

GRI STANDARDS SUSTAINABILITY CONTENTS 2018



SUSTAINABILITY STRATEGY

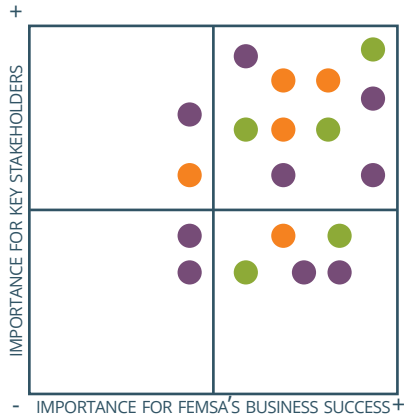
FEMSA defines **sustainability** as the ability to **generate the social, environmental and economic conditions** needed to operate today and grow over time in harmony with the environment and society.

We **base our actions** on an unwavering **commitment** to **ethics** and **values**, and we organize our sustainability approach along **three pillars: Our People, Our Planet and Our Community.**

Our **Strategic Sustainability Framework** is made up of **9 areas of action** and **19 focus topics** relating to these three pillars, which are drawn from issues identified as most relevant to our business and to the stakeholders with whom we interact.



Remaining leaders in sustainability and in the dissemination of our activities is a priority for FEMSA.



19

Focus topics in which we generate a greater positive impact

Culture and values	Culture and values
	Workplace health and safety
Training and development	Compensation
	Training and development
Comprehensive development	Comprehensive development
Water	Water management
	Energy use
Energy	Environmental impact of transportation and logistics
Waste and recycling	Packaging and recycling
	Waste
Healthy lifestyles	Nutrition and physical activity
	Responsible marketing and communications
	Offering sustainable products/services
Community development	Local environmental impact
	Safety in our surroundings
	Social well-being in communities
	Supplier development
Sustainable sourcing	Environmental impact of suppliers
	Labor rights and working conditions of suppliers

Since **2005** we have **adopted the 10 principles of the United Nations Global Compact**, focused on issues of human rights, labor practices, and the environment, among others. We also support the **United Nations Sustainable Development Goals (SDG)**, which were launched in 2015 and represent an ambitious plan to make our world more inclusive, **prosperous, sustainable, and resilient**. The SDGs call for countries to improve the lives of people everywhere by mobilizing efforts to improve the most critical issues in the world by 2030: poverty, inequality and climate change. Our initiatives under the Strategic Sustainability Framework are aligned with meeting the following goals:



We also continue to participate in efforts that promote the measurement of Greenhouse Gases and the development of capacities to identify opportunities and risks regarding climate change, among them the Programa GEI México (GHG Mexico Program).

GRI CONTENT INDEX

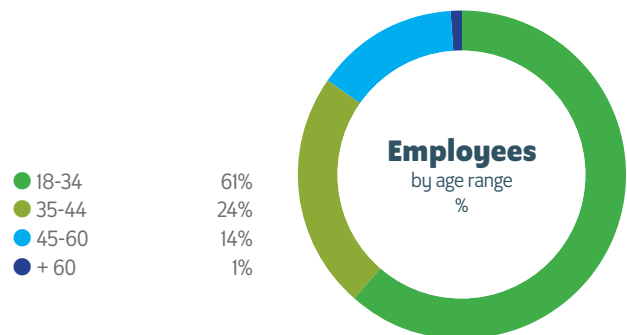
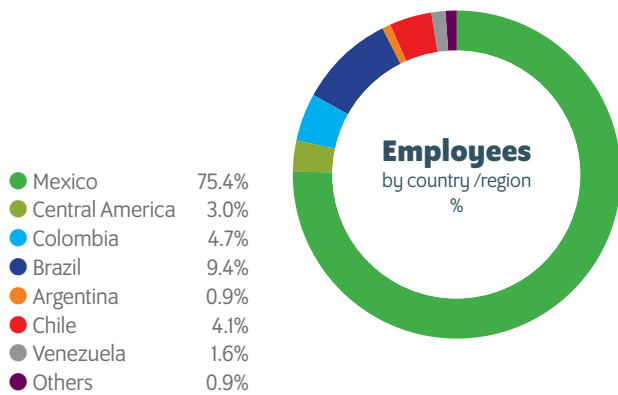
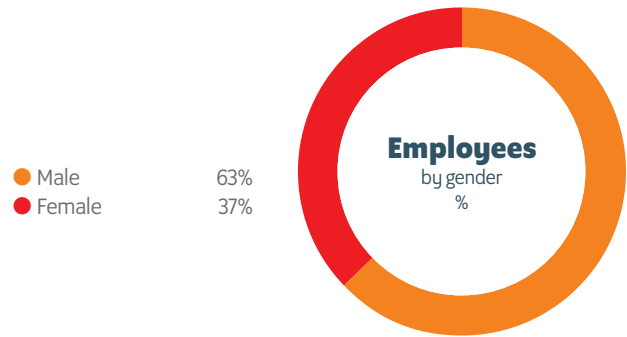
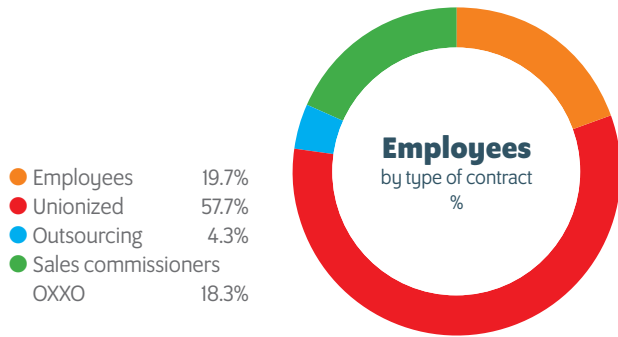
	BUSINESS UNIT		
	KOF	FC	FSB
GRI 102-1 NAME OF ORGANIZATION Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA)	✓	✓	✓
GRI 102-02 ACTIVITIES, BRANDS, PRODUCTS AND SERVICES See inside front cover of Annual Report	✓	✓	✓
GRI 102-03 UBICACIÓN DE LA SEDE Monterrey, Nuevo León, Mexico	✓	✓	✓
GRI 102-04 LOCATION OF OPERATIONS	✓	✓	✓
GRI 102-06 MARKETS SERVED See Annual Report, pages 2 and 3	✓	✓	✓
GRI 102-07 SCALE OF THE ORGANIZATION See Annual Report, page 3 FEMSA at a Glance			✓

BUSINESS UNIT

GRI 102-08 INFORMATION ON EMPLOYEES AND OTHER WORKERS

KOF	FC	FSB
✓	✓	✓

At the end of 2018, FEMSA had 297,073 employees.



Disclaimer: Percentages of employees by gender and by age range do not include 0.4% of FEMSA's employees.

GRI 102-09 SUPPLY CHAIN

KOF	FC	FSB
✓	✓	✓

98% of our suppliers are from the same country as the operation to which they supply services. Our value chain generated an economic flow of Ps.166,858 billion in 2018, equivalent to US\$ 8,498.88 million.



Disclaimer: Excludes suppliers of merchandise (OXXO merchandise), finished product, employees or sales representatives, donations, inter-company transfers, government offices, unions, and information on Solistica operations.

GRI 102-10 SIGNIFICANT CHANGES TO THE ORGANIZATION AND ITS SUPPLY CHAIN

KOF	FC	FSB
✓	✓	✓

See Annual Report, page 8 Dear Shareholders

GRI 102-11 PRECAUTIONARY PRINCIPLE OR APPROACH

Our risk management approach is aimed at detecting, measuring and evaluating risk, formulating strategies to control it and establishing follow-up measures to ensure that they function efficiently. This management entails **specific responsibilities for FEMSA's Board of Directors**, through its Audit Committee, which is in charge of overseeing procedures for identifying contingencies, lawsuits and business risks, including environmental risks. To address the possible environmental impact of our operations, we have a Strategic Sustainability Framework, which includes the guideline pillar Our Planet, in order to minimize the environmental impact of our operations.

KOF	FC	FSB
✓	✓	✓

GRI 102-12 EXTERNAL INITIATIVES

See page 3.

GRI 102-13 MEMBERSHIP OF ASSOCIATIONS

International Organization of Employers – Global Industrial Relations Network (GIRN)	Mexican Stock Exchange (BMV)
International Labor Organization (ILO)	Centro Mexicano para la Filantropía (CEMEFI)
Corporate EcoForum (CEF)	Red SumaRSE
RedAmérica	A favor de lo mejor
US Mexico Foundation	Centro de Estudios Sociológicos (CES)
Woodrow Wilson Center	Consejo Mexicano de Asuntos Internacionales (COMEXI)
LLILAS Benson Latinamerican Center	Fundación Mexicana para la Salud (FUNSALUD)
Confederación de Cámaras Industriales (CONCAMIN)	Mexicanos Primero
Confederación Patronal de la República Mexicana (COPARMEX)	Mexicanos Activos
Consejo Coordinador Empresarial (CCE)	Unión Social de Empresarios Mexicanos (USEM)
Comisión de Estudios para el Desarrollo Sustentable del Consejo Coordinador Empresarial (CESPEDES)	Centro de Competitividad de Mexico
Consejo Mexicano de Negocios	Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera (CINIF)
Consejo Consultivo del Agua	Asociación Mexicana de Estándares para el Comercio Electrónico (AMECE)
Cámara de la Industria de la Transformación (CAINTRA)	Cámara Nacional de Comercio (CANACO)

KOF	FC	FSB
✓	✓	✓

GRI 102-14 STATEMENT BY SENIOR DECISION- MAKER

See Annual Report, page 8 Dear Shareholders

KOF	FC	FSB
✓	✓	✓

GRI 102-15 KEY IMPACTS, RISKS, AND OPPORTUNITIES

Some of our principal business risks are:

KOF	FC	FSB
✓	✓	✓

】 Coca-Cola FEMSA

- 】 Our business depends on our relationship with The Coca-Cola Company, and changes in this relationship may adversely affect us.
- 】 Changes in consumer preferences and public concern about health issues could reduce the demand for some of our products.
- 】 Brand reputation or violations of brand ownership rights.
- 】 Negative or inadequate information on social media.
- 】 Competition could adversely influence our financial performance.
- 】 Water shortages or any failure to maintain existing concessions.
- 】 Increases in the prices of raw materials would increase our production costs.
- 】 Taxes and regulations in the regions where we operate.
- 】 Weather conditions may adversely affect our results.

» FEMSA Comercio

- » Competition from other retailers may affect our performance.
- » Impact on sales from changes in economic conditions in the markets where we operate.
- » Significant changes in regulations or taxes.
- » Changes, failures or disruption of information technology systems.
- » Increase in electricity prices.
- » Likelihood of being unable to sustain the historic pace of growth.
- » Changes in energy and/or environmental regulations may affect the performance of FEMSA Comercio’s Energy Division.

Risks relating to the specific countries where we operate:

- » Economic or political conditions.
- » Depreciation of local currencies.
- » Crime rates.

The **Comprehensive Business Risk Management System** is a tool used by senior management to **manage, evaluate, control and monitor business-related risks.**

GRI 102-16 VALUES, PRINCIPLES, STANDARDS, AND NORMS OF BEHAVIOR KOF | FC | FSB

FEMSA employees generate a great impact and seek to transcend, placing the greater good of the company above their own professional objectives. They are outstanding for their:

✓	✓	✓
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- » **Integrity and Respect:** they generate and inspire trust in their work and in themselves.
- » **Sense of Responsibility:** They are committed; they measure, recognize and own their actions.
- » **Simplicity and Service Attitude:** They do not perceive themselves as better than others; they are always ready to help and to serve.
- » **Passion for Learning:** They are always seeking lessons and new challenges that will enable them to evolve continuously in a fast-changing environment.

The way our employees work supports and develops FEMSA’s distinctive capacities and enables our strategy.

- » **Client-Centered:** Always seeking to improve the value proposition and experience for clients.
- » **Commitment to Excellence:** focus on continuous improvement to achieve excellence and generate value.
- » **Aptitude and Willingness to Collaborate:** They develop the best work teams and work in coordination to enable our clients.
- » **Innovative Spirit:** They constantly challenge the statu quo to positively transform our business model.

Our Code of Ethics serves as a guideline for all employees, and ensures that when they encounter any conflict they make the right decision, consistent with our values; it also guides us in respecting our workplace and acting in an ethical and upright manner.

<http://www.femsa.com/en/meet-femsa/board-directors-and-management-team/code-ethics/>

GRI 102-17 MECHANISMS FOR ADVICE AND CONCERNS ABOUT ETHICS KOF | FC | FSB

The **Whistleblower System** is one of the **available mechanisms** through any employee, board member or outside party with any relationship with FEMSA can **inform us of illegal practices or inappropriate conduct** detected in our operations, or violations of the Code of Ethics. This **system**, which is managed by an independent firm, is **available 24/7, year-round**, by four different channels, all confidential and anonymous: phone, webpage, e-mail and chat. Additionally, if any of these individuals have **questions** about the **FEMSA Code of Ethics**, they may contact the **Ethics Committee of the Business Unit** in question and, as a last resort, the Board of Directors’ Audit Committee. Managers are responsible for supporting their immediate employees in clearing up any questions or commenting and resolving difficulties that arise in interpretation or application of the Code of Ethics.



✓	✓	✓
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		BUSINESS UNIT		
		KOF	FC	FSB
GRI 102-18 GOVERNANCE STRUCTURE	See Annual Report, page 41 Board of Directors.	✓	✓	✓
GRI 102-19 DELEGATING AUTHORITY	See Annual Report, page 41 Board of Directors.	✓	✓	✓
This is the highest body of governance at FEMSA, and its authority permeates and is distributed throughout the organization.				

GRI 102-20 EXECUTIVE-LEVEL RESPONSIBILITY FOR ECONOMIC, ENVIRONMENTAL, AND SOCIAL TOPICS		KOF	FC	FSB
<p>The Board of Directors is responsible for directing the corporate strategy, defining and supervising implementation of the company's vision and values, and approving transactions with related parties and transactions that do not correspond to the ordinary course of business, as well as internal policies. It is supported in these activities by committees that analyze various specific issues and offer recommendations to the Board of Directors, based on their respective areas of knowledge, which may include economic, social and environmental aspects.</p>		✓	✓	✓

AUDIT COMMITTEE*	CORPORATE PRACTICES COMMITTEE*	STRATEGY AND FINANCE COMMITTEE
<p>Responsible for:</p> <ul style="list-style-type: none"> Reviewing the accuracy and integrity of quarterly and annual financial statements in accordance with accounting, internal control, and auditing requirements; the appointment, compensation, retention, and oversight of the independent auditor, who reports directly to the Audit Committee. Identifying and following up on contingencies and legal proceedings. 	<p>Responsible for:</p> <ul style="list-style-type: none"> Preventing or reducing the risk of transactions that could damage the value of the company or benefit a particular group of shareholders. Approving policies for the use of the company's assets or any related party transactions and the compensation of the Chief Executive Officer and senior executives, as well as supporting the Board of Directors in the preparation of reports on accounting practices. 	<p>Responsible for:</p> <ul style="list-style-type: none"> Evaluating the investment and financing policies proposed by the Chief Executive Officer. Evaluating risk factors to which the corporation is exposed, as well as its management policies. Making recommendations on the company's dividend policy; strategic analysis and assessment of the company's business units and strategic alternatives for their growth. Making recommendations to the Board of Directors on annual operation plans and strategic projects for our business units.

*Committee members are independent directors, as required by Mexican Securities Law and applicable NYSE listing standards.

Our Directors are responsible for the growth of the business by creating economic and social value for all our stakeholders. They also have extensive professional experience in the industries in which our businesses operate.

GRI 102-21 CONSULTING STAKEHOLDERS ON ECONOMIC, ENVIRONMENTAL, AND SOCIAL TOPICS

At FEMSA we have **fully identified our stakeholders**, which include all individuals, organizations or entities with which we interact through our activities.

We remain in **constant communication** with them through tools for dialogue in each of our Business Units, to encourage their active participation in developing FEMSA's Sustainability Strategy.

KOF	FC	FSB
✓	✓	✓

**GRI 102-22 COMPOSITION OF THE HIGHEST GOVERNANCE BODY AND ITS COMMITTEES**

See Annual Report, page 41 Board of Directors

KOF	FC	FSB
✓	✓	✓

GRI 102-23 CHAIR OF THE HIGHEST GOVERNANCE BODY

José Antonio Fernández Carbajal.

KOF	FC	FSB
✓	✓	✓

GRI 102-24 NOMINATING AND SELECTING THE HIGHEST GOVERNANCE BODY

Board members are appointed by company shareholders in the Ordinary Annual Shareholders' meeting. According to FEMSA's bylaws, shareholders owning **series B shares appoint a minimum of 11 regular board members, while series D shareholders appoint 5 regular members**. Furthermore, shareholders may appoint alternative board members. Committee members are also appointed at the Ordinary Annual Shareholders' Meeting and must be board members. Every member of the Audit Committee and Corporate Practices Committee is an independent board member, in keeping with the Securities Market Act and the NYSE applicable provisions.

KOF	FC	FSB
✓	✓	✓

GRI 102-25 CONFLICTS OF INTEREST

The **Corporate Practices Committee is responsible for preventing or reducing the risk of transactions that could damage the value of our company or that benefit a particular group of shareholders**. The committee may **call a shareholders' meeting** and include matters on the agenda for that meeting that it deems appropriate, **approve policies** on the use of our company's assets or related party transactions, approve the compensation of the chief executive officer and key executives, and support the board of directors in drafting reports on the accounting and reporting policies and criteria followed in preparing financial information. Each member of the Corporate Practices Committee is an independent director, as required by the Mexican Securities Market Act.

KOF	FC	FSB
✓	✓	✓

GRI 102-26 ROLE OF HIGHEST GOVERNANCE BODY IN SETTING PURPOSE, VALUES, AND STRATEGY

See Annual Report, page 43 Management Team

KOF	FC	FSB
✓	✓	✓

For more information on the Management Team, see <http://www.femsa.com/en/meet-femsa/board-directors-and-management-team>

	BUSINESS UNIT		
	KOF	FC	FSB
GRI 102-27 COLLECTIVE KNOWLEDGE OF HIGHEST GOVERNANCE BODY	✓	✓	✓
The Committees of the Board of Directors assist the Board of Directors in its functions and support it in making decisions on various issues, whether economic, social or environmental. Board Committees may ask board members, directors, employees, external consultants, or others, to attend meetings or to meet with one or more of its members to provide relevant information as necessary.			
GRI 102-28 EVALUATING THE HIGHEST GOVERNANCE BODY'S PERFORMANCE	✓	✓	✓
At FEMSA, the Management Team as well as the rest of the employees establish goals and targets based on their contribution level and responsibilities; progress is tracked against these goals at least four times a year. This evaluation is carried out in conjunction with the employee's direct superior, which permits an open, close and ongoing dialogue to ratify or correct strategies followed to achieve the established goals and generate economic and social value in a manner consistent with our vision.			
GRI 102-29 IDENTIFYING AND MANAGING ECONOMIC, ENVIRONMENTAL, AND SOCIAL IMPACTS	✓	✓	✓
The Management Team keeps track of the main risks to which FEMSA and its Business Units are exposed. Each Business Unit is responsible for identifying and tracking internal and external business risks, including social and environmental risks.			
GRI 102-30 EFFECTIVENESS OF RISK MANAGEMENT PROCESSES	✓	✓	✓
Business Units establish measures to mitigate and manage risks, which are validated in the annual risk identification process.			
GRI 102-31 REVIEW OF ECONOMIC, ENVIRONMENTAL, AND SOCIAL TOPICS	✓	✓	✓
The Management Team and the Business Units conduct a strategic planning review at least four times a year, discussing business risks and opportunities, and any social and environmental issues that may arise.			
GRI 102-32 HIGHEST GOVERNANCE BODY'S ROLE IN SUSTAINABILITY REPORTING	✓	✓	✓
The Sustainability and Energy Department is responsible for providing sustainability information for the Annual Report.			
GRI 102-33 COMMUNICATING CRITICAL CONCERNS	✓	✓	✓
See Annual Report, page 40 Corporate Governance			
GRI 102-35 REMUNERATION POLICIES	✓	✓	✓
GRI 102-36 PROCESS FOR DETERMINING REMUNERATION			
Board Member compensation is approved in the General Shareholders' Meeting. The compensation policy for senior management is reviewed by the Corporate Practices Committee, based on compensation in the industry and/or historic practices and compensation levels at FEMSA.			
GRI 102-40 LIST OF STAKEHOLDER GROUPS	✓	✓	✓
At FEMSA we have various stakeholders with whom we engage and with which we remain in constant communication, among them nonprofit organizations, investors, industry, specialized institutions, government, consumers, clients, suppliers, employees, society and the media.			

	BUSINESS UNIT		
	KOF	FC	FSB
<p>GRI 102-41 COLLECTIVE BARGAINING AGREEMENTS</p> <p>Of our total work force (229,871 of our own employees), 74.5% belong to a union, all of which are covered by a contract, agreement or collective agreement.</p>	✓	✓	✓
<p>GRI 102-42 IDENTIFYING AND SELECTING STAKEHOLDERS</p> <p>See GRI 102-40</p>	✓	✓	✓
<p>GRI 102-43 APPROACH TO STAKEHOLDER ENGAGEMENT</p> <p>See GRI 102-21</p>	✓	✓	✓
<p>GRI 102-45 ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS</p> <p>The entities covered in our consolidated financial statements are:</p> <ul style="list-style-type: none"> › FEMSA Servicios › Coca-Cola FEMSA › FEMSA Comercio › FEMSA Strategic Businesses 	✓	✓	✓
<p>GRI 102-46 DEFINING REPORT CONTENT AND TOPIC BOUNDARIES</p> <p>The sustainability content of this report is based on the issues defined as material in our Strategic Sustainability Framework. We have followed the GRI Standards Guidelines, and its reporting principles (stakeholders' inclusion, sustainability context, materiality and exhaustiveness) in preparing this table.</p> <p>The information contained in this document is provided on a good-faith basis, with the intention of broadening understanding of the organization's non-financial performance. Although the information is considered to be correct at the time of publication, we cannot accept responsibility for any loss or damage caused by a person or organization acting or refraining from acting as a result of the information contained herein.</p>	✓	✓	✓
<p>GRI 102-47 LIST OF MATERIAL TOPICS</p> <p>See page 3.</p>	✓	✓	✓
<p>GRI 102-48 RESTATEMENT OF INFORMATION</p> <p>In the 2017 report, the data reported under the GRI 308-1 indicators corresponded to that year. At the close of 2018, the cumulative results of supplier evaluations were: 1,501 under the FEMSA Guideline Principles since 2014, and 833 in conformity with The Coca-Cola Company Principles since 2013.</p> <p>In 2018, pursuant to Article 12 of the Regulation of the Law on Energy Transition, Mexico's Energy Regulating Commission (CRE) announced an update to the national energy emission factor for 2017, from 0.458 to 0.582 metric tons of CO₂/MWh.</p> <p>Additionally, indicators 302-1, 302-3, 303-1, 305-1, 305-2, 305-4, and 306-2 were modified due to the increased coverage of information from operations. These adjustments are described in this document.</p>	✓	✓	✓
<p>GRI 102-49 CHANGES IN REPORTING</p> <p>There are no significant changes in the scope and material sustainability aspects addressed in the FEMSA Annual Report and table of contents compared to preceding reports.</p> <p>The GRI Content Index was based on the GRI Standards.</p>	✓	✓	✓

	BUSINESS UNIT		
	KOF	FC	FSB
GRI 102-50 REPORTING PERIOD	✓	✓	✓
The information from the section on materiality and the GRI table in this annual report covers the period from January 1 to December 31, 2018 and corresponds to FEMSA and its Business Units only. It does not include the performance of Heineken because, since 2010, FEMSA has only an equity stake—not an operating influence—in that business. Businesses that were acquired less than a year ago are not included in the sustainability information.			
GRI 102-51 DATE OF MOST RECENT REPORT	✓	✓	✓
The last report published was for fiscal year 2017, published in 2018.			
GRI 102-52 REPORTING CYCLE	✓	✓	✓
See GRI 102-50.			
GRI 102-53 CONTACT POINT FOR QUESTIONS REGARDING THE REPORT	✓	✓	✓
FEMSA Energy and Sustainability Department Víctor Manuel Treviño Vargas Gabriel Adrián González Ayala Phone: +52 (55) 5249 6800 sostenibilidad@femsa.com.mx			
GRI 102-54 CLAIMS OF REPORTING IN ACCORDANCE WITH THE GRI STANDARDS	✓	✓	✓
We have followed the GRI Standards Guidelines , and the materiality standards have been independently reviewed by EY Mexico (see verification letter at the end of this GRI Content Index). The information contained in this document is provided on a good-faith basis, with the intention of broadening understanding of the organization's non-financial performance. Although the information is considered to be correct at the time of publication, we cannot accept responsibility for any loss or damage caused by a person or organization acting or refraining from acting as a result of the information contained herein.			
GRI 102-55 GRI CONTENT INDEX	✓	✓	✓
This table reports on the GRI Content Index of our report.			
GRI 102-56 EXTERNAL ASSURANCE	✓	✓	✓
See Independent Verification Letter.			

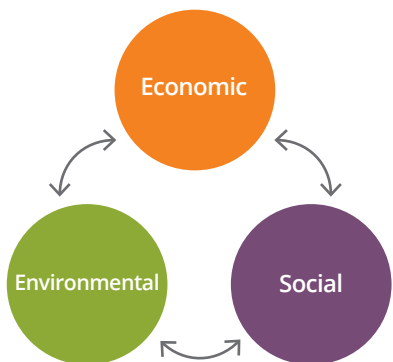
MANAGEMENT FOCUS

GRI 103-1 EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY	✓	✓	✓
The Strategic Sustainability Framework defines material issues as those in which internal and external stakeholders consider FEMSA or its Business Units as capable of impacting them , either positively or negatively.			

BUSINESS UNIT

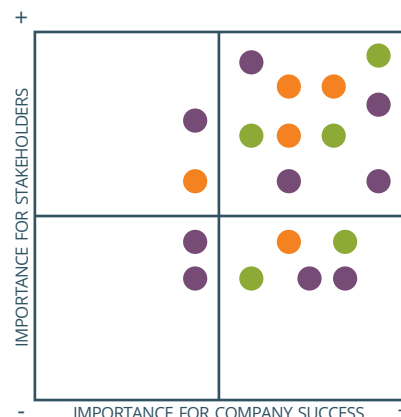
GRI 103-2 THE MANAGEMENT APPROACH AND ITS COMPONENTS

See pages 2 and 3.



19

focus topics through which we can generate the greatest impact



ECONOMIC

GRI 201-1 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

See: Annual report, page 4 Value Creation Highlights



KOF	FC	FSB
✓	✓	✓

GRI 201-2 FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE

Risks:

- › Changes in the availability of natural resources.
- › Greater likelihood of excess precipitation or drought.
- › Increase in average temperature.
- › Change in the behavior of meteorological phenomena.

Consequences:

- › Reduction or impact on production capacity.
- › Increase in operating costs.



KOF	FC	FSB
✓	✓	✓

GRI 201-3 DEFINED BENEFIT PLAN OBLIGATIONS AND OTHER RETIREMENT PLANS

Employees receive the benefits established by law, and incentives in keeping with their performance. 100% of our full-time and temporary employees receive at least the benefits required by law. In Mexico, the **Savings Fund and a Voluntary Retirement Savings Plan**, are available to 100% of our employees; in both initiatives, FEMSA contributes an additional percentage over the amount paid in by the employee.

KOF	FC	FSB
✓	✓	✓

GRI 202-2 PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY

In the countries where we operate, we **encourage local hiring**. During the year, **81.22% of senior management** at FEMSA and the Business Units were **from the country where they work**.

KOF	FC	FSB
✓	✓	✓

BUSINESS UNIT

GRI 204-1 PROPORTION OF SPENDING ON LOCAL SUPPLIERS

KOF	FC	FSB
✓	✓	✓



82% of our expenses corresponding to suppliers were for local suppliers.



Disclaimer: Excludes suppliers of merchandise (OXXO suppliers), finished product, employees or sales representatives, donations, inter-company transfers, government offices and unions. Information of some of the Solistica operations.

Acting with respect, honesty and integrity, and abiding by the laws and regulations of the countries where we operate, is an essential part of our corporate culture. We know that having rules, policies and values that encourage a sustainable approach in all decision-making is key to our operations.

<http://www.femsa.com/en/meet-femsa/board-directors-and-management-team/code-ethics/>

GRI 205-1 OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION

KOF	FC	FSB
✓	✓	✓

GRI 205-2 COMMUNICATION AND TRAINING ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES

In all of our operations, we encourage and facilitate the detection of illegal practices and/or inappropriate conduct, through open communication and formal mechanisms introduced in accordance with the provisions of our Code of Ethics, and we promptly report on any violations of this code.

Through the Whistleblower System, a formal mechanism available 24/7 year-round, administered confidentially by an independent company specialized in this area, FEMSA receives reports of possible illegal practices or inappropriate conduct that goes against our Code of Ethics.



NUMBER OF COMPLAINTS RECEIVED AT FEMSA AND ITS BUSINESS UNITS*

	2016	2017	2018
Number of complaints received	2,002	2,492	2,743
Resolved during the same calendar year	82%	70%	78%
Resolved in a subsequent calendar year	18%	30%	22%

* Complaints include reported situations relating to workplace or sexual harassment, discrimination, human rights violations, theft, corruption, misuse of information, negative impacts on the community and the environment, among others.

GRI 206-1 LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOR, ANTI-TRUST, AND MONOPOLY PRACTICES

KOF	FC	FSB
✓	✓	✓

Our Code of Ethics also requires us to comply with the laws on fair competition in all the countries where we operate.

ENVIRONMENT

At FEMSA, we promote a culture of conservation and appropriate management of natural resources, and investment in environmentally efficient technologies. Only in this way can we ensure the conditions needed to operate and grow in balance with our environment.

We make an effort to learn about, minimize and address the risks associated with climate change throughout the value chain of all our operations. Accordingly the Our Planet pillar targets our efforts on the following areas of actions:



Waste and recycling

We seek out ways to improve the efficiency in the use of materials and promote their appropriate disposal and recycling.



Energy

We focus on improving energy efficiency in our operations, diversifying the energy portfolio and increasing the efficiency of our transport vehicles, as well as reducing greenhouse gas emissions into the atmosphere.



Water

We work to make more efficient use of water, recycle and reuse what we can, treat wastewater, help conserve this resource in watershed regions, and create a culture of water care with a long-term vision.

We are committed to learning about, minimizing and addressing the risks associated with the environmental impact of energy, water and waste management throughout the value chain of all our operations.



We are committed to obtaining
85%
 of our electric energy requirements in Mexico from renewable sources by 2020.

During 2018, we supplied

27.1%

of our electric energy requirements in Mexico with renewable energy from five wind farms, and we closed the month of a December with

36.9%

of our demand covered by these sources.



ACROSS OUR ENTIRE COCA-COLA FEMSA OPERATION, WE ARE COMMITTED TO:



1.5 liters of water per liter of beverage produced in **2020.**
Our water efficiency at the close of 2018 was 1.59 liters of water consumed for every liter of water used in making our beverages.

Return to our communities and their environment the same amount of water used in making our beverages, by the year 2020. In 2018 we met this goal in Brazil, Colombia, Mexico and Central America.



25% recycled resin in our containers by 2020. At present we use 21% recycled resin.




100% recyclable containers.



20% reduce the carbon footprint of our value chain compared to our 2010 baseline.



50% Create containers that contain at least 50% recycled material by 2030.

To collect and recycle the equivalent of **100%** of our packaging by 2013.




Coca-Cola FEMSA has avoided the use of 25.8 billion metric tons of PET in bottle lightening projects, and currently 21% of the resin used is recycled.

In 2008, we invested Ps.618.7 million (US\$31.5 billion) in initiatives to continue improving our water and energy efficiency and our waste management.

AT FEMSA:

We work on reducing the amount of material used in our product packaging, as well as packing and containers, making sure to continue to comply with the strictest standards of product protection.

Our plastic bags are oxo-degradable, and include 20-30% recycled material. In 2016 we launched a campaign called "Sin bolsa, gracias" (No bag, thanks), and in 2018 we succeeded in eliminating 386 metric tons of plastic.

BUSINESS UNIT		
KOF	FC	FSB

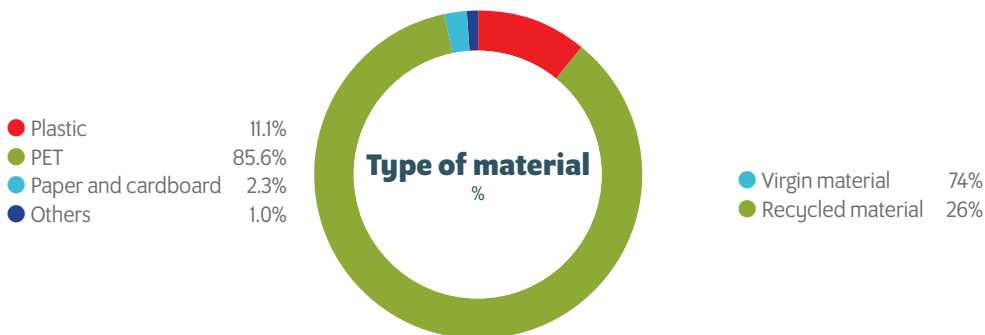
GRI 301-1 MATERIALS USED BY WEIGHT OR VOLUME

✓	✓	✓
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GRI 301-2 RECYCLED INPUT MATERIALS USED

GRI 301-3 RECLAIMED PRODUCTS AND THEIR PACKAGING MATERIALS

Total packaged materials amounted to 357,314 metric tons.



Disclaimer: Not including glass and aluminum.

Energy is fundamental to our business operations. This is why every year we incorporate new technology along with processes and tools that help to diversify the energy portfolio and optimize its use, reducing the environmental footprint of our operations.

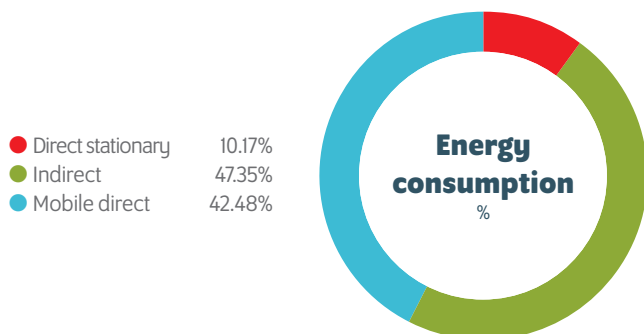


- In pursuit of these goals, we participate in the following projects:
- ▶ **The Amistad Wind Farm** in the state of Coahuila, which started up operations in November 2018, has a production capacity of 197.5 MW and generates **750,000 MWh** of renewable energy per year. FEMSA has a power purchase agreement (PPA) to acquire 100% of this energy, **supplying at least 7,600 load points** in Mexico.
 - ▶ **The Eólica del Sur Wind Farm** in southern Oaxaca will have a production capacity of 396 MW and will generate more than **1.3 million MWh** per year; FEMSA has a PPA to receive approximately **13,800 load points** for operations at FEMSA and Heineken Mexico. This park is expected to start up operations in January 2019.
 - ▶ We have also entered into a PPA for the **San Matías Wind Farm** in the state of Baja California, which will have 30 MW of installed capacity and generate **100,000 MWh** per year of renewable energy. This wind farm will supply its energy to **load points at FEMSA and Heineken Mexico** facilities located in the northwest of Mexico, and is expected to be operational by the end of 2019.

We supplied **renewable energy** to **+600** drugstores, **+6,100** OXXO stores, **15** manufacturing plants, and **53** distribution centers by year-end 2018.

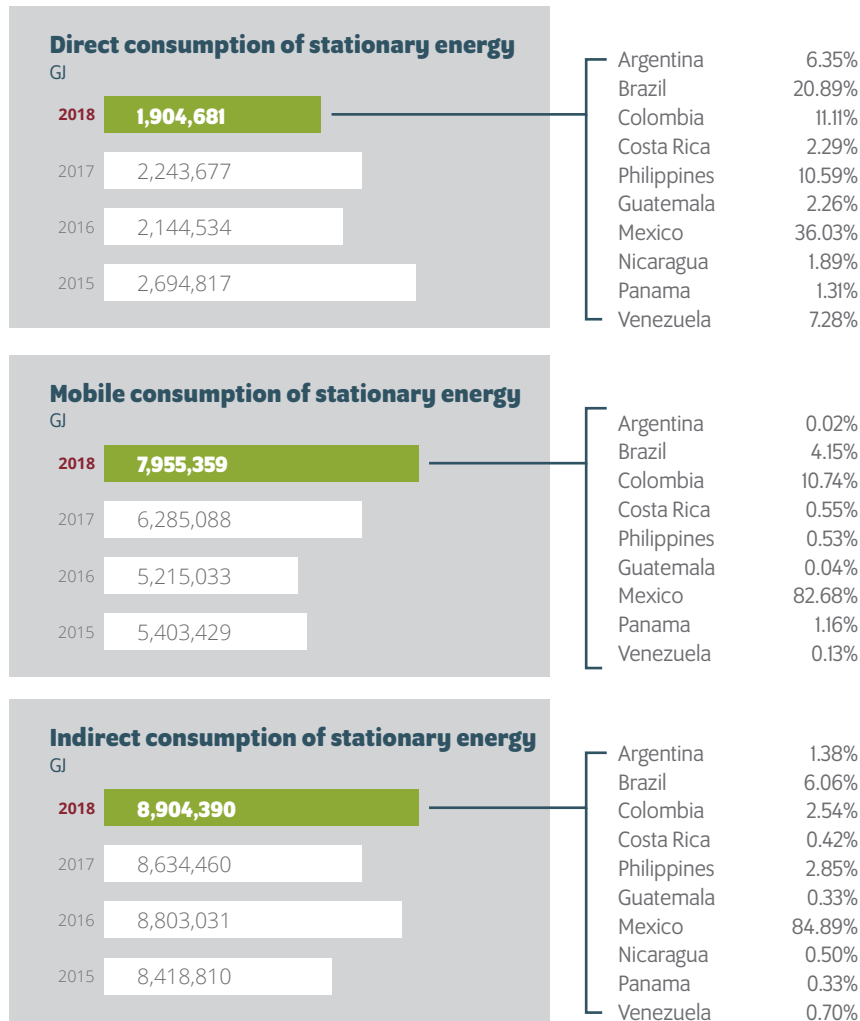
GRI 302-1 ENERGY CONSUMPTION WITHIN THE ORGANIZATION

KOF	FC	FSB
✓	✓	✓



BUSINESS UNIT		
KOF	FC	FSB
✓	✓	✓

ENERGY CONSUMPTION WITHIN THE ORGANIZATION



We are committed to increasing our consumption of energy from renewable sources. Our use of clean energy in manufacturing plants grew to 50% of our total electrical consumption in 2018. In Brazil, 84.74% of energy consumption came from clean sources, 61.61% in Panama, 53.67% in Colombia, 10.82% in Argentina and 51.58% in Mexico (from the PIASA sugar mill 3V and primarily the Dominica II Wind Farm).

GRI 302-2 ENERGY CONSUMPTION OUTSIDE OF THE ORGANIZATION

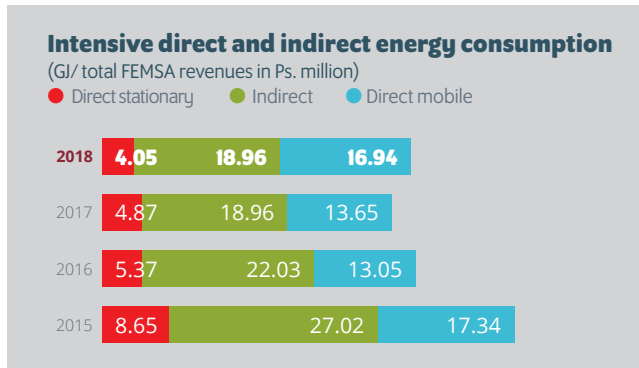
Energy consumption outside of the organization in 2018 was 7,811,447.14 MJ.

**Calculation of this indicator includes only fuel consumption by our clients through the use of our fleet.*

KOF	FC	FSB
✓	✓	✓

GRI 302-3 ENERGY INTENSITY

KOF	FC	FSB
✓	✓	✓



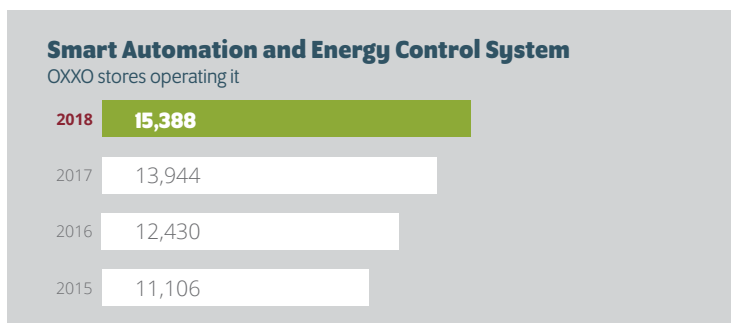
Disclaimer: 1. Includes stationary consumption of non-renewable sources 2. Includes fuel consumption by company-owned units 3. Includes consumption from indirect renewable and non-renewable sources.

GRI 302-4 REDUCTION OF ENERGY CONSUMPTION

KOF	FC	FSB
✓	✓	✓

GRI 302-5 REDUCTIONS IN ENERGY REQUIREMENTS OF PRODUCTS AND SERVICES

FEMSA Comercio continued installation of Smart Automation and Energy Control Systems in different workplaces. By the end of 2018, **15,388 OXXO stores, 16 Distribution Centers and 19 offices in Mexico** have installed this system, which uses sensors, alarms and controls for regulating refrigeration equipment, air conditioning and lighting circuits. In addition, 34% of our OXXO stores run on clean energy.



We work to reduce our products' energy consumption, benefiting our consumers and the environment.

We are continually developing technologies to reduce the electrical energy consumption of the refrigerators manufactured by IMBERA, and have succeeded in lowering energy consumption in this equipment by up to 85% in the past 10 years.

In 2018, Coca-Cola FEMSA migrated to more environmentally-friendly technology in refrigeration equipment in Mexico, Central America, Colombia, Brazil and Argentina.

Aware of the importance of water to our operations, we are **working on various initiatives to reduce our water use, while improving our management of it and promoting conservation of watersheds**. Since 2010, Coca-Cola FEMSA has steadily reduced the amount of water it uses to make its beverages; at the close of 2018, this was **1.59 liters of water consumed for every liter of beverages produced**.

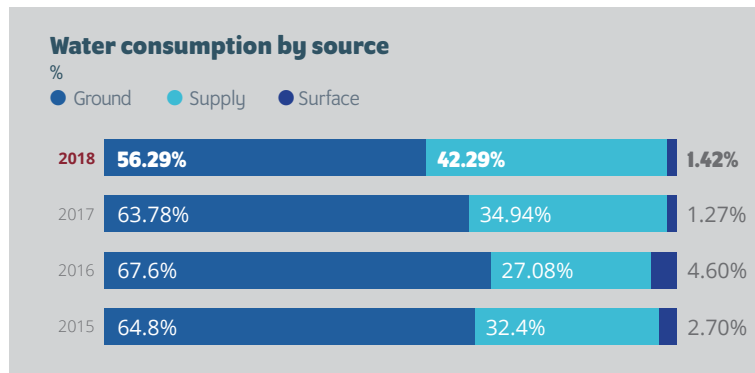
BUSINESS UNIT

GRI 303-1 WATER CONSUMPTION BY SOURCE



KOF	FC	FSB
✓	✓	✓

FEMSA water consumption: 39 million m³



GRI 303-3 WATER RECYCLED AND REUSED

KOF	FC	FSB
✓	✓	✓

We have wastewater treatment plants at 100% of our bottling plants.

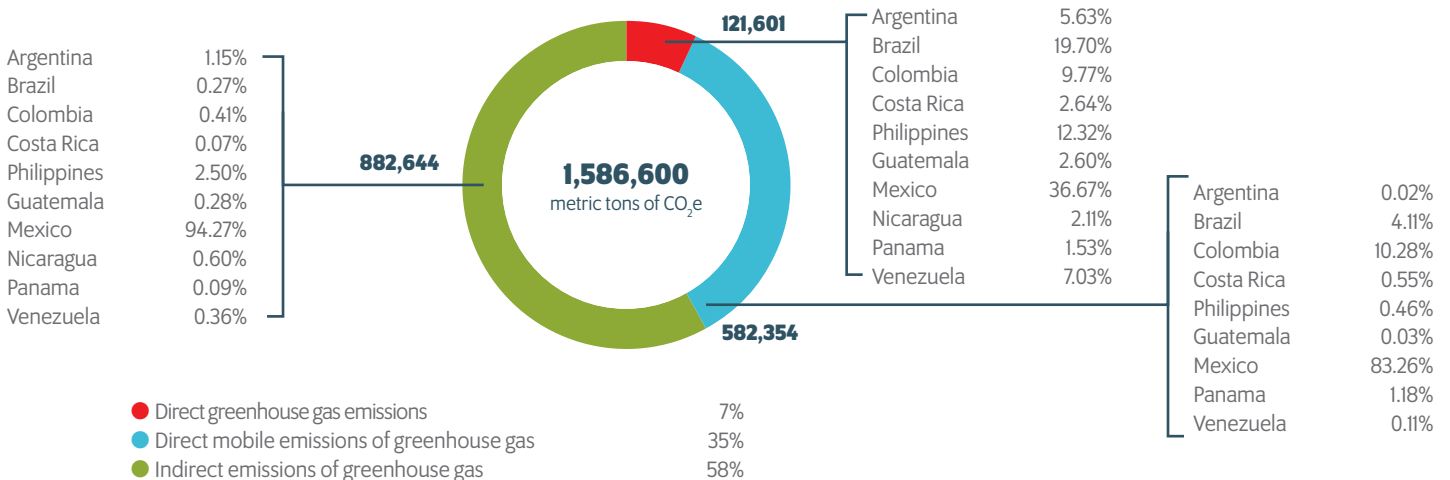
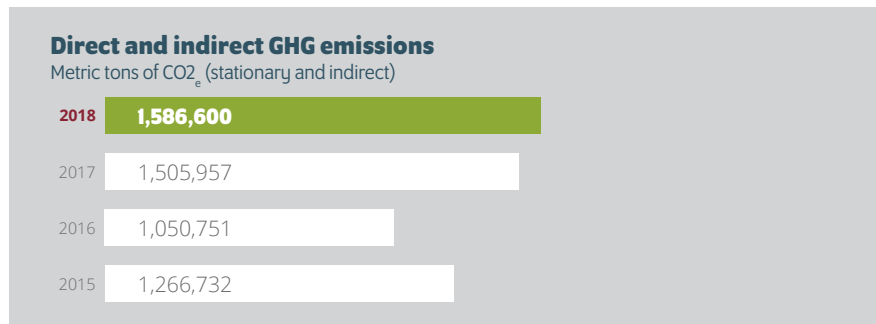
FEMSA works constantly to reduce the amount of CO₂ produced in our operations. We therefore try to optimize fuel use, lowering the amount used per kilometer traveled in operations at Solistica through route efficiency planning and the incorporation of new technologies.

GRI 305-1 DIRECT (SCOPE 1) GHG EMISSIONS



KOF	FC	FSB
✓	✓	✓

GRI 305-2 ENERGY INDIRECT (SCOPE 2) GHG EMISSIONS



BUSINESS UNIT

GRI 305-3 OTHER INDIRECT (SCOPE 3) GHG EMISSIONS

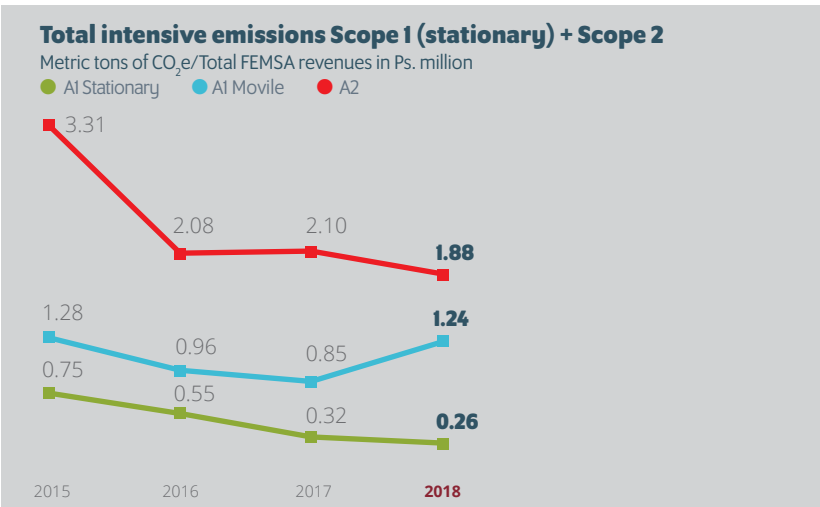
KOF	FC	FSB
✓	✓	✓



Disclaimer: Does not include 154 routes on which data was not available, and which represent 2% of total flights; routes are calculated based on the International Civil Aviation Organization calculator. Takes into account organic and inorganic growth of the organization.

GRI 305-4 GHG EMISSIONS INTENSITY

KOF	FC	FSB
✓	✓	✓



GRI 305-5 REDUCTION OF GHG EMISSIONS



KOF	FC	FSB
✓	✓	✓

To reduce our CO₂e emissions, Coca-Cola FEMSA has implemented various initiatives, like using recycled resin, consuming renewable energy, and using lighter-weight PET, which have brought substantial benefits and savings.

At Imbera we incorporated environmentally-friendly cooling agents into our equipment. 80% of the refrigerators sold in 2018 use R290 refrigerant gas, considered more ecological. We stopped using HFC 141b, a foaming insulation element for refrigerator parts and replaced it with a water-based agent.

We make sure all of our Business Units have permanent processes in place to efficiently and responsibly manage waste that is generated until its final destination.



KOF	FC	FSB
✓	✓	✓

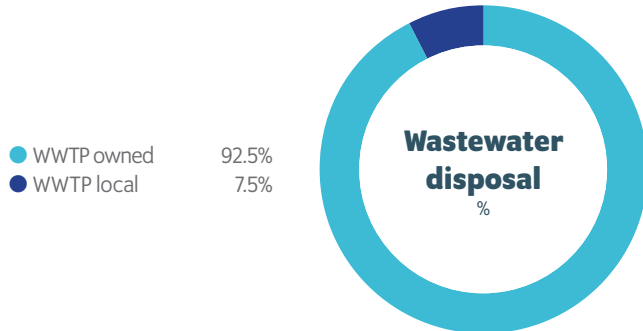
For example, we have 17 bottling plants with Zero Waste certification, an initiative designed for our operations in Mexico, which establishes specific measures for improving waste management, disposal and reuse, resulting in improved waste efficiency per liter of beverage produced. For 2020 we want to recycle at least 90% of the waste we generate in every one of our bottling plants. At the close of 2018, we had successfully met this goal in 93% of them. We are now therefore recycling 95% of the total waste generated by these plants.

Additionally, 33% of our OXO stores now have the infrastructure and processes needed to separate and manage the waste from their operation.

We also comply with all regulations on maintaining an appropriate infrastructure for collecting hazardous waste and we manage its disposal through authorized suppliers.

GRI 306-1 WATER DISCHARGE BY QUALITY AND DESTINATION

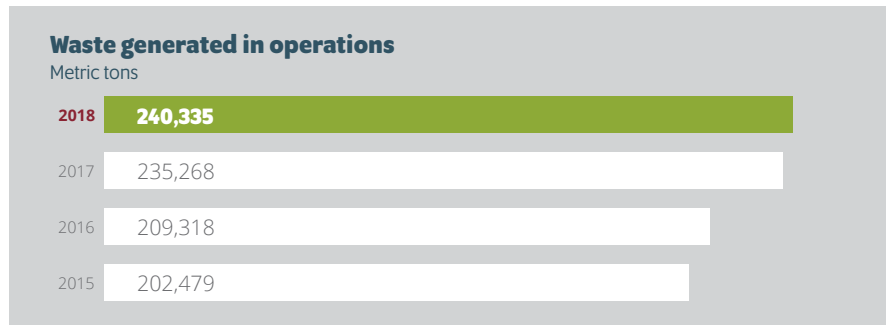
KOF	FC	FSB
✓	✓	✓



Disclaimer: WWTP: Wastewater treatment plant. 100% of our water discharge is sent to a WWTP (local or owned).

GRI 306-2 WASTE BY TYPE AND DISPOSAL METHOD

KOF	FC	FSB
✓	✓	✓



Disclaimer: All hazardous waste is channeled to companies that specialize in its correct handling and disposal.

GRI 307-1 NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

KOF	FC	FSB
✓	✓	✓

At FEMSA, we have processes for complying with the environmental laws that apply to our operations.

GRI 308-1 NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA

KOF	FC	FSB
✓		

As of the close of 2018, we had conducted 2,334 supplier evaluations, 1,501 of them according to FEMSA's Supplier Guiding Principles since 2014, and 833 according to The Coca-Cola Company principles since 2013.

Disclaimer: The information provided applies only to Coca-Cola FEMSA.

GRI 308-2 NEGATIVE ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN AND ACTIONS TAKEN

KOF	FC	FSB
✓	✓	✓

With the support of Trucost, in 2017 we conducted an exercise to quantify the environmental impact of our direct and supply chain operations, extending the process to our supply of raw materials.

SOCIAL

The **Our People** pillar encompasses **tools and processes for empowering our employees** on a personal level. We want them to be motivated by their workplace and committed to our goals, so we create initiatives focused on the following areas of action:



› Culture and Values

We **encourage** our employees to adopt an **ethical culture** through attitudes and actions that contribute positively to our growth as a company and to the well-being of our families and communities.



› Training and Development

We firmly believe that our employees' performance is closely linked to their **personal and professional advancement**. For this reason, we provide them with platforms for development, where they can acquire knowledge, develop skills and prepare themselves for excellent performance.



› Comprehensive Advancement

We offer programs focused on values, **family togetherness**, health and sports, seeking a balance between **economic, social, work and educational aspects**.

In 2018, we invested **Ps. 1.39 billion (US\$ 70.6 million)** in initiatives to continue promoting our Culture and Values, and supporting training and overall advancement for our employees.



KOF	FC	FSB
✓	✓	✓



We promote training and comprehensive development of our employees.

One initiative of which we are particularly proud is **Sociedad Cuauhtémoc y Famosa (SCYF)**, which celebrated its first century in 2018.



Around the time of the Mexican Revolution, workers were dealing with the same social instability and challenges that were affecting the country at large. Because the company understood this context and knew that people were and have always been the engine of growth, **SCYF** was founded as a cooperative in which the employees and the company together created a **savings fund** and supported **comprehensive development programs** in diet and nutrition, **medical care**, recreation and financial services, and a culture of work and savings that supported family stability. It also offered vouchers for **medical services** to employees and delivered the first **employee bonus**, equivalent to 100% of their savings.

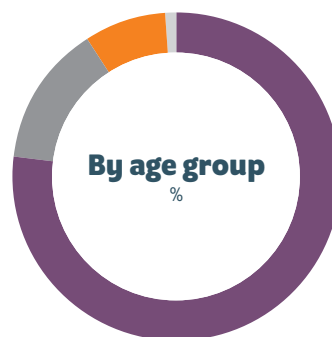
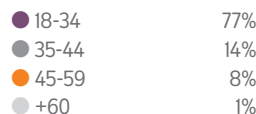
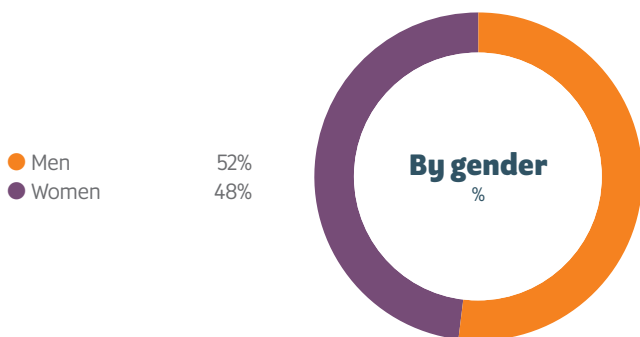
BUSINESS UNIT		
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GRI 401-1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

In 2018, we hired a total of 216,641 new employees, including substitutions.



KOF	FC	FSB
✓	✓	✓



GRI 401-2 BENEFITS PROVIDED TO FULL-TIME EMPLOYEES THAT ARE NOT PROVIDED TO TEMPORARY OR PART-TIME EMPLOYEES

These are some of the benefits our employees enjoy:

- › Annual bonus
- › Complementary annual compensation
- › Savings fund
- › Scholarships

Additionally, through Sociedad Cuauhtémoc y Famosa (SCYF) in Monterrey, Mexico, we offer comprehensive development programs for our employees, along with medical care, recreation, food and financial services, to promote a culture of work and savings that encourages family stability.

Benefits are offered to full-time as well as temporary employees.

KOF	FC	FSB
✓	✓	✓

GRI 401-3 PARENTAL LEAVE

The return work rate after parental leave was 99% for both men and women.



KOF	FC	FSB
✓	✓	✓

We consider workplace safety and health to be as important as any other activity or goal at FEMSA. Accordingly, we abide by the strictest standards relating to occupational health, hygiene and safety.



In recognition of the operating processes we have in place to guarantee efficient, safe vehicular travel, Coca-Cola FEMSA and Solística were awarded the National Highway Safety Prize for the ninth and thirteenth year in a row, respectively, from the Asociación Nacional de Transporte Privado, ANTP (National Association of Private Transport).

BUSINESS UNIT

GRI 403-2 TYPES OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND NUMBER OF WORK- RELATED FATALITIES

KOF	FC	FSB
✓	✓	✓

In 2018, the index of days lost due to work-related incidents per 100 workers was **40.7 days**. The **accident frequency rate / Accident Index** was 2.5. The index of **days lost due to general illness** was reduced from 338 to **299.3 days** for every 100 workers, while the **general illness incidence index** decreased from 40.7 to **27.9 cases** per 100 workers. In 2018, there were five work-related fatalities among our employees (two in Mexico, one in Colombia and 2 in Brazil). The work-related illness rate (WRIR) was .017. In line with global labor safety and health indicators and practices, the results expressed in hours were: index of days lost due to work-related accidents, 20.4; accident frequency rate, 1.2; and work-related illness rate (WRIR) 0.00856.

GRI 403-3 WORKERS WITH HIGH INCIDENCE OR HIGH RISK OF DISEASES RELATED TO THEIR OCCUPATION

KOF	FC	FSB
✓	✓	✓

Through our **Occupational Health Management Model** and its 20 preventive programs, we **promote and maintain the highest level of physical, mental and social wellness** in all of our Business Units, by encouraging our employees to adopt healthy lifestyles, minimizing the risk of work-related illness and complying with the laws of all the countries where we operate.

GRI 403-4 HEALTH AND SAFETY TOPICS COVERED IN FORMAL AGREEMENTS WITH TRADE UNIONS

KOF	FC	FSB
✓	✓	✓

Our **collective bargaining agreements** include a commitment to **fulfill occupational health and safety obligations**, prevent accidents through mixed committees and provide safety equipment consistent with the duties performed.

At FEMSA, we focus on **developing our employees' skills** by providing them the **tools** they need to **deal with changing environments** and achieve their highest potential as individuals and professionals.

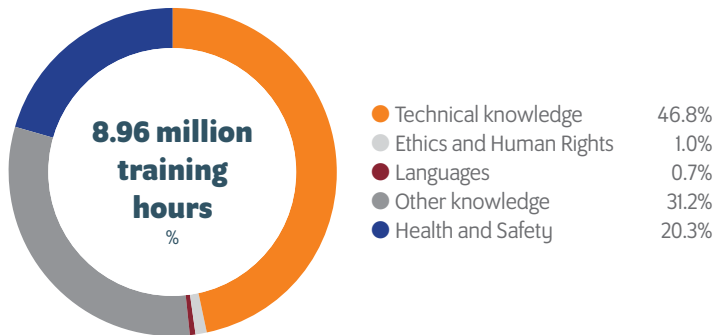


We include the available talent in the market, maximizing organizational innovation, strengthening a humanistic culture of respect and inclusion, and enabling employees to actively and intentionally participate of life around them.

GRI 404-1 AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

KOF	FC	FSB
✓	✓	✓

Employees of FEMSA and its Business Units received an average of 30.15 hours of training in 2018.



GRI 404-2 PROGRAMS FOR UPGRADING EMPLOYEE SKILLS AND TRANSITION ASSISTANCE PROGRAMS

KOF	FC	FSB
✓	✓	✓

The comprehensive development of our employees, both professionally and personally, is of the utmost importance to FEMSA. We maintain a number of programs to pursue this objective, for example through **Sociedad Cuauhtémoc y Famosa (SCYF)** in Monterrey, México, we support programs to help employees transition to retirement through the **Programa de Vida y Desarrollo** (Life and Development Program) (PLAVIDE). The program is designed for employees approaching retirement, along with their partners, to prepare for this new phase, understanding it as a natural process in life.

GRI 404-3 PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

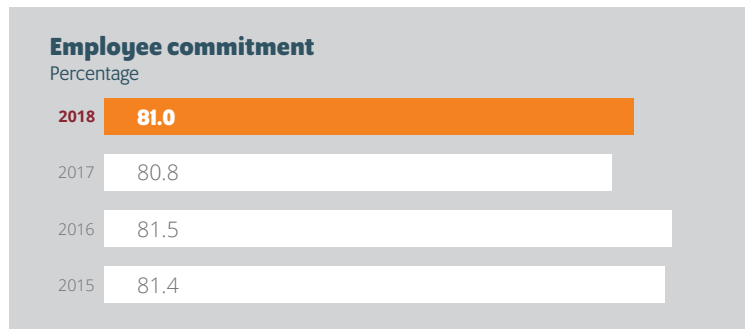
KOF	FC	FSB
✓	✓	✓

As part of our talent management, during the year, **29,237 employees** received individual performance and professional development evaluations.

EMPLOYEE SATISFACTION TREND

KOF	FC	FSB
✓	✓	✓

FEMSA strives to create positive workplace environments where workers are heard and attended to, so we have an Organizational Climate tool that is applied every two years and enables us to learn about our employees' level of satisfaction with and commitment to their work. We can apply the results to developing plans to improve harmony in the company's workplaces.



At FEMSA, we continue to build a **plural, innovative and supportive organization**, by recruiting, promoting and retaining internal and external talent. We work for a **gender balance** in our workforce, with special **empowerment programs for women**. We also promote the **hiring of people with disabilities**, and endeavor to incorporate the talent and experience of employees of various generations into our work force.

At FEMSA, our **non-discrimination policies** are **broadly promoted** and are **connected with our talent processes**.

We have a workplace free of discrimination of any kind, including gender, race, marital status, beliefs, tribes or union associations, social and/or economic level, language, disability, sexual orientation, citizenship or migration status.

In recognition of their best workplace inclusion practices and processes, **797** OXXO stores, OXXO Gas, YZA drugstores and Coca-Cola FEMSA received the Gilberto Rincón Gallardo Inclusive Company distinction.

DIVERSITY IN GOVERNANCE BODIES AND EMPLOYEES

See Annual Report, page 41 Board of Directors
See GRI 102-08

KOF	FC	FSB
✓	✓	✓

HUMAN RIGHTS

We recognize **Human Rights** as a set of prerogatives based on human dignity, the effective protection of which is indispensable to a person's comprehensive development.

We conduct ourselves in a trustworthy, respectful, diligent and honest manner and **recognize the dignity of the person, respecting their freedom** and their privacy; and we refrain from falsely accusing the innocent.

We also **prohibit any form of forced labor or employment of minors**, under the terms of the labor laws of each country and international laws as well.

GRI 407-1 OPERATIONS AND SUPPLIERS IN WHICH THE RIGHT TO FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING MAY BE AT RISK

FEMSA has a policy of respecting employees' **freedom of association** and union affiliation; and their right to create or join a union, voluntarily and freely, without fear of reprisals or intimidation. In our work centers and among our significant suppliers, we have identified no threats or violations of the freedom of association and right to adhere to collective bargaining contracts.

KOF	FC	FSB
✓	✓	✓

GRI 408-1 OPERATIONS AND SUPPLIERS AT SIGNIFICANT RISK FOR INCIDENTS OF CHILD LABOR

In every country where we operate, FEMSA is committed to **complying with** all national and international laws regarding **minimum hiring age** and working conditions.

KOF	FC	FSB
✓	✓	✓

GRI 409-1 OPERATIONS AND SUPPLIERS AT SIGNIFICANT RISK FOR INCIDENTS OF FORCED OR COMPULSORY LABOR	KOF	FC	FSB
<p>For FEMSA, human beings are the fundamental factor in the organization, and must be treated with dignity. Accordingly, we prohibit any form of labor that is not mutually agreed upon, and we reject all types of unpaid work, servitude, slavery or withholding of documents as a condition of employment.</p>	✓	✓	✓
GRI 410-1 SECURITY PERSONNEL TRAINED IN HUMAN RIGHTS POLICIES OR PROCEDURES	KOF	FC	FSB
See GRI 404-1	✓	✓	✓
GRI 412-1 OPERATIONS THAT HAVE BEEN SUBJECT TO HUMAN RIGHTS REVIEWS OR IMPACT ASSESSMENTS	KOF	FC	FSB
<p>At FEMSA we have a Workplace Information System through which each work center can conduct a self-evaluation that includes specific human rights labor issues. To date, no potential impacts have been identified. Also, at Coca-Cola FEMSA, operations are audited by an external party for issues relating to human rights, among others.</p>	✓	✓	✓
GRI 412-2 EMPLOYEE TRAINING ON HUMAN RIGHTS POLICIES OR PROCEDURES	KOF	FC	FSB
See GRI 404-1.	✓	✓	✓
GRI 412-3 SIGNIFICANT INVESTMENT AGREEMENTS AND CONTRACTS THAT INCLUDE HUMAN RIGHTS CLAUSES OR THAT UNDERWENT HUMAN RIGHTS SCREENING	KOF	FC	FSB
<p>FEMSA's Code of Ethics is one of the ways we give our unconditional support to a sense of respect, honesty and integrity in our organization. These values are an essential part of our corporate culture, and enable us to ensure our businesses are properly managed. We provide every supplier of goods and services a copy of our Supplier Guiding Principles, which encourages all our them to follow good human rights practices.</p>	✓	✓	✓

COMMUNITY

We help positively transform the communities where we operate, and to do so we work every day on strengthening internal capacities to build relations with communities, based on dialogue and cooperation, offering local people and companies a greater chance to succeed and endure. We do so through the following areas of action:



› Sustainable supply

We work together with suppliers to reduce environmental and social impact of our commercial actions.



› Community development

We help develop safer communities with better social conditions.



› Healthy lifestyles

We promote programs that help create a culture of health and self-care.



+ 71,680
internal volunteers
devoted more than
593,300 hours of volunteer
time to 1,975 separate
actions to benefit the
community.

Ps. 854
million
(US\$ 44 million) invested
in initiatives to strengthen
our positive impact on
communities.



540 community
initiatives
promoted by our
operations.

Redondeo clientes OXXO,



(OXXO Customer Round-Up program) begun
in 2002, is a link between customers and local
institutions, creating a circle of mutual support.
Currently, the program operates in all of Mexico
through OXXO and other formats.



Redondeo clientes OXXO		Institutions benefited
	Ps. million	
2018	83.56	276
2017	93.9	256
2016	98.3	230
2015	100.8	268

Through the participation of our employees, who invite customers to participate in donating and rounding up their total, in 2018, **Ps. 83.56 million (US\$ 4.26 million)** were raised, benefiting **276 institutions**.

To date more than 2,900 local nonprofit organizations have benefited from the program, including the Cruz Roja Mexicana (Mexican Red Cross), Fundación Michou y Mau I.A.P., Asociación ALE I.A.P., Destellos de Luz A.B.P., Banco de Alimentos A.B.P., Cáritas de Monterrey A.B.P., Instituto Nuevo Amanecer A.B.P., and many more.

GRI 413-1 OPERATIONS WITH LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS, AND DEVELOPMENT PROGRAMS

KOF	FC	FSB
✓	✓	✓

FEMSA Comercio's tree-planting program is aimed at raising awareness about the importance of environmental care, interacting constructively with our ecosystems and generating environmentally-friendly communities by expanding green areas within our cities. To date, we have planted and maintained a total of **19,423 trees** around OXXO stores. This investment helps capture of **757.4 metric tons of CO₂e**, comparable to what is emitted by 280 compact vehicles in a year.

Developing and maintaining positive, mutually valuable relationships with the communities in which we operate is fundamental to our business strategy and our sustainability goals. This begins with understanding the positive and negative impacts our businesses have in our communities, and then assessing how our business strategy can address the needs of these communities to further promote their sustainability through our business strategy.

An indispensable mechanism for making this diagnosis is what we call our **Modelo de Atención a Riesgos y Relacionamento Comunitario, MARRCO (Model for Addressing Risks and Community Relations)**, which channels the company's actions to establish a more effective dialogue with local communities and ensures a wider impact. This tool has earned us the trust and cooperation of our stakeholders, and also enables us to identify risks and opportunities to create value and optimize our actions and programs. MARRCO supports the development of capacities through multi-disciplinary teams at our plants and distributions centers.

Some examples of our community initiatives are:

Premio Eugenio Garza Sada



Premio Eugenio Garza Sada (Eugenio Garza Sada Prize), a recognition given jointly by the Tecnológico de Monterrey and FEMSA since 1993, recognizes the actions by Mexican or foreign individuals and institutions that contribute to the well-being of the Mexican community, through development, improvement and promotion of the productive capacity of its human and physical resources. It was created in honor of Eugenio Garza Sada, who always showed concern and interest in human development through education and work, and by improving standards of living and culture. To date, 26 people, 25 institutions and 6 student groups have received this prize.

Premio OXXO a la Ecología



In 1986, OXXO, together with the Ministry of Education of the city of Monterrey, and some years later with Hermosillo, Chihuahua, Ciudad Juárez and Mexicali, has been awarding the **Premio OXXO a la Ecología (OXXO Ecology Prize)**, which today recognizes pre-school, primary school, middle school and special education groups who take action in favor of the environment, community service and values. Each school creates an ecology club that engages in various activities relating to environmental care, like reforestation campaigns, planting of tree nurseries, school gardens and botanical gardens; composting; water,

power and gas savings programs; paper, aluminum, plastic and glass recycling campaigns and contests. All of these actions by clubs and schools help reduce water and energy consumption. These ecology clubs receive specialized support, coordination by municipal authorities for carrying out their events, and an opportunity to share environmental values with their communities.

Support to Food Banks



Joining efforts to combat hunger in Mexico, in 2010 the program **Alimentos** was begun in conjunction with the **Banco de Alimentos de México, BAMX (Food Bank of Mexico)**, a non-profit organization dedicated to **food salvage as a way to address the problem of hunger**. This joint effort works to channel excess food in good condition for human consumption, which is distributed through food banks belonging to AMBA—located throughout the country—in coordination with OXXO Distribution Centers, where they can reach various charitable organizations. In 2018 we channeled more than Ps. 64 million (US\$ 3.26 million) in products that benefited more than 21,800 families.

Community Instructors Network


In Venezuela, the **Coca-Cola FEMSA Community Instructors Network** develops leaders that can stimulate community inclusiveness and gender equality through sports. Instructors receive theoretic and practical training based on the Sports for Development methodology, promoting harmonious coexistence in their communities.

Sustainable Supply

Our **suppliers** are essential to the sustainability of our business, and we are committed to helping them **improve their professional and social performance** by offering them training and other resources that enable them to improve their processes on an ongoing basis. To this end, we have a number of commitments and initiatives at our different Business Units:

AT COCA-COLA FEMSA we follow a five-step **Sustainable Sourcing Strategy**: prioritization of categories, sustainable purchasing, assessment, capacity development and recognition.

OPERATIONS AT FEMSA COMERCIO PROXIMITY DIVISION focus efforts on developing the **suppliers of store-brand products**, in order to strengthen processes, capacities, and the supply chain, and generate value in their communities.



We promote good practices among our suppliers, related to human rights, the environment, community, and ethics and values through our Supplier Guiding Principles.

Our company has a Code of Conduct and **Supplier Guiding Principles**, that encompass the following:

- › Environmental standards for processes, products or services.
- › Child labor.
- › Fundamental human rights (for example, labor rights, freedom of association, ILO Conventions).
- › Working conditions (for example, work hours, dismissal practices)
- › Business ethics (for example, corruption and anti-competitive practices).

At FEMSA, we have a mission of simultaneously creating economic and social value, so we make sure that our operations and our suppliers act in accordance with responsible policies, principles and commercial practices. Our approach to achieving this goal is based on a balance between economic growth and commitment to high ethical standards and values, comprehensive employee advancement, and protection and improvement of the environment and development of our communities and suppliers.

The Supplier Guiding Principles establish the minimum expectations the company has regarding how its suppliers (of goods and services) manage key sustainability aspects.

<p>GRI 414-1 NEW SUPPLIERS THAT WERE SCREENED USING SOCIAL CRITERIA</p> <p>See GRI 308-1.</p>	KOF	FC	FSB
	✓	✓	✓
<p>SUPPLIER TRAINING</p> <p>65 suppliers received training for their development.</p>	KOF	FC	FSB
		✓	
<p>STATEMENT OF HEALTH AND NUTRITION POLICIES</p> <p>FEMSA offers various alternatives within our extensive portfolio of proprietary-brand beverages and snacks, manufactured with the highest quality standards in the industry to adapt to the different lifestyles of our customers.</p> <p>Customers who want to reduce their calorie consumption can choose from our steadily expanding portfolio of low-calorie and no-calorie beverages.</p> <p>As Mexico's largest publicly-owned Coca-Cola bottler, we comply with all measures relating to the evaluation of the impact our products have on the safety and health of our clients and consumers during the entire lifecycle of the products we sell. In accordance with our procedures and with national and international regulations, we ensure that all ingredients, materials and processes protect consumer health and safety.</p>	KOF	FC	FSB
	✓	✓	

We are helping to develop viable solutions to obesity, joining forces with governments, academic institutions, health organizations, communities, companies and other members of civil society.

TYPES OF HEALTHY PRODUCTS SOLD (ORGANIC, REDUCED SUGAR, FEWER ARTIFICIAL INGREDIENTS, FORTIFIED FOODS, REDUCED PORTIONS)

KOF	FC	FSB
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✓	✓	
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31% of the brands in the Coca-Cola FEMSA portfolio contain vitamins, fiber, minerals or nutritional supplements.

In our OXXO stores, we offer products that adapt to the various needs of our consumers.

GRI 417-1 REQUIREMENTS FOR PRODUCT AND SERVICE INFORMATION AND LABELING

KOF	FC	FSB
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✓	✓	
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In order to help our consumers make informed decisions about our operations, our products are labeled with clear and accessible information on nutritional content, including nutrients, fats, sugar and sodium in every one of our products. Coca-Cola FEMSA's nutrition labeling strategy is based on Dietary Reference Intakes (DRI), as well as the regulations applicable in each country. Because we are present in 10 countries, we understand that every population is different, with its own needs and habits. We are therefore committed to complying with the laws of each country where we operate, provided that framework provides our consumers with information based on scientific evidence. We are always willing to participate in regulatory changes, offering our experience as a system, in order to guarantee that our consumers receive quality information.

As part of our commitment to the well-being of our consumers, our advertising is consistent with the Responsible Marketing Policy and the Global School Beverage Guidelines of The Coca-Cola Company. For example, as part of the Responsible Marketing Policy, we strictly follow and enforce our policy of not advertising to children under 12. We also encourage the industry at large to advertise responsibly, ensuring that there are no ads in classrooms. We therefore underscore our commitment to healthy habits among our consumers.

VERIFICATION REPORT



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Independent Limited Verification Report

To the Board of Directors of Fomento Económico Mexicano, S.A.B. de C.V.:

Scope of our Work

We have undertaken an independent limited verification of the performance indicators included in **Annex A** and presented in the Annual Report (the "Report") of Fomento Económico Mexicano, S.A.B. de C.V. ("FEMSA" or the "Company") corresponding to the year calendar 2018, based on with the reporting criteria set forth in the GRI Standards (the "Criteria").

The preparation of this report is the responsibility of FEMSA's Management. FEMSA's Management is also responsible for the information and the assertions contained therein, defining the scope of the Report and the management and control of the information systems that provided the reported information.

Our work was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). This standard requires that we plan and perform our engagement to obtain limited assurance about whether the report is free from material misstatement and that we comply with ethical requirements, including the independence requirements included in the Code of Ethics of the International Ethics Standards Board for Accountants (IESBA).

Standards and verification procedures

The verification procedures performed focused on the following:

- Interviews with the individuals responsible for the information to understand the activities performed and the procedures used to gather the information.
- Review of the structure and content of the Report in accordance with the GRI Standards.
- Understanding of the procedures used in compiling and consolidating quantitative and qualitative data, as well as their traceability.
- Review of the support documentation through analysis and recalculations, as well as sampling, to increase the certainty of the indicators reported.

It is worth mentioning that the scope of this review is substantially less than a reasonable assurance engagement. Therefore, the assurance provided is also less. This Report shall in no way be considered an audit report.

The performance indicators identified for the work of our verification until December 31, 2018, are mentioned below:

- Proportion of spending on local suppliers
- Direct stationary energy consumption
- Indirect energy consumption
- Direct stationary energy intensity
- Indirect energy intensity
- Water withdrawal by source
- Direct (Scope 1) GHG emissions
- Indirect (Scope 2) GHG emissions
- Indirect (Scope 3) GHG emissions produced by employee air travel
- Direct stationary GHG emissions intensity
- Indirect GHG emissions intensity
- Total generated waste

- Injury rate
- General illness rate
- Lost day rate caused by work related injuries
- Lost day rate caused by general illnesses
- Average hours of training per employee
- Investment in Our Community
- Investment in Our Planet
- Investment in Our People
- Public report on our Whistleblower System
- Economic spill to the community

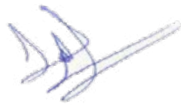
Conclusions

Based on our work described in this Report, nothing has come to our attention that causes us to believe that the performance indicators selected are not presented, in all material respects, in accordance with the applicable criteria.

This report has been exclusively prepared for the Board of Directors of Fomento Económico Mexicano, S.A.B. de C.V., in accordance with the terms of our engagement agreement.

Mancera, S.C.

A Member Practice of Ernst & Young Global Limited



Saúl García Arreguín

Partner

March 14th, 2019; Mexico City

VERIFICATION REPORT

Annex A: Performance indicators verified

Performance indicators

Name of the performance indicator	Scope of the information	Reported information	Unit
Proportion of spending on local suppliers	FEMSA and its business units	82	% of spending on local suppliers
Direct stationary energy consumption	Coca Cola FEMSA and Imbera	1,904,681	GJ
Indirect energy consumption	FEMSA and its business units	8,904,390	GJ
Direct stationary energy intensity	Coca Cola FEMSA and Imbera	4.05	GJ/ FEMSA's total income in million MXN
Indirect energy intensity	FEMSA and its business units	18.96	GJ/ FEMSA's total income in million MXN
Water withdrawal by source	FEMSA and its business units	39.0	Total million cubic meters
		56.29	% Ground water
		42.29	% Municipal water supply
		1.42	% Surface water
Direct (Scope 1) GHG emissions	Coca Cola FEMSA and Imbera	121,601	Metric tons of CO ₂ equivalent
Indirect (Scope 2) GHG emissions	FEMSA and its business units	882,644	Metric tons of CO ₂ equivalent
Indirect (Scope 3) GHG emissions produced by employee air travel	FEMSA and its business units ¹	13,109	Metric tons of CO ₂ equivalent
Direct stationary GHG emissions intensity	Coca Cola FEMSA and Imbera	0.26	Metric tons of CO ₂ equivalent / FEMSA's total income in million MXN
Indirect GHG emissions intensity	FEMSA and its business units	1.88	Metric tons of CO ₂ equivalent / FEMSA's total income in million MXN
Total generated waste	FEMSA and its business units	240,335	Metric tons of waste
Injury rate	FEMSA and its business units	2.50	Injuries per 100 employees
General illness rate	FEMSA and its business units	27.90	Cases per 100 employees

Name of the performance indicator	Scope of the information	Reported information	Unit
Lost day rate caused by work related injuries	FEMSA and its business units	40.70	Lost days per 100 employees
Lost day rate caused by general illnesses	FEMSA and its business units	299.30	Lost days per 100 employees
Average hours of training per employee	FEMSA and its business units	30.15	Hours of training
Investment in <i>Our Community</i>	FEMSA and its business units	854	Million MXN
Investment in <i>Our Planet</i>	FEMSA and its business units	618.7	Million MXN
Investment in <i>Our People</i>	FEMSA and its business units	1,386	Million MXN
Public report on our Whistleblower System	FEMSA and its business units	2,743	Number of complaints received
		78	% of complaints resolved during the same calendar year
		22	% of complaints resolved after the same calendar year
Economic spill to the community	FEMSA and its business units	274	Billion MXN