

FEMSA

**Business
Code
of Ethics**



BUSINESS CODE OF ETHICS

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I. BACKGROUND

1. Abiding to ethical principles shows a sense of respect, honesty and integrity. These are essential values for a pleasant work environment.
2. These values are an essential part of our corporate culture and are a key element in the life of our company.
3. These values are part of our organizational culture and our daily activities, therefore it is necessary to establish a common framework that unifies the criteria and guides the actions of all the people who form FEMSA and to make it official.
4. FEMSA works under the fundamental premise of abiding the laws and regulations, whose observance and compliance is essential to exist and operate at its best within its social environment.
5. This code is based on the fact that most of the time the correct action is clear, regardless of whether or not included in a code.
6. As a result of the foregoing, FEMSA's Board of Directors approved and authorized the issuance of this Business Code of Ethics.



II. OBJECTIVES

This Business Code of Ethics has the following objectives:

1. Inform to the directors, officers and employees of the organization, their ethical obligations to FEMSA, its investors, customers, creditors, suppliers, competitors, to the authorities, the environment and the community.
2. Establish basic criteria in order to regulate ethical behavior of all people working in FEMSA.
3. Share our ethical values with people interested in learning about FEMSA.
4. Set forth the procedure to sanction those who commit offences against our Business Code of Ethics.



III. SCOPE

1. This Business Code of Ethics was prepared to be observed by members of the Board of Directors, officers and managers (officers) and employees of FEMSA.
2. This code describes general situations regarding relations with investors, customers, suppliers, authorities, the environment and the community, taking into consideration those areas with higher risks of potential ethical conflict.
3. As needed, any new issues that arise from the business dynamics and the general environment will be included in this code.
4. This document is not and does not intend to be exhaustive or include all situations where an ethical conflict might arise. Therefore, situations not foreseen in this Business Code of Ethics shall be resolved with a sound business judgment. In case of doubt, it shall be consulted with the department of Human Resources, Internal Audit, or ultimately, with the Audit Committee of the Board of Directors.



IV. VALUES

At FEMSA we embrace commitment and responsibility in our actions through some values that form an integral part of the organization. Such values create the basis for the preparation of guidelines upon which decisions and actions are taken.

FEMSA's main values are the following:

1. PASSION FOR SERVICE AND CUSTOMER FOCUS
2. CREATIVITY AND INNOVATION
3. QUALITY AND PRODUCTIVITY
4. RESPECT, INTEGRAL DEVELOPMENT AND PERSONNEL EXCELLENCE
5. HONESTY, INTEGRITY AND AUSTERITY



V. GENERAL RULES OF ETHICS

1. We have a loyal, respectful, diligent and honest conduct.
2. We recognize human dignity and we respect personal freedom and privacy.
3. We are under a moral obligation to respect and protect our personnel.
4. We do not discriminate anyone by origin, race, marital status, age, political opinion, gender, creed, tribal association, union membership, social or economic status, pregnancy, sexual orientation, disability, illness, nationality or immigration status, in accordance with the applicable laws of each country.
5. We condemn, forbid and report sexual harassment.
6. Through open communication and proper mechanisms implemented in accordance with the provisions set forth in this Business Code of Ethics, we promote and facilitate the detection of illegal practices and/or inappropriate conduct.
7. Under no circumstance we fire, suspend, humiliate, threaten, harass, interfere their right of employment or discriminate in any way any person who provides information, helps to provide information, or collaborates in an investigation where breach of the provisions of FEMSA's Corporate Policies or violations to this code are presumed.
8. We prevent groundless allegations to an innocent person.
9. We comply with this code, the policies, rules and procedures established by FEMSA's Management and with applicable laws, regulations and provisions of the countries where we operate, because we try to be an example of culture of lawfulness.
10. We do not engage in any activity intended to restrict trade or refuse to do business with customers or suppliers who share our ethical values and who have a solid reputation.
11. We comply with the anti-money laundering provisions enacted in the countries where we operate.



12. We do not comment (within our family or our society) about the activities we perform within the company or making any comments that may be detrimental to the company or its personnel.
13. We protect and preserve the tangible and intangible assets of the company, and we make an efficient use to contribute to achieve the business goals and we do not use them for personal gain.
14. We do not disclose confidential information regarding processes, methods, strategies, plans, projects, technical or market data, or information of any other kind.
15. We do not use the name or the resources of FEMSA for personal gain.
16. We try to avoid all contact with dishonest people who may damage or attempt to damage the company.
17. We do not do activities outside the company that may affect our capacity and willingness to meet the obligations we have in FEMSA.
18. Those who are involved in political activities of any kind shall not involve FEMSA while performing those activities by clearly stating that they are acting as individuals and not as a representative of FEMSA, since FEMSA does not influence, support, or get involved in any manner with those activities.
19. We do not grant loans or finance to the Members of our Board of Directors or to any Senior Officers.
20. We are required to report promptly any violations to this code.



VI. SPECIFIC RULES OF ETHICS

1. Relations with Customers

- 1.1 We serve our customers by giving them an equal and honest treatment in each transaction. We provide the products and services they acquired with the highest quality and in a timely manner, abiding at all times with the official regulations and FEMSA's internal rules.
- 1.2 We do not make false or misleading comparisons to similar products or services provided by our competitors.



2. Competition

- 2.1 We compete vigorously but always complying with all laws and regulations regarding fair competition in the countries where we operate.
- 2.2 We do not engage in any agreement which intends to limit the free interaction in the markets where we operate our business and we do not use inappropriate means to improve our competitive position in such markets.
- 2.3 Our personnel who have contact with representatives of our competitors show a professional attitude, complying with the principles and values of the company. We take care of our personal image and the image of FEMSA.
- 2.4 In our interactions with our competitors, individually or in forums, and in commercial or professional associations, we avoid discussing topics that could represent risks or contingencies for FEMSA regarding compliance with economic competition laws or regulations.
- 2.5 To the extent possible, we avoid making comments or statements about our competitors, but when necessary, we do so fairly and objectively.
- 2.6 In no event, we attempt to obtain trade secrets or any other confidential information of our competitors through improper means.



3. Relations with Suppliers

- 3.1 To create the FEMSA suppliers' portfolio, we take into consideration those suppliers who have proven to share the same ethical values we uphold and those who have a solid reputation of integrity and fairness in their treatment.
- 3.2 Those who negotiate the acquisition of goods and services required by FEMSA, offer to and demand from the suppliers a fair and honest treatment in each transaction, always looking for the best interests of the company.
- 3.3 We assure fair participation and impartial selection of suppliers, based on quality, profitability and service criteria.
- 3.4 We do not comment with suppliers or people outside the company, the problems or weaknesses we found in another supplier.
- 3.5 We consider illegal to ask for or receive incentives from suppliers in order to promote their selection.
- 3.6 Every year we request strategic suppliers to sign a letter corroborating their knowledge and compliance with the provisions of this Business Code of Ethics in all of their operations with FEMSA and the observance thereof by the personnel with which they may interact.



4. Advertising and Marketing

4.1 The communication through advertising and marketing of FEMSA shall be:

- a) Legal, decent, honest, truthful and according to the principles of fair competition and good business practice.
- b) Prepared with an appropriate sense of social responsibility and based on the principles of honesty and good faith.
- c) Verifiable and exempt of elements that might induce an erroneous interpretation of the features of products and services provided.
- d) Respectful of moral values, avoiding unethical circumstances that challenge the human dignity and integrity, or using symbols which are culturally offensive to a gender, race, religion, social class or political preference.



5. Relations with the Authorities

- 5.1 We collaborate at all times with the competent authorities for the full exercise of their powers and we act according to law, in defense of the legitimate interests of FEMSA.
- 5.2 We offer a respectful treatment to the authorities, we recognize their status as such, and we try to provide an atmosphere of sincerity and trust that may facilitate the discussion of issues and the establishment of agreements.
- 5.3 We comply with the requirements and recommendations of the authorities, trying to collaborate effectively in the fulfillment of their objectives, within the powers granted to them by the laws or regulations.
- 5.4 All Agreements, proceedings and relationships held with the government or its officials on behalf of the company, are conducted in accordance with the applicable laws.



6. Anti-corruption

- 6.1 We follow fair and transparent business practices in order to assure compliance with local laws and regulations in the countries where we operate. We prevent bribery and extortion.
- 6.2 In our activities within and outside the company or in those performed on its behalf, we do not get engage, order, authorize, promise, conspire or induce corruption practices, either directly or through third parties.
- 6.3 We do not grant, accept or promise gifts, advantageous conditions, salaries, trips, fees or any other form of compensation to influence business decisions. Likewise, we do not give or get advantage or undue benefits of any kind, as well as nor do we carry out any other practice of bribery or extortion in the relationship with our clients, customers, suppliers, financial institutions, dealers, contractors, companies, authorities or government officials or any other person or entities with which we do business.



7. The Environment

- 7.1 We recognize that protecting and defending the environment is our social commitment. In addition we comply with environmental laws and regulations in the countries where we operate.
- 7.2 Our environmental commitment is a responsibility shared by everyone in FEMSA and no one understands it as somebody else's job.
- 7.3 We shall perform the necessary actions to guarantee that in FEMSA:
 - a) Effective procedures are implemented in response to possible emergencies, to minimize the impact of unpredictable incidents.
 - b) Any significant changes in its business units and their processes to prevent adverse changes in the environment are evaluated.
 - c) Wastewater discharges and solid waste management and confinement not cause unacceptable environmental impacts.
 - d) Its energy sources are used efficiently and its consumption is monitored.
 - e) The necessary actions are taken to prevent environmental accidents.



8. Relations with the community

- 8.1 We recognize our commitment to the community is based on our background, principles and values, and we try to ensure the simultaneous generation of economic and social value in all our actions, for our growth and sustainability.



9. Industrial Safety & Occupational Health

9.1 We believe that occupational health and industrial safety are as important as any other action or purpose of FEMSA.

9.2 We take actions to guarantee that the following occupational health and industrial safety objectives are met:

- a) Provide and maintain workplaces safe and healthy.
- b) Provide and maintain a suitable work environment.
- c) Promote security awareness among our employees.



10. Conflict of Interest

10.1 The directors, officers, employees and any related party who hold an economic interest in the companies which attempt to buy or sell goods or provide services to FEMSA, may carry out such transactions, provided that, relevant transactions have to be previously analyzed and approved by the Board of Directors, through the Corporate Practices Committee, and minor transactions have to be reviewed and approved by the General Counsel and the Internal Audit Department.

For any of those types of transactions, we review the terms and conditions, and we make sure that in the process of negotiation of such transactions the director, officer or employee involved does not influence them.

The transactions executed by FEMSA with these entities or individuals are competitive in terms of price and market. In the event that these transactions involve products or services which are not comparable to others on the market, the terms and prices should be reasonable and convenient for the interests of FEMSA.

10.2 The directors, officers and employees do not participate in or influence any decision process regarding the engagement of any business or companies owned by any of their first, second or third cousin related by blood or law.

10.3 The directors, officers and employees shall not have interests or investments that will allow them to have a significant influence on competing businesses.

10.4 Officers and employees prevent that any family members or relatives work under their supervision, except for those cases authorized in writing by the Corporate Practices Committee of the Board of Directors.

10.5 Officers and employees carrying out surveillance, supervision, auditing or control activities over an area under the supervisions of a relative shall inform this situation to their supervisor so that they may be substituted from such responsibilities.

FEMSA

- 10.6 Whenever a director, officer or employee is unable to perform its duties and responsibilities objectively as a result of pressure exercised by any third party using its title, position of authority or influence, he or she shall immediately report this situation to their superiors or to the Human Resources Area, and if appropriate, through the Whistleblowing System established by the company.
- 10.7 Directors, officers and employees shall not intercede or meet any request from superiors, subordinates, peers, family or friends if by doing this they would damage FEMSA.



11. Information Management

- 11.1 We obtain, secure, treat, protect and safeguard information as a company asset, responsibly, and in accordance to the methods established by the management of the company and to the applicable laws in each country where we operate.
- 11.2 Those individuals who, as a result of their responsibilities in FEMSA, have access to privileged information pursuant to the Securities Law Regulations and other related provisions, comply with such regulations and provisions and also with the “Guidelines for Officers of FEMSA and Subsidiaries regarding Privileged Information and the Purchase and Sell of Stocks and Other Securities”, and they take any necessary actions to prevent the disclosure or leaking of such information to unauthorized persons.
- 11.3 Directors, Officers, Representatives and Consultants of the Company shall not carry out operations for personal gain or any third party gain, involving any kind of securities issued by FEMSA whose price may be influenced by the privileged information they possess, until such information is not made public.
- 11.4 Directors, Officers and Employees who are also teachers, professors, speakers or students, may use only public information of the company in the performance of these activities.
- 11.5 We legitimately obtain personal data and manage it responsibly, ethically and in accordance to the privacy laws applicable in each country where we operate.



VII. RESPONSIBILITIES

1. Board of Directors

- 1.1 Approve the content of the Business Code of Ethics.
- 1.2 Authorize any amendments to the Business Code of Ethics.
- 1.3 Issue the Business Code of Ethics.
- 1.4 Assure, in coordination with the Officer Office, the disclosure of this code or any of its amendments, including its publication in the appropriate official format and in the company's website.



2. Audit Committee and Corporate Practices Committee

2.1 Supervise compliance with the Business Code of Ethics.

2.2 Submit to the Board of Directors proposals for amendments to the Business Code of Ethics.



3. Board Members

3.2 Know and understand this code and give it full compliance.

3.2 Inform the Chairman of the Board any aspects of this code whose interpretation or application is not clear enough to provide a solution.

3.3 Sign a letter of compliance with this Business Code of Ethics every year.



4. Secretary of the Board

- 4.1 Ensure that all of the Directors and Officers sign the letter of compliance with this code.
- 4.2 Promote the use of the Whistleblowing System between the members of the Board of Directors, by delivering a copy of the procedures of such system to each one and requesting a receipt acknowledgement.
- 4.3 Disseminate the “Guidelines for Officers of FEMSA and Subsidiaries regarding Privileged Information and the Purchase and Sell of Stocks and Other Securities”, among the members of the Board of Directors, by delivering a copy to each one and requesting a receipt acknowledgement.
- 4.4 Disclose any amendments made to this code among the members of the Board of Directors.
- 4.5 Report to the Audit Committee and the Corporate Practices Committee of the Board of Directors, any violations to the Business Code of Ethics reported in the Letters of Compliance received every year.



5. Officers

- 5.1 Know and understand the Business Code of Ethics and confirm their commitment to comply with its provisions every year.
- 5.2 Assure that their employees know and comply the provisions of the code.
- 5.3 Support their direct employees to clarify questions and to comment and resolve any issues that arise from the interpretation of this code or its enforcement.



6. Employees

6.1 Know and comply with the Business Code of Ethics.



7. Internal Auditing

- 7.1 Evaluate the compliance with the provisions of the Business Code of Ethics.
- 7.2 Report to the Audit Committee and the Corporate Practices Committee any violations to the code.
- 7.3 Follow-up on any actions taken by the management regarding the violations observed.



8. Human Resources

- 8.1 Promote the code among the personnel by delivering a copy to each employee, and requesting a receipt acknowledgement.
- 8.2 Include in any orientation programs the provisions contained in the Business Code of Ethics.
- 8.3 Promote any amendments made to this code among the employees.
- 8.4 Promote the Whistleblowing System between the personnel.
- 8.5 Disseminate the “Guidelines for Officers of FEMSA and Subsidiaries regarding Privileged Information and the Purchase and Sell of Stocks and Other Securities”, among the officers and employees who have privileged information, by delivering a copy to each and retrieving their acknowledgement.
- 8.6 Make sure that the supply areas promote the code and its amendments between our strategic suppliers, and that they request a receipt acknowledgement.



VIII. WHISTLEBLOWING SYSTEM

At FEMSA we believe that Values are an essential and vital part of the life and culture of the corporation, therefore we take seriously any reports regarding illegal practices or inappropriate conducts observed within our organization. This is accomplished through a Whistleblowing System, which is a mechanism distinguished by an open communication system to report any conduct or practice which is not aligned with our business ethics.



IX. SANCTIONS

- 1.1 Violations to this code will be sanctioned.
- 1.2 The severity of such sanctions will depend on the seriousness of the violation committed and it will also depend if the violation come from an involuntary error, willful misconduct, and/or negligent action. We believe that not penalizing a violation to this code is itself a violation of it.
- 1.3 Sanctions range from a written warning, dismissal or criminal prosecution by the appropriate authorities, if required.
- 1.4 The sanctions will be imposed by the supervisor of whoever has committed the violation aided by the Legal and Human Resources areas.
- 1.5 In case of doubt about the existence of a violation to this code, before a penalty is imposed for the alleged violation to the suspected violator, any available evidence shall be validated and assessed by the Human Resources Department and Internal Audit Department.