	Negative environmental impacts in the supply chain and actions taken	104		No

## GRI Standards

GRI STANDARD	STANDARD NUMBER	DISCLOSURE	PAGE AND DIRECT RESPONSES	OMISSIONS	EXTERNAL VERIFICATION
<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: 15, 123 Community standards 142 Product standards: 100		No
	103-2	The management approach and its components			No
	103-3	Evaluation of the management approach			No
<b>GRI 401: Employment 2016</b>	401-1	New employee hires and employee turnover	233		No
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	139		No
	401-3	Parental leave	234		No
<b>GRI 402: Labor/Management Relations 2016</b>	402-1	Minimum notice periods regarding operational changes	140		No
	403-1	Workers representation in formal joint management–worker health and safety committees	140		No
<b>GRI 403: Occupational Health and Safety 2016</b>	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	235		No
	403-3	Workers with high incidence or high risk of diseases related to their occupation	-	Omission: not applicable	No
	403-4	Health and safety topics covered in formal agreements with trade unions	140	This standard is not reported	No
	404-1	Average hours of training per year per employee	125		No
<b>GRI 404: Training and Education 2016</b>	404-2	Programs for upgrading employee skills and transition assistance programs	124, 125		No
	404-3	Percentage of employees receiving regular performance and career development reviews	138, 236		No
	405-1	Diversity of governance bodies and employees	20, 122		No
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-2	Ratio of basic salary and remuneration of women to men	238		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.

## GRI Standards

GRI STANDARD	STANDARD NUMBER	DISCLOSURE	PAGE AND DIRECT RESPONSES	OMISSIONS	EXTERNAL VERIFICATION
<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	-	Omission: No cases of this type were reported during this period	No
<b>GRI 408: Child Labor 2016</b>	408-1	Operations and suppliers at significant risk for incidents of child labor	-		No
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	23	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	122		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	143-167		No

## GRI Standards

GRI STANDARD	STANDARD NUMBER	DISCLOSURE	PAGE AND DIRECT RESPONSES	OMISSIONS	EXTERNAL VERIFICATION
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1	New suppliers that were screened using social criteria	105-107		No
	414-2	Negative social impacts in the supply chain and actions taken	104-113		No
<b>GRI 415: Public Policy 2016</b>	415-1	Political contributions	-	Omission: No cases occurred during the reporting period.	No
<b>GRI 416: Customer Health and Safety 2016</b>	416-1	Assessment of the health and safety impacts of product and service categories	100, 101		No
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	101		No
<b>GRI 417: Marketing and Labeling 2016</b>	417-1	Requirements for product and service information and labeling	100	Omission: No cases occurred during the period of this report.	No
	417-2	Incidents of non-compliance concerning product and service information and labeling	105		No
	417-3	Incidents of non-compliance concerning marketing communications	-	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	102		No
<b>GRI 419: Socioeconomic Compliance 2016</b>	419-1	Non-compliance with laws and regulations in the social and economic area	101		No

# Annexes

# Statutory Auditor's Report

## Informe de la Fiscalía



21 de febrero del 2020

Señor  
 Wilhelm Steinworth 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 de 15 meses que va del 1 de octubre del 2018 al 31 de diciembre del 2019 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 19 de marzo del 2020.

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 período, la Junta Directiva sesionó en 16 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 el plan anual debidamente aprobado y monitoreado por el Comité de Auditoría y Riesgo, el cual celebró 9 reuniones durante el período referido.

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 Subsidiarias, en el período anual finalizado el 31 de diciembre del 2019, situación que se ratifica con el informe de la auditoría externa realizada por la firma Deloitte, con fecha 12 de febrero del 2020.

De acuerdo con 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 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 2018-2019. Asimismo, doy constancia de que tanto los acuerdos de la Asamblea 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

# Corporate Governance Report



## Corporate Governance Report

**Deloitte.**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Shareholders of  
 Florida Ice & Farm Company, S.A.

*Opinion*

We have audited the accompanying consolidated financial statements of Florida Ice & Farm Company, S.A. and its Subsidiaries ("the Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and September 30, 2018, the consolidated statements of profit and loss and other related comprehensive income, changes in equity, and cash flows for the fifteen- and twelve-month periods then ended, as well as notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Florida Ice & Farm Company, S.A. and Subsidiaries as at December 31, 2019 and September 30, 2018, and its consolidated financial performance and consolidated cash flows for the years then ended, in accordance with the International Financial Reporting Standards.

*Basis for Opinion*

We conducted our audits in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics of the Public Accountants Association of the Republic of Costa Rica and the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code of Ethics) and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a sufficient and adequate basis for our opinion.

*Supplementary information in relation to the Consolidated Financial Statements and to the Auditor's Report*

Management is responsible for disclosing supplementary information in relation to the consolidated financial statements. This information corresponds to the presentation of comparative consolidated financial statements as at December 31, 2019 and 2018 and for the twelve-month periods ended on those dates, which are described in Note 30.

Our opinion on the consolidated financial statements does not cover the other information described in Note 30, and we do not express any conclusions as to its fairness.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge gained from the audit or which otherwise appears to be materially misstated.

Corporate Governance Report

If, based on our work on this other information described in Note 30, we conclude that there is a material misstatement of the information, we are required to report that fact. We have nothing to report in this regard.

*Emphasis of Matter*

We draw attention to Note 2b to the consolidated financial statements, in which the Company's management discloses the change in its accounting close date from September to December 31. Consequently, in the year of the change, the consolidated financial statements as at December 31, 2019 are presented for the fifteen-month period ended on that date; therefore, the amounts presented in the consolidated financial statements are not comparable with the accompanying consolidated financial statements consolidated for the twelve-month period ended September 30, 2018.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were most significant in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below as key audit matters to be communicated in our report.

Key audit matters	How the key audit matters were addressed in our audit
<p>Impairment of indefinite-life intangibles, see Note 13. The Company has identified various cash-generating units for which an annual impairment test is conducted which considers indefinite-life intangibles in accordance with IAS 36, where different valuation methods and good judgment are used to determine if the value of the assets has been impaired. Consequently, the impairment test of these assets is considered a key audit matter.</p>	<p>We focus our indefinite-life intangibles impairment tests on the main assumptions made by Management. Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Our in-house experts will help:                             <ul style="list-style-type: none"> <li>- Critically evaluate if the models used by Management to assess the potential impairment comply with the requirements of IAS 36 Impairment of Assets.</li> <li>- Validate the reasonability of the assumptions used to calculate the discount rates and recalculate these rates.</li> <li>- Analyze the future cash flows projected that were used in the models to determine if they are reasonable and bearable given the current macroeconomic conditions and the future performance expected from the cash-generating unit.</li> </ul> </li> <li>• Submit the key assumptions to sensitivity analysis.</li> <li>• Compare the cash flows projected, including the assumptions related to the growth rates of operating income and margins, against historical performance and market conditions to evaluate the precision of Management's projections.</li> </ul> <p>Based on the audit procedures carried out, we determine that the assumptions used by</p>

Corporate Governance Report

	<p>Management were consistent with the historical performance and future perspectives expected and the discount rates used were appropriate in those circumstances. The sensitivity results regarding impairment risks are described in the notes to consolidated financial statements.</p>
<p><b>Income taxes, sales, alcoholic beverages and transfer pricing</b> – The Company is subject to various taxes in different jurisdictions and is subject to periodic reviews by tax authorities during the normal course of business. As a result of the above, there may be an eventual obligation for tax authorities of each country, different to those used by the Company when settling its taxes, to apply criteria.</p> <p>We have identified this area as a significant risk due to the level of judgment applied in quantifying tax payment provisions.</p> <p>Tax-related revelations are specified in Notes 3p, 23 and 28 to the consolidated financial statements.</p>	<p>We use tax experts, gained understanding of the Company’s tax strategy and the enforcement of the applicable tax law in determining the main taxes and we conclude that the respective provisions are reasonable on the date of the consolidated financial statements. Finally, we consider adequate the disclosures made by the Company in its notes to the consolidated financial statements.</p>

*Responsibilities of Management and Directors for the Consolidated Financial Statements*

Management is responsible for the fair preparation and presentation of consolidated financial statements in accordance with the International Financial Reporting Standards and for the internal control Management may deem necessary to allow the preparation of true and fair financial statements.

In preparing the consolidated financial statements, Management is responsible for assessing the group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

The directors’ responsibilities include overseeing Florida Ice & Farm Company, S.A. and its Subsidiaries’ financial reporting process.

*Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement if present. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit performed in accordance with the ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is

## Corporate Governance Report

higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with the Company directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were most significant in the audit of the financial statements of the current year and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lic. Luis Guillermo Rodríguez Araya – CPA No. 1066  
 Policy No. 0116 FIG 7  
 Expires: September 30, 2020  
 Tax Stamp No. 6663 (¢1000)  
 Paid and affixed to the original

February 12, 2020

**Corporate Governance Report**

**FLORIDA ICE AND FARM COMPANY, S.A.  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**December 31, 2019 and September 30, 2018**

## Corporate Governance Report

## FLORIDA ICE AND FARM COMPANY, S.A. AND SUBSIDIARIES

## Consolidated Statements of Financial Position

(in millions of colones)

December 31, 2019 and September 30, 2018

Assets	Note	2019	2018
Cash and cash equivalents	4	15,804	26,185
Investments in financial instruments	5	1,296	5,541
Accounts receivable, net	6	88,724	67,662
Inventories	7	61,411	64,551
Advances to suppliers		2,164	140
Disbursements paid in advance	8	17,653	20,879
Available-for-sale properties		952	1,898
Current portion of notes receivable, long term	9	2,421	2,226
<b>Total current assets</b>		<b>190,425</b>	<b>189,082</b>
Notes receivable on the long term	9	10,370	13,076
Investment properties	10	41,565	40,677
Investments in associates and others	11	55,928	55,599
Properties, plant, and equipment, net	12	366,971	342,795
Intangible assets	13	173,074	185,949
Goodwill	13	30,954	77,610
Other assets		2,291	2,085
Deferred income tax	23b	16,765	15,725
<b>Total non-current assets</b>		<b>697,918</b>	<b>733,516</b>
<b>Total Assets</b>		<b>888,343</b>	<b>922,598</b>
Liabilities and Equity			
Short-term bank loans	14	24,471	21,024
Current portion of the long-term loans	15	15,936	15,422
Bonds payable	16	10,000	-
Accounts payable	17	62,535	53,326
Accrued expenses and other accounts payable	18	32,417	37,479
Income tax payable		1,996	4,784
Other taxes payable		13,277	7,952
Advances received from Customers	3n	9,609	3,951
<b>Total current liabilities</b>		<b>170,241</b>	<b>143,938</b>
Long-term bank loans, excluding the current portion	15	230,798	247,629
Long-term standardized bonds payable, excluding the current portion	16	108,000	73,250
Deferred income tax liability	23b	38,743	35,622
Financial instruments held for risk management	26	-	741
<b>Total non-current liability</b>		<b>377,541</b>	<b>357,242</b>
<b>Total liabilities</b>		<b>547,782</b>	<b>501,180</b>
<b>Equity:</b>			
Capital in common shares	19	92,016	93,081
Less: treasury stock at their nominal value		1,730	1,065
Capital in outstanding shares		90,286	92,016
Additional paid-in capital		54	54
Reserves		47,000	58,946
Retained earnings		171,521	221,066
<b>Total equity attributable to owners of the parent company</b>		<b>308,861</b>	<b>372,082</b>
Non-controlling interest		31,700	49,336
<b>Total equity</b>		<b>340,561</b>	<b>421,418</b>
Contingencies	28, 29	-	-
<b>Total liabilities and equity</b>		<b>888,343</b>	<b>922,598</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Corporate Governance Report

<b>FLORIDA ICE AND FARM COMPANY, S.A. AND SUBSIDIARIES</b>			
<b>Consolidated Statements of Profit and Loss and Other Comprehensive Income</b>			
<b>(in millions of colones)</b>			
<b>For the fifteen-month period ended on December 31, 2019 and the twelve-month period ended on September 30, 2018</b>			
	<b>Note</b>	<b>2019</b>	<b>2018</b>
<b>Net sales</b>	27	₡ <b>890,383</b>	<b>692,761</b>
Cost of sales		452,578	357,105
<b>Gross profit</b>		<b>437,805</b>	<b>335,656</b>
Sales and marketing expenses	20	206,103	152,102
Overhead and administrative expenses	21	91,081	64,703
Operating expenses		297,184	216,805
<b>Total operating profit before non-recurring items</b>		<b>140,621</b>	<b>118,851</b>
Other expenses, net	13 and 28	83,933	17,077
<b>Operating profit</b>		<b>56,688</b>	<b>101,774</b>
Financial expenses		39,834	26,062
Financial income		(1,818)	(1,264)
Exchange rate differences, net		1,258	2,620
Profit in the participation of associates, net	11	(12,041)	(7,848)
<b>Profit of the year before taxes</b>		<b>29,455</b>	<b>82,204</b>
Income tax:			
Current	23	38,381	32,711
Deferred	23	(5,361)	(9,574)
Total income tax		33,020	23,137
<b>(Loss) Profit of the year</b>		₡ <b>(3,565)</b>	<b>59,067</b>
<b>Other comprehensive income:</b>			
Items that can be subsequently reclassified to profit or loss:			
Exchange rate differences when converting foreign businesses – owners of the controller		(5,769)	273
Exchange rate differences when converting foreign businesses – non-controlling interest		(1,135)	71
Hedge reserve		741	(222)
Participation in surplus from revaluation		(6,918)	-
<b>Other comprehensive income of the year after taxes</b>		<b>(13,081)</b>	<b>122</b>
<b>Total comprehensive income of the year</b>		₡ <b>(16,646)</b>	<b>59,189</b>
<b>(Loss) Profit attributable to:</b>			
Owners of the parent company		(1,243)	46,170
Non-controlling interest		(2,322)	12,897
		₡ <b>(3,565)</b>	<b>59,067</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent company		(13,189)	46,221
Non-controlling interest		(3,457)	12,968
		₡ <b>(16,646)</b>	<b>59,189</b>
<b>(Loss) Basic profit per share</b>	19d	₡ <b>(1.37)</b>	<b>49.86</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Corporate Governance Report

**FLORIDA ICE AND FARM COMPANY, S.A. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Shareholders' Equity**  
(in millions of colones)  
For the fifteen-month period ended on December 31, 2019 and the twelve-month period ended on September 30, 2018

	<u>Balance at</u> <u>September</u> <u>30, 2018</u>	<u>Comprehensive</u> <u>income of the</u> <u>period</u>	<u>Paid</u> <u>dividends</u>	<u>Absorption</u> <u>of treasury</u> <u>stock</u>	<u>Purchase</u> <u>of</u> <u>treasury</u> <u>stock</u>	<u>Balance at</u> <u>December</u> <u>31, 2019</u>
Share capital	₡ 93,081	-	-	(1,065)	-	92,016
Treasury stock	(1,065)	-	-	1,065	(1,730)	(1,730)
Additional paid-in capital	54	-	-	-	-	54
<b>Reserves:</b>						
Surplus from revaluation	31,800	(6,918)	-	-	-	24,882
Legal reserve	22,516	-	-	-	-	22,516
Hedge reserve	(741)	741	-	-	-	-
Currency translation adjustment of financial statements	5,371	(5,769)	-	-	-	(398)
<b>Total reserves</b>	<b>58,946</b>	<b>(11,946)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,000</b>
Retained earnings	212,066	(1,243)	(37,298)	-	(11,004)	171,521
Equity attributable to owners of the parent company	372,082	(13,189)	(37,298)	-	(12,734)	308,861
Non-controlling interest	49,336	(3,457)	(14,179)	-	-	31,700
<b>Total equity</b>	<b>₡ 421,418</b>	<b>(16,646)</b>	<b>(51,477)</b>	<b>-</b>	<b>(12,734)</b>	<b>340,561</b>

	<u>Balance at</u> <u>September</u> <u>30, 2017</u>	<u>Comprehensive</u> <u>income of the</u> <u>period</u>	<u>Paid</u> <u>dividends</u>	<u>Absorpti</u> <u>on of</u> <u>treasury</u> <u>stock</u>	<u>Purchase</u> <u>of</u> <u>treasury</u> <u>stock</u>	<u>Balance at</u> <u>September</u> <u>30, 2018</u>
Share capital	₡ 93,734	-	-	(653)	-	93,081
Treasury stock	(653)	-	-	653	(1,065)	(1,065)
Additional paid-in capital	54	-	-	-	-	54
<b>Reserves:</b>						
Surplus from revaluation	31,800	-	-	-	-	31,800
Legal reserve	22,516	-	-	-	-	22,516
Hedge reserve	(519)	(222)	-	-	-	(741)
Currency translation adjustment of financial statements	5,098	273	-	-	-	5,371
<b>Total reserves</b>	<b>58,895</b>	<b>51</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58,946</b>
Retained earnings	212,562	46,170	(29,164)	-	(8,502)	221,066
Equity attributable to owners of the company	364,592	46,221	(29,164)	-	(9,567)	372,082
Non-controlling interest	49,445	12,968	(13,077)	-	-	49,336
<b>Total equity</b>	<b>₡ 414,037</b>	<b>59,189</b>	<b>(42,241)</b>	<b>-</b>	<b>(9,567)</b>	<b>421,418</b>

The accompanying notes are an integral part of these consolidated financial statements.



## Corporate Governance Report

<b>FLORIDA ICE AND FARM COMPANY, S.A. AND SUBSIDIARIES</b>		
<b>Consolidated Statements of Cash Flows</b>		
<b>(in millions of colones)</b>		
<b>For the fifteen-month period ended on December 31, 2019 and the twelve-month period ended on September 30, 2018</b>		
	<b>2019</b>	<b>2018</b>
<b>Cash sources (use):</b>		
<b>Operating activities:</b>		
<b>(Loss) Profit for the period</b>	€ (3,565)	59,067
Items that do not require cash:		
Depreciation and amortization	46,285	30,743
Goodwill impairment	53,400	16,361
Unrealized exchange rate difference	(1,472)	2,603
Loss (profit) in the sale of assets	1,379	315
Interest in profits of associate companies	(12,041)	(7,848)
Allowance for doubtful accounts	1,056	587
Deferred income tax	(5,361)	(9,574)
Current income tax	38,381	32,711
Financial expenses	39,834	26,062
<b>Cash provided before changes in working capital</b>	<b>157,896</b>	<b>151,027</b>
Changes in working capital:		
Accounts receivable	(19,412)	(4,730)
Advances to suppliers	(2,024)	1,584
Inventories and properties for sale	3,784	6,245
Disbursements paid in advance and other assets	3,226	(2,890)
Accounts payable	9,209	(686)
Other assets	(206)	(482)
Accrued expenses and other obligations	(5,301)	7,156
Other taxes payable	5,325	(34)
Advances received from customers	5,658	286
<b>Cash provided by the operations</b>	<b>158,155</b>	<b>157,476</b>
Interest paid	(39,595)	(25,731)
Income tax paid	(41,614)	(34,175)
<b>Net cash provided by the operating activities</b>	<b>76,946</b>	<b>97,570</b>
<b>Investment activities:</b>		
Dividends received	10,162	7,507
Investment in financial instruments	4,245	3,804
Additions to property, plant, and equipment and intangible assets	(71,547)	(73,359)
Product of disposal of productive assets	1,783	638
<b>Net cash used in investing activities</b>	<b>(55,357)</b>	<b>(61,410)</b>
<b>Financing activities:</b>		
From bank loans	65,561	69,410
Payment of bank loans	(77,154)	(80,454)
Acquisition of treasury stock	(12,734)	(9,567)
Decrease of non-controlling interest from dividends paid	(14,179)	(13,077)
Bonus payment	(5,250)	(5,000)
Bond issuance	50,000	23,000
Dividends paid	(37,298)	(29,164)
<b>Net cash used for financing activities</b>	<b>(31,054)</b>	<b>(44,852)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(9,465)</b>	<b>(8,692)</b>
Cash and cash equivalents at the beginning of the period	26,185	35,768
Currency translation effect of financial statements	(916)	(891)
<b>Cash and cash equivalents at the end of the period</b>	<b>€ 15,804</b>	<b>26,185</b>

The accompanying notes are an integral part of the consolidated financial statements.

**Other  
social  
standards**

## Other social standards

## STANDARD GRI 102-8

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

Country	2017					2018					2019				
	Permanent Contract		Temporary or Part-time contract		Total	Permanent Contract		Temporary or Part-time contract		Total	Permanent Contract		Temporary or Part-time contract		Total
	Women	Men	Women	Men		Women	Men	Women	Men		Women	Men	Women	Men	
Costa Rica	897	3,461	23	277	4,658	725	3,261	18	67	4,071	764	3,333	45	350	4,492
Guatemala and El Salvador	73	444	4	201	722	167	624	136	103	1,030	79	427	2	41	549
United States	165	630	142	124	1,061	82	441	1	199	995	155	635	117	106	1,026
<b>Total</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>998</b>	<b>4,395</b>	<b>164</b>	<b>497</b>	<b>6,067</b>
<b>Total less temporary</b>					<b>5,670</b>					<b>5,300</b>					<b>5,393</b>

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

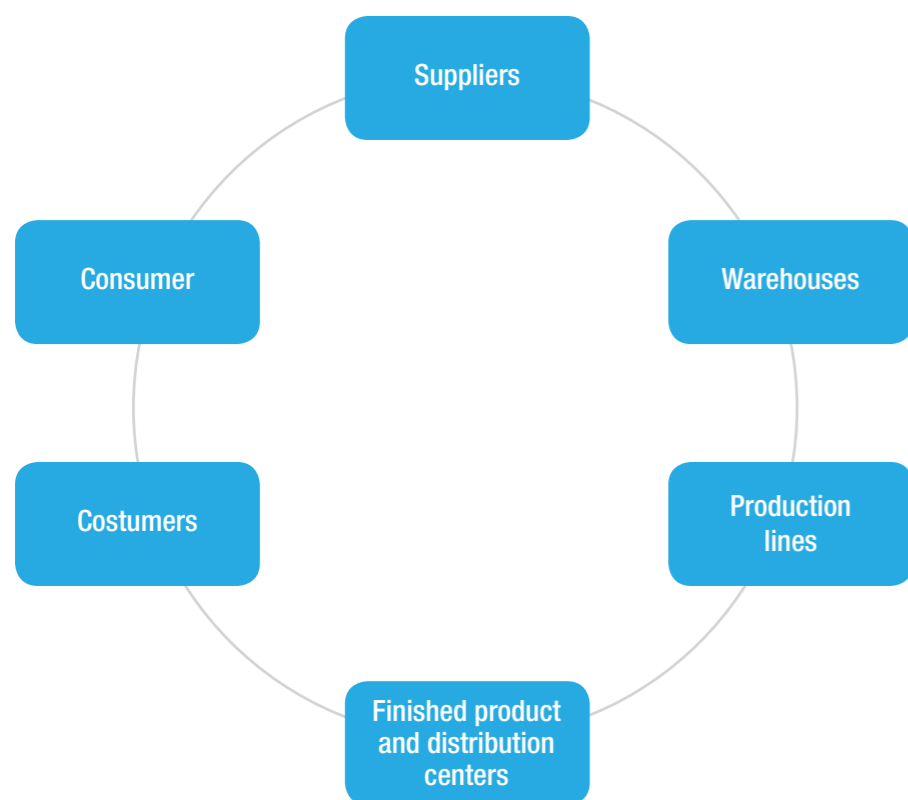
**Other social standards**

STANDARD GRI 102-9

► **Expenses for suppliers, by operation**

Country	2018			2019		
	Direct Expense	Indirect Expense	Other expenses	Direct Expense	Indirect Expense	Other expenses
Costa Rica	+\$159,000,000	+\$174,000,000	+\$51,930,000	111,316,000	115,095,000	
Guatemala	+\$48,000,000	+\$5,500,000	+\$10,260,000	58,059,000	6,500,000	10,260,000
FIFCO USA	+\$100,000,000	+\$71,000,000	+\$67,500,000	103,914,000	122,000,000	

► **Supply chain**



FIFCO suppliers are located in different countries, and expenses invested in those suppliers are classified by: 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 daily activity.

## Other social standards

### STANDARD GRI 201-1

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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.

## Other social standards

### STANDARD 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.

##### United States

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.

## Other social standards

## STANDARD 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	2017	USD	11.04	13.68	1.2
	2018	USD	11.59	14.46	1.2
	2019	USD	20.8	20.8**	1*
Florida Bebidas	2017	Colones	293,132.65	298,561.22	1.02
	2018	Colones	300,256	307,518	1.02
	2019	Colones	309,143.36	310,500.00	1.00
Florida Retail	2017	Colones	289,137.67	295,523.42	1.01
	2018	Colones	300,256	300,500	1.00
	2019	Colones	309,143.36	310,000.00	1.00
Reserva Conchal	2017	Colones	293,132.67	295,523.42	1.01
	2018	Colones	300,256	306,400	1.02
	2019	Colones	309,143.36	311,987.00	1.01
Industrias Alimenticias Kern's	2017	Quetzales	2,643.21	2,662.56	1.01
	2018	Quetzales	2,724.37	2,770.78	1.01
	2019	Quetzales	2,742.37	2,792.63	1.02

\*New York State collaborators. FLSA category: Exempt (no overtime). Other Full-Time Hourly positions are mostly incorporated within one of the 5 Collective Bargaining Agreements (CBAs), which guarantees benefits above and beyond the requirements of the law and a good relationship with employee associations.

\*\* Daily subscriptions and not monthly subscriptions for Guatemala and Costa Rica.

## Other social standards

## STANDARD GRI 401-1

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

Country	United States						Costa Rica and Guatemala					
	2017		2018		2019		2017		2018		2019	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Age range												
Under 30	71	75	24	29	94	116	149	131	132	425	194	662
From 30 to under 50	17	40	14	42	38	104	119	232	98	386	162	664
50 or more	1	9	2	13	3	28	2	6	4	23	6	27
<b>Total hires</b>	<b>89</b>	<b>124</b>	<b>40</b>	<b>84</b>	<b>135</b>	<b>248</b>	<b>270</b>	<b>369</b>	<b>234</b>	<b>834</b>	<b>362</b>	<b>1353</b>
Total employees	307	754	167	624	276	750	997	4383	807	3702	890	4151
<b>Average annual rotation, by gender</b>	<b>29%</b>	<b>16%</b>	<b>24%</b>	<b>13%</b>	<b>49%</b>	<b>33%</b>	<b>27%</b>	<b>13%</b>	<b>29%</b>	<b>23%</b>	<b>41%</b>	<b>33%</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.



## Other social standards

## STANDARD GRI 401-3

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

Empleados que:	Guatemala						United States						Costa Rica					
	Women			Men			Women			Men			Women			Men		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
Were eligible for maternity or paternity leave	1	83	0	18	640	1	165	163	272	631	614	741	49	743	52	114	114	122
Went on maternity or paternity leave	1	2	0	18	24	1	3	4	9	27	12	22	49	37	52	114	77	122
Returned to work at the end of their maternity or paternity leave	1	2	0	18	24	1	3	4	9	27	12	22	49	30	52	105	77	122
Returned to work after their maternity and paternity leave, and kept their job twelve months after their return	1	2	0	18	24	1	3	4	5	25	12	19	49	27	52	105	63	122
Return-to-work and retention rates for employees who went on their maternity or paternity leave	100%	100%	0%	100%	88%	100%	2%	2%	56%	4%	100%	86%	100%	73%	100%	92%	82%	100%

**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).

Other social standards

STANDARD GRI 403-2

► Accident Rate in Guatemala and Costa Rica

	2017	2018	2019
	<b>IAK</b>		
<b>Men</b>	0.99%	0.84%	3.30%
<b>Women</b>	0.00%	0.00%	0.00%
	<b>Costa Rica</b>		
<b>Florida Bebidas</b>	1.74%	2.71%	1.98%
<b>Florida Retail</b>	4.19%	7.76%	4.71%
<b>Reserva Conchal</b>	1.78%	1.83%	0.60%

Accident injury incidence rate

► Accident Rate in FIFCO USA

	ABSOLUTE DAYS	2019 INDICATOR	
<b>Deaths</b>	0 cases	0	
<b>Cases with lost days</b>	13 cases	Accident frequency 2.94 (0.23 women, 2.71 men)	Index of lost days and transferred or restricted work): 3.13 (0.23 women; 2.90 men)
<b>Work restrictions</b>	1 case	NA	
<b>Recordable cases beyond first-aid</b>	15 cases		
<b>Total recordable cases</b>	29 cases (28 injuries +	Index of total recordable cases: 6.56 (0.23 women; 6.33 men)	
<b>Days off work</b>	1 hearing loss)		
<b>Days at work (transferred or restricted)</b>	1,279 days		
<b>Total days off</b>	201 days	Severity index: 51	
<b>Total hours worked</b>	1,480 (1,279 + 201) days		
	883,194 hours		

**Explanatory note:** On this matter, FIFCO USA provides different data based on laws and guidelines that are different from Costa Rica and Guatemala.

To identify hazards and evaluate risks in the areas, inspections are carried out every two years (as established by law for updating the Occupational Health Plan), where the findings are recorded in an identification and evaluation matrix, establishing their probability, severity and type of risk. In addition, monthly visits are made to the areas to generate reports on findings. As for non-routine G16 task triggers, there are changes at the operational level, changes in processes and machinery, personnel departures and improvements detected during the investigation of accidents. To implement them, we work directly with the Chiefs/Managers in charge of the department involved, to generate the necessary changes together and thus reduce the vulnerability of the risk detected.

## Other social standards

## STANDARD GRI 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 2018-2017 period**

País	Workers		Middle Management		Management		Directors	
	Female	Male	Female	Male	Female	Male	Female	Male
FIFCO USA	80%	80%	80%	80%	80%	80%	80%	80%
Guatemala	100%	100%	100%	100%	100%	100%	100%	100%
Costa Rica	100%	100%	100%	100%	100%	100%	100%	100%

**Note:** Information pertaining to Costa Rica is for the 2016-2017 period, given that data is generated each year in December. It is important to highlight that people joining the company in the last 6 months of the evaluation period or temporary workers were not considered in the evaluation.

## Other social standards

## STANDARD GRI 405-1 (B)

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

Position	2017							2018							2019							2019 percentage
	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	
	F	M	F	M	F	M		F	M	F	M	F	M		F	M	F	M	F	M		
<b>Workers</b>	27	379	655	2.865	48	333	<b>4.307</b>	97	462	486	2.719	50	328	4.142	237	630	550	3.157	47	368	4.989	82,31
<b>Middle Management</b>	96	114	202	492	24	102	<b>1.030</b>	65	138	204	455	30	106	998	16	54	214	427	28	88	827	13,68
<b>Management</b>	39	85	36	103	1	9	<b>273</b>	5	24	35	87	2	7	160	19	56	42	89	6	12	224	3,77
<b>Directors/Managers</b>	3	52	4	1	0	0	<b>60</b>	0	0	0	0	0	0	0	0	1	3	10	0	0	14	<b>0,23</b>
<b>Others</b>	0	0	0	0	0	0	<b>0</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0,00
<b>Total</b>	165	630	897	3461	73	444	<b>5.670</b>	167	624	725	3.261	82	441	5.300	272	741	809	3.683	81	468	6.054	100,00

F= Female

M= Male

## Other social standards

## STANDARD GRI 405-2

## ► Basic salary ratio by category, gender and location

## Reserva Conchal, Florida Bebidas y Musi

Position	Men	Women	2017 ratio*	2018 ratio*	2019 ratio*
Management	WA		1.19	1.27	1.25
Specialists, Supervisors and Heads	WA		1.05	1.06	1
Auxiliaries and Analysts		WA	1.09	0.87	0.91
Workers	WA		1.14	1.14	1.07

## Industrias Alimenticias Kern's

Management	WA		1.57	1.45	1.14
Specialists, Supervisors and Heads	WA		1.8	1.05	1.07
Auxiliaries and Analysts		WA	1.98	0.73	0.91
Workers		WA	1	0.80	0.83

## FIFCO USA

Directores	WA		0,74	0	
Gerencias		WA	1,05	1,14	1,09
Especialistas, Supervisores y Jefaturas	WA		0,99	1,12	1,15
Auxiliares y Analistas		WA	1,01	1	1,14
Operativos	WA		0,98	1,55	1,14

(\*) Corresponds to men's base salary divided by women's base salary.

WA = Wage Advantage

In Costa Rica, 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**

## Other environmental standards

## Environmental Disclosures for 2019

GRI Standard Number	Units	GRI Standard	Summary Results	Details
301-3	Kg	Percentage of reclaimed products and their packaging materials	78% 2018 83% 2019	See table 301-3
301-2	%	Percentage of recycled input materials used to manufacture the organization's primary products and services.	First reporting year for FDIS, 16%	Explained in the Word document
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	Hospitality. Source with High Water Scarcity Rate. Relevant for local communities.	
304-4	N/A	Species (biodiversity)	See GRI 304-4	See table 304-4
305-4	Tons 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	<ul style="list-style-type: none"> <li>Distribuidora La Florida Transported in 2019: 40,898.37 kg; Exported in 2019: 4,215.5 kg; Treated in 2019: 30,898.37 kg</li> <li>Retail: Transported in 2019: 4,868 kg Treated in 2019: 4,868 kg</li> <li>Hospitality: Transported in 2019: 10,750 kg</li> </ul>	N/A

**Other environmental standards**

STANDARD GRI 201-2

**► Financial implications and other risks and opportunities due to climate change 2018 (p.225)**

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 customers.	Winter	Emergency care Business continuity



## Other environmental standards

STANDARD GRI 302-1, 302-2, 302-3 Y 302-4

## ► Energy consumption and reduction in 2018

## ► Energy consumption by type and facility

Energy consumption in 2018  
(GJ)

NON-RENEWABLE						
Fuel type	FDIS	IAK	BEVERAGES CA	RETAIL	CONCHAL	TOTAL
Bunker	346,191	14,817	361,008	0	0	361,008
Fleet LPG	45,205		45,205	246	0	45,451
Machinery LPG	2,518	98,791	101,309	2,728	17,399	121,436
Fleet diesel	143,472		143,472		2,223	145,695
Machinery Diesel	1,447		1,447	76	462	1,985
Fleet gasoline	10,738		10,738		1,919	12,657
Machinery gasoline	91		91			91
Natural gas	0		0			0
Jet A1 fuel	4,037		4,037			4,037
<b>TOTAL NON-RENEWABLE FUEL</b>	<b>553,700</b>	<b>113,608</b>	<b>667,308</b>	<b>3,050</b>	<b>22,002</b>	<b>692,360</b>
RENEWABLE						
Fuel type	FDIS	IAK	BEBIDAS CA	RETAIL	CONCHAL	TOTAL
Biomass			0			0
<b>TOTAL RENEWABLE FUEL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
ENERGY PURCHASE						
Electricity	192,252	35,367	227,619	34,789	42,923	305,331
Cooling			0			0
Heating			0			0
Vapor			0			0
Electricity			0			0
<b>TOTAL ENERGY PURCHASE</b>	<b>192,252</b>	<b>35,367</b>	<b>227,619</b>	<b>34,789</b>	<b>42,923</b>	<b>305,331</b>
SELF-PRODUCED ENERGY						
Solar	62,364		62,364		304	6,668
<b>TOTAL ENERGY</b>	<b>808,316</b>	<b>148,975</b>	<b>957,291</b>	<b>37,839</b>	<b>65,230</b>	<b>1,060,360</b>

Energy consumption in 2019  
(GJ)

NON-RENEWABLE						
Fuel type	FDIS	IAK	BEVERAGES CA	RETAIL	CONCHAL	TOTAL
Bunker	336.573	346	336.919			336.919
Fleet LPG	43.585		43.585	231		43.816
Machinery LPG	3.292	109.576	112.867	1.842		28.948
Fleet diesel	149.068		149.068			2.207
Machinery Diesel	3.031		3.031	51		759
Fleet gasoline	10.031		10.031			1.793
Machinery gasoline	34		34			34
Natural gas	0		0			0
Jet A1 fuel	3.154		3.154			3.154
<b>TOTAL NON-RENEWABLE FUEL</b>	<b>548.768</b>	<b>109.922</b>	<b>658.690</b>	<b>2.124</b>	<b>33.707</b>	<b>694.521</b>
RENEWABLE						
Fuel type	FDIS	IAK	BEBIDAS CA	RETAIL	CONCHAL	TOTAL
Biomass			0			0
<b>TOTAL RENEWABLE FUEL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
ENERGY PURCHASE						
Electricity	198.264	36.277	234.541	33.900	71.313	339.754
Cooling			0			0
Heating			0			0
Vapor			0			0
Electricity			0			0
<b>TOTAL ENERGY PURCHASE</b>	<b>198.264</b>	<b>36.277</b>	<b>234.541</b>	<b>33.900</b>	<b>71.313</b>	<b>339.754</b>
SELF-PRODUCED ENERGY						
Solar	62.364		62.364		2.706	65.070
<b>TOTAL ENERGY</b>	<b>809.397</b>	<b>146.198</b>	<b>955.595</b>	<b>36.024</b>	<b>107.726</b>	<b>1.099.345</b>

## Other environmental standards

STANDARD GRI 302-1

## ► Energy consumption and reduction in 2018

## ► Energy consumption by type and facility

Use	Electrical Energy Consumption (kWh)			Consumption Indicator (kWh/hectoliter produced)		THERMAL (MJ/HL)					
	2018	2019	Reduction 2018 vrs 2019	2018	2019	Year	CCR Plant	Cristal Plant	Pepsi Plant	Others in CR	IAK Plant
	CCR Plant	17,115,895	18,474,442	1,358,547	6.54	7.20	2011	115.14	69.77	12.25	57.76
Cristal plant	15,069,015	18,361,339	3,292,324	10.64	9.16	2012	114.43	62.46	10.70	54.52	79.83
Pepsi Plant	5,964,764	2,998,400	-2,966,364	4.99	5.05	2013	110.71	62.72	11.11	50.08	87.48
Others CR	9,622,183	8,926,556	-695,627	1.73	1.63	2014	104.28	61.88	10.28	43.49	97.55
Subtotal Costa Rica	47,771,857	48,760,737	988,880	8.58	8.90	2015	96.40	65.06	9.74	42.97	93.47
IAK Plant	9,824,211	10,076,854	252,643	9.24	9.38	2016	97.31	53.94	5.49	39.33	105.38
Total	57,596,068	58,837,591	1,241,523	8.9	8.98	2017	95.26	62.09	5.02	38.87	103.20
						2018	90.270	51.840	4.440	41.900	109.170
						2018	90.270	51.840	4.440	41.900	109.170

## Other environmental standards

## STANDARD GRI 302-2

## ► Energy consumption and reduction in 2018

## ► External energy consumption for FDIS by massive transport

Fuel type*	Fuel Type*	
	2018	2019
Diesel fleet	83,237	73,475

## STANDARD GRI 302-3

## ► Energy consumption intensity in GJ/unit produced

	Energy consumption in 2018 (GJ)					
	FDIS	IAK	BEVERAGES CA	RETAIL	CONCHAL	TOTAL
ENERGY TOTAL (GJ)	808,316	148,975	957,291	37,839	65,230	1,060,360
Units of production (HI/Ton)	5,566,033	1,062,816	6,628,849	25,412		6,654,261
Intensity KPI	0.15	0.14	0.14	1.49	NA	0.16

	Energy consumption in 2019 (GJ)					
	FDIS	IAK	BEVERAGES CA	RETAIL	CONCHAL	TOTAL
	809,397	146,198	955,595	36,024	107,726	1,099,345
	5,475,847	1,073,935	6,549,782	22,086		6,571,868
	0.15	0.14	0.15	1.63	NA	0.17

NA: Not available

## Other environmental standards

STANDARD GRI 302-4

### ► Energy consumption and reduction in 2018

#### ► Energy consumption initiatives

Description of reduction initiative	Facility
Improvement in plant's lighting	Cristal Plant
Improvement in energy consumption in aerobic treatment aeration of the PTAR	Cristal Plant
CEDI West: Charging room for 8 electric forklift batteries	CEDI West
CEDI West: Replace lighting of pick up area with LED lights	CEDI West
San Carlos Deposit, replace lights in Cold Equipment and Special Events areas and improve the electrical system in general	San Carlos Deposit
Replace warehouse lighting (internal and external) with LED lights	Cedi East
Change 5 LPG forklifts to electric	CEDI West
Switching lighting to LED technology inside the warehouse and in external areas	San Carlos Deposit
Improve energy consumption in aerobic treatment aeration of the PTAR	CCR Plant
CO <sub>2</sub> savings (improvements in water and thermal energy management)	CCR Plant
Eliminate empty return trips from rural centers to the West CEDI or GMA by agreement with rice and cement companies that use these trips for their transport activities	Distribution
Use renewable sources	IAK
Reduce energy consumption by compressor shutdown	FIFCO Retail Plant
Reduce energy consumption by eliminating pre-baked goods	FIFCO Retail Plant
Install Endocube system in the 40 cold rooms of the hotel	Westin Hotels Restaurants
Install 1,352 solar panels	DHG Clty
Replace the combustion vehicle fleet with electric vehicles	Westin Hotel

## Other environmental standards

## STANDARD GRI 304-4

## Threatened or endangered species in the Reserva Conchal Sphere of Influence 2019

## 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 humans, habitat loss
Jabiru	<i>Jabiru mycteria</i>	Endangered	√	√	Habitat reduction
Nine-banded Armadillo	<i>Dasypus novemcinctus</i>	Threatened	√	√	Loss of nesting trees such as Gallinazo and Ceiba, 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 yagouaroundi</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 timber extraction
Cocobolo, Rosewood	<i>Dalbergia retusa</i>	Threatened		√	Precious timber extraction
Rain tree	<i>Samanea saman</i>	Threatened			Timber extraction
Brazil Wood, Guaiacum	<i>Guaiacum sanctum</i>	Endangered	√	√	Timber extraction
Tempisque	<i>Sideroxylon capiri</i>	Threatened			Timber extraction
Palo de Brasil, Logwood	<i>Haematoxylon brasiletto</i>	Threatened			Timber extraction
Cedar, Cederwood, Red Cedar	<i>Cedrela Odorata</i>	Threatened		√	Timber extraction

## Other environmental standards

STANDARD GRI 305-1 A 305-4

## GHG Emissions Intensity 2018 vs. 2019

Facility	Absolute Emission Intensity (ton CO <sub>2</sub> )												Emission intensity (ton CO <sub>2</sub> /hl produced)	
	Scope I			Scope II			Scope III			TOTAL Ton CO <sub>2</sub> e				
	2018	2019	Reduction 2019 vs. 2018	2018	2019	Reduction 2019 vs. 2018	2018	2019	Reduction 2019 vs. 2018	2018	2019	Reduction 2019 vs. 2018	2018	2019
CCR Plant	15,667.24	20,018.37	4,351.13	1,576.38	853.41	-722.97	333.65	386.82	53.17	17,577.28	21,258.61	3,681.33	0.00672	0.00828
Cristal Plant	4,044.60	5,062.12	1,017.51	889.51	615.43	-274.08	24.83	24.61	-0.22	4,958.95	5,702.16	743.21	0.00350	0.00285
Pepsi Plant	309.76	192.67	-117.09	357.55	71.92	-285.63	1.17	0.50	-0.66	668.47	265.09	-403.38	0.00056	0.00045
Others in CR	9,873.58	5,818.56	-4,055.02	339.28	217.19	-122.09	4,301.66	4,332.46	30.80	14,514.52	10,368.21	-4,146.31	0.00261	0.00189
<b>SUB TOTAL CR</b>	<b>29,895.18</b>	<b>31,091.71</b>	<b>1,196.53</b>	<b>3,162.72</b>	<b>1,757.95</b>	<b>-1,404.77</b>	<b>4,661.31</b>	<b>4,744.40</b>	<b>83.09</b>	<b>37,719.22</b>	<b>37,594.07</b>	<b>-125.15</b>	<b>0.0068</b>	<b>0.0069</b>
IAGGT	7,315.70	6,941.64	-374.07	3,147.52	1,034.26	-2,113.26			0.00	10,463.22	7,975.89	-2,487.32	0.00984	0.00743
<b>BEVERAGES CA</b>	<b>37,210.88</b>	<b>38,033.35</b>	<b>822.46</b>	<b>6,310.24</b>	<b>2,792.21</b>	<b>-3,518.03</b>	<b>4,661.31</b>	<b>4,744.40</b>	<b>83.09</b>	<b>48,182.43</b>	<b>45,569.96</b>	<b>-2,612.47</b>	<b>0.0073</b>	<b>0.0070</b>
Retail	1,185.40	1,009.68	-175.72	584.60	422.18	-162.42	1.30	0.40	-0.90	1,771.30	1,432.26	-339.04	0.08703	0.08322
Conchal	2,556.46	3,246.50	690.04	891.01	659.70	-231.31	874.20	1,116.30	242.10	4,321.67	5,022.50	700.83	NA	NA

STANDARD GRI 302-6

## Number of ozone-depleting substances used in 2019

Type of refrigerant gas	FREON R22 (30 LB)
Kg	149
ODP	0.05

**Nota:** Florida Bebidas uses refrigeration equipment, mainly in the commercial area to display and cool beverages, the most widely used being R134A and R404A, both with zero ozone depletion potential. They are also used in some industrial equipment, although the greatest use in the CCR Plant is with ammonia. Since 2008, Florida Bebidas does not purchase equipment that uses refrigerant gases that destroy the ozone layer. There is still some equipment that consumes this type of gas among the assets, which are taken out of operation once they are damaged and are not repaired. In the case of PINOVA's industrial bakery plant, the Brine type CO<sub>2</sub>/NH<sub>3</sub> Natural Refrigerant Gas Replacement Project was implemented, entirely replacing this facility's R22. This system will start operating in February 2018.

See separate description (Annex 7)

## Other environmental standards

STANDARD GRI 305-7

## Other Relevant Emissions in 2019

Fuente	NO <sub>x</sub>			SO <sub>2</sub>			PTS Y PM10		
	Distribuidora La Florida	IAK	Florida Retail Plant	Distribuidora La Florida	IAK	Florida Retail Plant	Distribuidora La Florida	IAK	Florida Retail Plant
Fixed sources	44,687	3,261	-	449,452	88,559	2,052	7,639	1,015	NA
Forklifts	34,336	3,124	188	NA	NA	NA	240	25	NA
Outsourced mobile sources	158,545	NA	NA	NA	NA	NA	4,045	NA	NA
Special equipment	5,103	NA	NA	NA	NA	NA	28	NA	NA
Outsourced mobile sources	74,130	NA	NA	NA	NA	NA	1,671	NA	NA
<b>Total Kg of pollutant</b>	<b>316,801</b>	<b>6,385</b>	<b>188</b>	<b>449,452</b>	<b>88,559</b>	<b>2,052</b>	<b>13,622</b>	<b>1,039</b>	<b>-</b>

## Other environmental standards

### STANDARD GRI 302-3

#### Water discharge by quality and destination 2019

Source	Water type	Treatment Method	Destination	Amount (m <sup>3</sup> /year)	Outgoing load (Kg DQO/year)	Quality
Cristal	Special and ordinary	Primary and secondary, anaerobic and aerobic activated sludge	Río Segundo	144,275.33	60,019.96	Treated, non-drinking water
CCR	Special and ordinary	Primary and secondary, aerobic activated sludge	Río Segundo	609,258.00	71,450.76	Treated, non-drinking water
Pepsi	Special and ordinary	Primary and secondary, anaerobic activated sludge (septic tank)	Río Bermúdez	1,026.15	41.13	Treated, non-drinking water
Recycling and Spill Plant	Ordinary	Primary and secondary, aerobic activated sludge	Infiltration	880.10	70.41	Treated, non-drinking water
Commercial services	Ordinary	Primary and secondary, anaerobic activated sludge (septic tank)	Infiltration	10,174.00	813.98	Treated, non-drinking water
VINDES Tibás	Ordinary	Primary and secondary, anaerobic activated sludge (septic tank)	Infiltration	2,196.00	175.68	Treated, non-drinking water
CEDI West and Corporate Building	Ordinary	Primary physicochemical	Río Segundo	5,304.00	291.20	Treated, non-drinking water
CEDI East	Ordinary	Primary and secondary aerobic	Infiltration	5,751.00	460.08	Treated, non-drinking water
Distribution centers without treatment	Ordinary	Primary and secondary, anaerobic (septic tank)	Infiltration	14,437.80	1,155.02	Treated, non-drinking water
Puntarenas	Ordinary	Primary and secondary, anaerobic (septic tank)	Infiltration	30,580.80	1,228.33	Treated, non-drinking water
Liberia	Ordinary	Primary	Infiltration	40,516.80	2,096.74	Treated, non-drinking water
Guápiles	Ordinary	Primary	Río Verde	1,130.16	64.61	Treated, non-drinking water
Limón	Ordinary	Primary	Infiltration	1,003.68	70.93	Treated, non-drinking water
Retail Plant	Ordinary	Primary and secondary aerobic	Reuse	4,974.00	759.00	Treated, non-drinking water
Conchal Plant 1	Ordinary	Primary and secondary aerobic	Irrigation Westin Hotel	142,751.04	2,514.02	Treated, non-drinking water
Conchal Plant 2	Ordinary	Primary and secondary aerobic	Irrigation W Hotel	48,564.40	1,775.19	Treated, non-drinking water
IAK Plant	Special and ordinary	Primary and secondary, aerobic activated sludge	Municipal sewage	107,393.54	12,124.00	Treated, non-drinking water

### STANDARD GRI 306-3

#### Significant spills of hazardous materials in 2019

No significant spills were reported in this period.





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