

FEMSA Sustainability

About this document

This document contains complementary information and disclosures concerning sustainability at FEMSA for the 2022 period.

Governance

Materiality

FEMSA CEO, FEMSA Chief Corporate Officer, Coca-Cola FEMSA CEO and FEMSA Director of Sustainability and Energy, have direct metrics related to the integration of Sustainability in the Overall Business Strategy called Critical Success Factors. The successful accomplishment of these Critical Success Factors contributes in different percentages towards their performance-related variable compensation. The FEMSA Sustainability strategy and its public Goals by 2030 requires the Company to reduce to zero its operational waste going to landfills, increase to 85% the electric energy consumed from renewable sources, and to reach 40% in Female Representation in Executive Positions.

Business Ethics

Codes of Conduct: Systems/ Procedures.

Among others, there are mechanisms in place to assure effective implementation of the company's codes of conduct.

Compliance linked to employee remuneration and Employee performance appraisal systems integrates compliance/codes of conduct.

At FEMSA we have a system in place to determine and administer the compensation and benefits that our collaborators receive for their work. We established fair and competitive pay structures, providing incentives, and managing employee benefits and bonuses.

The Annual Results Bonus for our employees is calculated by considering multiple factors, including the individual's performance and their adherence to the organization's core values in their daily actions, these values represent 10% of the annual result bonus. We believe that an employee's contributions go beyond mere job performance, extending to the embodiment of our values and ethical principles in their work.

By considering both performance and values in the calculation, we aim to recognize and reward employees who not only excel in their tasks but also consistently exhibit behaviors that align with our shared principles. We believe that this holistic approach to assessing employee contributions fosters a culture of excellence, integrity, and a strong sense of shared purpose within our organization.

Reporting on breaches.

At our ethics line we received during 2022: 0 (zero) founded reports of corruption and bribery, 0 (zero) founded reports of customer privacy data, 66 founded cases of conflict of interest and 0 (zero) founded reports of money laundering or insider trading.

Our People

Human Rights Commitment

At FEMSA, we acknowledge that Human Rights are the set of principles based on human dignity, which are essential to the holistic development of the person. We recognize that our responsibility extends not only to our employees but also to our business partners and suppliers. We strive to create an environment where human rights are respected and promoted, and we expect the same commitment from those we work with.

We strive to contribute to the elimination of human trafficking, promote ethical business practices, and protect the fundamental rights and dignity of all individuals. We recognize that our responsibility extends beyond our own operations and that, through collaboration and collective action, we can make a meaningful difference in eradicating human trafficking.

In line with the United Nations Global Compact, we strive for gender equality in remuneration, recognizing that fair and equal compensation is not only a fundamental human right but also a key driver of employee motivation, satisfaction, and overall organizational success. We firmly believe in upholding the principles of fairness, equity, and non-discrimination in the workplace.

Human Rights Mitigation & Remediations

For the company, the number of sites with mitigation plans can be interpreted as the number of portfolios, client relationships, or products with mitigation actions in place.

Currently, we are implementing seven mitigation plans that address various social and environmental issues. Through these plans, we take an active role and proactive responsibility within the community, aiming to prevent and respond to both present and future challenges while minimizing the likelihood of negative impacts on human rights. These plans cover a wide range of topics, including 5 actions that cover the reduction of greenhouse gas (GHG) emissions, sustainable waste management, prevention of potential harm in the communities where we operate, risk mitigation in our workplaces and supply chain, and 2 strategies for animal welfare and environmental well-being, among others.

Also, we actively participate in the United Nations Global Compact, and we are part of the first Business Accelerator program offered by the United Nations.

Employee Development Programs

We are committed to the comprehensive development of our collaborators, generating respectful, inclusive, and collaborative work environments for our talent to grow and thrive. One of the programs we offer is the LinkedIn Learning Content Platform, which provides access to over 20,000 quality contents developed by industry experts. This platform allows employees to choose what and when to learn based on their professional and personal needs, aligned with their Development Goals.

We invested US\$ 648,905 to strengthen the understanding of FEMSA's self-development culture and Learning Model for the employees who participate. This program covers 7.12% of our total workforce and includes topics such as leadership, communication skills, agile, innovation, design thinking, among others.

Another significant initiative is the FEMSA Mentoring Program, designed to facilitate the growth of employees with executive-level potential. In this program, experienced and relevant individuals within the organization (Mentors) share their knowledge and advice with less experienced employees from different lines of command (Mentees). The objective is to support mentees in their professional development, providing them with new perspectives, guidance, and skills related to leadership challenges.

To ensure the success of this program, we carefully selected a small quantity of Top Executives as mentors, who will guide and help almost the same number of employees to develop and strengthen their leadership and management skills. This program involves 0.04% of our total workforce, as we aim to provide personalized attention and focused support for each participant.

Trend of Employee Wellbeing

In the organizational climate survey conducted at FEMSA during the 2021-2022 period, we considered various dimensions to measure our employee's perception, highlighting favorability measurements in the following areas:

- Job satisfaction: Measured through the Commitment dimension with the question "I am proud to work for my company," resulting in a 91% score.
- Purpose: Measured through the Commitment dimension with the question "I am motivated to go beyond my duties to contribute to the success of my company," resulting in an 87% score.
- Happiness: Measured through the Employee Experience dimension with the question "I feel energized and enthusiastic about my work," resulting in an 85% score.
- Stress: Measured through the COVID dimension with the question "I have the tools, resources, and support I need to effectively manage stress during this pandemic," resulting in a 69% score.

These results indicate that a higher percentage of our employees at FEMSA feel proud, motivated, committed, satisfied, and would recommend the company as an excellent place to work. Aligned with our sustainability strategy and focused on creating respectful and collaborative work environments, FEMSA is committed to being a high-performance company where talent and culture drive the development of our people. Therefore, the methodology to be implemented in the Organizational Climate Survey for the 2023-2024 period is focused on measuring our employees' level of commitment and enablement to determine their effectiveness.

Workforce Breakdown

We have more than 354,000 employees in 18 different countries across the globe through our Business Units at the end of 2022.

Breakdown by nationality: Mexican 71%, Brazilian 11%, Colombian 6%, Chilean 4%, Ecuadorian 1%, Others (Argentine, American, Guatemalan, Costa Rican, Uruguayan, Panamanian, Nicaraguan, Peruvian, German, Swiss, Austrian, Luxembourgers, Dutch) 7%.

Our Planet

Emissions

Across FEMSA's operations and supply chains, we are working to reduce our Scope 1, 2 and 3 emissions and promote energy efficiency. In 2022 our scope 2 emissions, location-based were 1,153,774 tonnes of CO₂eq and market based were 474,530 tonnes of CO₂eq. The data of the total scope 3 emissions emitted in 2022 is still under calculation, given the complexity of calculating it due to the different industries of our business units, the different countries where we operate and the interaction of a variety of multidisciplinary teams. However, with the information available so far, there is an estimate of 19.0 million tonnes of CO₂eq during 2022. The total scope 3 value is approximate and it's similar to the one calculated for 2021, where 19.29 million tonnes of CO₂eq were emitted in scope 3 emissions. The 2022 Scope 3 emissions by category in million tonnes of CO₂eq are as follows: 1. Purchased Goods and Services: 9.45 , 2. Capital Goods: 0.08, 3. Fuel-and-energy-related-activities (not included in Scope 1 or 2): 1.74, 4. Upstream transportation and distribution: 0.39, 5. Waste generated in operations: 0.08, 6. Business travel:0.009, 8. Upstream leased assets: 0.004, 9. Downstream transportation and distribution: 0.87, 10. Processing of sold products: 0.00003, 11. Use of sold products: 5.41. 12. End of life treatment of sold products: 0.0001, 13. Downstream leased assets: 1.12, 14. Franchises: 0.006, 15. Investments: 0.003. We follow GHG protocol Scope 3 Category 1 to 15 Average-data method.

Materials

We seek to ensure that our packaging uses recycled materials and is recyclable at the end of its useful life. We also promote the elimination, reduction, recyclability, and recycled content in supplier packaging. In 2022 our packaging materials used were: Wood/Paper fiber packaging total weight 6,671 metric tonnes containing 25% of recycled material, Metal (e.g., aluminum or steel) packaging total weight 33,608 metric tonnes containing 63% of recycled material, Glass packaging total weight 135,711 metric tonnes containing 30% of recycled material and plastic packaging total weight 367,462 metric tonnes containing 34% of recycled material.

Water Consumption

Since water is an indispensable element for the socio-economic development of communities and fundamental for their well-being, we are committed to its efficient use and preservation. In 2022, through our water treatment plants, we returned to groundwater or surface water 8,585 thousand m³ of water at similar or higher quality as raw water extracted. In this total, volume of third-party water extracted and discharged is not considered.