



SUPPLIERS' GUIDING PRINCIPLES



SUPPLIERS' GUIDING PRINCIPLES

BACKGROUND

FEMSA and its Business Units have the mission of simultaneously creating economic, social and environmental value; therefore, they aim to assure that operations and suppliers act according to responsible business policies, principles and practices. The approach to achieve this target is based on the balance between economic growth, commitment with high ethical standards and values, integral development in collaborators, environmental protection and improvement, and community and supplier development.

The Supplier's Guide Principles presents the corporation's minimum expectations regarding how (goods and services) suppliers manage key sustainability areas¹.

It is recognized that the conditions under which suppliers around the world work are constantly changing. Because of this, this document will be periodically reviewed to assure that its content and implementation strategy remain current.

1. Sustainability is the capacity to generate the social, environmental and economic needs to operate in the present and, in time, grow in harmony with the environment.

SCOPE



The company's supply chains include various industries, trades, and geographies. Therefore, suppliers have different positions regarding their environmental and social responsibilities. Such differences can be the result of particular value structures and/or legal, cultural, and economic conditions of the context where they operate.

Even when this fact is considered, this Supplier's Guide Principles set the minimum expectations that any supplier should have and the importance of doing business with those who prove their practices are aligned with these Principles.

PRINCIPLES

Labor Rights

- 1.** Child labor²
Comply with the minimum working age according to applicable local, national and international laws.
- 2.** Forced labor and movement freedom³
Forbid any type of physical abuse and forced labor toward employees. All forms of human traffic is strictly forbidden, as well as requesting employees to renounce to their identity documents, passport, or labor permits as an employment condition.
- 3.** Union freedom and collective negotiations⁴
Respect employees will and their right to associate and unionize; the union's institutionality, internal management, reputation and ascendance related with their members shall also be respected, in particular, union leaders' representation, integrity and dignity should be respected. Equal consideration to management and overall personnel must be assured.

2. Referentes: OIT Convenios 138 y 182, Pacto Mundial ONU Principio 5, Líneas Directrices de la OCDE para Empresas Multinacionales Parte I-V empleo y relaciones laborales.

3. Referentes: OIT Convenios 29 y 105, Pacto Mundial ONU Principio 4, Líneas Directrices de la OCDE para Empresas Multinacionales Parte I-V empleo y relaciones laborales.

4. Referentes: OIT Convenios 87 y 98, Pacto Mundial ONU Principio 3, Líneas Directrices de la OCDE para Empresas Multinacionales Parte I-V empleo y relaciones laborales.

4. Discrimination and harassment⁵
Non-discrimination to any individual due to origin, race, civic status, age, opinion, gender, creed, tribe or union membership, social or economic status, family status, pregnancy, language, sexual preference, handicap, sickness, nationality, or migratory status according to the corresponding national legislation. Equally, all types of harassment within and outside the workplace must be condemned, forbidden and reported.

5. Labor hours and compensations / appropriate life quality⁶
Comply with applicable local and national laws regarding working hours, compensations and overtime.

6. Health and safety at the workplace⁷
Comply with all applicable local and national laws and regulations related to sanitation and security in the working place.

7. Whistleblowing means
Provide workers with a mechanism to manifest their claims without fear of retaliation, and assuring the issues are solved in an appropriate and timely manner.



5. Reference: ILO Conventions 138 y 182, UN Global Compact Principle 5 OECD Multi National Enterprises Guidelines Part I-V employment and labour relations.

6. Reference: ILO Conventions 1, 26, 30, 31, 46, 47, 49, 51, 57, 61, 63, 67, 76, 93, 95, 99, 109, 131, 153, 180 Multi National Enterprises Guidelines Part I-V employment and labour relations.

7. Reference: ILO Conventions 62, 70, 102, 118, 152, 155, 157, 165, 167, 176, 184, 187 y Protocol 155 Multi National Enterprises Guidelines Part I-V employment and labour relations.

Environment

8. Environmental impact and compliance⁸
Lead operations in a manner that complies with all applicable environmental laws and regulations, as well as minimizing the environmental impact of power usage, water consumption, and waste management and recycling.

Community

9. Community development
Demonstrate corporate commitment by becoming involved with the community in a responsible way, looking for mutual benefit and building relationships that drive economic, social and environmental development.

Ethic and vaules

10. Legal Compliance
Abide all applicable local, national and international laws, regulations and legal ordinances related to regions where there is operation.
11. Tax Integrity
Abide to all fiscal duties according to applicable local and national laws.



8. Reference: UN Global Compact Principles 7, 8 y 9, OECD Multi National Enterprises Guidelines Part I-V environment.

12. Anticorruption⁹

Act with integrity, avoiding any corrupt practice. Suppliers must not grant, accept or compromise gifts, advantageous conditions, wages, travels, commissions or any other type of compensation to influence a business decision. Equally, they must not grant nor draw any inappropriate advantage or benefit; they must also not carry on any bribery

or extortion with their clients, suppliers, financial institutions, sales partners, contractors, enterprises, authorities or government representatives or any other individual or entity with whom they engage in operations.

13. Money Laundry

Comply with all regulations related to money laundering worldwide, abiding to current laws in the countries where there is operation.



9. Reference: UN Global Compact Principle 10 OECD Multi National Enterprises Guidelines Part I-VII bribery in international business.

14. Fair play¹⁰

Abide to all competition and anti-monopoly rights applicable in all countries where there is operation. The supplier must act according to free and legal competition principles. Suppliers must refuse misinterpreting, hiding or manipulating privileged information and forbid any banding with competitors regarding prices, market distribution or other efforts to restrict competition. They must report status changes that may impact business relationship, such as associations or changes to initial contracts, including general constitution data and legal representatives.

15. Conflict of interests

Inform the company if any of its counselor, chief officer or employee would have any financial interest in the supplier's business or is related to it through blood or marriage in the first, second or third degree.

16. Privacy and Intellectual Property

Obtain, treat, protect and preserve information and intellectual property rights from third parties responsibly, ethically and according to local and national applicable laws.

10. Reference: OECD Multi National Enterprises Guidelines Part I-X competition

WHISTHEBLOWER SYSTEM

The company is aware that values constitute an essential and core part in corporate life and culture, therefore, suppliers must notify of any illegal practice or malfeasance detected in our organization or in a business relationship with the company.

To do so, the Whistleblower System and means are follows:



Website

<https://www.sel-denuncias.com/Publica/es/index.html>



Email

sel-denuncias@sel-denuncias.com



Chat

https://www.sel-denuncias.com/Publica/es/denuncia_chat.html



Phone:

18005001271

REFERENCES

ILO Conventions

<http://www.ilo.org/dyn/normlex/es/f?p=1000:12000:0::NO::>

UN Universal human Rights Declaration

https://www.un.org/es/documents/udhr/index_print.shtml

UN Global Compact

<http://www.unglobalcompact.org/languages/spanish/>

OECD Multi national Enterprises Guidelines

<http://www.oecd.org/daf/inv/mne/MNEguidelinesESPANOL.pdf>

FEMSA Code Ethics

http://ir.femsa.com/mx/code_ethics.cfm