FEMSA







Throughout our 130year history, we have contributed to the economic and social development of the regions where we are present. We have founded and developed companies and institutions that tangibly fulfill one of FEMSA's fundamental values: generating social value.

SCOPE SUSTAINABILITY STRATEGY

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Our companies help improve quality of life for the more than 300,000 families they sustain, optimize the use of natural resources they consume, and positively transform communities, with millions of beneficiaries from their programs and initiatives.



FEMSA participates in retailing through FEMSA Comercio, which includes the Proximity Division containing OXXO, a small-format store chain; the Health Division, which includes drugstores and related operations; and the Fuel Division, which operates the OXXO GAS chain of retail service stations.

In the beverage industry, we operate Coca-Cola FEMSA, a publicly-traded Coca-Cola bottling company; and in the brewery industry our shareholder is Heineken, a company present in more than 70 countries.

Additionally, through FEMSA Strategic Businesses, Solistica offers services, Imbera offers point-of-sale refrigeration solutions and PTM brings plastic solutions to FEMSA companies as well as external clients.

FEMSA is a member of diverse sustainability indexes, among them the Dow Jones MILA Pacific Alliance and the FTSE4Good Emerging Index.

About this report

Since 2004, FEMSA has publicly reported the non-financial results of its operations. Through the Annual Report, the sustainability content and the website we address diverse issues related to the economic, social, environmental and corporate governance impact.

The purpose of this report is to share with stakeholders the fulfillment of our mission: generate economic and social value. This is embodied in the results of the Sustainability Strategy initiatives and projects of FEMSA and its Business Units.

This report consolidates information on the Business Units in the countries where we are present:

- Coca-Cola FEMSA
- FEMSA Comercio
- FEMSA Strategic Businesses
- Countries where we operate: Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Nicaragua, Panama, Peru and Uruguay

The presentation of the non-financial information includes the entities covered in the consolidated financial statements. The information regarding FEMSA Comercio is expressed with the abbreviation FEMCO; Coca-Cola FEMSA is abbreviated KOF, and FEMSA Strategic Businesses, which includes data on Imbera, Solistica, and PTM, is expressed with the abbreviation FNE. Heineken's results are neither included nor taken into consideration in FEMSA's non-financial information.

This document is integrated by the following sections:

Section 1: Scope

Section 2: Sustainability Strategy

Section 3: Performance

Section 4: GRI Content index

Section 5: External verification

Each business unit generates non-financial information on its workplaces.

Information was compiled and consolidated only on workplaces active in all twelve months of the year covered by this report, which made them eligible for inclusion in the non-financial information.

Non-financial information comes from various sources, which may include internal management systems, databases, surveys and annual interviews.

FEMSA continues to present this report on an annual basis. There are no significant changes in the materiality and coverage of material issues between previous periods and this report. The information regarding the operations in Venezuela is not considered in this report.

We performed a data and information recalculation presented in the 2018 annual report:

- Update of Emission Factors in the information presented in 2018
- Update of calculation of the direct energy mobile source in 2018
- Update of the calculation of recycled materials for 2017

To reaffirm our commitment to transparency and accountability in the reports we publish, we carry out a process of content verification (indicators). This year, Ernst and Young (EY) verified the information and process for calculating annual indicators of the Sustainability Strategy. For more details about this external verification, see section 5 Verification Report.

We use the following guides, protocols or frames of reference for calculating and measuring performance indicators:

Ethics and values: Internal methodology

Our People: Internal methodology

Our Planet:

- Water: Internal methodology
- Energy: Internal methodology
- Greenhouse Gas Emissions:

The quantification of Scope 1 and 2 emissions for the operations in Mexico is carried out using the methodology of the National Emissions Registry (RENE) promoted by the Ministry of the Environment and Natural Resources. For the rest of the countries we use the data from the International Energy Agency, with a delay of two years, since the factors are generally published two years later. For the Scope 3 emissions, an internal methodology was developed to calculate the distance of the company's business trips.

• Waste: Internal methodology

The Annual Report, the Sustainability content, and additional information presented on our website, follow the methodology of the Global Reporting Initiative (GRI). This document was developed to comply with the "core" option of the Standards.

To locate information, indicators and disclosures on management's approach to economic, environmental and social issues, consult section 4 of the GRI Content.

Through corporate policies, code of ethics and sustainability activities, projects and initiatives developed in our Business Units' operations, we contribute to the UN Sustainable Development Goals (SDG), while working to implement the ten principles of the UN Global Compact.

Joining efforts in pursuit of the 2030 Agenda means we are helping to improve quality of life and well-being for people, while working for the conservation, restoration and sustainable use of ecosystems.

We believe the Global Compact provides an opportunity to improve our labor practices, processes and activities in areas related to human rights, labor regulations, environment and anti-corruption. This Annual Report is also our Communication of Progress (CoP).

The FEMSA Corporate Sustainability and Energy Department is responsible for compiling, publishing and validating the non-financial information presented in the Annual Report, Sustainability content and the Sustainability section of our website.



For any questions, comments or suggestions regarding sustainability content of the Annual Report please contact us by any of the following channels:

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Addressing
environmental, social and
governance challenges in
a digital world requires
setting new priorities.
Being a responsible
company in today's world
means doing our part to
help preserve our planet
for future generations.

SUSTAINABILITY STRATEGY

The business climate today is influenced by the growing effects of climate change, uncertainty over economic growth, global geopolitical shifts and inequality, all of which motivate companies to develop business models that can generate value for society at the same time as they create value for their shareholders.

What stakeholders expect of 21st-century organizations is that they develop ethical business practices aligned with organizational values, have work systems that promote diversity and inclusion, supply chains that consume fewer natural resources, carry out community actions focused on global issues, and connect more effectively with their customers.

Addressing environmental, social and governance challenges in a digital world requires setting new priorities. Being a responsible company in today's world means doing our part to help preserve our planet for future generations.

Since 1890, FEMSA has been developing a business model that not only focuses on maximizing shareholder value but contributes positively to society. Our permanent goal: become a responsible corporate citizen. Over the course of the years, this approach evolved to become FEMSA's sustainability strategy.

Today we recognize that sustainability is a means for generating value, which can establish trust and transparency, and create competitive advantage. It is a tool that can help reveal a company's positive contribution to society, while sharing its economic results.

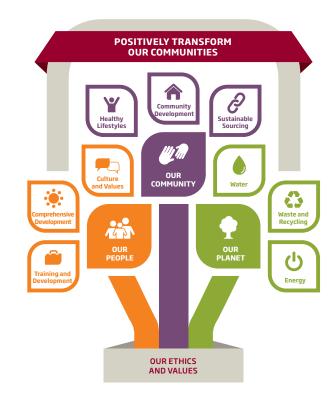
For FEMSA, sustainability is the ability to generate the social, environmental and economic conditions needed to operate today, and to continue growing in harmony with the environment and society.

Through FEMSA sustainability strategy, which has the objective to positively transform our communities, we are increasing our operations efficiency, taking advantage of the innovative spirit of our people and improving community relations.

The implementation of this strategy in our Business Units enables us to plan and develop projects, programs and actions, and to invest the economic and human resources needed for the short, medium and long terms.

The Sustainability Strategy is grounded in ethics and values, and focused on issues where we can have the greatest positive impact: Our People, Our Planet, and Our Community.

FEMSA defines and implements policies, develops management systems, formulates strategic targets, monitors performance, incorporates stakeholder feedback, and uses innovation as a tool for continuous improvement.



In this section we present the goals, programs and key performance indicators of FEMSA's sustainability strategy, including the primary achievements by Business Unit and our contribution to the Sustainable Development Goals.

Our People

Culture and values

Training and development

Comprehensive development



FEMSA is committed to being a high-performing company where talent and culture drive the development of our people. We aim to promote the comprehensive development of every employee, giving them the training and tools they need to succeed at their jobs.

We invest in creating an appropriate working environment in which employees are motivated and committed, and can grow and develop, in turn supporting the growth of the business.

Contribution to the SDG

Through the projects, programs and initiatives implemented, we contribute with the following SDG:















Investment

In 2019, we invested more than 46 million USD (867 million pesos) in Our People.

CULTURE AND VALUES

Our focus

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

Our Business Units work on various projects and initiatives to enrich our inclusive culture, opening doors to diversity. Maintaining an awareness of the value of inclusion and diversity means our generation of economic and social value can be sustainable over the long term. Our business legacy is inclusiveness. Our founder, Don Eugenio Garza Sada, worked to make sure that every employee could contribute value, earn respect, and be considered an essential part of our company.

Programs and initiatives

FEMSA Comercio

Inclusion and diversity workplace program

To encourage diversity and inclusion for people in vulnerable groups, through our Proximity, Health and Fuel divisions, we offer job opportunities, primarily to people with disabilities, and senior citizens.

This program is made up of employment and training centers, the generation of alliances with specialized institutions for attraction and talent development, employability of vulnerable groups, universal accessibility investments and work centers that have earned the Inclusive Company Distinction from the Mexican Ministry of Labor and Social Planning (STPS).

Employment and training center

Its purpose is to give people with disabilities a chance to train for a job, to encourage the professional development of this vulnerable group and facilitate their inclusion in the work force and in society, inside and outside of our company.



We have established eight such centers in Mexico. In 2019 we graduated 220 trainees, who then have the option of applying for a job at OXXO or choose to apply for work at any supermarket.

Inclusion and diversity workplace indicators

People with vulnerable status employed	2019	2018
Senior citizens	2,817	1,584
People with disabilities	858	812

Inclusive Company Distinction

This distinction has been awarded to companies that apply good labor practice policies in the areas of equal opportunity, inclusiveness, development and non-discrimination against people in vulnerable situations, as a social responsibility measure and to respect human rights.

Workplaces with Inclusive Company Distinction	2019
Total workplaces	315

Coca-Cola FEMSA

Inclusion and diversity strategy

At KOF, we listen to our people's opinions on disability, gender equality, sexual orientation, culture and generational diversity. We want this strategy to help us form inclusive leadership throughout the organization, create a portfolio of diverse and inclusive talent, and build an inclusive, flexible working environment.

Accreditations

Certified Human Rights Campaign, Equity Mexico

Since 2016, the Human Rights Campaign, Equity MX Foundation works with Mexican companies to promote LGBT diversity and inclusion. This certification is given to companies that take steps to apply inclusive policies, best practices and benefits for the LGBT community.

For the second year in a row the Equity MX certificate was awarded, and we were selected as the best place to work for LGBT inclusion.

Bloomberg Gender Equality Index

This index is made up of companies committed to supporting gender equality by developing policies, representation and transparency across five dimensions: female leadership and talent, equal pay and gender parity, inclusive culture, sexual harassment policies, and pro-women brand.

In 2019 we were included in the prestigious international index for the second year in a row.

FEMSA Strategic Businesses

At FNE, we are defining an inclusiveness and diversity strategy that will be used to develop an inclusive environment in all companies. At present, management is in a process of awareness raising and internalization of the issue, which will help it define the ideal path for each of the companies. They have taken part in workshops and idea-sharing sessions in which decisions are made about the implementation of inclusion and diversity actions, from the roots of the organization.







TRAINING AND DEVELOPMENT

Our focus

We firmly believe that our employees' performance is closely linked to their personal and professional growth. With more than 300,000 people working in our Business Units, training and development programs are a necessity, so every employee is in charge of their own growth within our organization.

We want our employees to develop the skills and abilities necessary to anticipate the company's needs, be prepared to act in complex, constantlychanging environments, and thus respond to current and future challenges.

Programs and initiatives

Training performance indicators

Employee training	2019	2018
Total hours	8,657,577	8,957,257

Training topics	Total training hours
Human rights	225,704
Leadership	732,605
Technical knowledge	3,702,488
Health and safety	117,470
Sustainability	87,842
Others	3,791,469

[&]quot;Others" includes: ethics and culture of legality, coaching, functional training, languages, onboarding and other topics.

Occupational health and safety

FEMSA Comercio

Health week, vaccination and prevention campaigns.

In 2019 we held several events with a focus on holistic wellness for employees, prevention of illness, early detection and self-care. During health week, comprehensive medical care was offered, with the aim of improving conditions for physical, mental and occupational health with the early detection of chronic illnesses through nutritional checkup, cardiovascular evaluation, flu vaccine and psychosocial risk modules.

FEMSA Strategic Businesses

Health and Safety Fair - Health Week

To promote a culture of prevention and encourage occupational health and safety for employees and wellness for the entire community, twentyfour events were held, benefiting around four thousand employees. Campaigns were organized regarding control and early detection of chronic degenerative illness. This has helped reduce accidents and absenteeism in the workplace.

Training sessions were also held to educate workers about the use and benefits of medical insurance. A workout-at-work campaign was introduced as well, demonstrating to employees a program of exercises they can do at the workplace, to offset the effort required by their jobs and ensure their bodies are in condition and can maintain the balance necessary for good health.

Collision avoidance systems

To improve drivers' performance and prevent collisions, we invested in telemetry and video technology for our trucks, incorporating advanced driver assistance systems (ADAS), a tool to help reduce accidents by permanently monitoring drivers' habits on the road. In 2019, we equipped 62% of our primary distribution vehicles in Mexico with this technology and succeeded in reducing the number of highway accidents in these vehicles by 20%.

Coca-Cola FEMSA

We believe it is a fundamental need to protect the physical integrity of individuals, so they can enjoy all the moments life has to offer, generating value for customers and sustainability for the business. We therefore reiterate our commitment to doing everything necessary to protect the lives of all the people with whom we interact in our operations and continue working toward our goal of zero accidents.

QSE Cultural Transformation Model

The model has 5 key elements. In 2019 we developed the strategic framework and change plan for QSE Cultural Transformation in every country where we operate. We began this transformation process with the Leadership and Diagnostics phase. In the process we held close to 350 workshops in all our countries, set up 150 safety culture committees and developed close to 300 health and safety initiatives.

Risk prevention and culture

One of our strategic approaches is to reduce and manage Strategic, Operating and Compliance risks, and to do this we have created a Risk Management Model to ensure that risks and opportunities are properly managed in the organization, so that we can correctly understand, identify, analyze, validate, prioritize, respond to and control them, and thus achieve the intended results.

In 2019 we developed our QSE Risk Management Strategy and identified and validated the primary strategic risks at the company level. We also created an Operating Risk Management Model and an Operating Risk Tool for Brazil.

COMPREHENSIVE DEVELOPMENT

Our approach

FEMSA wants to support the comprehensive development and quality of life of all our employees, to positively impact our environment as well as our business strategy.

To do this, we promote Social Development activities that include employees as well as their families, giving them an opportunity to grow and transcend in their community and improve quality of life through a better work-life balance.

FEMSA's Social Development consists of five dimensions:

1. Social

We encourage the formation of satisfactory social, civic and family relationships, in harmony with the environment and the community.

2. Health

We promote healthy lifestyles (physical and emotional).

3. Labor

We encourage commitment, excellence on the job and a constructive working environment, developing a sense of belonging.

4. Economic

We want workers to build and protect their equity, generating an organizational culture of hard work and savings.

5. Formative

We encourage and help our employees to continuously acquire new knowledge and skills.





Social development indicators

In 2019 FEMSA held 18,875 Social Development activities.

Social Development Dimension	Number of activities
Social	17,199
Health	468
Labor	699
Economic	138
Formative	371

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Our **Planet**

Water

Energy

Waste



At FEMSA, we seek to generate social value. Since the beginning, our business philosophy has been oriented toward the care and preservation of the environment. We are concerned with being a responsible corporate citizen.

STRATEGY

To fulfill our goal of minimizing the impact of our operations, our business model pursues a balance between expansion and growth of our Business Units, as well as the conservation of natural resources.

Investment in new technologies helps us consume less water, use less energy, and generate less waste.

Innovation also helps us develop an array of products that contribute positively to the environmental footprint of our customers and consumers, by using recycled materials to optimize their life cycle and allow them to be recycled once again.

Contribution to the SDG

Through the projects, programs and initiatives implemented, we contribute to the following SDG:















Our investment

On 2019 we invested more than 54 million USD (Ps. 1,023 million) in Our Planet.

WATER

Our focus

Water is essential to the sustainability of our planet, our people and our communities. FEMSA's sustainability strategy is aimed at a comprehensive management through these action lines: efficient use, quality and treatment, universal access, research and development and watershed conservation. We intend to reduce our water consumption despite the growth of our Business Units.

To achieve these goals, we implement projects and programs, and invest in new technologies. To expand the scope of our vision, through FEMSA Foundation we develop other activities that enable us to comprehensively manage water resources.

Programs focused on efficiency:

- Condensate irrigation system in stores
- Environmental management system
- Bin and containers washing machines

Programs focused on universal access, research and development, watershed conservation, and water security:

- Water Funds
- Lazos de Agua
- IDB-FEMSA Award
- World Water Week Stockholm

To learn more about the programs, initiatives and results of FEMSA Foundation, please visit our Annual Report or our website:

https://www.femsa.com/es/fundacion-femsa/

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Targets

Achieve efficiency of 1.5 liters of water for every liter of beverage produced.

Programs and initiatives

Efficient use

FEMSA Comercio

Condensate water for irrigation

The water that condenses our ventilation and air conditioning systems has been identified as a potential source of clean water, which generally goes down the drain. By investing in infrastructure, we can reuse this water for specific purposes, helping conserve and use water sustainably.

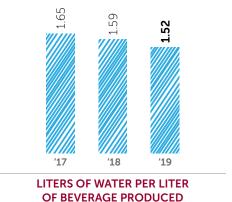
In 2019, more than four thousand OXXO stores used condensate water for watering trees located in the stores.

FEMSA Strategic Businesses

By integrating a set of initiatives for reducing water consumption, including the environmental management system, constant monitoring of performance indicators, continuous improvement of manufacturing processes, training personnel to positively influence their behavior, and investing in technology, we have achieved the goals we set.

Coca-Cola FEMSA

We have adopted a vision towards responsible management in the use and conservation of water through a comprehensive strategy, we promote efficient water consumption in all our manufacturing plants, where activities take place ranging from detection and elimination of leaks to investment in technology for recovering and optimizing consumption. To calculate our efficiency, we measure the amount of water it takes to produce one liter of beverage.



This performance positions us as a best practice benchmark in the Coca-Cola system.

Water replenishment

We continue to promote water replenishment programs through watershed conservation. We do this through environmental projects developed in partnership with stakeholders such as universities, development banks, public agencies and other experts.

Quality and treatment

FEMSA Strategic Businesses

In Mexico our manufacturing plants have wastewater treatment facilities that ensure its wastewater meets environmental regulations.

Coca-Cola FEMSA

We ensure that 100% of the wastewater is treated and returned to the nature with the right quality.

ENERGY

Our focus

For FEMSA and its Business Units, energy is an indispensable input for our operations. FEMSA's sustainability strategy in this area focuses on the efficient use of energy and the use of renewable sources.

To be more efficient, we promote behaviors, work methods and production techniques and we invest in energy-efficient technologies.

FEMSA has been using renewable energy since 2015, and today supplies wind energy to its Business Units. With the development of purchase agreements, we have access to renewable energy from seven wind farms located in various states of Mexico.

Programs focused on energy efficiency:

- Intelligent energy automation and control system in stores and distribution centers
- Clean Transport Certification
- Sustainable mobility

Programs focused on the use of renewable energy

- Wind energy
- Building integrated photovoltaic system
- C+ Verde Program

Targets

Achieve 85% of our electricity consumption in Mexico from renewable sources by 2020.

Programs and initiatives

Efficiency

FEMSA Comercio

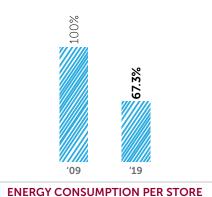
Intelligent energy automation and control system in stores and distribution centers

By investing in infrastructure and technology that controls the use of our lighting, refrigeration devices and air conditioning, we improve energy efficiency in our workplaces.

In 2019 we implemented this system in 17 distribution centers and 15,487 OXXO stores.

521 OXXO Gas stations had LED lighting systems on their premises.

With diverse efficiency initiatives, in 2019 energy consumption per store was reduced by 32%.



FEMSA Strategic Businesses

Sustainable mobility

By optimizing transportation routes and using alternative fuels this initiative is aimed at reducing carbon emissions and eliminating dependence on fossil fuels.



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During 2019, this initiative avoided the emission of 281,975 metric tons of $CO_{2'}$ and the equivalent consumption of 103,659,386 liters of fossil fuels.

SUSTAINABILITY

STRATEGY

In recognition of our success at reducing carbon emissions, for the ninth year in a row we received Clean Transport award from the Ministry of the Environment and the Ministry of Communications and Transportation.

Coca-Cola FEMSA

SCOPE

Energy efficiency in manufacturing and reduced emissions

To improve energy efficiency in our manufacturing operations and thus reduce greenhouse gas emissions, we have introduced initiatives that include employee training and energy consumption assessments.

In 2019 we achieved 13.73 grams of CO₂ per liter of produced beverage.

Renewable energy

We try to obtain and incorporate new sources of renewable energy.

At the end of 2019, we were supplying 73.4% of our electrical energy needs in Mexico from clean sources, which means we were able to supply the following number of sites with renewable energy:

	FEN COME	MSA ERCIO			COCA-COLA FEMSA		RATEGIC ESSES
		P					
STORES	DISTRIBUTION CENTERS	PHARMACIES	GAS STATIONS	MANUFAC- TURING PLANTS	DISTRIBUTION CENTERS	IMBERA	PTM
13,437	13	622	1	20	58	2	1

For more information on renewable energy at FEMSA, visit our website at: http://www.energia.femsa.com/

Building integrated photovoltaic systems

Integrated photovoltaic systems have two purposes: they serve as an architectural facade while generating electricity for consumption in the building. They also have additional benefits, like, reducing electricity costs and increase visual appeal.

Since 2013, FEMSA's corporate headquarters in the city of Monterrey, Nuevo León, has an integrated photovoltaic system that supplies the electricity needs of the building.

C+ Verde Program

This is a FEMSA initiative that helps employees to have access to clean and renewable technologies in their own homes, through advice on decision-making, answering questions and concerns and explaining the environmental and economic benefits of using this type of technology.

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Our focus

At FEMSA, we work to find solutions aimed at developing sustainable consumption and production practices, making more and better things with less resources.

To meet this goal, we need to develop a systemic approach based on innovation and cooperation between all the participants in the supply chain.

Specifically, on waste management, an approach has been developed called **Circular Economy**. Instead of extracting new resources, the Circular Economy uses and reuses materials over and over, recycling and reusing them in a closed cycle.

In 2019, we continued to adopt and promote the principles of Circular Economy—redesign, reduce, reuse, repair, recover and recycle—in FEMSA's Business Units. We know that investment, innovation and engineering are the driving forces in this transformation toward a Circular Economy.

We are also aware that this new approach will help our Business Units in two ways: first, it will guide us in reducing waste and using less resources in our operations; and second, it will support us in developing design and innovation solutions to improve the eco-efficiency of our products and services.

Circular Economy Model



Projects and programs focused on the development of solutions based on **Circular Economy**.

- Program for recycling of retail and office Equipment and Furniture
- Sustainable uniforms
- "No bag, thank you" Campaign
- Waste Management Program
- EOS REPARE Plant
- Zero Waste Plant
- "SÚMATE" Program



Targets

Zero operational waste to landfill by 2030. Create PET bottles that include at least 50% recycled content by 2030. Collect the same volume of PET bottles as those sold by Coca-Cola FEMSA by 2030.

Programs and initiatives

SÚMATE Program

This program aims at establishing waste sorting bins and eliminate single use disposable plates. It has been introduced to six FEMSA corporate and administrative office buildings. In 2019 major changes were applied including the elimination of cardboard cups and plastic stirrers used in coffee stations and the substitution of PVC disposable plates for biogradable plates.

In 2019, we were able to reduce waste generation by 38% in the buildings where the SUMATE program has been adopted; 100% of paper, cardboard, PET, aluminum, organic waste and electronic trash generated in these buildings are recycled or reused.

FEMSA Comercio

Waste separation infrastructure program

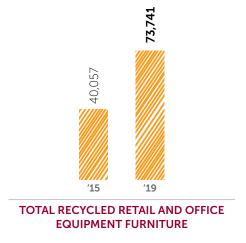
As part of the waste management strategy, we are implementing mechanisms to optimize their separation, by investing in visual signs and primary infrastructure.

More than 8,500 OXXO stores and 520 OXXO GAS service stations are equipped with waste separation infrastructure.



Program for recycling of retail and office Equipment and Furniture

As part of the waste management strategy, in 2013 we began a program to dismantling equipment and furniture that had reached the end of its useful life. Through external authorized companies, most of the components can be recycled.





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Sustainable uniforms

With implementation of the Circular Economy strategy, PET bottles are recovered and recycled to rejoin the productive cycle again as a raw material for making new products.

SUSTAINABILITY

STRATEGY

Since 2014, OXXO uniforms worn by our employees contain 50% recycled polyester fiber and 50% cotton fiber. This program supports plastic recycling to be used in making our uniforms. Once a uniform has reached the end of its useful life, it can be recycled. In 2019 we recycled more than 19,000 uniforms and 6 metric tons of fabric.

Eco-friendly bags

In recent years we have been working on solutions to the use of plastic bags to minimize their negative impact.

In 2014 we redesigned the bags by eliminating colored dyes, making them smaller and incorporating recycled material. The bags we used in 2019 were made up 20% of recycled material.

In 2016 we launched a campaign called "No bag, thank you" to discourage their use. In 2019 we were able to reduce the number of bags distributed by 35% against 2018.

In 2019 we are offering our customers new bag choices: bioplastics, paper, fabric and reusable bags.

FEMSA Strategic Businesses

In 2019, 80% of PTM products, including pallets, ice chests, furniture, and plastic crates, among others were made from recycled raw materials.

EOS REPARE Plant

Imbera is the world's largest maker of commercial coolers. Through REPARE, the maintenance services, parts and spare parts sales division in the Americas, it invested Ps. 20 million in a recycling plant.

The EOS REPARE plant opened its doors in 2019, whose purpose is to recycle coolers that have reached the end of their useful life. This workplace covers three thousand square meters and has an annual disposal capacity of sixty thousand coolers, providing more than one hundred direct and indirect jobs. It is one of the most modern centers of its type in Latin America.

This plant carries out recovery, recycle and disposal processes for coolers. 99% of their components can be recovered, repaired and recycled for later use in other equipment, or responsibly destroyed.

Coca-Cola FEMSA

Zero Waste Certification for operations in Mexico

This waste management system implemented in the manufacturing plants, allows us to recycle 95% of generated waste; 22 Coca-Cola FEMSA bottling plants have this certificate.

Packaging redesign

We are committed to redesigning our product catalogue to achieve two goals: make them 100% recyclable, and incorporate a percentage of recycled resin.



Post-consumer collection and recycling

We know that through strategic alliances we can maximize our positive impact. For the past 16 years we have participated in various initiatives with stakeholders in collection and recycling programs.

Through ECOCE, a Mexican organization that promotes waste recovery, we work together with other food and beverage companies to create a national market for recyclable products and to develop a recycling program.



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Our Community

Community development

Sustainable procurement



We positively transform the communities where we operate, and to do so, we work day by day on strengthening internal capacities to build community relations based on dialogue and collaboration, giving people and businesses more possibilities for success and endurance.

Our contributions have had a significant impact on health, education, cultural life, sports activity and comprehensive advancement of our employees, their families, and the communities where we operate.

Our Community focus is to jointly find ways to strengthen and support development in the communities that surround us. We are developing social innovation by addressing citizens issues, building societies that offer opportunities for more people, thus helping to generate sustainable communities.

Contribution to the SDG

Through the projects, programs and initiatives implemented we contribute with the following SDG:





•

























Our investment

In 2019, we invested more than 39 million USD (Ps. 750 million) in Our Community.

COMMUNITY DEVELOPMENT

Our focus

Through our workplaces, we contribute to the development of safer communities with better social conditions. Building and maintaining positive and mutually enriching relationships with the communities where we operate is fundamental to our business strategy.

We advocate for the development of safer societies with better conditions for all. We play an active role in engaging with the communities where we are present, acting as a good and responsible neighbor.

In 2015 we created the Model for Managing Risks and Community Engagement (MARRCO), through which we build more effective relations with local communities by fostering dialogue, commitment, trust and collaboration; and by detecting and managing the risks and opportunities of value generation in communities. The model also helps us spot ways to optimize existing actions and programs to maximize the mutual benefit.

Targets

100% of our workplaces integrated in its operations the Model for Managing Risks and Community Engagement (MARRCO).

At Coca-Cola FEMSA we benefit 5 million people with our nutrition and physical activation programs and initiatives.

Programs and initiatives

Nutrition and healthy lifestyles

We focus on promoting healthy habits in our communities through local programs focused on nutrition and physical activity. We lead programs that help create a culture of health and self-care.

Through various lines of action, we work to create a healthy lifestyle, and for ten years we have been investing strategically in social projects with a strong educational component, focused on addressing problems stemming from diet and nutrition. We also offer various alternatives in our extensive portfolio of storebrand beverages and snacks, made with low or zero calories. The labeling on our products contains clear and accessible nutritional information, including nutrients, fats, sugar and sodium in each of them.

Community development Corporate Volunteering

We encourage our employees to involve themselves with their communities, sharing their time, capacities and talent to support causes, projects and organizations focused on the action lines: Community Support, Education, Environment, Health and Wellness.

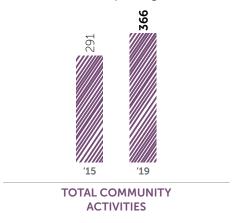
During 2019, more than 17,000 activities were carried out with the participation of 65,000 employees of our Business Units.

FEMSA Comercio

Restoration of Public Spaces, Sports Promotion, Environmental Preservation and Health Brigades

To improve infrastructure, promote healthy lifestyles, and care for the environment, every year we participate in activities held in public spaces like plazas, parks, gardens, and sports facilities, including events like races, tournaments and physical activations.

We also participate in educational activities to promote environmental culture, and tree-plating around OXXO stores.



OXXO Ecology award

In 2019, five OXXO Ecology awards were given. A total of 1,004 schools and 20,640 students responded to the call for entries, and the winners were 42 schools and 1,106 students.

Tree planting



Food bank

We supported food banks in Mexico, donating more than Ps. 70 million in food products in 2019.

OXXO Customer Ticket Round-Up

In 2019, through the round-up campaign for OXXO, Bara and YZA shoppers, more than Ps. 83.35 million was raised and donated to 253 institutions.

Coca-Cola FEMSA

Vive Bailando

This social intervention model focuses on teenagers and uses dance classes as both a transformation and healthy lifestyles tool that sustainably and positively impacts their behavior, leadership, family unit and ability to change their surroundings, which have been affected by violence.

In 2019, 80 youth benefited from this initiative, implemented in Colombia.

Ponte al 100

Along with the Coca-Cola System and other partners, we collaborate in the Ponte al 100 program—designed to generate healthy habits in primary and secondary school students, while providing metabolic index measurement of different health indicators for a large portion of the population.

The program was introduced to 713 schools in 2019, with approximately to 900,000 beneficiaries.



SUSTAINABLE PROCUREMENT

Our focus

We understand that, as an organization, we are part of one great system. Our supply chain is made up of a set of companies that offer products and services that are an essential part of the solutions we bring to our consumers.

At FEMSA, we recognize that developing a sustainable supply chain means extending sustainability to small and medium companies, having an impact on the promotion of human rights, fair labor practices, environmental care and anti-corruption policies.

The sustainability strategy points toward three lines of action: developing business capacities for local suppliers, reducing environmental impacts, and promoting and adopting the Guiding Principles for FEMSA suppliers.

Programs and initiatives

Supplier development

Through this area of action, we want to expand the total number of companies that are using sustainability as an opportunity to improve their economic, social and environmental performance in the long term. We are working with suppliers in different countries to acquire raw materials and products we need to satisfy our clients and consumers.

We have devised a four-step process for developing sustainable procurement in our supply chain. We are aware that this is just the first step in creating a comprehensive strategy that will enable us to achieve the goals we set.





Suppliers Guiding Principles







Awareness





Evaluation





Development

Goal: Align expectations and generate a standard of behavior

For FEMSA, behaving ethically in all areas is a commitment and an essential element of trust for the sustainable development of our business. At every level, we seek to meet the highest standards of business ethics.

Through our Suppliers Guiding Principles, which consist of five pillars, we promote good practices in the areas of human rights, environment, community, ethics, and values.

We include the Suppliers Guiding Principles through purchase orders, contracts, etc.

Goal: Identify local and critical suppliers

Invest in local suppliers has positive effects: first, it generates and promotes activity in their own supply chains and in their communities, and it also promotes local economies and creates jobs. It provides opportunities to companies, which in turn brings greater representation, employment and economic benefits to local small businesses.

In this step, we identify local and critical suppliers for business units, determining the economic impact on our local suppliers and communities.

In 2019, 98% of our suppliers were local.

Goal: Determine capacities and sustainable management of critical suppliers

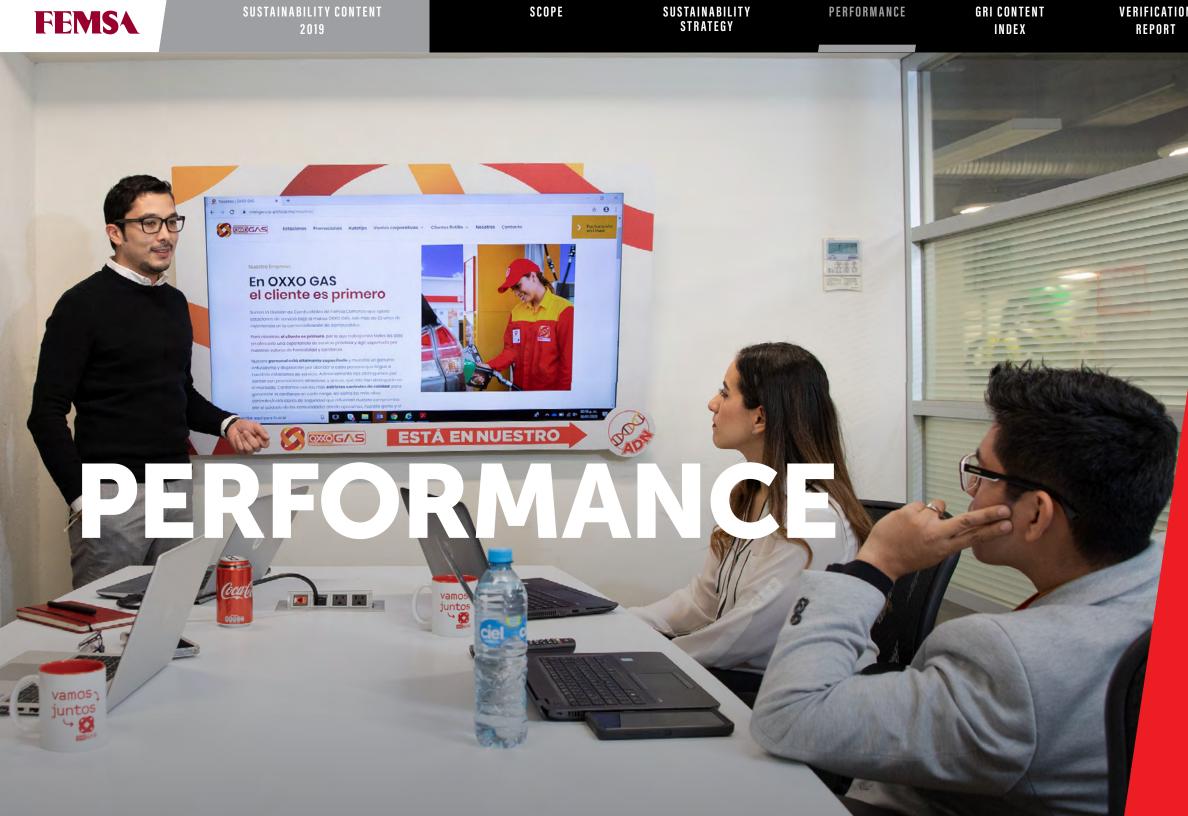
We want our suppliers to develop their potential to implement sustainability strategies and thus increase the number of parties involved in improving economic, environmental and social conditions today.

Through various mechanisms that include self-diagnoses, diagnoses and evaluations, we develop critical suppliers in sustainability issues, which enables us to identify possible social and environmental risks.

Goal: To develop sustainable solutions together with suppliers

In partnership with our suppliers, we created and developed projects aligned with better performance in our sustainability strategy. Because of the importance of this issue, we have made circular economy and sustainability certification priority issues.

In the long term, we plan to develop sustainability decisions in purchasing decisions, and train and build awareness for more companies.



At FEMSA, we evaluate business cases and turn sustainable development into strategy, projects and initiatives through governance, decision-making and fact-based reports.

SCOPE SUSTAINABILITY

STRATEGY

PERFORMANCE

GRI CONTENT INDEX

VERIFICATION REPORT

In this section, we share performance indicators on the material issues of **FEMSA's Sustainability** Strategy as applied by its **Business Units.**



Measuring the sustainability performance of FEMSA and its Business Units requires in-depth analysis combined with technical experience, to identify priorities and goals, quantify shared value potential, and assess the return and impact of social value initiatives.

For information regarding calculation methologies, please see section 1 Scope of this document. For more information about how we manage each of the issues addressed here, see section 2 Sustainability Strategy of this document.

Economic value

FEMSA is a Mexican firm that began operating in 1890 as a brewery company. Today, it is a global leader in the retailing, beverage and logistics industries.

We operate in 12 countries with a wide variety of cultures, and we serve more than 290 million consumers in these markets. Over the years we have steadily strengthened our competitive position, developing the ability to operate in changing economic climates. We strive to develop brand value, expanding our considerable distribution capacity and improving our operating efficiency, until we achieve our fullest potential.

In this section, we share some key data on the economic value FEMSA generates through its Business Units.

The table below contains FEMSA's economic performance: Distributed economic value

GRI 201-1 Direct economic value generated and distributed (Ps. million)	2019	2018	2017
Total revenues	506,711	469,744	439,932
Operating income	47,152	41,576	40,261

For more information, see our operating and financial results at: https://femsa.gcs-web.com/es/financial-reports/

The table below shows our total number of workplaces. **Number of workplaces**

GRI 102-7 Size of the organization	2019	2018	2017
Total number of workplaces	24,633	21,251	19,596

Information for 2017 and 2018 does not include Solistica.



Social performance

For FEMSA, the most valuable asset is our people, and their performance is closely linked to their personal and professional growth, as well as to a consolidated organizational culture.

Our job opportunities bring challenges and growth opportunities in a dynamic working environment focused on customer service. We are committed to the passion and quality of our work. We are interested in hiring and retaining the best talent.

We invest in, promote and develop safe workplaces that contribute to the development of our employees. We have training programs that support the pursuit of organizational goals.

In this section we share some of FEMSA's labor key performance indicators.

Health and safety

The following table contains safety and health indicators.

Occupational health and safety

403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	2019	2018	2017
Accident frequency rate in employees	2.48	2.50	2.10
Occupational illness frequency rate in employees	0.069	.017	0.03

The information presented was calculated based on 100 employees.

Employability

The next table shows total employees by age range, gender and job category.

Employees

GRI 102-8 Information on employees and other workers	Percentage
Age range 18-34 years	60%
Age range 35-44 years	23%
Age range 45-59 years	15%
Age range 60 and over	2%

GRI 102-8	Men	Women
Information by gender	59%	41%

Comprehensive advancement

The following table shows the total and average number of work hours of training for our employees.

Training

GRI 404-1 Employee training	2019	2018	2017
Total hours	8,657,577	8,957,257	10,006,244
Average hours	27.81	30.1	33.9



The next table shows investment in training.

Investment in training

GRI 404-1 Investment in employee training (Ps. million)	2019	2018	2017
Total investment in training	402	299	344

The table below shows some of the topics of the training courses given.

Training by topic

GRI 404-1 Hours of training by topic	Human rights	Leadership	Technical knowledge	Health and safety	Sustainability	Others
Total training hours	225,704	732,605	3,702,488	117,470	87,842	3,791,469

[&]quot;Others" includes ethics and culture of legality, coaching, functional training, languages, onboarding and other topics.

The following table shows the total number of employees whose performance was evaluated by TOPS methodology.

Performance evaluations

GRI 404-3 Employees who received regular professional performance and development evaluations	2019
Total employees who had access to a performance evaluation using TOPS methodology	23,835

The information covers the following job categories: Senior Management, Middle Management, Employees





Environmental performance

Conservation and care for the environment is present every day in our operations. Through the involvement of senior management, the creation of corporate policies and the allocation of human and financial resources, we met our goal: mitigate our environmental impact.

We recognize that the most important aspects of our environmental footprint are water consumption, greenhouse gas emissions relating to the electricity used in our locations, and fossil fuels used to transport our products. Another material issue is our waste management.

In this section, we share some of FEMSA's environmental key performance indicators.

Water

The table below shows total water consumption by source.

Water management

GRI 303-1 Water withdrawal by source (millions of cubic meters)	2019	2018	2017
Total volume of water consumed	34,832	39,006	38,361
Total volume of ground water	18,724	21,955	24,467
Total volume of municipal water supplies	15,610	16,496	13,404
Total volume of surface water	497	548	490

Energy

The table below shows FEMSA's energy consumption.

Energy consumption

GRI 302-1 Energy consumption within the organization (gigajoules)	2019	2018	2017
Total energy	17,432,685	18,118,528	17,858,213
Indirect energy	9,818,622	8,904,390	8,634,461
Indirect energy from renewable sources	6,548,785	2,556,061	2,211,739
Indirect energy from non- renewable sources	3,269,838	6,348,329	6,422,722
Direct energy	7,614,063	9,214,138	9,223,753
Direct energy from fixed sources	1,652,993	1,904,68	2,243,678
Direct energy from mobile sources	5,961,069	7,309,456	6,980,076
GRI 302-2 Energy intensity (GJ/ total revenues)	34.4	39.95	37.27

Progress toward our corporate goal of renewable energy

Our target is to obtain 85% of our electrical energy supply in Mexico from renewable sources by 2020.

The following table shows our progress toward that renewable energy goal.

GRI 302-1 Energy consumption within the organization	2019	2018	2017
Percentage of renewable electrical energy in Mexico at the end of the year	73.4%	36.9%	26.4%

The information presented shows consumption of electrical energy.

The next table shows our consumption of renewable energy by country.

Consumption of renewable energy

GRI 302-1 Energy consumption within the organization	Argentina	Brazil	Colombia	Mexico	Panama
Percentage of energy consumption from renewable sources	56%	72.9%	60.5%	73.4%	85.9%

The information presented shows consumption of electrical energy in the countries where FEMCO, FNE and KOF operate.

The table below shows carbon emissions.

Greenhouse gases

GRI 305-1 Direct (Scope 1) GHG emissions and GRI 305-2 Energy indirect (Scope 2) GHG emissions	2019	2018	2017
Total CO ₂ emissions	901,098	1,559,559	1,505,957
Total scope 1 (direct) CO ₂ emissions	521,857	657,027	536,998
Total scope 1 (direct fixed source) CO ₂ emissions	95,488	122,782	145,089
Total scope 1 (direct mobile source) CO ₂ emissions	426,369	534,245	391,910
Total scope 2 (indirect) CO ₂ emissions	379,241	902,532	968,959
GRI 305-2 emissions intensity (Mtons CO ₂ / total revenues)	1.77	3.32	3.27



SCOPE



Waste

FEMSA keeps track of two kinds of waste: waste relating to our operations, and waste relating to the products and services we offer (post-consumer). The key performance indicators presented in this section refer only to operational waste.

In 2019, FEMSA announced its corporate target: Zero operating waste sent to sanitary landfills. Through various performance indicators, we are tracking and reporting on our progress toward this target.

Circular economy

The following table shows the use of recycled material content.

Recycled raw materials

GRI 301-1 Recycled input materials used (metric tons)	2019	2018	2017
Total recycled material	130,439	92,575	86,615

Does not include glass

The following table shows types of generated waste.

Waste management

GRI 306-2 Waste by type and disposal method (metric tons)	2019	2018	2017
Total waste	258,234	240,333	235,268
Total non-hazardous waste	255,583	239,698	234,774
Total hazardous waste	1,456	584	494
Total special management waste	1,195	51	N/A

Not available information.

The table below presents the percentage of recycled and/or reused waste by FEMSA's Business Units.

Progress toward our corporate goal of zero waste to landfill

GRI 306-2 Waste by type and disposal method (metric tons)	2019
Total percentage of waste recycled and/or reused	52%

This information means that 52% of waste generated by FEMSA's Business Units are recycled and/or reused.

The table below shows the Coca-Cola FEMSA manufacturing plants in Mexico that have the zero-waste certification.

Zero waste certification

GRI 306-2	2019
Percentage of manufacturing plants with zero waste certification	100%

The next table shows the percentage of PET recycled through strategic alliances in the countries where we operate.

PET Recover program

GRI 306-2	2019
Percentage of PET recovered and recycled	50%

This data corresponds mainly to our operations in Mexico and Brazil.

Our Community

Social performance

SCOPE

From our origins, contributing to the social well-being of our communities has been one of the core elements of FEMSA's mission.

STRATEGY

Companies face numerous challenges today, among them interacting with the environment and society in a balanced, sensitive, tolerant and respectful way. Social investment must apply resources, take action to benefit society, successfully engage with communities near operations and help find solutions to local problems.

In this section, we share some indicators of FEMSA's community engagement strategies.





Community development

The following table shows the total of volunteers and hours of volunteer time.

Volunteer work

Volunteers	2019	Volunteer hours	2019
Total volunteers (employees)	68,885	Total hours spent in volunteer work	461,020

The table below shows community activities.

Community action

GRI 413-1 Actions, programs and initiatives for the community	2019	2018	2017
Total community actions or initiatives	7,363	2,515	1,852

Sustainable supply

The following table shows the total number of suppliers.

Supplier practices

GRI 204-1 Proportion spent on local suppliers	2019
Total suppliers	38,219
Percentage of local suppliers	98%

SUSTAINABILITY Strategy PERFORMANCE

GRI CONTENT INDEX VERIFICATION REPORT

Ethics and values



Economic performance

SCOPE

Our business model guarantees that our practices conform to existing laws, regulations and ethical principles, while developing a culture of integrity. We have established a mission, a vision and a set of corporate values that show us the way and chart the course for strategies and projects that will help us meet the goals we set.

The FEMSA Code of Ethics is the basis for our business conduct. It serves as a fundamental guide to policies, procedures and directives, so that all employees can make the right decision when a conflict arises, in keeping with our values, with respect for our working environment, and acting in an ethical and upright manner.

In this section we share some of FEMSA's business ethics key performance indicators.

Ethics

The following table shows the total reports received through the various mechanisms of FEMSA's Ethics Line.

Ethical reporting system

GRI 102-17 Grievance mechanisms	2019	2018	2017
Total reports received in FEMSA's ethical reporting system	3,258	2,743	2,492
Percentage of reports resolved in same calendar year	71%	78%	70%
Percentage of reports resolved after the calendar year	29%	22%	30%



GRI CONTENT

GRI Standard	Content	Reference page or disclosure	Omission		
	ORGANIZATIONAL PROFILE				
GRI 102-1	Name of the organization	Fomento Económico Méxicano S.A.B. de C.V.			
GRI 102-2	Activities, brands, products, and services	See 2019 Annual Report p. 3 FEMSA at a glance			
GRI 102-3	Location of headquarters	Monterrey, Mexico			
GRI 102-4	Location of operations	See 2019 Annual Report p. 3 FEMSA at a glance			
GRI 102-5	Ownership and legal form	Fomento Económico Mexicano, S.A.B. de C.V. ("FEMSA") is a Mexican holding company. BMV: FEMSA UBD; NYSE: FMX			
GRI 102-6	Markets served	See 2019 Annual Report p. 3 FEMSA at a glance			
GRI 102-7	Scale of the organization	See 2019 Annual Report p. 3 FEMSA at a glance			
GRI 102-8	Information on employees and other workers	At the end of 2019 FEMSA workforce was integrated as follow: by gender, men (59%) women (41%). By age range, 18-34 years (60%), 35-44 years (23%), 45-59 years (15%), more than 60 years (2%).			
GRI 102-9	Supply chain	FEMSA's supply chain includes 37,958 suppliers. 98% of suppliers are local, meaning they are based in the country where they provide the service. Information based on first 2Q of 2019.			
GRI 102-10	Significant changes to the organization and its supply chain	See 2019 Annual Report: p. 11 Dear Shareholders See 2019 Annual Report: p. 50 Management Discussions & Analysis			
GRI 102-11	Precautionary Principle or approach	See 20-F's Ethics: https://www.femsa.com/en/sustainability/focus-topics/our-ethics-and-values/sostenibilidad/materialidad/			
GRI 102-12	External initiatives	In 2019, through its Business Units FEMCO and KOF, FEMSA joined the national agreement for the new plastics economy. We contributed to the 2030 Agenda - Sustainable Development Goals promoted by the United Nations.			

GRI Standard	Content	Reference page or disclosure	Omission
GRI 102-13	Membership of associations	FEMSA belongs to the following associations, institutions and business chambers: BMV (Bolsa Mexicana de Valores) CAINTRA (Cámara de la Industria de la Transformación) CANACO (Cámara Nacional de Comercio) CCE (Consejo Coordinador Empresarial) CEMEFI (Centro Mexicano para la Filantropía) CESPEDES (Comisión de Estudios del Sector Privado para el Desarrollo Sustentable) COMCE (Consejo Empresarial Mexicano de Comercio Exterior) COMEXI (Consejo Mexicano de Asuntos Internacionales) CONCAMIN (Confederación de Cámaras Industriales) CONSEJO CONSULTIVO DEL AGUA CONSEJO MEXICANO DE NEGOCIOS COPARMEX (Confederación Patronal de la República Mexicana) Mexicanos primero OCDE (Organization for Economic Cooperation and Development) Red SumaRSE Woodrow Wilson Center	
		STRATEGY	
GRI 102-14	Statement from senior decision-makers	See 2019 Annual Report: p. 11 Dear Shareholders	
GRI 102-15	Key impacts, risks, and opportunities	See 2019 Annual Report: p. 11 Dear Shareholders Annual Report 2019: p. 50 Management Discussions & Analysis Our contribution to the SDG: https://https://www.femsa.com/en/sustainability/sustainability-strategy/strategy/	
		ETHICS AND INTEGRITY	
GRI 102-16	Values, principles, standards, and norms of behavior	FEMSA Values: https://https://www.femsa.com/en/about-femsa/organizational-culture/Code of Ethics: https://www.femsa.com/en/sustainability/focus-topics/our-ethics-and-values/	
GRI 102-17	Mechanisms for advice and concerns about ethics	FEMSA has developed an Ethical Compliance System, administered by an independent firm and available 24 hours a day, 365 days a year. It is open to both employees and other stakeholders, by four different channels, all of them confidential and anonymous: telephone, webpage, e-mail and chat. Code of Ethics: https://https://www.femsa.com/en/sustainability/focus-topics/our-ethics-and-values/Whistleblower system website: https://www.sel-denuncias.com/?l=en?l=en See Code of Ethics: p. 43	



GRI Standard	Content	Reference page or disclosure	Omission
		GOVERNANCE	
GRI 102-18	Governance structure	See 2019 Annual Report: p. 41 Corporate Governance webpage: femsa.gcs-web.com/es/corporate-governance/responsible-corporate-governance See webpage: https://www.femsa.com/en/about-femsa/corporate-governance/	
GRI 102-19	Delegating authority	The Corporate Practices Committee is responsible for preventing or reducing the risk of performing operations that could damage the value of our company or that benefit a group of shareholders. The committee may call a shareholders' meeting and include matters on the agenda for that meeting that it may deem appropriate, approve policies on the use of our company's assets or related-party transactions, approve the compensation of the Chief Executive Officer and relevant officers and support our board of directors in the elaboration of reports on accounting practices. Each member of the Corporate Practices Committee is an independent director. See 2019 Annual Report: p. 41 Corporate Governance. See webpage: https://www.femsa.com/en/about-femsa/corporate-governance/ See webpage: https://www.femsa.com/en/sustainability/sustainability-strategy/objectives-and-history/	
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	See 2019 Annual Report: p. 44 Corporate Governance. See webpage: https://www.femsa.com/en/about-femsa/corporate-governance/ See webpage: https://www.femsa.com/en/sustainability/sustainability-strategy/objectives-and-history/ The Corporate Director of Energy and Sustainability is Victor Treviño	
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	See webpage: https://www.femsa.com/en/sustainability/sustainability-strategy/materiality/	
GRI 102-22	Composition of the highest governance body and its committees	See 2019 Annual Report: pg. 44 Corporate Governance. See webpage: femsa.gcs-web.com/es/corporate-governance/responsible-corporate-governance See webpage: https://https://www.femsa.com/en/about-femsa/corporate-governance/	
GRI 102-23	Chair of the highest governance body	José Antonio Fernández Carbajal was named Executive Chairman of the Board of FEMSA in 2001	

GRI Standard	Content	Reference page or disclosure	Omission
GRI 102-24	Nominating and selecting the highest governance body	Members of FEMSA's Board of Directors are appointed by company shareholders in the Annual Ordinary Shareholders' Meeting. See 2019 Annual Report: p. 44 Corporate Governance See webpage: femsa.gcs-web.com/es/corporate-governance/ responsible-corporate-governance. See webpage: https://www.femsa.com/en/about-femsa/corporate-governance/	
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 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. See Code of Ethics: p. 42 See webpage: https://www.femsa.com/en/sustainability/sustainability-strategy/ethics-and-commitment/	
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	Through Corporate Governance leadership, FEMSA is paving the way toward the future that we want. As part of our business mission, we incorporate sustainability at every level, starting with the Board of Directors. The Board of Directors is responsible for directing corporate strategy, defining and supervising implementation of the Company's vision and values. See 2019 Annual Report: p. 41 Corporate Governance. See webpage: https://www.femsa.com/en/about-femsa/corporate-governance/ See webpage: https://www.femsa.com/en/sustainability/sustainability-strategy/objectives-and-history/	
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. See 2019 Annual Report: p. 44 Corporate Governance See webpage: https://www.femsa.com/en/about-femsa/corporate-governance/ See webpage: https://www.femsa.com/en/about-femsa/corporate-governance/	



FEMSA

SUSTAINABILITY STRATEGY

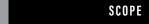
SCOPE

PERFORMANCE

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GRI Standard	Content	Reference page or disclosure	Omission
GRI 102-28	Evaluating the highest governance body's performance	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. See 2019 Annual Report: p. 44 Corporate Governance See webpage: femsa.gcs-web.com/es/corporate-governance/responsible-corporate-governance See webpage: https://www.femsa.com/en/about-femsa/corporate-governance/. See form 20F.	
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	Through Corporate Governance leadership, FEMSA is paving the way toward the future that we want. As part of our business mission, we incorporate sustainability at every level, starting with the Board of Directors. The Board of Directors is responsible for directing corporate strategy, defining and supervising implementation of the Company's vision and values. See 2019 Annual Report: p. 44 Corporate Governance. See webpage: https://www.femsa.com/en/about-femsa/corporate-governance/ See webpage: https://www.femsa.com/en/sustainability/sustainability-strategy/objectives-and-history/	
GRI 102-32	Highest governance body's role in sustainability reporting	FEMSA's Sustainability Team, headed by the Director of Strategic Businesses, who reports directly to the CEO, oversees the integration of sustainability into all of FEMSA's Business Units through policies and processes, and supervises sustainability performance and targets. This team is responsible for formulating, developing, implementing, monitoring and reporting the sustainability policy.	
GRI 102-33	GRI 102-33 Communicating critical concerns	See 2019 Annual Report: p. 44 Corporate governance See whistleblower system webpage https://www.sel-denuncias. com/ See Code of Ethics: p. 44	

GRI Standard	Content	Reference page or disclosure	Omission
GRI 102-35	Remuneration policies	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 102-36	Process to determine 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.	
		STAKEHOLDER ENGAGEMENT	
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 are: nonprofit organizations, investors, industry, specialized institutions, government, consumers, clients, suppliers, employees, society and the media.	
GRI 102-41	Collective bargaining agreements	100% of our unionized employees are covered by a collective bargaining contract, pact or agreement.	
GRI 102-42	Identifying and selecting stakeholders	See webpage: https://www.femsa.com/en/sustainability/sustainability-strategy/strategy/	
GRI 102-43	Approach to stakeholder engagement	See webpage: https://www.femsa.com/en/sustainability/sustainability-strategy/strategy/	
GRI 102-44	Key topics and concerns raised	See webpage: https://www.femsa.com/en/sustainability/sustainability-strategy/strategy/	
		REPORTING PRACTICE	
GRI 102-45	Entities included in the consolidated financial statements	The entities included in the consolidated financial statements are: FEMSA Servicios Coca-Cola FEMSA FEMSA Comercio FEMSA Negocios Estratégicos	
GRI 102-46	Defining report content and topic Boundaries	See section 1 Scope pg. 2	



SUSTAINABILITY STRATEGY PERFORMANCE

GRI CONTENT INDEX

GRI Standard	Content	Reference page or disclosure Omiss		Reference page or disclosure Omiss	Omission
GRI 102-47	List of material topics	FEMSA has identified nine areas of action, three for each of the core axes. This is how we ensure that human and economic resources are focused on issues that most affect our operations. See webpage: https://www.femsa.com/en/sustainability/sustainability-strategy/materiality/See webpage: https://www.femsa.com/en/sustainability/sustainability-strategy/strategy/			
GRI 102-48	Restatements of information	See section 1 Scope p. 2-3			
GRI 102-49	Changes in reporting	See section 1 Scope p. 2-3			
GRI 102-50	Reporting period	See section 1 Scope p. 2-3			
GRI 102-51	Date of most recent report	See section 1 Scope p. 2			
GRI 102-52	Reporting cycle	See section 1 Scope p. 2-3			
GRI 102-53	Contact point for questions regarding the report	See section 1 Scope p. 2-3			
GRI 102-54	Claims of reporting in accordance with the GRI Standards	See section 1 Scope pg. 2-3			
GRI 102-55	Content index	See section 1 Scope p. 2-3			
GRI 102-56	External assurance	See section 1 Scope p. 2-3			
		ECONOMIC ISSUES			
		ECONOMIC PERFORMANCE			
GRI 201-1	Direct economic value generated and distributed	See Annual Report: p. 5			
GRI 201-2	Financial implications and other risks and opportunities due to climate change				
GRI 201-3	Defined benefit plan obligations and other retirement plans	FEMSA and its Business Units have compensation and benefit plans that exceed Mexican regulatory requirements. Benefits include savings plans, family benefits and quality-of-life benefits. There are also retirement programs, one of which helps employees build voluntary retirement savings.			

SUSTAINABILITY CONTENT

GRI Standard	Content	Reference page or disclosure	Omission
GRI 201-4	Financial assistance received from government		Confidential information
		MARKET PRESENCE	
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage		Confidential information
GRI 202-2	Proportion of senior management hired from the local community		Confidential information
		INDIRECT ECONOMIC IMPACTS	
GRI 203-1	Infrastructure investments and services supported		Confidential information
GRI 203-2	Significant indirect economic impacts		Confidential information
		PROCUREMENT PRACTICES	
GRI 204-1	Proportion of spending on local suppliers	87% of procurement spending went to local suppliers. Information based on first 2Q of 2019.	
		ANTI-CORRUPTION	
GRI 205-1	Operations assessed for risks related to corruption	As is the case every year, in 2019 we carried out the process of reviewing, updating and communicating the Code of Ethics with our employees. We also launched an online Code of Ethics certification module, which was taken and passed by employees in some of our business units.	
GRI 205-2	Communication and training about anti-corruption policies and procedures	We provided training for our employees in areas such as anti- corruption, money-laundering, personal data protection, and others, involving strategic areas of FEMSA.	



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GRI Standard	Content	Reference page or disclosure	Omission
GRI 205-3	Confirmed incidents of corruption and actions taken	FEMSA has developed an Ethical Compliance System, administered by an independent firm and available 24 hours a day, 365 days a year. It is open to both employees and other stakeholders, by four different channels, all of them confidential and anonymous: telephone, webpage, e-mail and chat. Code of Ethics: https://www.femsa.com/en/sustainability/focustopics/our-ethics-and-values/Whistleblower system website https://www.sel-denuncias.com/?l=en	
		ANTI-COMPETITIVE BEHAVIOR	
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	See 20F	
		ENVIRONMENTAL ISSUES	
		MATERIALS	
GRI 301-1	Materials used by weight or volume	See section 3 Performance: p. 27	
GRI 301-2	Recycled input materials used	See section 3 Performance: p. 27	
GRI 301-3	Reclaimed products and their packaging materials	See section 3 Performance: p. 27	
	'	ENERGY	'
GRI 302-1	Energy consumption within the organization	See section 2 Strategy: p. 12 See section 3 Performance: p. 25	
GRI 302-2	Energy consumption outside of the organization	Not applicab	
GRI 302-3	Energy intensity	See section 3 Performance: p. 25	
GRI 302-4	Reduction of energy consumption	See section 2 Strategy: p. 12 See section 3 Performance: p. 25 Through energy efficiency measures we reduced energy consumption in OXXO stores by 32% over a 10-year period.	

SUSTAINABILITY CONTENT 2019

GRI Standard	Content	Reference page or disclosure	Omission
GRI 302-5	Reductions in energy requirements of products and services	Our IMBERA Business Unit produces coolers, which currently consume an average of 1.81 KW/day. Five years ago these coolers consumed an average of 5.65 KW/day.	
		WATER	
GRI 303-1	Water withdrawal by source	See section 2 Strategy p. 12 See section 3 Performance p. 25	
GRI 303-2	Water sources signibcantly affected by withdrawal of water		Specific legal constraints
GRI 303-3	Water recycled and reused	See section 3 Performance: p. 25	
		BIODIVERSITY	
GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Not material
GRI 304-2	Significant impacts of activities, products, and services on biodiversity		Not material
GRI 304-3	Habitats protected or restored		Not material
GRI 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		Not material



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GRI CONTENT INDEX VERIFICATION REPORT



GRI Standard	Content	Reference page or disclosure	Omission		
EMISSIONS					
GRI 305-1	Direct (Scope 1) GHG emissions	See section 2 Strategy p. 12. See section 3 Performance: p. 26. During 2019 Scope 1 emissions totaled: 521,857 metric tons CO ₂ equivalent.			
GRI 305-2	Energy indirect (Scope 2) GHG emissions	See section 2 Strategy Pg 12. See section 3 Performance: Pg 26. During 2019 Scope 2 emissions totaled: 379,241 metric tons CO ₂ equivalent.			
GRI 305-3	Other indirect (Scope 3) GHG emissions	In 2019, Scope 3 emissions totaled 12,408 metric tons of ${\rm CO_2}$ as a result of work flights by our employees			
GRI 305-4	GHG emissions intensity	See section 3 Performance p. 26			
GRI 305-5	Reduction of GHG emissions	In 2019 due to our progress towards our renewable energy corporate goal, we significantly reduced GHG emissions See section 2 GRI Content: p. 12 See section 3 GRI Content: p. 25-26 See Annual Report: p. 7			
GRI 305-6	Emissions of ozone-depleting substances (ODS)	Our Business Units do not generate significant emissions of ozone-depleting substances.			
GRI 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		Not material		
		EFFLUENTS AND WASTE			
GRI 306-1	Water discharge by quality and destination	See section 2 Strategy: p. 12-11			
GRI 306-2	Waste by type and disposal method	See section 2 Strategy: p. 12-11			
GRI 306-3	Significant spills		Not applicable		
GRI 306-4	Transport of hazardous waste		Not applicable		
GRI 306-5	Water bodies affected by water discharges and/or runoff		Not applicable		

GRI Standard	Content	Reference page or disclosure	Omission
GRI 307-1	Non- compliance with environmental laws and regulations	See section 3 GRI Content: p. In 2019 there were no instances of non-compliance with applicable environmental regulations.	
		SUPPLIER ENVIRONMENTAL ASSESSMENT	
GRI 308-1	New suppliers that were screened using environmental criteria	We encourage our suppliers to apply good practices in human rights, the environment, the community, ethics and values, based on our Supplier Guiding Principles, which we expect all of them to familiarize themselves with.	
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	We encourage our suppliers to apply good practices in human rights, the environment, the community, ethics and values, based on our Supplier Guiding Principles, which we expect all of them to familiarize themselves with.	
		SOCIAL ISSUES	
		EMPLOYMENT	
GRI 401-1	New employee hires and employee turnover	Given the variety of industries in which FEMSA and its Business Units participate, turnover is measured on a business-by-business basis.	Confidential information
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	At FEMSA, the same salaries and benefits are provided to full-time and temporary employees. Examples of some of the benefits extended to FEMSA employees: annual bonus, vacation bonus, complementary compensation, pension plan, retirement savings plan, annual medical checkup, savings fund, life insurance, dining room service, scholarships.	
GRI 401-3	Parental leave	The reinstatement rate for employees returning from parental leave (maternity and paternity) is 93%. The retention rate one year after parental leave is 89%.	
		LABOR/MANAGEMENT RELATIONS	
GRI 402-1	Minimum notice periods regarding operational changes	Notice of operational changes is given in accordance with the applicable laws in the countries where we operate.	



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GRI CONTENT INDEX



GRI Standard	Content	Reference page or disclosure	Omission			
	OCCUPATIONAL HEALTH AND SAFETY					
GRI 403-1	Workers representation in formal joint management- worker health and safety committees	Worker representation on committees is consistent with the applicable laws in the countries where we operate.				
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	See section 2 Strategy: p. 8-9 See section 3 Performance: p. 23 In 2019 we had an accident frequency rate (per two hundred thousand hours worked) of 2.48. The frequency rate for work-related illness (per two hundred thousand hours worked) was 40.9. In 2019 we had 6 fatalities on personnel employed with responsibility.				
GRI 403-3	Workers with high incidence or high risk of diseases related to their occupation	By fostering an occupational health and safety culture with a preventive approach, we are capable of achieving, promoting and maintaining the highest level of physical, mental and social wellness for employees in all of our Business Units, by encouraging them 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	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.				
		TRAINING AND EDUCATION				
GRI 404-1	Average hours of training per year per employee	See section 2 Strategy: p. 8 See section 3 Performance: p. 23-24 In 2019 we provided an average of 27.81 hours of training per employee.				
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	We have programs for this purpose, like the 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	See section 3 Performance: p. 24 In 2019 we evaluated the performance of 23,835 employees including the categories of directors, managers and employees.				

SUSTAINABILITY CONTENT

GRI Standard	Content	Reference page or disclosure	Omission
		DIVERSITY AND EQUAL OPPORTUNITY	
GRI 405-1	Diversity of governance bodies and employees	See 2019 Annual Report: p. 41 Corporate Governance See webpage: femsa.gcs-web.com/es/corporate-governance/ responsible-corporate-governance See webpage: https://www.femsa.com/en/about-femsa/ corporate-governance/	
GRI 405-2	Ratio of basic salary and remuneration of women to men		Confidential information
	FREE	DOM OF ASSOCIATION AND COLLECTIVE BARGAINING	
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	FEMSA has designed a Labor Intelligence System by which we prevent and mitigate occupational hazards. The system is based on a methodology in which risk scenarios are developed and weighted by probability of occurrence and level of impact for the organization. To define the risks, we evaluated each workplace with respect to various human rights issues—child labor, shifts, discrimination, etc. In 2019 no risks were identified in FEMSA Business Units relating to human rights.	
		CHILD LABOR	
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	FEMSA has designed a Labor Intelligence System by which we prevent and mitigate occupational hazards. The system is based on a methodology in which risk scenarios are developed and weighted by probability of occurrence and level of impact for the organization. To define the risks, we evaluated each workplace with respect to various human rights issues—child labor, shifts, discrimination, etc. In 2019 no risks were identified in FEMSA Business Units relating to human rights.	
		FORCED OR COMPULSORY LABOR	
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	FEMSA has designed a Labor Intelligence System by which we prevent and mitigate occupational hazards. The system is based on a methodology in which risk scenarios are developed and weighted by probability of occurrence and level of impact for the organization. To define the risks, we evaluated each workplace with respect to various human rights issues—child labor, shifts, discrimination, etc. In 2019 no risks were identified in FEMSA Business Units relating to human rights.	
		SECURITY PRACTICES	
GRI 410-1	Security personnel trained in human rights policies or procedures	In 2019, 219 members of our security staff received training in human rights policies and procedures.	



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GRI Standard	Content	Reference page or disclosure	Omission
		RIGHTS OF INDIGENOUS PEOPLES	
GRI 411-1	Incidents of violations involving rights of indigenous peoples	FEMSA has developed an Ethical Compliance System, administered by an independent firm and available 24 hours a day, 365 days a year. It is open to both employees and other stakeholders, by four different channels, all of them confidential and anonymous: telephone, webpage, e-mail and chat. Code of Ethics: https://www.femsa.com/en/sustainability/sustainability-strategy/ethics-and-commitment/Whistleblower system website https://www.sel-denuncias.com/See 2019 Annual Report: p. 44 Corporate Governance	
		HUMAN RIGHTS ASSESSMENT	
GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	FEMSA has designed a Labor Intelligence System by which we prevent and mitigate occupational hazards. The system is based on a methodology in which risk scenarios are developed and weighted by probability of occurrence and level of impact for the organization. To define the risks, we evaluated each workplace with respect to various human rights issues—child labor, shifts, discrimination, etc. In 2019 no Human Rights related risks were identified in FEMSA Business Units	
GRI 412-2	Employee training on human rights policies or procedures	See section 2 Strategy: p. 8 In 2019, we provided 225,704 hours of training on human rights policies or procedures.	
GRI 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Our Supplier Guiding Principles contains five pillars by which we promote good practices in human rights, the environment, community, ethics and values. We include the Supplier Guiding Principles in our various interactions with them, including purchase orders, contracts, etc. See webpage: https://www.femsa.com/en/sustainability/focustopics/our-community/	
	•	LOCAL COMMUNITIES	
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	See section 2 Strategy: p. 18-20 See section 3 Performance: p. 28 FEMSA's relationship with the community are managed at the level of each country, in order to adapt to local circumstances. In 2019, 100% of FEMSA's business units developed community actions.	

GRI			
Standard	Content	Reference page or disclosure	Omission
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	The internal methodology developed by FEMSA—the Model for Managing Risks and Community Engagement (MARRCO—enables us to identify risks and opportunities for creating value and optimizing our actions and programs. MARRCO supports the development of capacities through multi-disciplinary teams in our plants and distribution centers.	
		SUPPLIER SOCIAL ASSESSMENT	
GRI 414-1	New suppliers that were screened using social criteria	We encourage our suppliers to apply good practices in human rights, the environment, the community, ethics and values, based on our Supplier Guiding Principles, which we expect all of them to familiarize themselves with.	
GRI 414-2	Negative social impacts in the supply chain and actions taken	We encourage our suppliers to apply good practices in human rights, the environment, the community, ethics and values, based on our Supplier Guiding Principles, which we expect all of them to familiarize themselves with.	
		POLITICAL CONTRIBUTIONS	
GRI 415-1	Contributions to political parties and/or representatives	We abide by the law in every country where we operate.	
		CUSTOMER HEALTH AND SAFETY	
GRI 416-1	Assessment of the health and safety impacts of product and service categories	Our production processes meet the highest quality standards and our ingredients conform to the local regulations applicable to each of our products, services and operations as well as those of other regulatory agencies.	
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	In order to allow our consumers to make informed decisions about each of our products, services and operations, the labeling on our products presents clear and accessible nutritional information.	
		MARKETING AND LABELING	
GRI 417-1	Requirements for product and service information and labeling	In order to allow our consumers to make informed decisions about each of operations, the labeling on our products presents clear and accessible nutritional information.	

FEMSA

economic area

GRI Standard	Content	Reference page or disclosure	Omission
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	In 2019 there were no instances of non-compliance with product and service labeling regulations.	
GRI 417-3	Incidents of non-compliance concerning marketing communications	In 2019 there were no instances of non-compliance with marketing communication regulations.	
		CUSTOMER PRIVACY	
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		
		SOCIOECONOMIC COMPLIANCE	
GRI 419-1	Non-compliance with laws and regulations in the social and	During 2019 there were no instances of non-compliance with laws and regulations in the social and economic area.	



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 2019, 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, 2019, are mentioned below:
 - Energy consumption (Direct and indirect)
 - Water withdrawal by source
 - Direct (Scope 1) GHG emissions
 - Indirect (Scope 2) GHG emissions
 - Total generated waste
 - Injury rate & Lost day rate caused by general illnesses
 - Average hours of training per employee
 - o Public Report on non-compliances/complaints relate to Code of conduct
 - Investment in Our Community
 - Investment in Our Planet
 - Investment in Our People
 - Percentage of energy from renewable sources at year-end

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.

Integrante de Ernst & Young Global Limited



Saúl García Arreguín March 20th, 2020; Mexico City



VERIFICATION REPORT



Annex A: Performance indicators verified

Performance indicators

Name of the performance indicator	Scope of the information	Reported information	Unit
Direct energy consumption	FEMSA and its business units	7,614,063	GJ
Indirect energy consumption	FEMSA and its business units	9,818,622	GJ
Percentage of energy from renewable sources at year-end	FEMSA and its business units ⁱ	73.4	%
		34,832.51	Total million cubic meters
Water withdrawal by source	FEMSA y sus unidades de negocio	18,724.01	Total million cubic meters
Water manarana sy searce	1 Elmorty out uniquest de negocie	15,610.93	Total million cubic meters
		497.56	Total million cubic meters
Direct (Scope 1) GHG emissions	FEMSA and its business units	521,857	Metric tons of CO ₂ equivalent
Indirect (Scope 2) GHG emissions	FEMSA and its business units	379,241	Metric tons of CO ₂ equivalent
Total generated waste	FEMSA and its business units	258,234	Tons of waste
Injury rate	FEMSA and its business units	2.48	Injuries per 100 employees
Lost day rate caused by general illnesses	FEMSA and its business units	0.069	Cases per 100 employees
Average hours of training per employee	FEMSA and its business units	27.81	Hours of training
Investment in Our Community	FEMSA and its business units	750	Million MXN
Investment in Our Planet	FEMSA and its business units	1,023	Million MXN
Investment in Our People	FEMSA and its business units	867	Million MXN
		3,258	Number of complaints received
Public Report on non-compliances/complaints relate to Code of conduct	nts FEMSA and its business units	71	% of complaints resolved during the same calendar year
		29	% of complaints in progress

¹ The geographic scope of the information only considers the operations in Mexico

FEMSA