

Fomento Economico Mexicano S.A.B de C.V.

TICKER	MARKET CAPITALIZATION	HEADQUARTERS
BMV:FEMSA UBD	US\$33 billion	Mexico
COMPLIANCE	COMMITMENTS	
UK Modern Slavery Act: Not applicable	None	
California Transparency in Supply Chains Act: Not applicable		

OVERALL RANKING

34 out of 38

(2016: 19 out of 20)

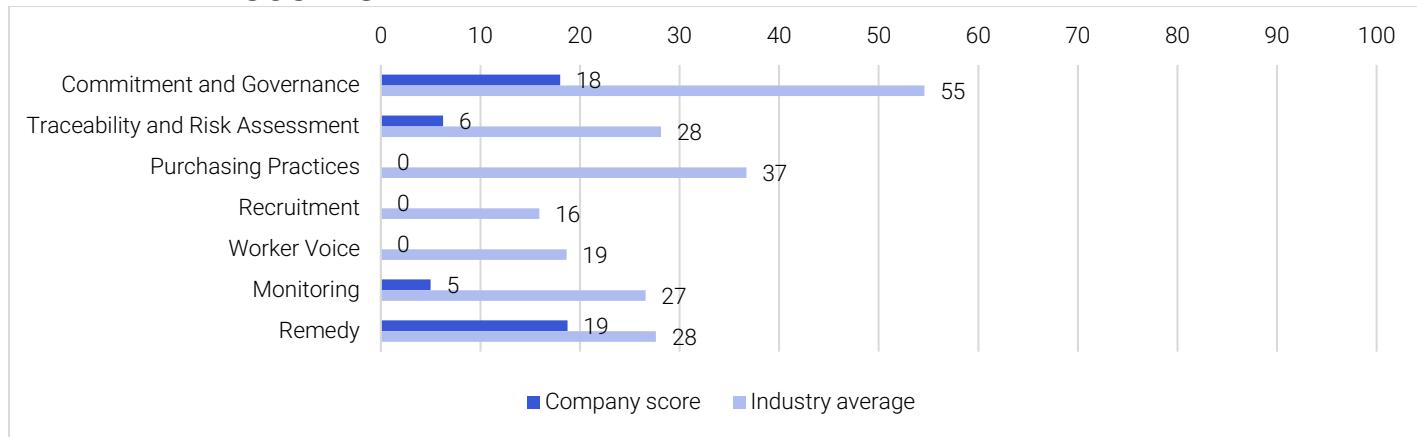
OVERALL SCORE

7 out of 100

SUMMARY

Fomento Economico Mexicano S.A.B de C.V. (FEMSA), the largest franchise bottler of Coca-Cola, ranks 34th out of 38 companies, and discloses significantly less information on its forced labor policies and practices than its peers. Since 2016, the company disclosed that it requires suppliers to implement corrective action plans where supplier do not meet its standards and has corrective action plan processes in place for non-compliant suppliers. However, while the company previously disclosed the number of suppliers audited on labor and human rights, it now states these are undertaken only “when needed”. The company’s score is based on the disclosure it has available on the themes of commitment and governance, traceability and risk assessment, monitoring, and remedy. The company has an opportunity to improve its performance and disclosure on the themes of purchasing practices, recruitment, and worker voice.

THEME LEVEL SCORES



LEADING PRACTICES

None.

NOTABLE FINDINGS

Supplier Code of Conduct: FEMSA discloses that it has in place Supplier Guiding Principles which cover child labor, compulsory labor and freedom of movement, freedom of association and collective bargaining, and discrimination. The company states that it asks suppliers to sign a commitment letter accepting the Supplier Guiding Principles.

Monitoring: FEMSA states that it evaluates its suppliers' compliance with the Supplier Guiding Principles, including on labor and human rights, "when needed".

Corrective Action Plans: FEMSA discloses that it evaluates its suppliers' compliance with the Supplier Guiding Principles, and if it does not meet these standards, it will be asked to implement a corrective action plan. The company states it "reserves the right to revoke its agreement with any supplier that cannot demonstrate its compliance with these requirements".

OPPORTUNITIES FOR IMPROVEMENT

Commitment and Governance: The company is encouraged to make publicly available its Supplier Guiding Principles. It is further encouraged that the company establish and disclose responsibilities and accountability for the implementation of its supplier code of conduct and train its internal staff and suppliers on this standard.

Purchasing Practices: To address forced labor and human trafficking risks in its supply chains, the company is encouraged to integrate supply chain standards that include forced labor in its supplier contracts, and to cascade such standards throughout its supply chains. The company may further consider assessing risks of forced labor at potential suppliers before entering into any contracts with them and adopting purchasing practices that decrease risks of forced labor and human trafficking (such as improving forecasting alignment or providing longer-term contracts to suppliers with good labor practices).

Recruitment: To address the risk of exploitation of migrant workers through recruitment agencies in its supply chains, the company may consider requiring recruitment agencies used by its suppliers to uphold workers' rights and ensuring that workers in its supply chains are not charged fees during any recruitment-related process. The company is also encouraged to ensure recruitment agencies used by its suppliers are audited, and to work with suppliers to guarantee migrant workers' rights are respected (e.g., to ensure workers' passports or other personal documents are not retained).

COMPANY PROVIDED ADDITIONAL DISCLOSURE

No.