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In this document we share some of the ways in which our dedication to customer satisfaction and Sustainability can be reflected in our Business Units. We strive to provide outstanding service to our consumers, to support our collaborators in achieving their personal development, to preserve our environment and to conserve natural resources for future generations, as well as to reinforce our commitment to support the communities in which we operate.

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Independent
Assurance Report





SUSTAINABILITY STRATEGY

For over 130 years, FEMSA has been an active force in the economic progress and prosperity of Latin America, caring for our collaborators, serving our customers, preserving the environment, and supporting the communities that we call home.

- Públicos	50%
- Actividades	V/V/V
- Presupuesto	0-100%

Meta

At FEMSA, we have long recognized that integrating Sustainability in our business models is essential to our purpose of being a good neighbor, a responsible company, and a corporate citizen engaged in the collaboration of meeting global challenges.

Our Business Units abide by the law in all the countries where we operate, creating and satisfying customer needs while encouraging the professional and personal advancement of their collaborators, strengthening the supply chains that sustain them, preserving natural resources, and transforming the communities, thus generating social value.

2020 has been a year of dramatic contrasts for our company: it was with great pride that we celebrated the 130th anniversary of our foundation as Cervecería Cuauhtémoc, but we and the rest of humanity were troubled and deeply affected by the ongoing COVID-19 pandemic.

We were put to the test during this year, which has had widespread implications for business and society. The spread of the pandemic has become a constant threat to life and sustenance around the globe, placing great demands to governments, society and businesses.

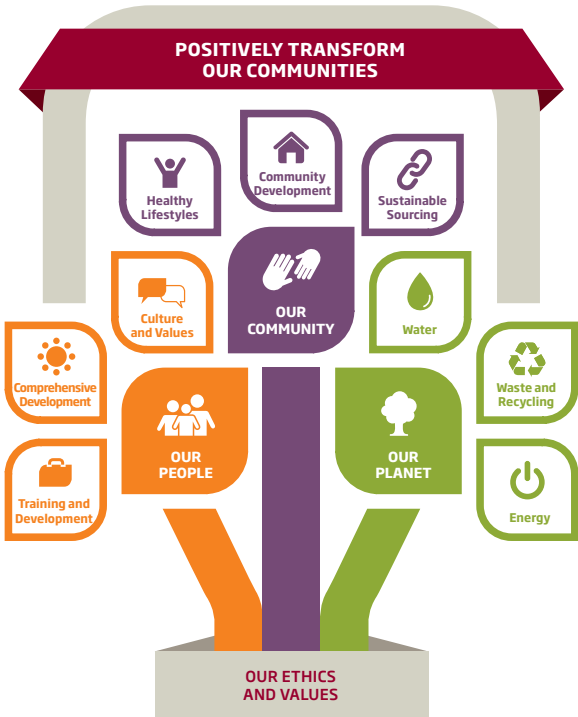
FEMSA develop a strategy to respond immediately to the social and economic impact of COVID-19, a roadmap by which our Business Units could ensure the safety and welfare of our collaborators and protect our customers through operational adjustments, thus ensuring responsible business continuity and support for our communities, while remaining mindful of environmental, social, and governance issues like climate change, circular economy, water stewardship, human rights and ethical conduct.

In recent years, we had made considerable progress in our Sustainability Strategy, evolving our projects, adapting our governance, and improving our ESG reporting. We will continue focusing on a strategic approach, addressing global challenges through local action and working for faster, smarter, and more sustainable product and service solutions.

The events of 2020 sparked sweeping changes in business conditions around the globe. Our business units have adapted to respond to the new challenges. We know the present environment disrupted the ESG ecosystem, and we visualize a greater global relevance in these topics, including the megatrends of the industries in which we participate.

This year we began updating FEMSA's Strategic Sustainability Framework, which will help us better understand our current impacts, redefine the way we want to operate in the future, and help us keep our stakeholders updated on the progress of our public commitments. This framework will also allow us to align with our core values, policies and statements, identifying ESG priorities, and setting ambitious goals and objectives.

Strategic Sustainability Framework





Through a collective effort in corporate and operative areas, we dedicated time, teamwork and collaborative approach to identify the Sustainability challenges of the Business Units by updating their materiality matrix. In this way, we will be able to channel the necessary and available resources to strengthen our Sustainability strategy and be accountable to our stakeholders.

The results obtained highlight that our main priorities are: climate action, water resource management, circular economy, human and labor rights, comprehensive development, inclusion and diversity, health and safety, and corporate ethics, among others.

During 2021 we will continue with this task in all our Business Units.

For more information on the materiality analysis, the Sustainability strategy and ESG priorities, visit: <https://www.femsa.com/en/sustainability/sustainability-strategy/materiality/>

Recognizing the sustainability priorities in our Business Units will allow us to attend to our stakeholders, address the ESG criteria of our company and the industries in which we participate, focus resources, and improve our reporting, being consistent with global sustainability frameworks and principles.



Some of our ESG priorities for the future are the following:



**In recent years,
we have made
steady progress in
our Sustainability
Strategy.**

Our People

Focus areas:



Our focus

FEMSA is committed to being a high-performing company in which talent and culture drive the development of our people. Our operations follow a principles-based approach to doing business; this means operating in ways that go beyond the fundamental responsibilities of safe and healthy working conditions, human and labor rights.

We invest resources to ensure that every employee is capable of advancing toward their fullest potential, giving them the training and tools they need to succeed professionally and personally, making every employee

an ambassador of FEMSA's values in their community, magnifying exponentially the social value that our company generates.

We seek to contribute to a cultural transformation that promotes human and labor rights, as well as inclusion and diversity, by creating safe work environments free of discrimination and harassment, where employee well-being translates into happiness, job satisfaction, personal development, and a healthy work-life balance.

Investment

In 2020, we invested more than Ps. 1 billion (US\$ 50 million) in Our People.

Our partnerships

- Tent partnership for refugees
- United Nations High Commissioner for Refugees in Mexico



Our contribution to the Sustainable Development Goals:



Culture and values

Our focus

At FEMSA, we know that human and labor rights constitute a set of prerogatives based on human dignity, which are indispensable for the comprehensive development of a person. We respect our collaborators' human and labor rights, having as a fundamental principle the respect of human dignity above any other business consideration. We abide by international labor rules, as well as labor and social security laws, and individual and collective agreements, conventions or labor covenants in all countries where we operate.

We aspire to having a diverse workforce made up of talented, motivated and authentic people. For us, inclusion and diversity go beyond mere policies, programs and goals. It is about opportunities for all, adopting a culture that celebrates the authenticity of the talent that each one of us can contribute as unique individuals.

Our Business Units work on various projects and initiatives to enrich our inclusive culture, opening doors to diversity. Every day we take measures to enhance our diversity, equity and inclusion.

Our business legacy is intentionally inclusive: Don Eugenio Garza Sada made sure that every employee could contribute value, earn respect, and be considered an essential part of our company.

Being aware of the value of diversity and inclusion is one way we ensure our economic and social value is sustainable over the long term.

Programs and initiatives

FEMSA Comercio

Inclusive labour workplace

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

We aim at developing equality, respect and empathy. We want our workplaces to build inclusive policies and give equal opportunities to all.

Through our training centers and our Inclusive Company award from the Mexican Ministry of Labor and Social Planning, we increased the number of people that now integrate our work force.

Employment and training center

This center offers people with disabilities a chance to train for a job, to encourage their professional development and facilitate their inclusion in the work force and in society, inside and outside of our company.

In Mexico, we have invested in establishing eleven such centers. Graduates have the option of applying for a job at one of our divisions or choose to apply for work in another company.



We aspire to having a diverse workforce made up of talented, motivated and authentic people.

Inclusion and diversity workplace indicators
 People with vulnerable status employed

	2020	2019	2018
Senior citizens	3,200	3,007	1,584
People with disabilities	930	842	812
Refugees	200	0	0



Inclusive Company Distinction
 This distinction recognizes 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

	2020	2019	2018
Total workplaces	315	462	436

Coca-Cola FEMSA

Inclusion and diversity strategy

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

Accreditations

Certified Equity MX

Since 2016, the Human Rights Campaign Equity MX Organization has been working with Mexican companies to promote LGBTQ diversity and inclusion. This certification is given to companies that take steps to apply inclusive policies, best practices and benefits for this community.

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.

2020 marked our third year of inclusion in this prestigious international index.

Training and development

Our focus

We firmly believe that our collaborators' performance is closely related to their personal and professional advancement. With more than 300,000 collaborators working in our Business Units, we need to provide training and development programs in which every one of them can drive their own growth within our organization.

We want our people to develop skills and abilities that enable them to anticipate the company's needs, be prepared to act in complex environments and amid constant change, and thus to respond to current and future challenges.

Training and development

Training performance indicators

	2020	2019	2018
Hours of training	8,573,290	8,657,577	8,573,290

Some training topics in 2020

	Human Rights	Leadership	Technical knowledge	Health and safety	Sustainability
Total hours of training	436,269	127,966	4,724,823	712,488	14,166

Occupational safety and health

The safety and health of our people has always been an absolute priority. We make every effort to keep our collaborators healthy and injury-free while they are on the job. We work to evaluate, mitigate and minimize the risk associated with daily activities, improve our incident response through compliance and oversight of safety programs, and through closer communication with all our stakeholders.

We offer medical services that monitor and protect employee health through preventive activities, early detection of work-related illnesses, and quality medical care when someone falls ill during the work day.

At the same time, we try to keep our collaborators healthy through activities that promote physical activity, awareness-building and prevention campaigns, workshops on promoting mental wellness, psycho-social counseling, nutritional counseling and vaccination campaigns.

All of FEMSA's Business Units have Industrial Safety and Occupational Health management systems consistent with their industries and sectors and area of business, in line with FEMSA Corporate Policies and the legal framework of the countries where we operate.

Our goal is to create safe workspaces and healthy lifestyles.

FEMSA Comercio

Health week, vaccination and prevention campaigns

In 2020, we continued to work on a number of events promoting holistic wellness for collaborators, illness prevention, early detection and self-care. The focus of our health week this year was the comprehensive wellness of our people, with the aim of improving their physical, emotional, social and psychological health through nutritional and medical checkups, cardiovascular evaluation, flu vaccine and psychosocial risk.

FEMSA Strategic Business

Health and Safety Fair - Health Week

To promote a culture of preventive health care and support occupational health and safety for collaborators and wellness for the entire community, 24 events were held, benefiting around four thousand collaborators. These included campaigns focusing on control and early detection of chronic degenerative illnesses. The end result has been a reduction in both accidents and absenteeism in the workplace.

Workers also attended talks on the use and benefits of medical insurance. An on-the-job workout campaign was also introduced, providing collaborators a program of exercises they can do at the workplace, helping offset the physical stress of the job and keep their bodies in shape and balanced to ensure good health.

Road safety

At Solistica, we have always been committed to ensuring the safety of our collaborators and all people linked to the value chains we support. During 2020, we implemented two programs for more than two thousand mid-level managers in all regions and functional areas of Solistica: ZEIF, a program to build a culture that strengthens safety behaviors through engagement and reflection activities. The second program was Five Minutes of Safety, aimed at plant operators, which consists of short five-minute talks, organized on a regular basis, to reinforce the "golden rules" for safe operation.

Coca-Cola FEMSA

At KOF, we consider it our basic and necessary responsibility to protect people's safety so they enjoy every moment of their lives, and also to create more value for customers and to build a more sustainable business. For these reasons, KOF has repeatedly voiced its commitment to doing everything necessary to secure the lives of everyone with whom we interact in our operations, and maintain our goal of zero accidents.

QSE Cultural Transformation Model

This model consists of five key elements. The strategic framework and change plan for QSE Cultural Transformation was developed in 2019, and adapted for every country where we operate. The process began with the Leadership and Diagnostics phase of QSE Culture.

Risk prevention and culture

One of our strategic approaches at KOF is to reduce and manage strategic, operating and compliance risks. To this end, we have a Risk Management Model for properly managing risks and opportunities in the organization, by correctly understanding, identifying, analyzing, validating, prioritizing, responding to and controlling to achieve results.

Our safety technology and digitalization pipeline continues to enable our Road Safety Strategy and results. Based on three key elements—People, Organization, and Vehicles—this strategy has enabled us to significantly improve road safety by reducing the number of accidents within the organization. To support this strategy, our business units have continued to implement initiatives and innovations that have accelerated the positive performance in this critical area, focusing on the development of drivers' capabilities and the implementation of technology for road risk monitoring and management.

For more information of Coca-Cola FEMSA safety strategy, please visit:

 https://coca-colafemsa.com/wp-content/uploads/2021/03/KOF_2020_Eng.pdf



**We promote
health care of our
collaborators through
various mechanisms.**

Comprehensive development

Our focus

FEMSA aims to support the comprehensive development and quality of life of all our collaborators, in order to positively impact our environment as well as our business strategy, which involves building a culture of wellness in the workplace that supports the physical and mental health of all our collaborators.

To do so, we invest in comprehensive development activities that include information, education and programs for improving physical, mental and financial health, and reducing the risk of preventable chronic illness. These activities are designed both for collaborators as well as their families. At the same time, we provide resources to collaborators who support the most vulnerable members of their communities in various social contexts.

With this, we work to give all our people an opportunity to grow and transcend in their community and improve quality of life through a better work-life balance. Our unwavering goal is to maintain and improve the physical, mental and emotional health of our workforce.

Our model of comprehensive development is the tool by which we promote healthy social, civic and family relations in harmony with the environment and the community. Our collaborators are encouraged to share our vision of corporate citizenship through charity, compassion, promising ideas and extraordinary energy.

FEMSA's comprehensive development model consists of five dimensions:



Dimension	Definition	Activities
Social	We promote the development of satisfactory social, civic, and family relationships in harmony with the environment and the community	2,126
Health	We promote healthy lifestyles (physical and emotional)	713
Labor	We foster commitment, excellence at work and a constructive work environment, developing a sense of belonging	448
Economic	We promote the construction and protection of the collaborators' assets, generating an organizational culture of work and savings	81
Formative	We provide continuous learning so that our collaborators acquire knowledge and skills	144
Total:		3,512

Our Planet

Focus areas:



Our contribution to the Sustainable Development Goals:



Our focus

We strive for all our business models to address global challenges. We understand the relevance of collaborating and evolving as a society to transition to a carbon-neutral economy, and accelerate our steps to achieve a circular economy, efficient stewardship and protection of our water resources.

We recognize the value of innovation and collaboration, as tools for expanding the scope of our business philosophy. This is embodied in our long-term strategies and goals, our investment in developing

eco-efficient products and services, in the awards we give for innovation in resolving complex environmental problems, and in the partnerships we forge with industry, civil associations and private investors.

We maintain our vision of pursuing the balance between expansion and the growth of our Business Units and meeting a clear and forceful objective: going further minimizing our impact.

Our investment

In 2020, we invested more than Ps. 890 million (US\$ 44 million) in Our Planet.

Our partnerships

- ADIAL – Associação Brasileira Pró-Desenvolvimento Regional Sustentável
- CEMPRE (Compromiso Empresarial por el Reciclaje)
- CBH-AP - Comitê de Bacias Hidrográficas - Aguapeí Peixe (Marília)
- CESPEDS (Comisión de Estudios del Sector Privado para el Desarrollo Sustentable)
- ECOCE



Water

Action lines



Our focus

Water is an essential component of our operations. It is also vital to the Sustainability of our planet, our people, our communities and our business.

Since our beginnings 130 years ago we have been working to develop a comprehensive vision with the firm purpose of optimizing our use and management of water resources. This holistic approach includes operating efficiently, responsibly using water basins, and seek to achieve and sustain water security in the regions where we have presence, ensuring sustainable access to a sufficient quantity and quality of water to sustain human life and socioeconomic development. Through FEMSA Foundation, we carry out projects designed to improve communities' quality of life by helping to provide them with safe water, improved sanitation, and hygiene education.

Our strategy includes conducting assessments in order to better understand the risks and impact on the watershed regions we occupy. We evaluate the long-term Sustainability of water resources to select options that can avoid or mitigate any impact on the environment and other users.

We maintain our vision by pursuing a clear and unmistakable objective: going further minimizing our impact.

Our targets:

- **Achieve a water-use ratio per liter of beverage produced of 1.5 liters**
- **Return to our communities and the environment the same amount of water used to produce our beverages.**



In 2020, more than three thousand OXXO stores used condensate water for watering trees located around the stores.



Water access and availability are fundamental for the health and welfare of millions of species. But the supply of clean water can be affected by changes in climate patterns and/or government regulations. We are moved to confront this challenge with increasing conviction, considering the relevance of this powerful element for the health of human beings, wildlife and ecosystems.

The following are some examples, translated into projects and initiatives, of how we use innovation, technology and partnerships as a solution for preserving this vital resource.

Programs focused on efficiency:

- Condensate irrigation system in stores
- Environmental management system
- Bin and container washing system
- Water-neutral diagnosis

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

- Water Funds
- Lazos de Agua
- *Alianza Latinoamericana de Fondos de Agua*
- IDB-FEMSA Award

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/>

Programs and initiatives

Efficient use

FEMSA Comercio

Condensate irrigation system

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 2020, more than three thousand OXXO stores used condensate water for watering trees located around 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 our goals.

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, through our Top 20 Water Saving Initiatives program that includes 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.

Water replenishment and conservation

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

Our manufacturing plants in Mexico have wastewater treatment facilities that ensure that their wastewater is compliant with environmental standards.

Coca-Cola FEMSA

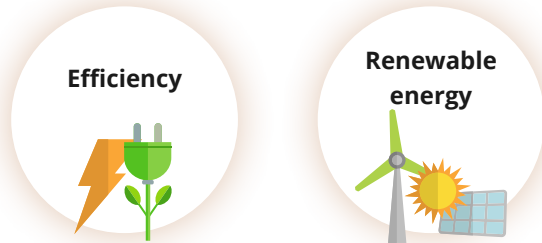
The water we use in our manufacturing plants is treated according to rigorous standards. We ensure that 100% of our wastewater is treated and returned to nature with satisfactory quality. We have wastewater treatment plants at 100% of our bottling facilities.



By 2020 we achieved our goal of 1.49 liters of water per liter of beverage produced, an improvement of 24% compare to 2010 water use ratio; this positions us as the best practice in the Coca-Cola System worldwide.

Energy

Action lines



Our focus

Energy is essential for all forms of life, and It makes our lives viable. The use of energy is basic to all human activity. We depend on energy to work our fields, power our homes, run our businesses. Without energy, life would be impossible.

We are aware, however, that the generation and use of energy can have both positive and negative environmental impacts. Energy use and sourcing are the main factors behind climate change, because it is the largest source of greenhouse gas emissions. This global challenge requires attention and collaboration between governments, companies, and consumers, to bring about the change needed to halt its adverse effects.

Our Sustainability strategy helps to mitigate and adapt to climate change, focusing on the efficient use of energy, the use of renewable sources, and product and service innovation.

FEMSA continues to advance toward achieving its corporate goal of supplying renewable energy. This initiative is our example of a global effort framed within the Paris Agreement.

Since 2015 we have been increasing the proportion of renewable energy in all our Business Units. Through purchase contracts we have access to renewable energy from various wind farms in Mexico.

We continue to make progress in our energy efficiency efforts. We have invested in clean technology, explored the use of vehicles powered by electricity optimized distribution routes, developed energy saving campaigns and used more energy efficient devices and equipment in our facilities. We go one step further in reducing our emissions: with our portfolio of low-carbon products and services, we help customers to reduce their own carbon footprint.



Our target:

- **To achieve 85% of our electricity consumption in Mexico from renewable sources.**

We recognize that investment, innovation and collaboration can drive the disruptive changes needed to deliver on the promise of achieving a low-carbon economy.

We share our projects and initiatives that contribute to the global effort to address climate change.

Programs focused on climate change mitigation

- Intelligent energy automation and control system
- Sustainable mobility
- Low-carbon products
- Wind energy
- Photovoltaic system in corporate building
- C+Verde Program

Programs focused on climate change adaptation

- Green bond
- OXXO LEED store
- LED lighting system

Programs and initiatives

Efficiency

FEMSA Comercio

Intelligent energy automation and control system

To create spaces designed around energy efficiency, we have invested in new technologies that optimize control systems, usability and potency of lighting devices, refrigeration and air conditioning. Our OXXO stores, distribution centers and offices all run on this system, which has so far helped save or reduce energy consumption by 35% compared to the year 2009.

In 2020, 26 offices, 18 distribution centers and 16,377 OXXO stores had this system installed.



During 2020, 26 offices, 18 distribution centers and 16,377 OXXO stores had intelligent automation and energy control system.

FEMSA Strategic Businesses

Sustainable mobility

We have thousands of trucks on the road in Latin America, carrying and bringing happiness to millions of clients and consumers. We know that this gigantic logistical operation can have an environmental impact because of the carbon footprint that these means of transport generate.

Our initiatives have focused on developing more sustainable logistical operations. We have set ourselves the goal of reducing carbon emissions and eliminating our dependence on fossil fuels. Through the optimization of transportation routes, the use of alternative fuels and constantly testing new technologies, we work to minimize our carbon footprint.

During 2020, this initiative avoided the emission of 33,332 metric tons of CO₂.

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

Low-carbon products

The innovative vision of FEMSA Strategic Businesses inspires a continuous search for low-carbon products, bringing our clients more environmentally-friendly products, whose characteristics, through daily use, generate fewer greenhouse gas emissions in the entire product lifecycle—including sourcing, production, distribution, use and final disposal—than other products with similar functions.



The portfolio of low-carbon coolers offered by Imbera includes those that use R290 refrigerant gas, electronic temperature control systems, intelligent motors, latest-generation condensers, fifth-generation LED lighting and lead-free electronic cards.

For more information about Imbera solutions, visit:

<https://www.imberacooling.com/global>

Coca-Cola FEMSA

Energy-efficient manufacturing and reduced emissions

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

We are the first Mexican Company to achieve the official approval our 2020 emissions reduction targets by the Science Based Targets Initiative.

Renewable energy

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

Since 2007, we have forged strategic partnership with various wind farm projects in Mexico, signing energy supply contracts to fulfill our energy needs.

During 2020 we increased the use of renewable electric energy in Mexico and, by the end of the year, we achieved 77.6%. Throughout FEMSA, we were able to provide 61% of our electricity needs with renewable energy.

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

FEMSA Servicios

Integrated solar cell systems

Integrated solar cell systems generate electricity for consumption in the building, helping reduce electricity costs.

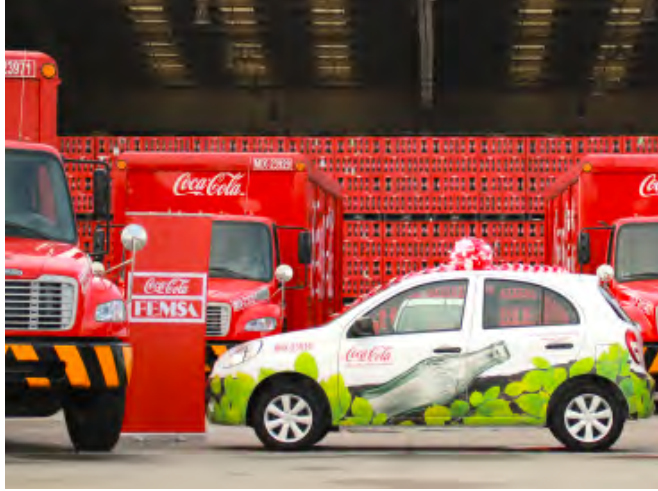
Since 2013, FEMSA's corporate headquarters in the city of Monterrey, Nuevo León, have an integrated photovoltaic system in its façade, that adds to the electrical supply of the building.

C+ Verde Program

This is a FEMSA initiative that helps collaborators 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. Since 2014 more than 775 megawatts of solar energy have been generated, avoiding the emission of more than 400 metric tons of CO₂.



We supply renewable electric energy in Mexico, to 13,437 OXXO stores, 13 distribution centers, 622 pharmacies, 1 OXXO GAS, at Coca-Cola FEMSA, 20 bottling plants and 58 distribution centers. At FEMSA Strategic Business, 1 Imbera manufacturing plant and 1 PTM manufacturing plant.



**During 2020
Coca-Cola FEMSA
issued its first
green bond in the
international market.**

Adaptation to climate change

Coca-Cola FEMSA

Green bond

KOF issued its first green bond on the international market in 2020, which had the distinction of being the largest ever by a Latin American corporation. This financial instrument will help us achieve our environmental goals and contribute to the Sustainable Development Goals. We envision using the proceeds to fund projects that help mitigate adverse climate change effects, protect water sources, and pursue circular economy.

For more information on our green bond issuance, visit:

<https://coca-colafemsa.com/en/investor-relations/debt-holder-information/green-bond/>

FEMSA Comercio

LEED Gold OXXO store

LEED (which stands for Leadership in Energy and Environmental Design) is an internationally recognized certification system for sustainable buildings, created by the United States Green Building Council. It consists of a method for evaluating buildings and projects taking into account energy and water use, raw materials, management of waste during construction and quality of interior design.

In 2020, our Rosario Norte OXXO store in Chile, was recognized with LEED Gold certification in the category of Interior Design and Construction.

LED lighting system

LED technology represents one opportunity to reduce the environmental impact associated with electricity hazardous, because it uses less energy, lasts longer and requires less maintenance. LED lighting do not contain contaminating materials like mercury, lead or tungsten, nor other toxic materials. They do not burn out or fail, and can last up to 11 years with a daily use of 12 hours a day.

In 2020 we succeeded in installing some type of LED application in 100% of our OXXO stores.

100% of our OXXO GAS service stations have LED lighting systems.



Waste

Action line



Our focus

Transition toward circular economy is crucial for preserving and protecting our planet's natural resources, while promoting the success and continuity of our Business Units.

The rising tide of waste impacts the environment, because most of it is not disposed off responsibly, and some of it can remain in the environment for hundreds of years.

Today, throughout our value chain, we need to explore resource and process efficiency in the stages of production and consumption. One way to do this is by promoting circular economy, which focuses on redesigning products and services, reducing waste, reusing as much as possible and maximizing recycling. The principles of circular economy promote the minimization and/or elimination of waste and pollution, maximizing the use of products and materials in a closed cycle and thus avoiding the need to extract new resources from the environment.

At FEMSA we accelerate the adoption and promotion of the principles of circular economy. We are developing business models, redesigning products, strengthening collaboration in the value chain and investing in waste management infrastructure.

This approach has served as our guide in reducing waste and using fewer resources, while developing opportunities for eco-efficient design and innovation in products and services.

To make these ambitions a reality, we invest in technology and infrastructure to increase recycling, and we have made a commitment to the redesign and promotion of reusable and/or recyclable containers.

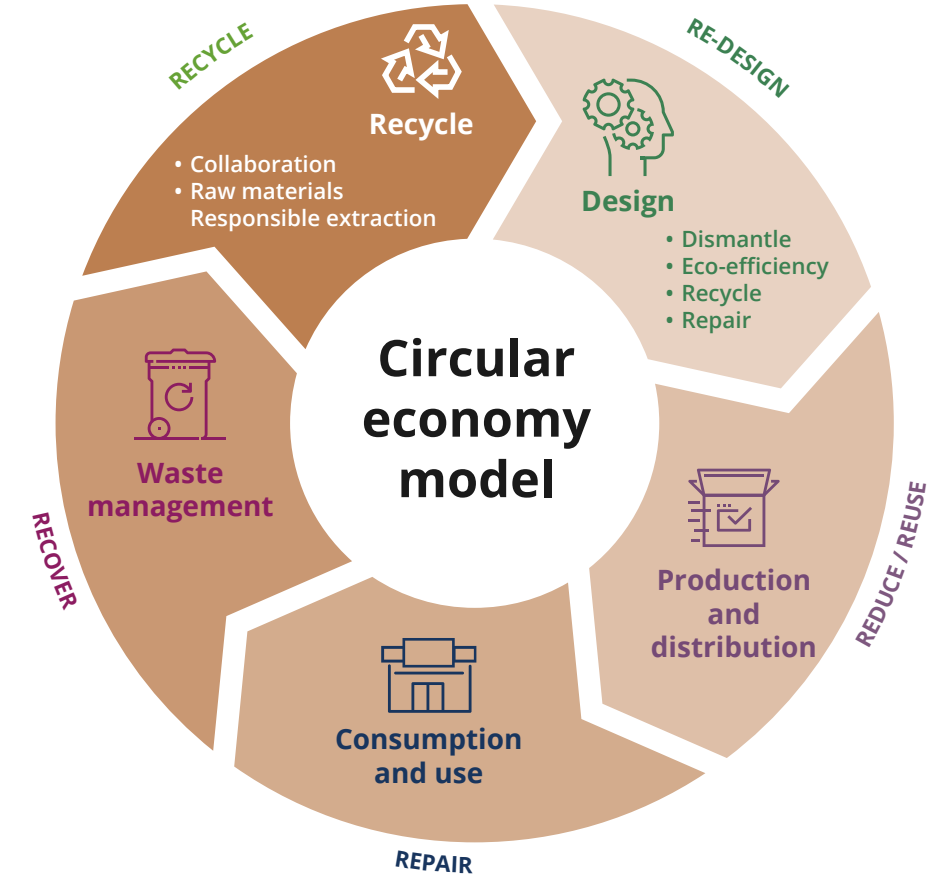
Projects and programs on circular economy

- Program for sustainable decommissioning of office equipment and furniture
- Program for decommissioning and recycling uniforms
- "No bag, thanks" campaign
- Comprehensive waste management program
- EOS REPARE Plant
- Zero Waste Plant
- SÚMATE

 To learn more about circular economy, please visit our video: https://www.youtube.com/watch?v=_rls6UGRRVY

Our targets

- **Zero operational waste to landfill by 2030.**
- **Incorporate 25% of recycled or renewable materials into our PET packaging.**





Programs and initiatives

SÚMATE

This program aims at reducing and encouraging waste recycling through investment in infrastructure for waste separation. The program has been introduced to six FEMSA corporate and administrative office buildings so far. Our collaborators are encouraged to bring the waste generated at their homes.

In 2020, we were able to recycle and/or reuse 100% of paper, cardboard, PET, aluminum, organic waste and electronic trash generated in our buildings.

FEMSA Comercio

Waste separation infrastructure program

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

More than 11,700 OXXO stores and 500 OXXO GAS service stations are equipped with waste separation infrastructure.

Program for responsible decommissioning of office equipment and furniture

Since 2013, through this program we have been recycling equipment and furniture that had reached the end of its useful life. In collaboration with various authorized independent companies, we have stepped up our efforts, and to date we have decommissioned and recycled more than 114,000 pieces of equipment.

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.

Since 2014, OXXO uniforms worn by our collaborators 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 2020 we recycled more than 16,000 uniforms.

Eco-friendly bags

We have been working on plastic bag solutions since 2014 in order to minimize their negative impact. We redesigned the bags to incorporate recycled material, eliminating colored dyes and making them smaller. Today our bags are made up of 30% recycled material.

In 2016 we launched a campaign called “No bag, thanks” to discourage their use and, in 2020, we were able to reduce the number of bags distributed by 60% against 2019. We are continuing to offer our clients new bag choices: bio-plastics, and reusable paper and fabric bags.

FEMSA Strategic Businesses

We are developing programs for the reduction of waste generated by the packaging, bottling and wrapping of materials used for manufacturing, as well as for delivering the final product, while complying with the strict quality standards that characterize our product portfolio.

We are working on programs to reduce the waste generated in packaging, containers and wrapping, both of the materials used in manufacturing and in delivery of the final product, while continuing to comply with the strict quality standards our product is known for.

At Imbera we continue to adopt the principles of a circular economy. During 2020, we focused on redesigning the packaging of our coolers to achieve the transition of our vision of sustainable packaging. Our target is to reduce the use of materials with low recyclability. Today,



We continue to offer our clients new bag choices: bio-plastics and reusable paper and fabric bags.

our cooler packaging use recycled and biodegradable plastics. We have managed to eliminate single-use plastic, using recycled and biodegradable stretch film composed of 30% recycled material recovered from our own waste. We also use recycled brown paper to pack accessories and documents, such as user manuals and warranty policies that come inside the cooler.



During 2020 at OXXO we managed to recycle more than 1,000 tons of equipment and furniture, and 1,943 recycled furniture from our pharmacies.

EOS REPAIR Plant

In 2019 we opened the EOS REPAIR plant, whose purpose is to recycle coolers that have reached the end of their useful life.

This recycling plant is one of the most modern centers of its type in Latin America, covering 3,000 square meters, and has an annual disposal capacity of 75,000 coolers, providing more than one hundred direct and indirect jobs.

This plant carries out recovery, recycling and disposal processes for coolers. Through this technology, 97% of components can be recovered, repaired and recycled for later use in other equipment, or responsibly destroyed.

Since 2019 EOS REPAIR has disassembled more than 18,000 coolers, and thus disposed in a sustainable manner of more than 1,631 metric tons of waste. Through our processes at this plant, we guarantee that the materials are recycled or sent for destruction in a fully responsible manner.

Coca-Cola FEMSA

PET packaging redesign

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

Zero Waste Certification

This is a comprehensive system for managing, disposing and reusing operating waste from our bottling plants, which to date has enabled us to recycle 98% of the waste generated. 100% of our bottling plants at Mexico achieved this certification.

Post-consumption collection and recycling

In our operations in Costa Rica, as part of our efforts in the collection and recycling of PET bottles, we partnered with Geocycle, which offers waste conditioning, loading, transportation and destruction services. During 2020, 210 metric tons of plastic have been co-processed, and we began tests so that the recovered plastic can be processed by our Mission Planet recycling plant. Co-processing technology has been recognized as a recovery alternative by various authorities such as the United Nations Environment Program (UNEP), the European Union and the World Council for Sustainable Development (WBCSD). The latter recognizes the double benefit of recycling and energy use of co-processing.

Movimiento RE is an alliance with Bavaria, Coca-Cola Company, Postobón and PepsiCo, that aims to strengthen recyclers' organizations in the Colombian Caribbean Region and increase the recovery of plastics. During 2020, 1.15 metric tons of PET were collected, equivalent to 30 million plastic bottles, thus increasing the collection rate of usable material by 40%.



Our Community

Focus areas:



Our contribution to the Sustainable Development Goals:



Our focus

Every day, we work for a positive transformation of our communities in Latin America. We invest in social innovation programs, prioritize dialogue and collaboration, and help build sustainable communities. Our actions have had a significant impact on health, education, cultural life, sports activities and the holistic advancement of our collaborators, their families, and the communities where we operate.

The focus of the Our Community pillar is to support the development of the communities around us.

For information about the contribution of FEMSA and its Business Units to communities during the pandemic, please consult our Annual Report.

www.annualreport.femsa.com

Our investment

In 2020, we invested more than Ps. 507 million (US\$ 25 million) in Our Community.

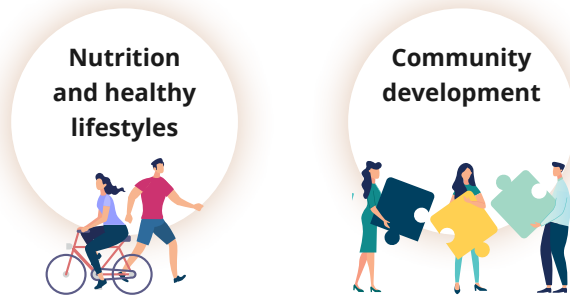
Our alliances and partnerships

- Red de Bancos de Alimentos de México
- Hambre Cero Nuevo León
- #SinDesperdicio



Community development

Action lines



Our focus

We want to build safer, more inclusive societies with better and more equitable conditions for all. Our operations engage on a permanent basis with the communities where we are present; we strive to be a good, responsible, and collaborative 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.

These are some of the projects and initiatives that contribute to a positive transformation in our communities.

Community projects and initiatives

- Vive Bailando
- FEMSA Corporate volunteering
- Restoration of public spaces, sports promotion, environmental preservation and health brigades
- Food banks
- OXXO and YZA Round-Up Campaign

Our targets

- Have 100% of our workplaces develop community engagement processes.
- Have social license programs in 100% in all our main plants and distribution centers.
- Benefit 5 million people through nutrition and physical activation programs and initiatives at Coca-Cola FEMSA.
- Generate 1 million hours of volunteer work at Coca-Cola FEMSA.

Programs and initiatives

Nutrition and healthy lifestyles

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

**We want to build safer,
more inclusive societies
with better conditions
for all.**



Through various lines of action, we work to encourage healthy lifestyles, 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. Our extensive portfolio of store-brand includes alternatives made with low calories. The labeling on our products contains clear and accessible nutritional information, including nutrients, fats, sugar and sodium in each of them.

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.

Attending the general prevention recommendations on COVID-19, during 2020 this initiative was implemented in an on-line modality. To achieve this, participants were sent support materials to carry out the entire project, including a secure digital card (microSD) with more than 630 minutes of dance content and 18 hours of live classes. An activity booklet with physical conditioning exercises and a kit for participants to continue these artistic practices in the long term was also shared.

Community development

FEMSA Corporate volunteering

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

In 2020, despite the pandemic that broke out around the world, we sought out ways to continue positively transforming life in our communities. Together we donated more than one million hours of work through more than 1,533 actions and programs aimed at improving people's quality of life and well-being.

We also invested in developing digital tools that promote collaborators' interests in joining in this wave of support. This year we launched our Social Development mobile app, a platform for mobile phones where users can look up activity schedules, programs and projects they can participate in.

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



We promote the active, solidary and responsible participation of our collaborators to share their time, capacities and talent.



In 2020, through the Round-up campaign for YZA pharmacies' customers, more than Ps. 4 million were raised.

in schools, and tree-planting around OXXO stores. During the year, our community efforts focused on addressing the needs and requirements derived from the COVID-19 pandemic.

Community activities carried out by FEMSA Comercio

2020	2019	2015
536	366	291

Food banks

A tremendous amount of resources and energy go into the production, distribution, processing and final disposal of food. But it is estimated that in developed countries, almost 30% of food is unused and goes to waste. This unfortunate practice also hurts the environment, because food waste ends up in sanitary landfills where it can generate methane, which is considered a greenhouse gas.

Currently, food waste represents a great challenge that requires strategies and alliances to achieve the global objectives established to address it, such as reducing food waste and losses in the production and supply chains.

FEMCO has developed a strategy of permanent collaboration in its entire value chain focused on eliminating food and medication waste. Since 2017 we have been members of the Zero Hunger initiative in Nuevo León, an inter-institutional platform for eradicating extreme food poverty and food waste. In 2020 we supported 25 food banks in Mexico by donating Ps. 100 million worth of food and medicine, equivalent to 1,240 metric tons of food.

OXXO and YZA Round-Up Campaign

Our actions through this program in 2020 were redirected to deal with the effects of the COVID-19 pandemic. The funds raised were donated to 125 nonprofit organizations working in the areas of health, diet and nutrition, and economic reactivation.

Additionally, in alliance with the Mexican Red Cross, we launched the 4X1 campaign together with FEMSA Foundation; Santander, Coppel and Soriana, where every peso rounded up was converted into four pesos.

In 2020, through the Round-Up campaign for OXXO, Bara and YZA shoppers, Ps. 4 million were raised.

Tree planting

Since 2010, our tree-planting program has aimed at planting, keeping and maintaining native trees; 22,832 trees have been maintained in as many stores as possible. During 2020, we planted 769 trees.

Sustainable sourcing

Action line:



Our focus

In today's business climate, where commercial relations are increasingly complex, we have identified a need and a value in developing and extending the Sustainability commitment to our entire value chain. Stakeholders are beginning to be more aware of the value of managing risks and opportunities in the supply chain.

FEMSA shares this awareness, and we are strengthening our practices with suppliers and commercial partners. We want to build fair long-term commercial relations, apply the Guiding Principles for Suppliers, develop sourcing models that include Sustainability criteria, and involve suppliers and commercial partners in the effort to meet quality, environmental and social standards.

We value our suppliers and commercial partners and recognize that they are an integral part of our business. Our interaction is reflected through commercial relations with 38,846 local suppliers.

The Sustainability strategy points toward developing business capacities for local suppliers, and reducing environmental impacts, while 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, aware that this is just the first step in creating a comprehensive strategy that will enable us to achieve our goals.



1. Guiding principles

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 Supplier 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 Supplier Guiding Principles in our various interactions, whether through purchase orders or contracts.

2. Awareness

Investing 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 2020, 97% of our suppliers were local.

3. Evaluation

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

Through various mechanisms that include self-diagnostics, diagnoses and evaluations of critical suppliers in Sustainability issues, we can identify possible social and environmental risks.

Since 2015, Imbera and PTM have presented a Supplier Award in recognition for the most sustainable practices. In evaluating suppliers, they take into account actions regarding the Sustainability strategy axis. In the past year, 10 of our suppliers took part in this process.

4. Development

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.

During 2020, together with the Commission of Private Sector Studies for Sustainable Development (Cespedes) and the German Society for International Cooperation (GIZ), we offered the Resource Efficiency and Climate Action course, which aims to share methods and approaches to resource efficiency in companies.

FEMSA Comercio

We work to create conditions and support for local micro, small and mid-sized business suppliers in order to improve their commercial performance and contribute to their development. In 2020 we succeeded in supporting and developing 500 suppliers.

Coca-Cola FEMSA

To learn more about Coca-Cola FEMSA's supplier development efforts, visit their annual report at: https://coca-colafemsa.com/wp-content/uploads/2021/03/KOF_2020_Eng.pdf

FEMSA Strategic Businesses

In 2020, Imbera took on the task of designing joint strategies with local suppliers aimed at reducing the waste generated by packaging and wrapping of raw materials. Using quality engineering methodologies, this program succeeded in reducing total waste through various projects and initiatives.



During 2020, we collaborated with Redecim to promote our suppliers' contribution to the UN SDGs. Altogether, 38 companies participated in this effort, committing to specific goals and linking the achievement of these goals to their business success.



PERFORMANCE

In this section we share the performance of the material key performance indicators that help clarify the impact of FEMSA Sustainability Strategy implemented in its Business Units.

At FEMSA, we constantly seek out learning and new challenges, striving for more robust and comprehensive data collection and reporting with greater transparency. This is how we set priorities and objectives, quantify shared value, and measure our performance and impact of our social value initiatives.

As part of our commitment to transparency, we have established corporate goals and key performance indicators that will help us assess the impact of the sustainability strategy and share our progress.

For information regarding calculation methodologies, please refer to Scope section of this document. For more information about how we manage each of the issues addressed here, see section I.



Our progress toward corporate goals

Corporate goals

Goals	2020	2019	2018
Increase water use efficiency to 1.5 liters of water per liter of beverage produced	1.49	1.52	1.59
Return to our communities and the environment the same amount of water used to produce our beverages	100%	100%	100%
85% of our electrical energy in Mexico from renewable sources by 2020	77.60%	73.4%	36.90%
Zero operating waste sent to landfill	53%	52%	N/A
Include 25% recycled materials in our PET packages	29.29%	23.70%	20.80%
Recycling at least 90% of our waste at each of our bottling plants	98%	95.7%	95%
Collecting the same volume of PET containers placed in the market by Coca-Cola FEMSA by 2030	53%	50%	58%

Disclaimer: In the goal of collecting PET containers, the data reported corresponds to Mexico.

Economic value

FEMSA began operating in 1890 as a brewery company. Today, we are a global leader in retailing, beverages, logistics and the specialized distribution of cleaning and packaging supplies.

Over the past 130 years we have steadily strengthened our competitive position, demonstrating our resilience in difficult times, offering excellent alternatives and solutions through our products and services, striving to improve our value proposition and our customers' experience.

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

Economic value distributed

GRI 201-1 Direct economic value generated and distributed (Ps. million)	2020	2019	2018
Total revenues	492,966	506,711	469,744
Operating income	41,503	47,152	41,576

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

Workplaces

GRI 102-9 Supply chain	2020
Economic benefits generated	226 billion pesos

Disclaimer. Data include local suppliers, community investment, tax and wages.

Over the past 130 years we have consistently strengthened our competitive position.



Our People

Social performance

For FEMSA, our people are our most valuable asset, and their performance is closely linked with their personal and professional growth, and with a values-based organizational culture.

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

Our workplaces invest in and promote the comprehensive development of our employees, safely and inclusively, and we have training programs that support the pursuit of organizational goals.

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

Comprehensive development Training

GRI 404-1 Average hours of training per year per employee	2020	2019	2018
Total hours	8,573,290	8,657,577	8,957,257
Average hours per collaborator	26.50	27.81	30.1



Employability

Employees

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

GRI 102-8 Information on employees and other workers	Percentage
Men	59%
Women	41%

Health and safety

Occupational safety and health management

GRI 403-9 Work related injuries GRI 403-10 Work-related ill health	2020	2019	2018
Accident frequency rate, in employees (per hundred employees)	1.25	2.45	2.5
Occupational illness frequency rate in employees (per hundred employees)	0.085	0.069	0.017
Accident frequency rate in employees (per million hours)	4.9	9	N/A
Occupational illness frequency rate in employees (per million hours)	.34	.25	N/A

Investment in training

GRI 404-1 Investment in employee training (Ps. million)	2020	2019	2018
Total investment in training	168	402	299

Performance evaluations

GRI 404-3 Regular performance and career development reviews	2020
Total number of evaluations	69,349

Disclaimer: Information includes senior management, management and employees.



Training by topic

GRI 404-1 Training hours	Human rights	Leadership	Technical knowledge	Health and safety	Sustainability	Others
Total hours of training	436,269	127,966	4,724,823	712,488	14,166	2,557,580

Disclaimer: "Others" includes ethics and legality culture, coaching, functional training, languages, onboarding and others.

Organizational climate assessment

	2020	2019	2018
Organizational climate assessment results	82%	81%	81%



Our Planet

Environmental performance

For more than a century, our business philosophy has centered around the care and conservation of our planet. Today we continue this legacy by incorporating it into all our Business Units. Our goals have evolved, and we now intend to go further in mitigating our environmental impact.

Our aspirations are embodied in our efforts to optimize efficiency, introduce management systems, invest in new technologies, diversify our energy portfolio, reduce the amount of materials we use, and continually improving operations based on the principles of circular economy.

Only in this way can we create the conditions needed to operate and grow in balance with our environment, bearing in mind future generations.

In this section we share our progress toward our environmental indicators for FEMSA.

Water

The table below shows our water consumption by source.

Water stewardship

GRI 303-1 Water withdrawal by source (thousands of cubic meters)	2020	2019	2018
Total volume of water consumed	31,939	34,832	39,006
Total volume of ground water	27,197	18,724	21,955
Total volume of water from public supply	4,741	15,610	16,496
Total volume of surface water	N/A	497	548

Disclaimer: During 2020, Coca-Cola FEMSA updated its water consumption calculation methodology. The information presented in water from public supply and surface water sources excludes data from Coca-Cola FEMSA.
N/A = Not available

Energy

The table below sums up our energy consumption.

Energy consumption

GRI 302-1 Energy consumption within the organization (GJ)	2020	2019	2018
Total energy	16,902,143	17,388,131	18,118,528
Indirect energy	9,607,001	9,818,622	8,904,390
Indirect energy from renewable sources	5,827,728	6,548,785	2,556,061
Indirect energy from non-renewable sources	3,779,274	3,269,838	6,348,329
Direct energy	7,295,142	7,569,508	9,214,138
Direct energy from fixed sources	1,790,662	1,608,439	1,904,681
Direct energy from mobile sources	5,504,479	5,961,069	7,309,456
GRI 302-2 Energy intensity (GJ/ total revenues)	34.29	34.32	39.95

Disclaimer: Using another measure unit the consumption of indirect energy from renewable source during 2020 was: 1,618,813 megawatts hour (MWh).



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

Renewable energy consumption

GRI 302-1 Energy consumption within the organization	Argentina	Brazil	Colombia	Mexico	Panama
Percentage renewable energy consumption	68%	53%	53%	77.60%	88%

Disclaimer: The data presented in Mexico applies to the end of the year. For the other countries, the data applies to the accumulated consumption in the year.

The following table shows our carbon emissions.

Greenhouse gases

GRI 305-1 Energy consumption within the organization (metric tons of CO ₂ equivalent)	2020	2019	2018
Total CO₂ emissions	948,464	898,596	1,559,559
CO₂ emissions scope 1 (direct)	496,138	519,355	657,027
CO ₂ emissions scope 1 (direct fixed sources)	102,346	92,986	122,782
CO ₂ emissions scope 1 (direct mobile sources)	393,791	426,369	534,245
CO₂ emissions scope 2 (indirect)	452,326	379,241	902,532
GRI 305-2 Emissions intensity (MTon CO ₂ / total revenues)	1.92	1.77	3.38

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 indicators presented in this section refer only to operations.

Circular economy

The following table shows the use of recycled material.

Recycled raw materials

GRI 301-1 Materials used by weight or volume (metric tons)	2020	2019	2018
% of plastic	97.75%	72.86%	95.28%
% of paper and cardboard	2.06%	3.42%	4.58%
% of metal	.12%	23.67%	N/A
% other materials	.08%	.05%	N/A
Total material used	101,775	130,439	92,575



The following table shows the various types of waste generated.

Waste management

GRI 306-2 Waste by type and disposal method (metric tons)	2020	2019	2018
Total waste	260,932	257,964	240,333
Total non-hazardous waste	246,286	255,547	239,698
Total hazardous waste	13,235	1,467	584
Total special management waste	1,411	950	51
Total recycled waste	53%	52%	63%*

*Estimated data

The table below shows the number of bottling plants that have obtained zero waste certification.

Zero waste certification

GRI 306-2 Percentage of manufacturing plants with zero waste certification	2020
	100%

Disclaimer: This initiative is designed for Coca Cola FEMSA operations in Mexico.

Ethics and values

Economic performance

FEMSA needs organizations and individuals committed to society, which is why we actively work to build a culture of legality and respect for the law in every country where we are present, operating honestly and with zero tolerance for corruption. Only thus can we truly fulfill our company's mission and vision.

The FEMSA Code of Ethics is the basis for our business conduct. It serves as a fundamental guide to policies, procedures and directives. It is a guide for all employees so that when faced by some conflict, they can make the right decision, 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 indicators on ethics and values management at FEMSA.

Ethics

This table shows the total number of reports received through the various channels that make up our ethical system.

Ethical reporting system

GRI 102-17 Reporting mechanisms	2020	2019	2018
Total reports received in the grievance mechanisms that make up FEMSA's ethical reporting system	3,457	3,258	2,743
Percentage of reports resolved in same calendar year	82%	71%	78%
Percentage of reports resolved after calendar year	18%	29%	22%



A full-page photograph of a Coca-Cola delivery person. The person is a man with short dark hair, wearing a white long-sleeved button-down shirt with a red collar and a blue surgical face mask. He is carrying a large red plastic tray filled with Coca-Cola bottles. The tray has the Coca-Cola logo and 'FEMSA' branding. In the background, there are shelves stocked with various products, including more Coca-Cola bottles and other packaged goods. A large red Coca-Cola logo is visible on a wall in the background.

SCOPE



I. About this report

Since 2004, FEMSA has regularly published the non-financial results of its operations. Through the Annual Report, the Sustainability content and the website we address the various issues relating to our economic, social, environmental and corporate governance impact.

The purpose of this report is to share with stakeholders the extent to which we have fulfilled our mission of generating economic and social value. We do so through the results of the Sustainability Strategy initiatives and projects of FEMSA and its Business Units.

II. About FEMSA

FEMSA is a company with a 130-year history of generating economic and social value through companies and institutions, which strives to be the best employer and neighbor in the communities where it is present.

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, we own shares in Heineken, a company present in more than 70 countries.

Additionally, through FEMSA Strategic Businesses, Solistica offers comprehensive logical solutions in Latin America, Imbera offers point-of-sale refrigeration solutions and PTM brings plastic solutions to FEMSA companies as well as external clients. Through the merger of Waxie and North American, this division is also engaged in the specialized distribution of cleaning and packaging supplies.

FEMSA is a member of various Sustainability indexes, among them the Dow Jones MILA Pacific Alliance, the FTSE4Good Emerging Index, and the S&P/BMV Total Mexico ESG Index. This report consolidates information on our Business Units in all the countries where we operate:

- Coca-Cola FEMSA
- FEMSA Comercio
- FEMSA Strategic Businesses

The presentation of the non-financial information includes the entities covered in the consolidated financial statements. The list of the main companies that are consolidated in this report appears on page 3 of the Annual Report. Information regarding FEMSA Comercio includes the Proximity, Health and Fuel divisions; Coca-Cola FEMSA includes its manufacturing plants, and FEMSA Strategic Businesses includes data regarding Imbera, Solistica, PTM and Torrey. Results or information about Heineken is not included nor is part of FEMSA's non-financial information.

Each business unit generates non-financial information on its workplaces. The scope of this information incorporates workplaces active in all twelve months of the year covered by this reporting cycle. This non-financial information may come 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 following information was recalculated and restated from the 2019 Annual Report:

- a) Restatement of the calculation of direct energy from mobile sources for FEMCO and FNE in 2018.
- b) Update to the methodology for calculating waste generated in the FEMCO Proximity division.
- c) Update information about the scope of health and safety in 2019.

To reaffirm our commitment to transparency and accountability in the reports we publish, we have a process for verifying content (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 Independent Assurance 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: Scope 1 and 2 emissions for the operations in Mexico are quantified using the methodology of the National Emissions Registry (RENE) promoted by the Ministry of the Environment and Natural Resources. Accordingly, we use emissions, calorific value, and other data as the basis for our calculation. For quantifying Scope 1 and 2 emissions in the rest of the countries, we use the data from the International Energy Agency, with a lag of two For Scope 3 emissions, we developed an in-house methodology for calculating the distance covered in business travels for the company.
- 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, refer to Performance section of this document.

We recognize that our Sustainability reporting efforts are important to our shareholders, clients, and the communities where we live and work. This year, FEMSA is also using Sustainability Accounting Standards Board (SASB) principles for the first time.

This Annual Report also represents our Communication of Progress regarding the ten principles of the United Nations Global Compact. As signatory, we consider it to be the driving force in our programs, processes and activities relating to human and labor rights, the environment and anticorruption. We focus on meeting the United Nations Sustainable Development Goals; and we join in efforts toward the 2030 Global Agenda, which means we help to promote prosperity, improve quality of life and well-being for all people, and are mindful of the conservation, restoration and sustainable uses of ecosystems.

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

If you have any questions, comments or suggestions relating to the non-financial information included in the Annual Report or the Sustainability Content, please feel free to get in touch with us at the following contact:

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GRI / SASB / UNGC INDEX



GRI Index

GRI Standard	Content	Reference page or disclosure	SASB	UNGC	Omission
Organizational Profile					
102-1	Name of the organization	FOMENTO ECONOMICO MEXICANO S.A.B. de C.V.			
102-2	Activities, brands, products, and services	See 2020 Annual Report p. 3 FEMSA at a glance			
102-3	Location of headquarters	Monterrey, Mexico			
102-4	Location of operations	See 2020 Annual Report p. 3 FEMSA at a glance			
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			
102-6	Markets served	See 2020 Annual Report p. 3 FEMSA at a glance			
102-7	Scale of the organization	See 2020 Annual Report p. 3 FEMSA at a glance			
102-8	Information on employees and other workers	At the end of 2020 FEMSA workforce was integrated by 323,542 employees as follow: By gender: Men (59%) Women (41%) By age range: 18-34 (58%), 35-44 (25%), 45-59 (16%) and more than 60 years (1%)		6	
102-9	Supply chain	FEMSA's supply chain includes 40,167 suppliers. 38,846 suppliers are local, meaning they are based in the country where they provide the service.			
102-10	Significant changes to the organization and its supply chain	See 2020 Annual Report: p. 11 Dear Shareholders See 2020 Annual Report: p. 55 Management Discussions & Analysis		3	
102-11	Precautionary Principle or approach	See our 20-F's Form Ethics: https://www.femsa.com/en/sustainability/focus-topics/our-ethics-and-values/sostenibilidad/materialidad/			
102-12	External initiatives	We contributed to the 2030 Agenda - Sustainable Development Goals promoted by the United Nations.			

GRI Standard	Content	Reference page or disclosure	SASB	UNGC	Omission
102-13	Membership of associations	BMV (Bolsa Mexicana de Valores) CAINTRA (Cámara de la Industria de la Transformación)			
	*Non-exhaustive list	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) CONCAMIN (Confederación de Cámaras Industriales) CONSEJO CONSULTIVO DEL AGUA CONSEJO MEXICANO DE NEGOCIOS COPARMEX (Confederación Patronal de la República Mexicana) Mexicanos primero OCDE (Organización para la Cooperación y el Desarrollo Económicos) Red SumarSE Woodrow Wilson Center			
Strategy					
102-14	Statement from senior decisionmakers	See 2020 Annual Report: p. 11 Dear Shareholders			
102-15	Key impacts, risks, and opportunities	See 2020 Annual Report: p. 11 Dear Shareholders Annual Report 2020: p. 55 Management Discussions & Analysis Our contribution to the SDG: https://www.femsa.com/en/sustainability/sustainability-strategy/strategy/			
Ethics and Integrity					
102-16	Values, principles, standards, and norms of behavior	FEMSA Values: https://www.femsa.com/en/about-femsa/organizational-culture/ Code of Ethics: https://www.femsa.com/assets/2020/11/FEMSA-Codigo_de_Etica.pdf		10	



GRI Standard	Content	Reference page or disclosure	SASB	UNGC	Omission
102-17	Mechanisms for advice and concerns about ethics	FEMSA has developed an Ethical Compliance System, managed by an independent firm and available 24 hours a day, 365 days a year. It is open to both collaborators 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/assets/2020/11/FEMSA-Codigo_de_Etica.pdf Whistleblower system website: www.lineaeticafemsa.com		10	
Governance					
102-18	Governance structure	See 2020 Annual Report: p. 48 Corporate Governance See webpage: https://www.femsa.com/en/about-femsa/corporate-governance/gobierno-corporativo/			
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 2020 Annual Report: p. 48 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/			
102-20	Executive-level responsibility for economic, environmental, and social topics	See 2020 Annual Report: p. 48 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 Standard	Content	Reference page or disclosure	SASB	UNGC	Omission
102-21	Consulting stakeholders on economic, environmental, and social topics	See webpage: https://www.femsa.com/en/sustainability/sustainability-strategy/materiality/			
102-22	Composition of the highest governance body and its committees	See 2020 Annual Report: p. 48 Corporate Governance. See webpage: https://www.femsa.com/en/about-femsa/corporate-governance/			
102-23	Chair of the highest governance body	José Antonio Fernández Carbajal was named Executive Chairman of the Board of FEMSA in 2001			
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 2020 Annual Report: p. 48 Corporate Governance See webpage: https://www.femsa.com/en/about-femsa/corporate-governance/			
102-25	Conflicts of interest	At FEMSA, we conduct all of our activities with integrity and professional ethics, always seeking FEMSA's and not personal benefits. See Code of Ethics: https://www.femsa.com/assets/2020/11/FEMSA-Codigo_de_Etica.pdf			
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 2020 Annual Report: p. 48 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 Standard	Content	Reference page or disclosure	SASB	UNGC	Omission
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 2020 Annual Report: p. 48 Corporate Governance See webpage: https://www.femsa.com/en/about-femsa/corporate-governance/			
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 2020 Annual Report: p. 48 Corporate Governance See webpage: https://www.femsa.com/en/about-femsa/corporate-governance/			
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.			
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 Standard	Content	Reference page or disclosure	SASB	UNGC	Omission
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 2020 Annual Report: p. 48 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/			
102-32	Highest governance body's role in Sustainability reporting	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 2020 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/			
102-33	Communicating critical concerns	See 2020 Annual Report: p. 48 Corporate governance See whistleblower system webpage http://www.lineaeticafemsa.com See Code of Ethics: p. 44			
102-34	Nature and total number of critical concerns				Confidentiality issues



GRI Standard	Content	Reference page or disclosure	SASB	UNGC	Omission
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. See 2020 Annual Report: p. 48 Corporate Governance Ver sitio web sistema de denuncias: http://www.lineaeticafemsa.com			
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. See 2020 Annual Report: p. 48 Corporate Governance http://www.lineaeticafemsa.com			
Stakeholder Engagement					
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.			
102-41	Collective bargaining agreements	100% of our unionized employees are covered by a collective bargaining contract, pact or agreement.	FB-FR-310a.2.		
102-42	Identifying and selecting stakeholders	See webpage: https://www.femsa.com/en/sustainability/sustainability-strategy/strategy/			
102-43	Approach to stakeholder engagement	See webpage: https://www.femsa.com/en/sustainability/sustainability-strategy/strategy/			
102-44	Key topics and concerns raised	See webpage: https://www.femsa.com/en/sustainability/sustainability-strategy/strategy/			

GRI Standard	Content	Reference page or disclosure	SASB	UNGC	Omission
Reporting Practice					
102-45	Entities included in the consolidated financial statements	The entities included in the consolidated financial statements are: Coca-Cola FEMSA FEMSA Comercio FEMSA Negocios Estratégicos			
102-46	Defining report content and topic Boundaries	See Scope section p. 40, Sustainability Content			
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/			
102-48	Restatements of information	See Scope section p. 40, Sustainability Content			
102-49	Changes in reporting	See Scope section p. 40, Sustainability Content			
102-50	Reporting period	This report includes information from January to December 2020.			
102-51	Date of most recent report	2019 Report			
102-52	Reporting cycle	Annual			
102-53	Contact point for questions regardi	See Scope section p. 40, Sustainability Content			



GRI Standard	Content	Reference page or disclosure	SASB	UNGC	Omission
102-54	Claims of reporting in accordance with the GRI Standards	External Verification p. 55, Sustainability Content			
102-55	Content index	GRI Index section p. 42, Sustainability Content			
102-56	External assurance	See Scope section p. 40 , Sustainability Content			
ECONOMIC ISSUES					
ECONOMIC PERFORMANCE					
201-1	Direct economic value generated and distributed	See Annual Report: p. 5			
201-2	Financial implications and other risks and opportunities due to climate change	See 20-F Form	7		
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.			
201-4	Financial assistance received from government				Confidential information
INDIRECT ECONOMIC IMPACTS					
202-1	Ratios of standard entry level wage by gender compared to local minimum wage				Confidential information

GRI Standard	Content	Reference page or disclosure	SASB	UNGC	Omission
202-2	Proportion of senior management hired from the local community				Confidential information
PROCUREMENT PRACTICES					
203-1	Infrastructure investments and services supported				Confidential information
203-2	Significant indirect economic impacts				Confidential information
PROCUREMENT PRACTICES					
204-1	Proportion of spending on local suppliers	92% of procurement spending went to local suppliers.			
ANTI-CORRUPTION					
205-1	Operations assessed for risks related to corruption	As is the case every year, in 2020 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		10	
205-2	Comunicación y formación sobre políticas y procedimientos anticorrupción	We provided training for our employees in areas such as anticorruption, money-laundering, personal data protection, and others, involving strategic areas of FEMSA.		10	
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 www.lineaeticafemsa.com See Code of Ethics: https://www.femsa.com/assets/2020/11/FEMSA-Codigo_de_Etica.pdf		10	



GRI Standard	Content	Reference page or disclosure	SASB	UNGC	Omission
ANTI-COMPETITIVE BEHAVIOR					
206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices	See 20-F Form			
TAX					
207-1	Approach to tax	See Annual Report 2020, Management's Discussion & Analysis p. 55			
207-2	Tax governance, control, and risk management	See Annual Report 2020, Management's Discussion & Analysis p. 55			
207-3	Stakeholder engagement and management of concerns related to tax	See Annual Report 2020, Management's Discussion & Analysis p. 55			
207-4	Country-by-country reporting	See Annual Report 2020, Management's Discussion & Analysis p. 55			
ENVIRONMENTAL ISSUES					
MATERIALS					
301-1	Materials used by weight or volume	See Performance section p. 36, Sustainability Content	FB-NB-410a.1.	7,8,9	
301-2	Recycled input	See Performance section p. 36, Sustainability Content		7,8,9	
301-3	Reclaimed products and their packaging materials	See Performance section p. 36, Sustainability Content		7,8,9	
ENERGY					
302-1	Energy consumption within the organization	See Strategy section p. 16, Sustainability Content See Performance section p. 35, Sustainability Content	FB-FR-130a.1.	7,8,9	
302-2	Energy consumption outside of the organization			7,8	Not material topic

GRI Standard	Content	Reference page or disclosure	SASB	UNGC	Omission
302-3	Energy intensity	See Performance section p. 35, Sustainability Content			
302-4	Reduction of energy consumption	See Strategy section p. 16, Sustainability Content See Performance section p. 35, Sustainability Content Through energy efficiency measures we reduced energy consumption in OXXO stores by 32% over a 10-year period			
302-5	Reductions in energy requirements of products and services	Section strategy p. 16			
WATER					
303-1	Interactions with water as a shared resource	See Strategy section p. 13, Sustainability Content		7,8,9	
303-2	Management of water discharge-related impacts	See Strategy section p. 13, Sustainability Content		7,8,9	
303-3	Water withdrawal	See Performance section p. 34, Sustainability Content See Strategy section p. 13, Sustainability Content		7,8,9	
303-4	Water discharge	See Strategy section p. 13, Sustainability Content		7,8,9	
303-5	Water consumption	See Performance section p. 34, Sustainability Content	FB-NB-140a.1. FB-NB-140a.2.	7,8,9	
BIODIVERSIDAD					
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas				Non material topic



GRI Standard	Content	Reference page or disclosure	SASB	UNGC	Omission
304-2	Significant impacts of activities, products, and services on biodiversity				Non material topic
304-3	Habitats protected or restored				Non material topic
304-4	Red List species and national conservation list species with habitats in areas affected by operations			7,8	Non material topic
EMISSIONS					
305-1	Direct (Scope 1) GHG emissions	See Performance section pág. 35, Sustainability Content See Strategy section p.16, Sustainability Content	FB-FR-110a.1. FB-NB-110a.1.	7,8	
305-2	Energy indirect (Scope 2) GHG emissions	See Performance section pág. 35, Sustainability Content See Strategy section p.16, Sustainability Content		7,8	
305-3	Other indirect (Scope 3) GHG emissions	In 2020, collaborator' working flights decreased by 78%; therefore, emissions were reduced by the same amount.		7,8	
305-4	GHG emissions intensity	See Performance section pág. 35, Sustainability Content See Strategy section p.16, Sustainability Content		8	
305-5	Reduction of GHG emissions	In 2020 due to our progress towards our renewable energy corporate goal, we significantly reduced GHG emissions See Performance section p. 35 and Strategy Section p. 13, Sustainability Content		8,9	

GRI Standard	Content	Reference page or disclosure	SASB	UNGC	Omission
305-6	Emissions of ozone-depleting substances (ODS)	Our Business Units do not generate significant emissions of ozone-depleting substances.		7,8	
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions				Non material topic
EFFLUENTS AND WASTE					
306-1	Waste generation and significant waste-related impacts	See Performance section p. 36, Sustainability Content See Strategy section p. 16, Sustainability Content		7,8,9	
306-2	Management of significant waste-related impacts	See Performance section p. 36, Sustainability Content See Strategy section p. 16, Sustainability Content		7,8,9	
306-3	Waste generated	See Performance section p. 36, Sustainability Content		7,8,9	
306-4	Waste diverted from disposal	See Performance section p. 36, Sustainability Content		7,8,9	
306-5	Waste directed to disposal	See Performance section p. 36, Sustainability Content		7,8,9	
ENVIRONMENTAL COMPLIANCE					
307-1	Noncompliance with environmental laws and regulations	In 2020 there were no instances of non-compliance with applicable environmental regulations		7,8	
SUPPLIER ENVIRONMENTAL ASSESSMENT					
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.		7,8,9	



GRI Standard	Content	Reference page or disclosure	SASB	UNGC	Omission
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.		7,8,9	
SOCIAL ISSUES					
EMPLOYMENT					
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
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.			
401-3	Parental leave	The reinstatement rate for employees returning from parental leave (maternity and paternity) is 97%. The retention rate one year after parental leave is 80%.			
LABOR/MANAGEMENT RELATIONS					
402-1	Minimum notice periods regarding operational changes	Notice periods are given according to the applicable laws of the countries where we operate.			
OCCUPATIONAL HEALTH AND SAFETY					
403-1	Occupational health and safety management system	FEMSA and its Business Units has Health and Safety management system according to its sector and activities, complying with FEMSA corporate policies and local legal framework in the countries we operate. Our main objective is to create safe workplaces and healthy lifestyles.	6		

GRI Standard	Content	Reference page or disclosure	SASB	UNGC	Omission
403-2	Hazard identification, risk assessment, and incident investigation	FEMSA and its Business Units had developed certified professionals in charge of managing health and safety processes, such as: Compliance with the regulations applicable to each Business Unit Health and Safety Policies, Identification and mitigation of risks in the work centers, Monitoring the health and safety of employees. Also, we have grievance and communication mechanisms so that collaborators, clients and third parties can report any risk situation.			
403-3	Occupational health services	At FEMSA we have health care services that contribute to the monitoring and the surveillance of our collaborators health through a prevention approach and an early detection of diseases associated with working conditions. We provide quality medical care to employees who present any discomfort during their work journey. Some of our activities: Medical attention, Entrance and periodic medical analysis, Medical emergency care, Accident investigation, Work environment assessment and Continuous improvement and compliance audit annual plan.			



GRI Standard	Content	Reference page or disclosure	SASB	UNGC	Omission
403-4	Worker participation, consultation, and communication on occupational health and safety	At FEMSA and its Business Units, we develop Health and Safety internal Committees through we diverse topics are addressed, such as: Health and safety policies, Health and safety management system management, Health and safety KPIS, Communication systems. Through our Organizational Climate Surveys, we understand the perception that employees have regarding management systems, work environment, relationship with their bosses, processes and assigned tasks.			
403-5	Worker training on occupational health and safety	At FEMSA diverse health care programs are promoted through the Occupational Health areas, internally or with interaction with public or private institutions, such as: Vaccines campaigns, Nutritional Campaigns and attention, Psychological attention, Mental health awareness campaigns, Prevention and awareness campaigns (breast cancer, prostate cancer, smoking, cardiovascular risk factors) and Activities that encourage physical activity (running, cycling, pilates, zumba, yoga, etc.)			
403-6	Promotion of worker health	FEMSA seeks to promote the safety and health of its employees at its work centers as well as continuous improvement, through the application of measures and the development of the necessary activities to prevent or limit the risks derived from work conditions, having as a fundamental tool the risk assessment developed in each Business Unit by technical specialists in Occupational Risk Prevention.			

GRI Standard	Content	Reference page or disclosure	SASB	UNGC	Omission
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	See Strategy section p. 9, Sustainability Content			
403-8	Workers covered by an occupational health and safety management system	See Strategy section p. 9, Sustainability Content			
403-9	Work-related injuries	See Strategy section p. 9, Sustainability Content See Performance section p. 32, Sustainability Content			
403-10	Work-related ill health	See Strategy section p. 9, Sustainability See Performance section p. 32, Sustainability Content			
TRAINING AND EDUCATION					
404-1	Average hours of training per year per employee	See Strategy section p. 9, Sustainability Content See Performance section p. 32, Sustainability Content During 2020 we provided an average of: 26.50 hours of training per employee		6	
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.			
404-3	Percentage of employees receiving regular performance and career development reviews	See Performance section p. 33, Sustainability Content In 2020 we evaluated the performance of 69,349 employees including the categories of directors, managers and employees.		6	



GRI Standard	Content	Reference page or disclosure	SASB	UNGC	Omission
DIVERSITY AND EQUAL OPPORTUNITY					
405-1	Diversity of governance bodies and employees	See 2020 Annual Report: p. 48 Corporate Governance See webpage: https://www.femsa.com/en/about-femsa/corporategovernance/		6	
405-2	Ratio of basic salary and remuneration of women to men				Confidential information
NON-DISCRIMINATION					
406-1	Incidents of discrimination and corrective 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: www.femsa.com/es/sostenibilidad/temas-de-enfoque/nuestra-etica-y-valores/ Whistleblower system website: www.lineaeticafemsa.com See Code of Ethics: https://www.femsa.com/assets/2020/11/FEMSA-Codigo_de_Etica.pdf		6	
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING					
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 2020 no risks were identified in FEMSA Business Units relating to human rights		3	

GRI Standard	Content	Reference page or disclosure	SASB	UNGC	Omission
CHILD LABOR					
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 2020 no risks were identified in FEMSA Business Units relating to human rights.			
FORCED LABOR					
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 2020 no risks were identified in FEMSA Business Units relating to human rights			
SECURITY PRACTICES					
410-1	Security personnel trained in human rights policies or procedures	In 2020 73 members of our security staff received training in human rights policies and procedures.			



GRI Standard	Content	Reference page or disclosure	SASB	UNGC	Omission
RIGHTS OF INDIGENOUS PEOPLES					
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. Whistleblower system website www.lineaeticafemsa.com See Code of Ethics: https://www.femsa.com/assets/2020/11/FEMSA-Codigo_de_Etica.pdf			
HUMAN RIGHTS ASSESSMENT					
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 2020 no Human Rights related risks were identified in FEMSA Business Units.			
412-2	Employee training on human rights policies or procedures	See Performance section p. 33, Sustainability Content See Strategy section p. 9, Sustainability Content. In 2020 we provided 436,269 hours of training on human rights policies or procedures.			
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/es/sala-de-prensa/documentos/principios-guia-para-proveedores/			

GRI Standard	Content	Reference page or disclosure	SASB	UNGC	Omission
LOCAL COMMUNITIES					
413-1	Operations with local community engagement, impact assessments, and development programs	See Performance section p. 37, Sustainability Content See Strategy section p. 24, Sustainability Content FEMSA's relationship with the community are managed at the level of each country, in order to adapt to local circumstances. In 2020, 100% of FEMSA's Business Units developed community actions.		1	
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.		1	
SUPPLIER SOCIAL ASSESSMENT					
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.			
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					
415-1	Contributions to political parties and/or representatives	We abide by the law in every country where we operate.			
CUSTOMER HEALTH AND SAFETY					
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 Standard	Content	Reference page or disclosure	SASB	UNGC	Omission
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					
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.			
417-2	Incidents of non-compliance concerning product and service information and labeling	In 2020 there were no instances of non-compliance with product and service labeling regulations.			
417-3	Incidents of non-compliance concerning marketing communications	In 2020 there were no instances of non-compliance with marketing communication regulations.	FB-FR-270a.1. FB-FR-270a.2. FB-NB-270a.3. FB-NB-270a.4.		

GRI Standard	Content	Reference page or disclosure	SASB	UNGC	Omission
CUSTOMER PRIVACY					
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2020 there were no instances of non-compliance with data privacy regulations, including violations of customer privacy or customer data loss.	FB-FR-230a.1.		
SOCIOECONOMIC COMPLIANCE					
419-1	Non-compliance with laws and regulations in the social and economic area	During 2020 there were no instances of non-compliance with laws and regulations in the social and economic area	FB-FR-310a.4.		



Independent Assurance 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 2020, 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, 2020, are mentioned below:

- Energy consumption (Direct and indirect)
- Total Water withdrawal
- Direct (Scope 1) GHG emissions
- Indirect GHG emissions from energy generation (Scope 2)
- Total waste generated and disposal method
- Accident frequency rate and occupational illness rate
- Average hours of training per employee
- 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 renewable energy consumed at year-end from operations in Mexico

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
Partner
March 22th, 2021; Mexico City



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	7,295,142	GJ
Indirect no renewable energy consumption	FEMSA and its business units	3,779,274	GJ
Indirect renewable energy consumption	FEMSA and its business units	5,827,728	GJ
Percentage of energy from renewable sources at year-end	FEMSA and its business units ⁱ	77.6	%
Total water withdrawal	FEMSA and its business units	31,939	Thousands of total cubic meters
Direct (Scope 1) GHG emissions	FEMSA and its business units	496,138	Metric tons of CO ₂ equivalent
Indirect (Scope 2) GHG emissions	FEMSA and its business units	452,326	Metric tons of CO ₂ equivalent
Total waste generated and disposal method	FEMSA and its business units	260,932	Metric tons of waste generated
		53	% waste recycled
Accident frequency rate	FEMSA and its business units	1.25	Cases per 100 employees
Occupational illness frequency rate	FEMSA and its business units	0.085	Cases per 100 employees
Accident frequency rate	FEMSA and its business units	4.9	Cases per million hours
Occupational illness frequency rate	FEMSA and its business units	0.34	Cases per million hours
Average hours of training per employee	FEMSA and its business units	26.50	Hours of training
Investment in <i>Our Community</i>	FEMSA and its business units	507	Million MXN
Investment in <i>Our Planet</i>	FEMSA and its business units	890	Million MXN
Investment in <i>Our People</i>	FEMSA and its business units	1,009	Million MXN
Public Report on non-compliances/complaints relate to Code of conduct	FEMSA and its business units	3,457	Number of complaints received
		82	% of complaints resolved during the same calendar year
		18	% of complaints in progress

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

