

FEMSA

bussines
code of
ethics



BUSINESS CODE OF ETHICS

I. BACKGROUND	2
II. OBJECTIVES	3
III. SCOPE	4
IV. GENERAL ETHICAL NORMS	5
V. SPECIFIC ETHICAL NORMS	7
VI. RESPONSABILITIES	16
VII. PENALTIES	23



I. BACKGROUND

- 1 Adherence to ethical principles speaks of a sense of respect, honesty and integrity which are all-important values in job performance.
- 2 These values are a key part of our corporate culture and constitute a fundamental component in the life of our companies.
- 3 FEMSA's businesses are conducted under the basic premise that they are governed by rules and guidelines, compliance with and observance of those being indispensable for the businesses to operate optimally in their social environment.
- 4 Although these values are intrinsic to our organizational culture and the everyday activities of our companies, it is necessary to formalize them and set them within a common framework that unifies the criteria and guides the actions of all the personnel employed by FEMSA.
- 5 As a result of the foregoing considerations, the Board of Directors of FEMSA has approved and authorized the issuance of this Business Code of Ethics.



II. OBJECTIVES

This Business Code of Ethics has the following purposes:

1. Inform the directors, officers and employees of the organization, in their character as company representatives, of their ethical obligations to the company, investors, clients, creditors, vendors, competitors and government officials.
2. Establish basic criteria to govern the ethical conduct of all personnel working in our companies.
3. Share our ethical values with parties interested in getting to know FEMSA.
4. Set forth the penalties for breach of our Business Code of Ethics.



III. SCOPE

1. This Business Code of Ethics shall be observed by members of the Board of Directors (directors), officers and managers (officers) and employees of FEMSA.
2. This Code recognizes that, on most occasions, the correct action is clear, whether or not it is part of any code.
3. Due to the foregoing, this document is not, nor does it pretend to be, exhaustively inclusive of all situations in which an apparent ethical conflict may arise.
4. This Code describes general situations regarding relations with stakeholders (shareholders, clients, vendors, government officials and the general environment), with special consideration given to those situations with greater risk of a potential ethical conflict.
5. New considerations will be included herein as necessary to keep pace with the business dynamics and general business climate.
6. Any situation not foreseen by this Business Code of Ethics shall be solved pursuant to sound management criteria. In case of doubt, it shall be necessary to consult with Human Resources, Internal Audit or, in the last instance, with the Audit Committee of the Board of Directors.



IV. GENERAL ETHICAL NORMS

1. At FEMSA, we recognize the dignity of all persons and respect their freedom and privacy.
2. No one shall be discriminated against on account of gender, marital status, age, religion, race, political beliefs, social and financial class, pregnancy, language, dialect, ethnic origin, nationality, sexual preference or disability.
3. The directors, officers and employees of FEMSA are obligated to comply with all laws, regulations and guidelines that govern or limit the scope of their responsibility, as well as with the internal standards and control procedures established by management.
4. The directors, officers and employees of FEMSA shall conduct themselves in a manner that is loyal, respectful, diligent and honest.
5. Whosoever has personnel under his or her direct supervision has the moral obligation to respect and protect them.
6. Any type of sexual harassment shall be prohibited and denounced, due to the moral damage inflicted upon those subjected to it.
7. Financial information shall be accurate and sufficient for the purposes of its users.
8. Directors, officers and employees shall abstain from making any derogative comments - whether in family or social surroundings - about any activities carried out within the company, or about any other director, officer or employee.
9. No director, officer or employee shall use the FEMSA trade name, or that of any of its companies, nor any of its resources whatsoever, in any activity for their own personal benefit.
10. Any contact with dishonest people who can or will damage the FEMSA companies should be avoided.
11. Directors, officers and employees shall abstain from disclosing any confidential information regarding processes, methods, strategies, plans,



projects or technical data, market data or other data of any nature whatsoever.

12. Officers and employees shall avoid engaging in any activity outside the company that demands from them so much time and effort that it affects their ability and availability to perform their duties to the company.
13. It is strictly prohibited to terminate, demote, suspend, threaten, harass, interfere with the right of employment, or otherwise discriminate against any director, officer or employee for providing information, assisting in the supply of information, or collaborating with any investigation which presumes a breach of any provision set forth in the FEMSA Corporate Policies or in this Code.
14. Officers and employees who participate in political activities of any nature whatsoever shall exert special care in avoiding involvement of FEMSA, clearly stating that any such activities are strictly personal, and not conducted on behalf of the company, since the company does not influence, support nor intervene in any such political activities.
15. The grant of loans or financing to directors and officers of FEMSA is strictly prohibited.



V. SPECIFIC ETHICAL NORMS

1. Customer Relations

- 1.1 Officers and employees that serve clients shall deal fairly and honestly with them in every transaction, providing products and services with the utmost quality and timeliness, adhering at all times to official and FEMSA internal regulations.
- 1.2 No deceitful or misleading comparisons with competitive products or services shall be made.

2. Vendor Relations

- 2.1 FEMSA shall consider for inclusion in its vendor portfolio only those companies that share FEMSA's ethical values, and which possess a sound reputation for fairness and integrity in their dealings.
- 2.2 Officers and employees negotiating the acquisition of products and services by the FEMSA companies shall offer and demand from vendors fair and honest treatment in each transaction, in the company's best interests.
- 2.3 Acquisition of goods and services shall be carried out through homogenous and transparent processes, assuring fair participation by vendors and impartial selection, based upon criteria of service, quality and profitability.
- 2.4 Officers and employees of FEMSA companies shall abstain from discussing with vendors or any other person outside the company any problems or weaknesses observed in other vendors.



3. Competition

- 3.1 FEMSA competes vigorously, complying with all fair competition laws and regulations in any country in which it does business.
- 3.2 FEMSA shall not participate in any agreement which interferes with free market forces in any market in which it participates and shall not use improper means to improve its competitive position in any such market.
- 3.3 Directors, officers and employees of FEMSA which are in contact with representatives from the competition shall maintain a professional attitude, adhering to the principles and values of the company which they represent and minding their personal image, as well as the image of FEMSA.
- 3.4 In all dealings with competitors, whether isolated contacts or in open forums or business or professional associations, FEMSA's directors, officers and personnel shall avoid discussing subjects that may create risks or possible contingencies for the company in required compliance with legal and competition regulations.
- 3.5 The directors, officers and employees of FEMSA shall avoid to the maximum extent possible making comments or statements about the competition and, when necessary, such comments shall be fair, objective and complete.
- 3.6 In no case shall FEMSA, nor its officers nor personnel, attempt to obtain trade secrets or any other confidential information of a competitor through the use of inappropriate means.



4. Advertising and Marketing

4.1 Advertising and marketing of business units of FEMSA shall be:

- a) Legal, decent, honest, accurate and consistent with principles of fair competition and good business practice.
- b) Prepared with a due sense of social responsibility and based upon principles of integrity and good faith.
- c) Verifiable and free from any elements that could lead to misinterpretation of the characteristics of the products and services offered by FEMSA.
- d) Respectful of moral values, avoiding unethical elements that offend human dignity and integrity, or use of symbols that are culturally offensive to any gender, race, religion, political belief or social class.

4.2 Officers shall ensure that advertising consultants and other similar agencies receive a copy of this Code, and are aware of the necessity of compliance with it in the execution of any work performed in the name of the Company.



5. Contact with Authorities

- 5.1 FEMSA's directors, officers and employees shall strictly adhere, in carrying out their duties, to any applicable laws and regulations.
- 5.2 FEMSA's directors, officers and employees shall cooperate at all times with all competent authorities in the full exercise of their powers and act in accordance with law in defense of the legitimate interests of FEMSA.
- 5.3 Directors, officers and employees who deal with authorities shall treat them courteously and in a friendly manner, acknowledging their status, and shall promote an atmosphere of trust and openness that facilitates discussion of the pending matter and the ability to reach an agreement.
- 5.4 Any observation or requirement of the authorities shall be duly complied with, in an effort to cooperate efficiently and courteously in the fulfillment of their duties, within the powers granted unto them by law or regulation.
- 5.5 Any dealings, transactions or contact on behalf of the Company with government agencies or officials shall be carried out pursuant to applicable law, as well as within normal business practices of companies in the same industry in the respective country and region.



6. Environment (Ecology)

- 6.1 FEMSA acknowledges the need for protection of the environment as part of its social responsibility.
- 6.2 Our environmental commitment is a responsibility shared by all, and no one within FEMSA shall assume that this is the responsibility of anyone else.
- 6.3 FEMSA's officers and employees shall take any action necessary to ensure that their operating units:
 - a) Assess beforehand any significant changes in facilities and processes to prevent adverse environmental effects.
 - b) Have implemented effective response procedures for possible emergencies, to minimize the impact of any unpredictable incidents.
 - c) Do not cause any adverse environmental impact as a result of air emissions, sewer discharges, and the management and confinement of solid waste.
 - d) Make efficient use of energy sources, and monitor its consumption.
 - e) Prevent environmental accidents.



7. Occupational Health and Safety

7.1 FEMSA believes that health and safety are as important as any other company activity or objective.

7.2 The heads of the various business units shall take action to ensure compliance with the following health and safety objectives:

- a) Provide and maintain a safe and healthy workplace.
- b) Arrange for and maintain a proper work environment.
- c) Develop safety awareness among all personnel.



8. Conflict of Interests

- 8.1 Officers and employees of FEMSA shall not hold vested interests in businesses that buy, sell or provide services to FEMSA companies. Any dealings with related companies shall be communicated to the Audit Committee of the Board of Directors through the Internal Audit Department.
- 8.2 Directors, officers and employees of FEMSA shall refrain from having interests or investments which allow them to have a significant influence in businesses which compete with FEMSA.
- 8.3 FEMSA's employees shall refrain from entering into purchase or sale transactions with companies owned by first and second degree family members, whether related by blood or marriage (spouse, parents, children, siblings, first degree cousins, nephews, etc.) with FEMSA officers or employees, unless those companies are competitive with regard to price, quality, and service, are outside the area of responsibility of the officer or employee, and this fact has been reported to the Internal Audit Department for its validation of compliance with these requirements.
- 8.4 Officers and employees of the Group shall refrain from having family or relatives working for them, except for cases approved in writing by the Society Practices Committee of the Board of Directors.
- 8.5 When an officer or employee is called upon to carry out any surveillance, supervision, audit or control duty over an area where a relative is in charge, such officer or employee must inform his or her supervisor in order to be substituted by another in this duty.
- 8.6 Whenever a director, officer or employee does not feel capable of carrying out his or her responsibilities objectively, for reasons of coercion by any third party using his or her position, authority or influence within the organization, such person shall immediately report this situation to his or her superior or to Human Resources and, in such case, report it through the Whistle-blowing System established in the Company.
- 8.7 Directors, officers and employees shall refrain from complying with requests of superiors, subalterns, peers, relatives or friends to the detriment of the interests of the FEMSA companies.



9. Information Management

- 9.1 It is strictly prohibited to distort any financial or accounting records and/or information, or to falsify transactions, whether to simulate achievement with goals or objectives, or to receive any personal benefit.
- 9.2 Any information generated in financial records is strictly confidential and shall be delivered only to duly authorized users.
- 9.3 Persons with access to privileged information as set forth in the Securities Market Law and related provisions shall take the measures necessary to prevent such information from being disclosed or available to non-authorized persons.
- 9.4 The use of privileged information of any of the FEMSA companies for personal benefit, or the benefit of third parties, is strictly prohibited, as long as this information is not known to the general public.
- 9.5 Whoever, as a result of their responsibilities in FEMSA, has access to privileged information shall comply with the requirements and obligations set forth in the Guide for Officers and Directors of FEMSA Regarding Privileged Information and Transactions in Shares and Other Securities.
- 9.6 Directors, officers and employees shall refrain from taking any action that may influence, coerce, manipulate or deceive any internal or external auditor, or officer performing his or her duties.
- 9.7 Directors, officers and employees who also engage in activities as faculty, students, speakers or who give presentations, shall refrain from using confidential information of FEMSA, and may only use publicly disclosed information.
- 9.8 Directors, officers and employees shall take any and all measures necessary to protect the confidential information to which they have access, in order to avoid disclosure of such information to persons not authorized to access this information.



10. Gifts

- 10.1 Directors, officers and employees of FEMSA companies shall refrain from accepting valuable gifts, advantageous conditions, salaries, travel, commissions or any other compensation from clients, vendors, financial institutions, concessionaries, contractors, companies or persons with whom they deal.
- 10.2 If, due to simple courtesy within a business relationship, a valuable gift is accepted, it shall be turned over to the respective Human Resources department where its final use shall be determined.
- 10.3 When in doubt about whether a gift or favor is valuable or not, the employee shall consult with his or her immediate supervisor or the Human Resources department of his or her company.



VI. RESPONSIBILITIES

1. Board of Directors

- 1.1 Approve the content of the Business Code of Ethics.
- 1.2 Authorize its modifications.
- 1.3 Issue the Business Code of Ethics.
- 1.4 Ensure, together with the department of the Chief Executive Officer, the dissemination of this Code, including its disclosure in the appropriate Form or in Company's Internet web site, as well as of any change to, or the granting, of any waivers of, its Code applicable to its directors or officers.



2. Directors

- 2.1 Familiarize themselves with the Code and fully comply with its provisions.
- 2.2 Inform the Chairman of the Board of any aspect of this Code whose interpretation or application is not clear, in order to find a solution.
- 2.3 Sign each year the Business Code of Ethics Compliance Letter of FEMSA.



3. Audit Committee and Society Practices Committee

- 3.1 Supervise compliance with the Business Code of Ethics and present for its approval by the Board of Directors any proposal to modify it. For more details see Monitoring System (Attachment I).



4. Officers

- 4.1 Familiarize themselves with the Business Code of Ethics and comply with its provisions.
- 4.2 Ensure that the officer and his or her colleagues are also familiar with the Code and annually ratify their commitment to comply with its provisions.
- 4.3 Take any and all measures necessary so that the personnel reporting to him or her gives due importance to the contents of this Code in carrying out their duties.
- 4.4 Work with their direct subordinates and colleagues to clarify any doubts or discuss and solve any difficulty arising from the interpretation of this Code, or of its application.
- 4.5 Comply with all laws applicable to the activities under their supervision, as well as with internal policies, norms and provisions governing the activities, products and services in their area.
- 4.6 Sign each year the Business Code of Ethics Compliance Letter of FEMSA specifying that in their tenure they have complied with the provisions of this Code and describing any knowledge they may have of non-compliance of their own or that of any person at any organizational level.



5. Human Resources

- 5.1 Disseminate this Code among all personnel, especially new hires, by delivery of a copy of this Code to each employee, collecting evidence of receipt.
- 5.2 Include the subject matter of this Business Code of Ethics in the Company's induction programs.
- 5.3 Disseminate any modifications made to this Code to officers and employees so they are kept informed of its updated contents.
- 5.4 Disseminate the Whistle-Blowing System Corporate Policy among all personnel, by all means described in the Policy itself.
- 5.5 Disseminate the Guide regarding Privileged Information and Transactions in Shares and Other Securities among all Officers and employees which have access to Company's privileged information, by delivery of a copy of this Guide to each of them, collecting evidence of receipt.



6. Secretary of the Board of Directors

- 6.1 Ensure that all directors and officers sign each year the Business Code of Ethics Compliance Letter of FEMSA.
- 6.2 Disseminate the Whistle-Blowing System Corporate Policy among all members of the Board of Directors, by delivery of a copy of this Policy to each member, collecting evidence of receipt.
- 6.3 Disseminate the Guide regarding Privileged Information and Transactions in Shares and Other Securities among all members of the Board of Directors, by delivery of a copy of this Guide to each member, collecting evidence of receipt.
- 6.4 Disseminate any modifications made to this Code to directors, so they are kept informed of its updated contents.
- 6.5 Inform the Board's Audit and Human Resources Committees of any non-compliance with the FEMSA Business Code of Ethics reported in the annually received Compliance Letters.



7. Internal Audit

- 7.1 Assess compliance with the provisions of the Business Code of Ethics.
- 7.2 Report any relevant violation of which it is aware to the Audit Committee and Society Practices Committee, in addition to the measures taken in each case by management.



VII. PENALTIES

- 1.1 Any breach of this Code is subject to penalty.
- 1.2 The severity of such penalties shall be proportional to the degree of the breach.
- 1.3 In cases of severe breach, the penalties can range from termination to referral for criminal prosecution to the relevant authorities.
- 1.4 By way of example, the following actions are considered a breach of the Code:
 - a) Failure to comply with legal provisions imposed by authorities that result in penalties, damage to the financial condition or future contingencies for the Company.
 - b) Negligent failure to comply with the policies, norms and procedures for sound management of the companies, resulting in severe damage to them.
 - c) Engaging in sexual harassment of personnel.
 - d) An evident state of intoxication by drug or alcohol and/or unmoral behavior in Company facilities.
 - e) Discrimination, intimidation or hassling any person due to gender, marital status, age, religion, race, political beliefs, social and financial class, pregnancy, language, dialect, ethnic origin, nationality, sexual preference or disability.
 - f) Non-compliance with safety standards that may jeopardize the life of personnel or company property.
 - g) Falsely and in bad faith accuse an innocent person.
 - h) Consumption, distribution, transportation, sale or possession of any type of forbidden drug.
 - i) Legally bind the company without due authorization.
 - j) Omitting to report or failing to promptly report any breach of this Code.
 - k) Engaging in any transaction for personal, family or third party benefit, to the detriment of the interests of the Company.



- l) Influencing, coercing, manipulating, or deceiving any auditor performing an investigation or review within the Company.
 - m) Distortion of accounting records.
 - n) Falsely reporting transactions of sales, purchases, loans, credits and expenses, among others.
 - o) Collection of checks using false endorsements.
 - p) Forgery or alteration of receipts.
 - q) Engaging in sales activities outside any authorized territories.
 - r) Unnecessarily acquiring goods and services to the detriment of the Company.
- 1.5 When a doubt arises about the existence of a violation of the Code, the Business Unit's Human Resources and Internal Audit' Departments shall proceed to validate and evaluate all available evidence before any penalty is imposed to the potential offender.
- 1.6 With the support within the organization which is considered necessary, penalties shall be imposed jointly by the direct superior of the person who committed the breach and the Business Unit's Legal and Human Resources' departments.
- 1.7 Any case of real or presumed non-compliance should be immediately reported through the Whistle-Blowing System established at FEMSA.



Attachment 1
Monitoring System of Femsa Business Code of Ethics

