



**by your side,  
always**

**FEMSA**

2022 integrated annual report



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# by your side, always

The world around us is changing: new technologies allow us to stay permanently connected to the world, while opening up the possibility to improve our efficiency in areas such as energy, water and waste.

The world is going through great transformations in response to the macroeconomic environment, geopolitical changes and the fluctuations of global markets – propelled by urgent sustainable development issues, from climate change and nature loss to inequality and social justice.

In response, global citizens and consumers are changing their patterns, preferences and priorities, becoming more aware of their health and environment, while demanding the equitable treatment and human rights they deserve. They are becoming more informed, digitized and connected while acting with greater purpose and passion.

At FEMSA, we have transformed ourselves to ensure that we are agents of positive change in our communities. We have reinforced our purpose, placing our customers and consumers at the center of everything we do.

Our inspiration has always been, and will continue to be, the people we serve and the many stakeholders we are proud to stand beside. **By your side, always.**

As a testament to the transparency and open communication channels we strive to maintain with all our stakeholders, we are pleased to share with you a summary of our progress and ongoing transformations in this 2022 Annual Report.


THIS MEANS:

There is always a **FEMSA** product or service close to you, wherever you are...

The initiatives and actions of our more than **354,000** employees always aim toward sustainable growth and the creation of economic and social value...

**+130 years** of history reflects the strength of our foundation and represents a springboard to our shared future.



By your side, always:  [watch video](#)



# how we create value

## 1. Mission and Vision



To generate economic and social value through companies and institutions.

- We generate economic value through designing, building and scaling mass business models, which enable us to meet our customers' daily needs in a distinguished and efficient manner.
- We generate social value contributing to the improvement of the communities we serve through our actions, the comprehensive development of our employees, and with value propositions that generate wellbeing.

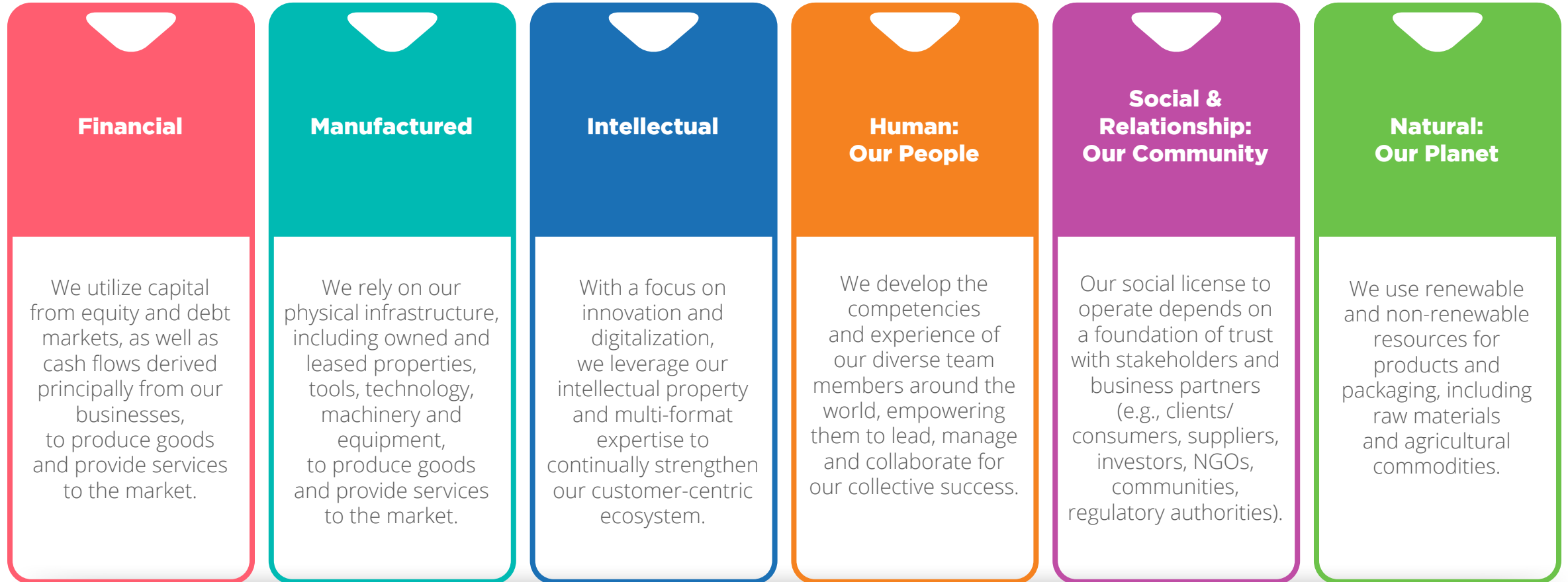
Our focus towards accomplish our mission can only be compared with our passion to achieve our strategic goals:

- Be the best owner, partner and operator of our businesses in the long term.
- Aspire to double the value of our business every 5 years.
- Be leaders in the markets where we operate.
- Be the best employer and neighbor to the communities in which we operate.

**Our Mission and Vision lead our path and set the guidelines for planning strategies and projects aimed for success in attracting and satisfying consumer demand, consistently generating economic value and greater social development for our stakeholders.**

## 2. Capital Inputs

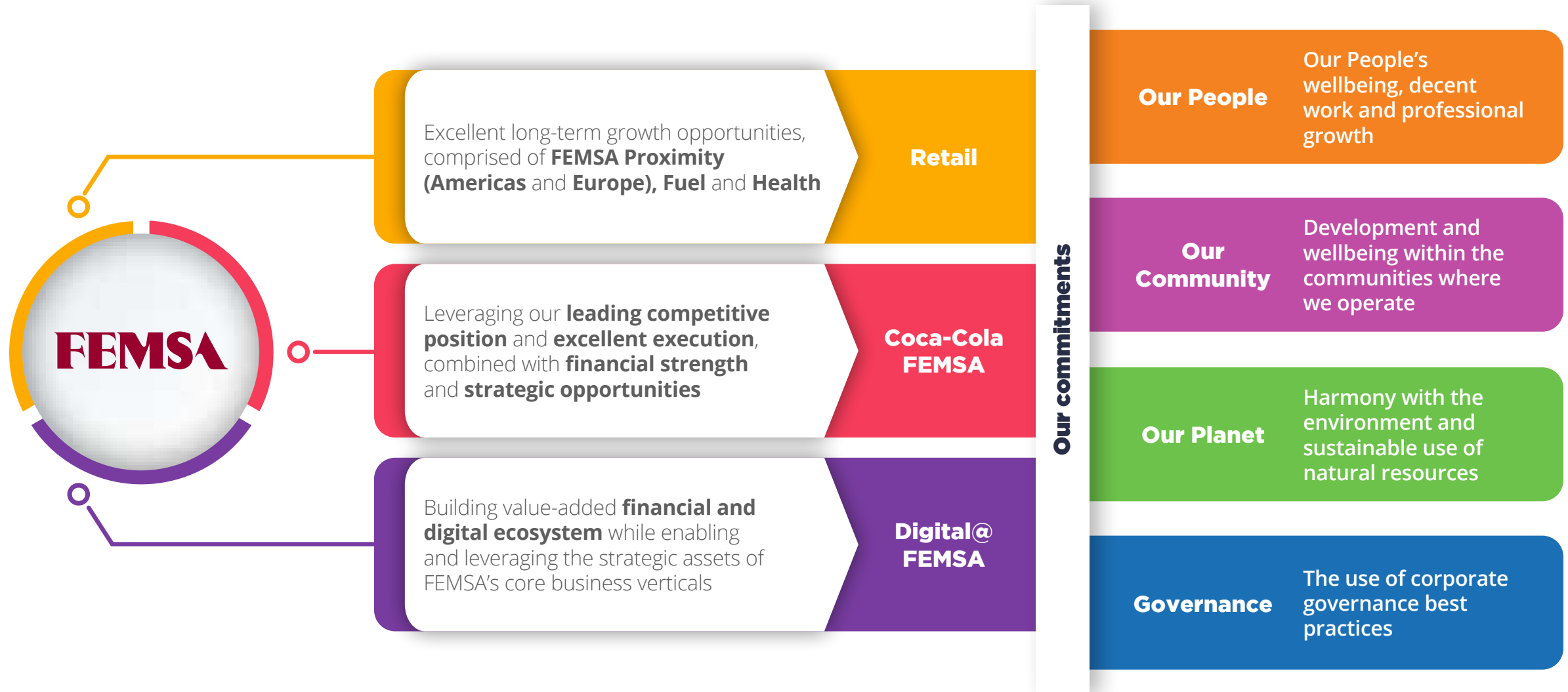
Stocks of value that are increased, decreased or transformed through FEMSA's activities and outputs.



### 3. Business Model

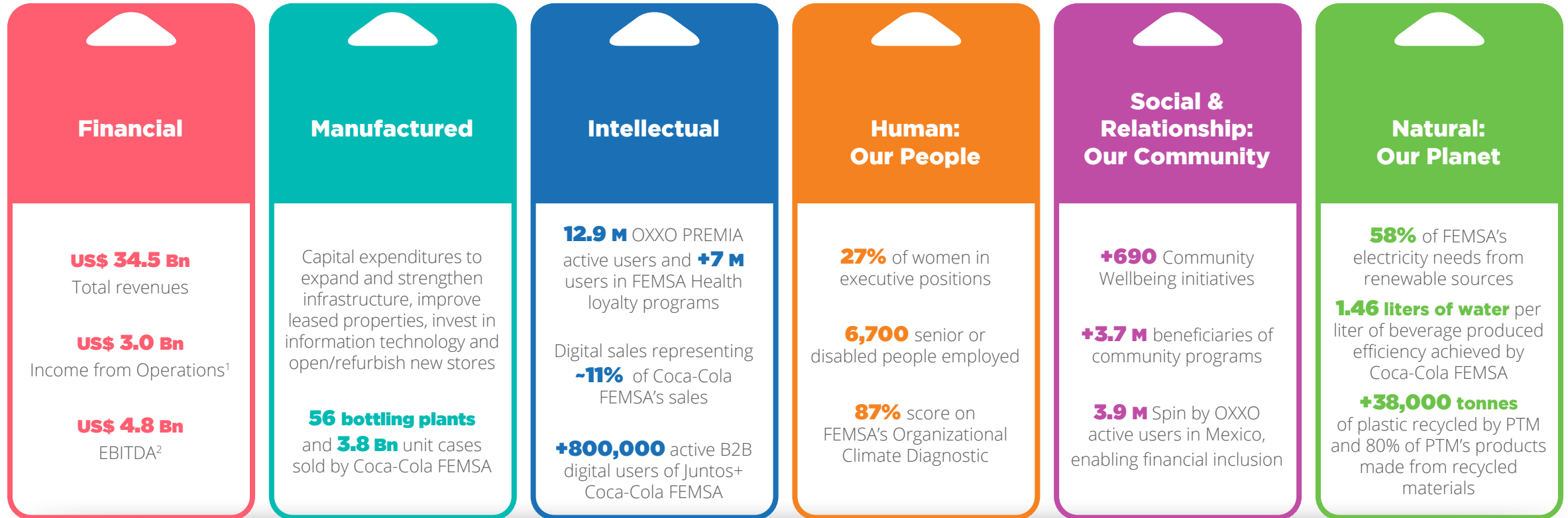
We are a focused leader in Retail and Beverages, leveraged and connected by a Digital customer-centric ecosystem to maximize value creation.

Everything we do across our three core business platforms is motivated and inspired by our commitment to **Our People**, **Our Community** and **Our Planet**, underscored by strong **Governance** practices.





## 4. Examples of Capital Outputs & Value Created



## 5. Impact

**Transforming our communities by generating social value aligned to global sustainable development imperatives.**

1 Company's key performance indicator.

2 EBITDA defined as income from operations plus depreciation, amortization and other non-cash items.



# dear shareholders

**From socioeconomic shifts and advances in technology, to the impacts of climate change and the rise of conscious consumerism, FEMSA is responding to, and evolving with, a changing world and the macro trends that are shaping our markets and communities.**

Yet, amidst an accelerating pace of change, we have remained grounded in a clear understanding of the things that are most important to our path for success— along which we are guided by one key principle: **customers and consumers are at the center of everything that we do.**

In 2022, FEMSA began a deep review of our strategy with the purpose of ensuring that we are best equipped to pursue and maximize value creation for all our stakeholders for the long-term. We undertook an exhaustive analysis defining three components:

1. **FEMSA’s strategic priorities** and outline how we expect to achieve them;
2. **Comprehensive, long-range plans** to execute on those priorities; and
3. **Strategic focus** to achieve that long-range vision.

The results of this unique assessment led to what is now called **FEMSA Forward.**

Before we share more with you about these plans, we would like to first take a moment to highlight a few of the many ways during 2022 that we began to execute on the six priorities we identified in the first phase of our strategic review. We organize them according to three “*Whats,*” or areas of focus, which will be achieved through and accompanied by three “*Hows.*”



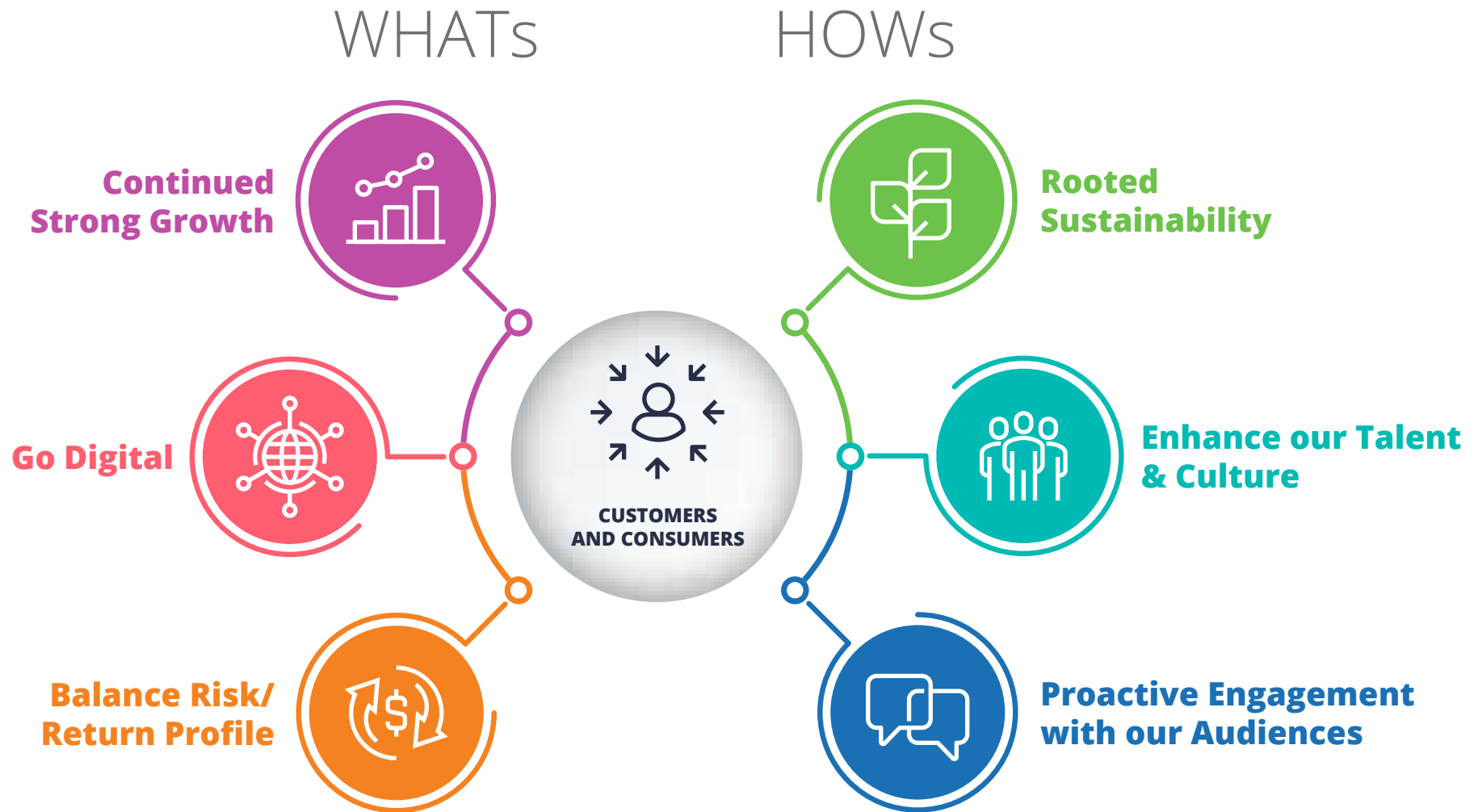
**Daniel Rodríguez Cofré**  
Chief Executive Officer

**José Antonio Fernández Carbajal**  
Executive Chairman of the Board





# FEMSA priorities





These are our areas of focus. Our **WHATs.**



### Continued Strong Growth

We are achieving balanced and sustainable growth by capitalizing on existing and new opportunities to create value in our core businesses. This includes growing in both top line and profitability, strengthening our market position and finding new and innovative ways to satisfy our customers' needs. Our business units have ambitious revenue and EBITDA targets for the next five years and we are pleased to say that we are well on our way to realizing those aspirations following the positive momentum we saw behind the full year's financial results.

In 2022, FEMSA's total revenues increased 21.0% for the year as compared to 2021 to Ps. 673.2 billion (US\$ 34.5 billion), reflecting growth across our business units. Income from operations increased 14.3% and consolidated net income decreased to Ps. 34.7 billion (US\$ 1.8 billion).

Net majority income was Ps. 6.68 per FEMSA unit<sup>3</sup> and US\$ 3.43 per FEMSA ADS. Our consolidated net debt position<sup>4</sup> at year-end was Ps. 201.6 billion (US\$ 10.3 billion), and our capital expenditures amounted to Ps. 34.4 billion (US\$ 1.8 billion). Our year-end cash position was more than Ps. 83.4 billion (US\$ 4.3 billion).

<sup>3</sup> FEMSA Units consist of FEMSA BD Units and FEMSA B Units. Each FEMSA BD Unit is comprised of one Series B Share, two Series D-B Shares and two Series D-L Shares. Each FEMSA B Unit is comprised of five Series B Shares. The number of FEMSA Units outstanding as of December 31, 2022, was 3,578,226,270, equivalent to the total number of FEMSA Shares outstanding as of the same date, divided by 5.

<sup>4</sup> Including leases.

### Go Digital

Technology continues to enable companies to enter new markets and segments that were not accessible before. With the aim of better serving the needs of our customers and consumers, we are harnessing the power of data and technology to enhance our products, services and operations, expand financial inclusion opportunities and build new business models fueled by digital tools.

In 2022, we received authorization to operate as a financial technology institution in Mexico, positioning us to broaden our presence in the financial services market. Our loyalty program, OXXO PREMIA, and digital wallet, Spin by OXXO, grew at an accelerated pace in 2022, reaching more than 12.9 million and 3.9 million active users, respectively.

We are also finding exciting new ways to combine FEMSA's supply chain expertise with digital enablers for order taking and payment solutions. Coca-Cola FEMSA's omnichannel multi-category commercial platform continued to grow during the year, with digital sales representing approximately 11% of total sales. OXXO and Coca-Cola FEMSA also began pilot testing new ways to work together to reach new, typically underserved clients by utilizing the digital tools of the FEMSA ecosystem.

### Balance Risk/Return Profile

Our mindset is global, whether that relates to talent, geographic footprint or the positive impact we know we can have on the world. To support a balanced risk/return profile, in 2022 we reinforced our Latin American roots while continuing to expand our geographical exposure in key strategic markets.

For example, we finalized the acquisition of OK Market, a chain of small-format proximity stores in Chile. The transaction added 120 stores to FEMSA's existing proximity business footprint in this important market, to reach a total of 269 locations where our newly expanded scale will better serve our Chilean consumers.

We also capitalized on the unique opportunity to grow and develop our proximity retail business outside of Latin America – in a new continent – by joining forces with Valora, one of the leading foodvenience platforms in Europe. Together, we will unite our extensive experience, scale and digitalization philosophies to accelerate exciting new avenues of growth and potential.



### Routed Sustainability

Sustainability is embedded in everything we do at FEMSA, and we seek opportunities to engage in collaborative initiatives that amplify our positive impact. As a signatory of the UN Global Compact, we support and adhere to their ten principles to protect human rights, uphold ethical labor practices, preserve the environment and combat corruption.

Sustainability has become so important to the way we do business that, for the first time this year, we have organized this Annual Report according to the three pillars of our strategic sustainability framework: Our People, Our Community and Our Planet. As you will see, we are working hard on bold initiatives to put our people first, create social value in our communities and identify green solutions that drive efficiencies and preserve the environment. Complementing this work, FEMSA Foundation is cultivating shared prosperity by investing in opportunities to support water security, the circular economy, early childhood and the arts.

We also continued to advance our leadership in sustainable finance in 2022. Coca-Cola FEMSA became the first non-financial corporation in the Americas and the first company in the Coca-Cola System to issue a social bond, facilitating the financing of social projects. This aligns with the environmental, social and governance (ESG) transformation project

Coca-Cola FEMSA conducted during the year to redefine their ambition, goals and sustainability strategy to be at the forefront of market, regulatory and consumer trends. Their overarching vision is to become a world leader in sustainability, serve as an example of ESG excellence in Latin America and elevate ESG practices in the region and the world.

### Enhance our Talent & Culture

Our people are integral to our business and their wellbeing is our highest priority. Our organizational culture is evolving, and we are finding new ways of working together collaboratively. We are prioritizing diversity, equity and inclusion within our culture and hiring practices, including promoting the labor inclusion of minority groups and those in vulnerable situations.

We are also empowering our people with the right tools, practices, processes and work experiences to support their career development. In 2022, more than 7 million cumulative hours of continuous learning and training were conducted on topics including human rights, sustainability, health & safety and culture & leadership and ethics & compliance, among other areas of technical knowledge. This investment in our collaborators directly supports our talent attraction, development and succession strategy and sets us up for a strong pipeline of future talent.

### Proactive Engagement with our Audiences

We aim to facilitate open, clear, proactive, transparent and tailored dialogues with all our stakeholders, using accessible tools and mediums of engagement. This is essential to understand internal and external expectations and concerns, and, in turn, strengthen our levels of credibility and trust, more easily navigate challenges, identify new opportunities and ultimately drive continuous improvement across our business.

We view this 2022 Integrated Annual Report as a key example of that philosophy and outreach approach. We have many great stories to tell about how our teams contribute daily to the creation of social, environmental, and economic value, and we are excited to share some of them with you in this publication.

And these are the ways we are going to achieve them. Our **HOWs.**



This **focused** business structure will allow us to better understand and serve our clients and consumers, who are the focal point of **everything** we do.

### FEMSA Forward

As you can see, we are taking advantage of the many opportunities during the year to begin putting these six strategic priorities into action as we continued designing our long-range plan. At the end of that process, our overarching conclusion was that the best way to continue creating value at FEMSA is through a structure that focuses only on the businesses that are core to us, where we have built leading platforms, and have proven capabilities, financial strength and dynamic avenues for growth. Specifically:

- **Retail**, with excellent long-term growth potential, comprising Proximity (Americas and Europe), Fuel and Health. We see significant opportunities to continue developing our already powerful retail platform across small formats.
- **Coca-Cola FEMSA**, leveraging its leadership position, excellent execution and outstanding financial strength, combined with significant operating and strategic opportunities – all enhanced by the strategic partnership with The Coca-Cola Company and its globally leading brand portfolio.
- **Digital**, building a consumer-centric, value-added financial and digital ecosystem that leverages our businesses' capillarity and strong consumer recognition, aiming to become the ally to over 30 million consumers. Our digital platform will play a key role in leveraging and connecting our core business units to catalyze the evolution of multichannel retail.

This focused business structure will allow us to better understand and serve our clients and consumers, who are the focal point of everything we do.



We hope you enjoy reading more about our progress and ongoing transformations in this year's **Integrated Annual Report**.



### Leading the Way

As we reflect on the success of 2022 and look forward to the future of FEMSA, we would like to thank all our more than 354,000 employees around the world for their hard work. We would also like to thank our entire leadership team for their dedication to upholding our values and executing on our vision, particularly John Santa Maria Otazua and Alfonso Garza Garza following the announcement of their retirements as of the end of 2022. With over 27 years in various leadership roles at Coca-Cola FEMSA, John has ushered the company through a remarkable evolution into the largest and most sophisticated bottler in the global Coca-Cola System. Alfonso has also had a highly successful career with FEMSA over the last 37 years and most recently has been instrumental in the growth of our refrigeration, logistics and distribution operations, including the success of the Envoy Solutions platform.

As of January 1, 2023, we welcomed Ian Craig and Constantino Spas Montesinos to FEMSA's senior leadership team in the roles of CEO of Coca-Cola FEMSA and CEO of FEMSA Strategic Businesses, respectively. We know they are well positioned to help carry FEMSA Forward to achieve our ambitious strategies for a successful shared future – one that is proactively responsive to the trends of the macroeconomy, changing consumer preferences and sustainable development imperatives.



To you, our shareholders and all our stakeholders: thank you for standing by our side through another successful year of shared value creation. We are proud to offer a product or service close to you, wherever you are. We are proud to do so in a sustainable way, as a people-focused organization, through open dialogue and clear communication. We hope you enjoy reading more about our progress and ongoing transformations in this year's Integrated Annual Report – structured for the first time through the lens of sustainability – and we look forward to your feedback.

**By your side, always.**

**José Antonio Fernández Carbajal**  
Executive Chairman of the Board

**Daniel Rodríguez Cofré**  
Chief Executive Officer

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He will always be remembered at FEMSA with great affection, respect, admiration and deep gratitude.

### *In Memoriam*

## **Don José Fernando Calderón Rojas**

(1954 – 2022)

Don José Fernando Calderón Rojas was a member of FEMSA's Board of Directors since 1984 and served as an extraordinary counselor, great friend and partner to us for many decades. His family roots go back to the original founding of FEMSA and he was the fourth generation to contribute to our Company's success over these many years.

With his guidance and many contributions, he made a profound mark on FEMSA's growth and evolution. He was an exemplary businessman with a strong leadership vision that he shared with multiple companies and associations in addition to FEMSA. In the 1980s, he was a director of Coca-Cola FEMSA and his wide legacy includes being considered one of those responsible for the growth of Coca-Cola FEMSA in the 1990s, during a time when many important acquisitions were made.

He was also an altruistic and generous man who stood out for his great commitment to his family, his community and to the economic, cultural and educational progress of Nuevo León and Mexico. He supported many causes, always in a very discreet way. He will always be remembered at FEMSA with great affection, respect, admiration, and deep gratitude.

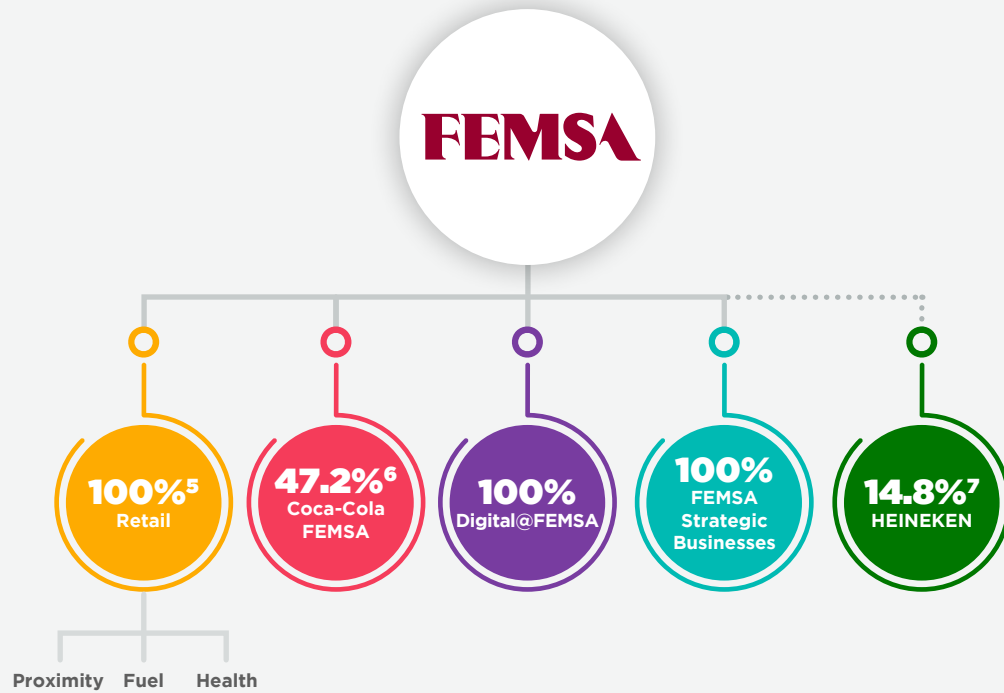




# company overview & 2022 results

We operate our business through the following structure:

## CORPORATE STRUCTURE EQUITY STAKES AND BUSINESS UNITS



5 Includes FEMSA Proximity (Americas and Europe), Fuel and Health.

6 Represents 56% of voting rights. Coca-Cola FEMSA equity stake comprises 27.8% The Coca-Cola Company and 25.0% Public.

7 On February 16th, 2023, the Company sold a portion of its HEINEKEN Investment in the total amount of EUR 3,200 million in an all cash transaction. Following the completion of the sale, FEMSA's economic interest decreased from 14.76% to 8.13%. As a result, FEMSA-appointed directors resigned from the HEINEKEN Boards, and the Company lost its significant influence over this investment.

8 Includes Grupo Nós.

For more information, please see FEMSA's [Form 20-F 2022](#).

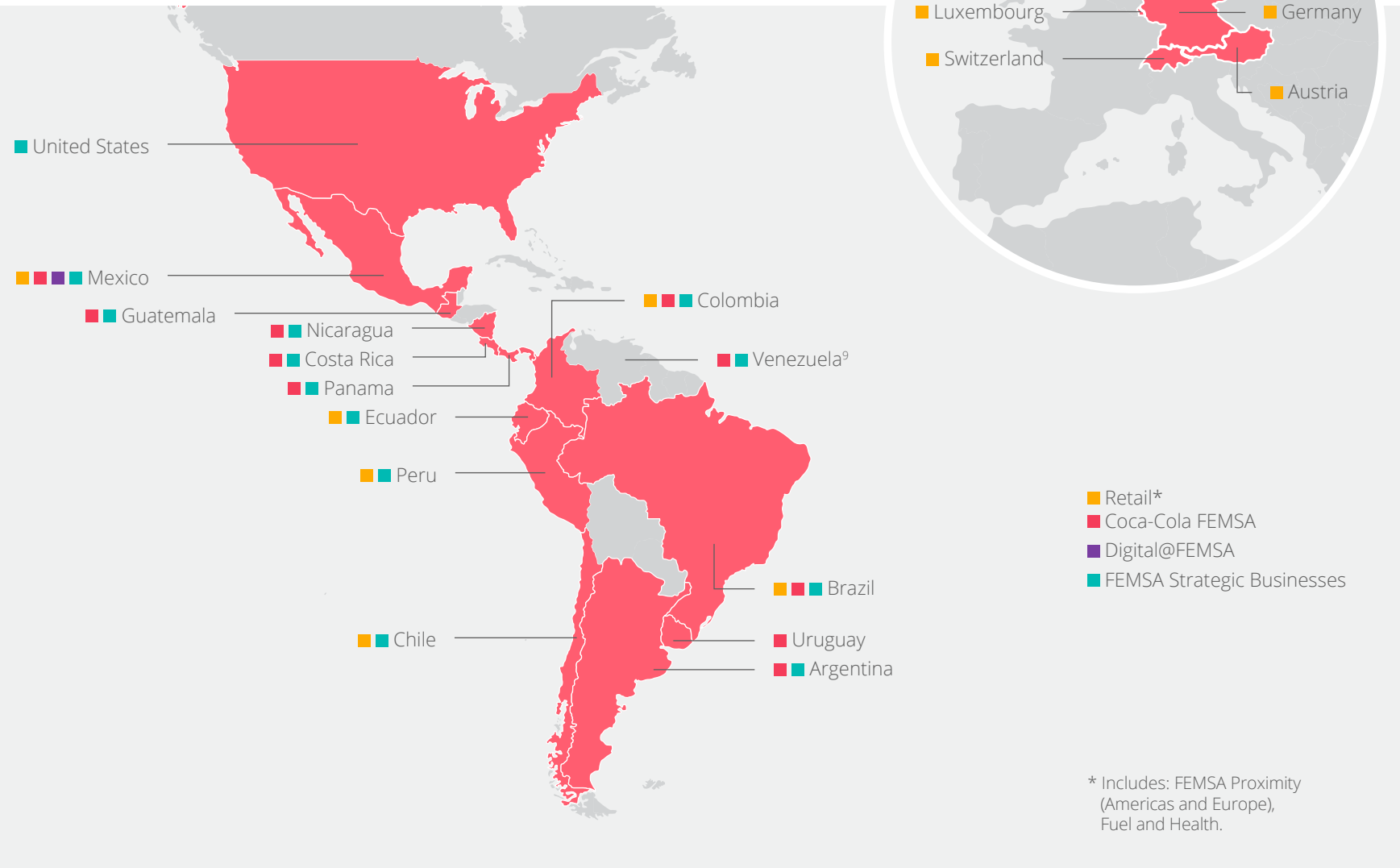


**US\$ 34.5 billion total revenues 2022**

**+23,500 OXXO Stores in Latin America<sup>8</sup>**

**~270 million people served by Coca-Cola FEMSA**

# our presence



We have more than 354,000 employees in 18 different countries, across the globe through our Business Units at the end of 2022.<sup>9</sup>

<sup>9</sup> As of December 31, 2017, as a non-consolidated operation, Venezuela is reported as an investment in shares.



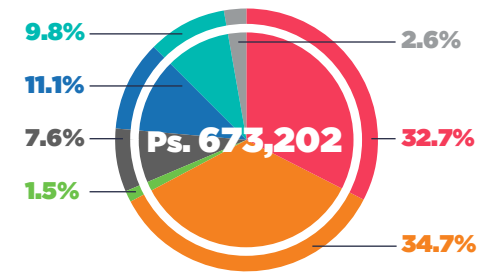


# financial highlights

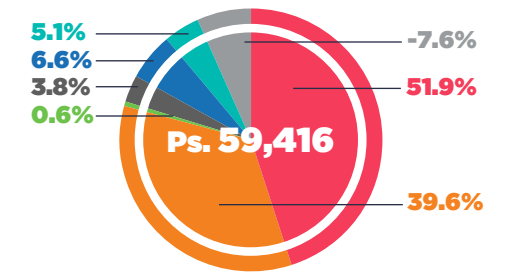
Millions of pesos	Million of dollars 2022 <sup>1</sup>	2022	2021	% Change	2020	% Change
Total revenues	34,531	673,202	556,261	21.0	492,966	12.8
Income from operations <sup>2</sup>	3,048	59,416	51,993	14.3	41,503	25.3
Operating margin		8.8%	9.3%		8.4%	
Consolidated net income	1,784	34,743	37,678	-7.8	3,756	903.1
Controlling interest net income <sup>3</sup>	1,228	23,909	28,495	-16.1	(1,930)	-1576.4
Controlling interest earnings per BD unit <sup>4</sup>	0.3	6.7	8.0	-16.3	(0.5)	-1700.0
Controlling interest earnings per ADS <sup>5</sup>	3.4	66.8	79.6	-16.1	(5.4)	-1574.1
EBITDA	4,761	92,812	82,422	12.6	71,973	14.5
EBITDA margin		13.8%	14.8%		14.6%	
Total assets	40,973	798,815	737,500	8.3	684,848	7.7
Total liabilities	23,645	461,014	402,383	14.6	377,661	6.5
Total equity	17,328	337,801	335,117	0.8	307,187	9.1
Capital expenditures	1,765	34,410	24,055	43.0	20,893	15.1
Total cash and cash equivalents <sup>6</sup>	4,280	83,439	97,407	-14.3	107,624	-9.5
Short-term debt	941	18,341	4,640	295.3	8,801	-47.3
Long-term debt	8,894	173,400	185,945	-6.7	179,864	3.4
Headcount <sup>7</sup>		354,344	320,808	10.5	320,618	0.1

1 U.S. dollar figures are converted from Mexican pesos using the noon-buying rate published by U.S. Federal Reserve Board, which was Ps. 19.4960 per US\$1.00 as of December 31, 2022.  
 2 Company's key performance indicator.  
 3 Represent the net income that is assigned to the controlling shareholders of the entity.  
 4 "BD" units each of which represents one series "B" share, two series "D-B" shares and two series "D-L" shares. Data based on outstanding 2,161,177,770 BD units and 1,417,048,500 B units.  
 5 American Depositary Shares, a U.S. dollar-denominated equity share of a foreign-based company available for purchase on an American stock exchange.  
 6 Cash consists of non-interest bearing bank deposits and cash equivalents consist principally of short-term bank deposits and fixed rate investments.  
 7 Includes headcount from Coca-Cola FEMSA, Proximity, Fuel and Health Division, and Other Businesses of FEMSA. Grupo N6s headcount not included, as it is a non-consolidated joint-venture.

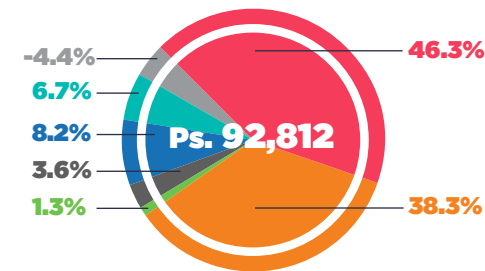
TOTAL REVENUES



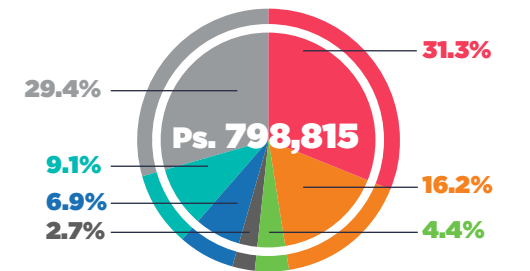
INCOME FROM OPERATIONS



EBITDA\*



TOTAL ASSETS

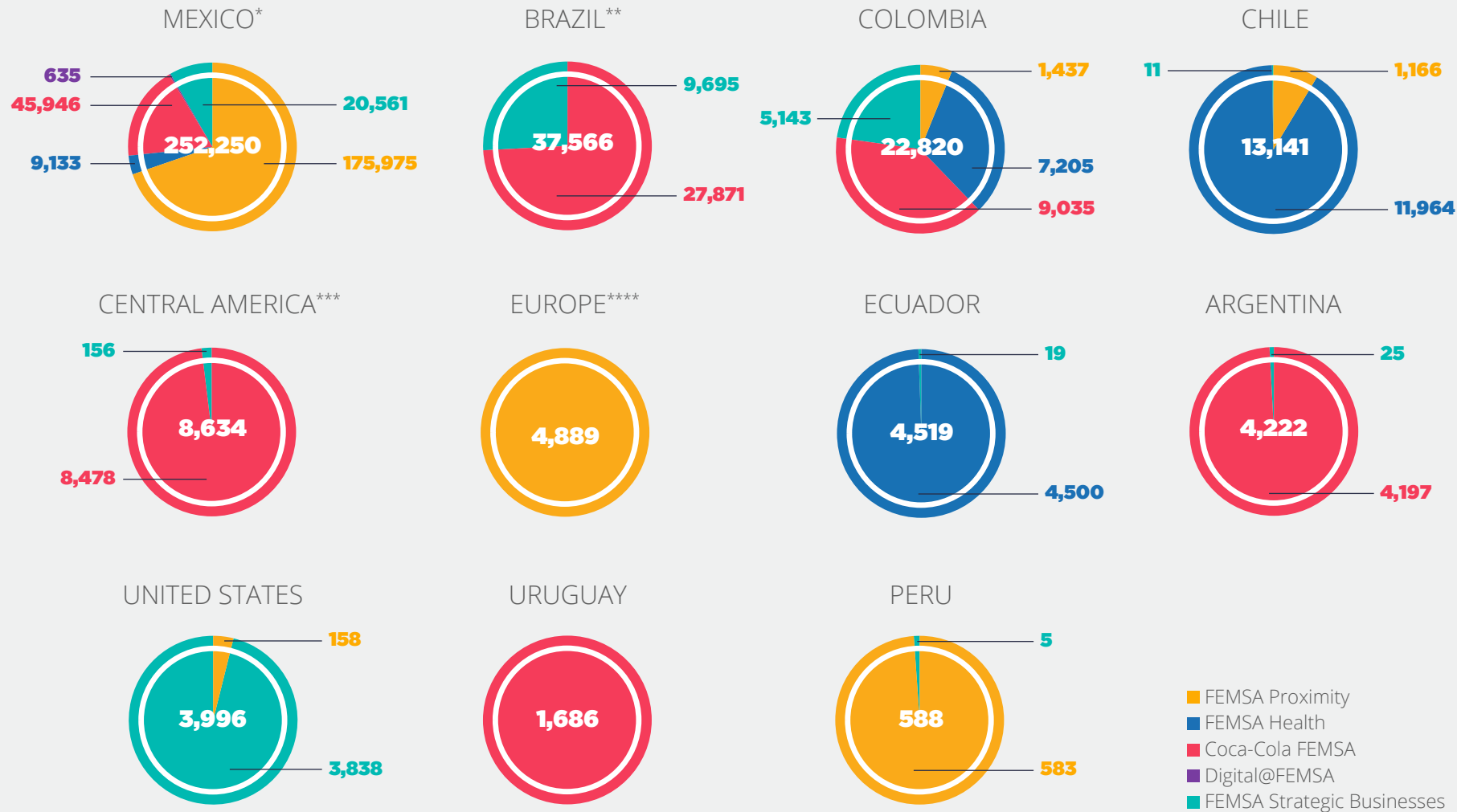


\*EBITDA=EBIT+Depreciation+Amortizations. EBITDA calculated under IFRS16 standards

- Coca-Cola FEMSA
- Proximity Americas
- Proximity Europe
- Fuel
- FEMSA Health
- Logistics and Distribution
- Others



# headcount



\* Total includes headquarters staff.  
 \*\* Grupo Nós headcount not included, as it is a non-consolidated joint-venture.  
 \*\*\* Central America includes Costa Rica, Panama, Nicaragua and Guatemala.  
 \*\*\*\* Europe includes Germany (3,294), Switzerland (1,498), Austria (71), Netherlands (13) and Luxembourg (13).

- FEMSA Proximity
- FEMSA Health
- Coca-Cola FEMSA
- Digital@FEMSA
- FEMSA Strategic Businesses

## looking ahead: FEMSA Forward

**During 2022, FEMSA carried out a thorough strategic review of our business platform, including the bottom-up definition of long-range plans for each business unit, as well as the top-down analysis of the optimal corporate and capital structure, to ensure full alignment between the Board and management as to how to pursue and maximize value creation.**

Consistent with this vision, FEMSA has determined that the best path to maximize long-term value creation is by focusing on its core business verticals beginning in 2023, which have the highest strategic relevance, growth potential and financial and competitive strength:

- **Retail**, with excellent long-term growth opportunities, comprised of Proximity (Americas and Europe), Fuel and Health.
- **Coca-Cola FEMSA**, leveraging its leading competitive position and excellent execution, combined with significant financial strength and strategic opportunities.
- **Digital@FEMSA**, building a powerful value-added per financial and digital ecosystem, while playing a key role in leveraging the connection among FEMSA's core business units.



**FEMSA has determined that the best path to maximize long-term value creation is by focusing on its core business verticals beginning in 2023: Retail, Coca-Cola FEMSA and Digital@FEMSA**



## Retail

We apply our small-format retail expertise to develop winning, high-growth value propositions in Latin America and Europe. Our Retail business vertical is comprised of **FEMSA Proximity** (Americas and Europe), **Fuel** (OXXO GAS) and **FEMSA Health**.



**OXXO serves more than 12 million consumers per day in Mexico alone.**

**Proximity Americas** includes **OXXO**, the largest chain of small-format stores in Latin America – serving more than 12 million daily consumers per day in Mexico alone – with the aim of simplifying the lives of our customers by responding to their on-the-go needs with one-stop convenience.

**Proximity Europe** includes **Valora**, a leading “foodvenience” platform in Switzerland, Germany and other European countries. Following our transformational alliance with Valora in July 2022, we are now accelerating the economic development of our business outside of Latin America.

**Fuel** includes the **OXXO GAS** brand of retail service stations in Mexico that sell gasoline and diesel to both retail and Business-to-Business (B2B) customers with the aim of providing the customer with a superior and distinctive service, supported by the values of honesty and trust.

**Health** responds to the pharmacy, health and wellness needs of our communities through a large and growing network, representing the third largest pharmacy chain in Latin America in terms of sales. Within Health, we operate under the brands Cruz Verde, Farmacias YZA, Moderna, Farmacón, Fybeca, SanaSana and Maicao beauty stores. We distribute and sell patented and generic pharmaceutical drugs, beauty products, medical supplies and wellness and personal care products, among other categories.



**Our Reach in 2022: Points of Sale**

<b>PROXIMITY</b>	<b>OXXO</b>	
	Mexico <sup>10</sup>	21,500
	Brazil <sup>11</sup>	1,468
	Colombia	231
	Chile	269
	Peru	75
	<b>Subtotal</b>	<b>23,543</b>
<b>Valora</b>		
	Germany	1,430
	Switzerland	1,184
	Luxembourg	72
	Netherlands	43
	Austria	37
	<b>Subtotal</b>	<b>2,766</b>
<b>FUEL</b>	<b>OXXO GAS</b>	
	Mexico	568
<b>HEALTH</b>	<b>Health</b>	
	Ecuador	903
	Colombia	712
	Chile	905
	Mexico	1,575
<b>Subtotal</b>	<b>4,095</b>	
<b>TOTAL Retail</b>		<b>30,972</b>

<sup>10</sup> Includes OXXO and other Proximity formats.

<sup>11</sup> Through our joint-venture with Raízen, Grupo Nós, includes 217 OXXO stores, 38 Shell Select locations in Brazil, and 1,213 Shell Select stores operated by independent franchisees.



### Operational Highlights

- **OXXO** nearly tripled its speed of expansion in South America versus the prior year with +100 store openings in Colombia, bringing the total to 231 stores in that country; +40 store openings in Chile (including integrating 120 stores through the acquisition of OK Market, with a total of 269 stores) and +25 store openings in Peru with a total of 75 stores. We also accelerated the growth of our Brazilian joint-venture with Grupo Nós through the opening of +317 company-owned and operated stores as of year-end 2022, with a total of 1,468 stores, bringing +2,000 stores in OXXO LATAM (including franchises under both brands Shell Select and OXXO).

- We worked to consolidate **Valora** into FEMSA Proximity during the second half of 2022, with the transaction expected to significantly help FEMSA innovate and remain at the cutting edge of modern convenience retail, considering an increasingly mobile and digital clientele in our customer-centric ecosystem.

- **OXXO GAS** expanded its “Complete Liters Test” to 100% of its 568 stations in 2022, through which customers can request to examine a liter of gasoline to confirm that it is complete. Since 2021, we have carried out more than 1.1 million tests for our clients, thereby building trust by reiterating our commitment to the best security protocols and constant calibration of our dispensaries.

- **FEMSA Health** continued to see strong growth in 2022, with the opening of 434 net new stores; a 12% increase as compared to 2021.

Follow us: @Tiendas\_OXXO



**OXXO's value is one of one-stop convenience to simplify the lives of our customers**



### Financial Results Summary

- Proximity Americas** total revenues grew 17.8% vs. 2021 and its operating income reached Ps. 23.5 billion in 2022; representing a 27.9% increase compared to 2021, representing double-digit growth. OXXO same-store-sales were up 14.3% for the year, reflecting strong ticket and traffic growth.
- Proximity Europe** revenues reached Ps. 9.8 billion during the consolidated period of 2022<sup>12</sup> reflecting traffic and ticket recovery driven by increased mobility.

- OXXO GAS** total revenues increased 29.8% during 2022, reflecting increased mobility across Mexico and the strong growth of B2B business, which now represents 20% of total sales, serving more than 7,000 clients in the states where we operate with more than 70,000 units that fuel at OXXO GAS.



**OXXO** same-store-sales were up 14.3% for the year, reflecting strong ticket and traffic growth.



- FEMSA Health** total revenues grew 2.4% against 2021, reflecting a demanding comparison base in Chile and strong growth in its Mexico, Colombia and Ecuador operations.

<sup>12</sup> The consolidated period of 2022 includes 23 days of October, and the full months of November and December 2022.



## Coca-Cola FEMSA

As the largest Coca-Cola franchise bottler in the world by sales volume, **Coca-Cola FEMSA** produces, markets, sells and distributes leading brands of Coca-Cola trademark beverages in nine Latin American countries.

**We served approximately 270 million people through 2.1 million points of sale with a portfolio of more than 134 leading brands.**

We operated with momentum in 2022, accelerating our digitalization and cultural transformation while making substantial progress towards our key long-term strategic objectives and our ambition of becoming the world's preferred and most sustainable commercial platform. We continued to leverage the strength of our Enhanced Cooperation Framework with The Coca-Cola Company, aligning ambitious plans to grow our core business, increase investments in the market, open new revenue streams and significantly advance the rollout of our digital strategy.







We are confident we are uniquely positioned for growth by leveraging our strengths, our positive momentum, and focusing on the following six strategic priorities as our guiding principles: grow the core; become our customer's preferred omnichannel commercial platform; de-bottleneck our infrastructure and digitize the enterprise; make a difference in ESG; strengthen our customer-centric culture and leveraging our strategic M&A

**Operational Highlights**

o **Omnichannel B2B Platform, Juntos+:** We grew Juntos+, our digital Business-to-Business (B2B) omnichannel multi-category commercial platform's monthly active customers to more than 800,000 in 2022. Digital sales through the platform reached US\$ 1.2 billion in 2022 (up from US\$ 360 million in 2021), or approximately 11% of total sales.

o **D2C:** We continued to increase traffic to **"Coca-Cola en tu Hogar"** website and expand our direct-to-consumer (D2C) home delivery capabilities in Mexico, reaching almost 600,000 households via more than 1,650 routes (up from approximately 1,200 routes in 2021). Additionally, we are digitizing our D2C home delivery capabilities, allowing our home delivery team to sell with their handheld device and accept digital payments.

o **Multi-category:** We are strengthening our multi-category platform and alliances with high-potential leading brands across our territories. For example, we successfully signed long-term distribution agreements with spirits leader Grupo Campari, and with confectionary products leader, Grupo Perfetti Van Melle, in Brazil. Additionally, we are running a series of pilot programs to gain new insights across key territories. We expect that these pilot programs will allow us to obtain the necessary learnings and insights to continue advancing towards a potential strategic alliance in the future.

We operate **56** bottling plants and **249** distribution centers<sup>13</sup> in **9** markets of Latin America.



**We are now serving over 1.3 million registered clients, reaching more than 800 thousand digital monthly active users, on our B2B platform**

For more information, please see Coca-Cola FEMSA's **Integrated Report 2022** and **Form 20-F 2022**.



<sup>13</sup> We have considered owned and third-party distribution centers managed by us.



o **Portfolio innovation:** Our low- and no-sugar categories remained important growth drivers across our territories as we leveraged a consistent value proposition, with Coca-Cola Zero Sugar sales increasing 23% versus the previous year. During the year, we introduced limited edition, sequential releases from Coca-Cola Creations, The Coca-Cola Company's innovation platform, across key markets to enhance consumer engagement. These exciting new creations—featuring gaming-inspired pixel-flavored Coca-Cola Zero Sugar Byte and the artist Marshmello's Limited Edition Coca-Cola—enabled us to launch creative new products and experiences successively across physical and digital worlds. Notably, catering to our consumers' preferences, we took portfolio innovation to the next level with the expanded consumer-centric launch of our locally developed formula of Brisa Manzana (Colombian Apple) sparkling water.



o **Affordability:** Despite inflationary pressures, we continued to provide our consumers with unmatched affordability in the “away from home” and “at home” consumption occasions, thanks to several market initiatives. Also, our universal bottle remained an important driver of affordability. In Mexico, during the year, we launched our 2.5-liter returnable PET universal bottle across new cities. Now covering nearly all our franchise territory, the universal bottle or “botella única” enables us to use the same refillable bottle our core flavored sparkling beverage and juice brands—from Fanta and Sprite to certain Del Valle brands. Importantly, the expanded coverage of our refillable universal bottle continued to yield share of sales gains in the cities where it was launched. This year in Colombia, we significantly expanded the rollout of our affordable universal bottle to cover more than 60% of the country.



For more information about our portfolio, please visit: <https://coca-colafemsa.com/en/about/we-are-coca-cola-femsa/our-products/>





This transformational bottling technology enables us to offer affordable refillable PET presentations not only of brand Coca-Cola, but also of our flavored sparkling and still beverage brands to compete more effectively in the market, enabling volume and share of sale increases in the cities where it was launched.

- Sustainability:** Read more about our ongoing leadership in sustainable finance and progress against Sustainability Performance Targets on page 134, and the construction of our new PET recycling plant on page 50.
- Leadership transitions:** Ian Craig was appointed by the Board of Directors as Chief Executive Officer of Coca-Cola FEMSA as of January 1, 2023. Ian has been an outstanding member of the FEMSA team for 28 years, with increasing responsibilities at Coca-Cola FEMSA since 2003. Ian was CEO of Coca-Cola FEMSA Brazil since 2016, leading the company's digital transformation towards a B2B platform. Constantino Spas Montesinos, formerly Chief Financial Officer of Coca-Cola FEMSA, was also appointed Chief Executive Officer of FEMSA Strategic Businesses as of the same date. At the same time, Gerardo Cruz Celaya was appointed as CFO of Coca-Cola FEMSA as of January 1, 2023.



### Financial Results Summary

All categories posted accelerated volume growth as compared with the previous year. Despite the volatile supply chain and raw material environment, our gross profit and EBITDA remained resilient. Our revenue growth management and favorable raw material hedging strategies substantially mitigated margin pressures mostly from higher PET and sweetener costs across most of our territories.

As we navigated an uncertain inflationary environment, our focus on affordability and relentless point-of-sale execution enabled us to deliver 8.6% year-over-year volume growth—12.1% ahead of our 2019-baseline year. For the year, total revenues increased 16.4% to Ps. 226.7 billion. Operating income improved 12.5% to Ps. 30.8 billion. Operating cash flow increased 10.7% to Ps. 43.0 billion.

Looking ahead, as we continue to see a dynamic raw material and supply chain environment, we expect to continue to protect profitability through our disciplined raw material hedging strategies and focus on driving expense efficiencies.

Learn more about:  
**Coca-Cola FEMSA**  
**Sustainability-Linked Bond**



## Digital@FEMSA

On January 1, 2022, we announced the creation of the Digital@FEMSA division to unlock our next wave of value creation by leveraging digital tools that better serve our customers.

**We are building a value-added ecosystem that better connects consumers and businesses.**

Specifically, this new business unit was created to capture the full potential offered by the digital landscape while allowing for the focus, flexibility, acquisition of new talent and new business processes that will be required to meet the speed of change and innovation of the current business environment.

**Digital@FEMSA** aims to drive prosperity among individuals, businesses and communities through digital and financial inclusion. To do so, we are building a value-added ecosystem that better serves and connects consumers and businesses through three main types of solutions: loyalty, payments and convenience.



Our current solutions include:

- Loyalty: **OXXO PREMIA** aims to be the largest loyalty program in Mexico. Currently, it has 12.9 million active users<sup>14</sup> and we are working on enhancing the value proposition by incorporating more allies.
- Fintech to Consumers: **Spin by OXXO**<sup>15</sup> is our digital wallet that has 3.9 million active users.<sup>16</sup> In 2022, Spin by OXXO received authorization to operate as a financial technology institution by the Banking and Securities Commission (CNBV) of Mexico. During 2023, we expect to continue to deploy new financial products to the market.
- **Digital Solutions** for Businesses: through the acquisition of Netpay<sup>17</sup> we want to enhance the value of Micro, Small and Medium-sized Enterprises (MSMEs) served by FEMSA and expand our Ecosystem.

Learn more on our website:  
[www.spinbyoxxo.com.mx](http://www.spinbyoxxo.com.mx)



**12.9 million  
OXXO PREMIA  
active users and  
3.9 million Spin  
by OXXO active  
users in Mexico**



14 Active OXXO PREMIA users are those who have transacted at least once with OXXO PREMIA in the last 90 days.

15 Spin by OXXO operates through Compropago S.A. de C.V. I.F.P.E.

16 Active Spin by OXXO users are those with a balance or those who have transacted in the last 56 days.

17 The transaction is expected to close during the first quarter of 2023.



## FEMSA Strategic Businesses

FEMSA operates several strategic businesses that are leaders in their industries or sectors and provide solutions to FEMSA’s core business segments and other companies, amplifying our competitive advantage.

REACH IN THE UNITED STATES

**+1.5 million orders fulfilled for +200,000 of our customers’ locations, representing +600 million pounds delivered for the hospitality, health care, entertainment, education and government sectors.**

**Logistics & Distribution** includes logistics and transportation, as well as specialized janitorial, cleaning and sanitation product distribution.

**Food Service Solutions** includes cooling and refrigeration systems and food service solutions.

Logistics & Distribution is made up of **Envoy Solutions** and **Solistica** – through which we are able to serve millions of ever-evolving customers in a consistently efficient, effective and differentiated manner.



- **Envoy Solutions** is a specialized distributor and solution provider serving the United States through a family of the nation's best distributors and specialty marketing solutions in facility care, foodservice, packaging and marketing execution. We lead in two main product categories: facility supplies distribution (through which we distribute both janitorial and sanitation products and food service disposables) and packaging solutions (through which we provide packaging supplies and equipment, as well as packaging equipment maintenance).
- **Solistica** is a leading third-party logistics (3PL) solution provider for Latin America, serving more than 4,000 customers in three principal regions: Mexico, Brazil and Central America. We lead in two primary areas of expertise: transportation (through which we offer full truckload, less than truckload and dedicated fleet services), and warehouse operations management for diverse industries such as human health, animal health & nutrition, consumption, retail and technology, among others.

### Other Businesses

FEMSA Strategic Businesses also includes **AlPunto**, a group of companies focused on providing solutions in food service equipment, commercial refrigeration, materials handling and integral services at the point of sale. Within **AlPunto**, we have **Imbera**, our refrigeration business that manufactures commercial refrigerators for our clients in the soft drink, beer and food industries, including for Coca-Cola FEMSA; **Torrey** and the **Cooking Depot**, our food service solutions businesses that manufacture operations for food processing, storage and weighing equipment; and **Plásticos Técnicos Mexicanos (PTM)**, which designs and manufactures plastic transformation projects for materials handling, food, beverages and automotive.

### Operational Highlights

- Envoy Solutions reached an agreement to acquire Sigma Supply of North America Inc., an independent specialized distribution company based in Arkansas, expanding our footprint and reflecting another important step in our strategic path to build a leading national distribution platform in the United States. The move has expanded Envoy's distribution network to include almost 70 facilities covering 34 states.
- Solistica inaugurated a new warehouse in Monterrey,

Nuevo León, Mexico with a state-of-the-art technological operation system that will strengthen the logistics network of its clients in the northern states and the U.S. border, a strategic location to reduce costs and increase efficiencies.

- In cooperation with a key customer, Solistica inaugurated a new distribution center in Extrema, Minas Gerais, Brazil, strategically located near economically important regions in the country that will bring effective gains and cost reductions. The unit is expected to generate more than 200 new direct and indirect jobs in the region and move a volume of 14,000 tonnes of products.

### Financial Results Summary

Logistics and Distribution had a strong year driven by a standout performance at Envoy Solutions, showing strong top-line growth and stable margins.

- Logistics and Distribution total revenues increased 49.8% during 2022 reflecting the strong inorganic growth of Envoy Solutions.
- On an organic basis, total revenues for this segment increased 12.8%, reflecting effective cross-selling initiatives at Envoy Solutions coupled with positive demand dynamics at our Solistica operations.



### REACH IN LATIN AMERICA

**+1.9 million trips, reaching +160,000 of our customers' locations weekly, representing +7.7 billion pounds transported on behalf of our customers in the pharmaceuticals, automotive, technology and consumer goods industries.**

# our sustainability strategy

For FEMSA, sustainability is the ability to create the social, environmental and economic conditions to operate efficiently today while growing in harmony with the environment and society tomorrow.

Our actions are guided by the highest standards of our ethics and values, and we generate positive impacts across three guiding axes of our sustainability strategy: Our People, Our Community and Our Planet. These pillars are integrated directly into our corporate strategy and all that we do.

Additionally, incorporating the Governance vector into our sustainability model since 2021 has been vital to ensuring the responsible conduct and operation of the business, achieving long-term value generation, aligning and promoting both economic and social performance, as well as ensuring transparency and building credibility with all interest groups.

We seek to meaningfully contribute to the achievement of global objectives that transcend our operations. Our sustainability strategy and accompanying 2030 corporate goals are aligned with the United Nations Sustainable Development Goals (UN SDGs) and in support of the principles of the UN Global Compact (UNGC). Our approach also integrates the priorities of FEMSA Foundation while leveraging its existing strengths and deep community network.

Our sustainability strategy is ratified at the highest levels of our organization. Our Sustainability, Inclusion & Diversity Committee, co-led by the Chairman of the Board and the Corporate Director, drives our agenda and each of the leaders of our business units has responsibility for integrating sustainability into their operations.





## Materiality

FEMSA's material environmental, social and governance (ESG) topics – that is, the most important risks, opportunities and issues in the eyes of the Company's internal and external stakeholders – were identified through an exhaustive analysis taking into account the considerations of each of our businesses within the wider global context. We began a full materiality assessment in 2020 that was completed in 2021. The exercise entailed a series of steps to identify, prioritize and validate key stakeholder concerns relevant for FEMSA and each business unit.

- o **Identification:** We began the process with research to understand global trends, including benchmarking best practices from among 17 peer companies. With our internal stakeholders, we conducted an analysis of business strategy, operational processes and legal requirements, as well as completed a risk assessment using our internal risk management framework. External engagement opportunities included dialogues about the sustainability concerns of a representative selection of 24 stakeholders.



- o **Prioritization:** The next phase of the materiality assessment yielded a set of results that has now become FEMSA's Strategic Sustainability Framework: three strategic pillars, made up of nine priority topics and 29 focus areas – all stemming from one foundational commitment to strong governance practices, guided by our ethics and values.
- o **Validation:** Finally, we socialized the materiality outcomes, final strategy and related roadmap with corporate and business unit directors, external sustainability experts and our own collaborators to ensure agreement and buy-in. These results were presented to and approved by our senior management team and Board of Directors, the highest governance body responsible for review and approval.

We have also conducted the following business-unit level materiality assessments: Proximity Americas (OXXO in Mexico, Chile, Colombia and Peru as well as OXXO GAS), FEMSA Health, Coca-Cola FEMSA and FEMSA Strategic Businesses (Solística; Food Service: Torrey and Cooking Depot; Imbera; and PTM). Looking ahead, in alignment with our internal governance and sustainability strategy, we plan to conduct a comprehensive sustainability materiality assessment every four to five years.



## FEMSA Priority Topics

Although each of our businesses is exposed to different sustainability issues because they operate in different industries and have different stakeholder groups, there are overlaps in the materiality of multiple issues. Built on the foundation of FEMSA's collective commitment to strong corporate governance, we have identified and prioritized 29 focus areas, organized under nine priority topics, across the three pillars, which integrate the perspectives of all stakeholders and represents the most important commonalities across our different businesses.

### FEMSA's Strategic Sustainability Framework: Priority Topics & Focus Areas

Our People	Our Community	Our Planet
<b>Human and Labor Rights</b> 1. Ensuring Adequate Compensation 2. Providing Decent, Optimal and Safe Working Conditions 3. Prohibiting Child and Forced Labor 4. Respectful and Collaborative Work Environments	<b>Community Wellbeing</b> 12. Supporting Healthy Lifestyles 13. Contributing to Safe Surroundings 14. Clean Communities 15. Engaging Local Communities	<b>Climate Action</b> 20. CO <sub>2</sub> e Emissions Reduction 21. Renewable Energy Use 22. Sustainable Mobility 23. Sustainable Products and Services
<b>Diversity, Equity and Inclusion</b> 5. Fostering Inclusive Work Environments 6. Encouraging Diversity 7. Promoting Gender Equality	<b>Economic Development</b> 16. Economic, Financial, and Digital Inclusion 17. SME Development and Local Procurement 18. Encouraging Entrepreneurship	<b>Water Management</b> 24. Optimizing Water Efficiency 25. Contributing to Water Accessibility, Sanitation and Hygiene (WASH) 26. Contributing to Water Security
<b>Integral Wellbeing</b> 8. Promoting a Savings Culture and Financial Education 9. Protecting Physical, Mental and Emotional Health 10. Career Development and Continuous Learning 11. Promoting Values and Citizenship	<b>Sustainable Sourcing</b> 19. Sustainable Sourcing	<b>Circular Economy</b> 27. Reducing and Eliminating Operational Waste 28. Sustainable Packaging 29. Product and Service Circularity
<b>Governance</b>		
Corporate Responsibility	Ethical and Socially Responsible Behavior	Fiduciary Responsibility



## Goals & Targets

Following our full materiality assessment in 2020, we released our first set of ambitious corporate sustainability goals in 2021. During 2022, we completed a process to further define the scope for each of our public corporate goals, including identifying quantifiable key performance indicators to help us track our progress against goals.

### 2030 Corporate Goals

Priority Topic	2030 Goal	2022 status	2021 status	Baseline	
Our People	<b>Human and Labor Rights</b>	Workplace survey rating in the <b>top 10</b> against benchmark of high-performing companies (according to Mercer Sirota Employee Engagement Survey)	<b>87.0%</b> on Organizational Climate Diagnostic	<b>88.0%</b> on Organizational Climate Diagnostic	<b>89.0%</b> (benchmark score of high-performing companies on Organizational Climate Diagnostic)
	<b>Integral Wellbeing</b>	<b>8.7</b> million hours of annual training for collaborators	<b>+7.0</b> million	<b>+10.8</b> million	(2021)
	<b>Diversity Equity and Inclusion</b>	To have a <b>20</b> percentage point increase (or to reach 40%) of women in executive positions	<b>27.0%</b>	<b>24.0%</b>	<b>20.0%</b> (2020)
Our Community	<b>Community Wellbeing</b>	<b>20.0</b> million beneficiaries of our Community Wellbeing initiatives	<b>3.7</b> million	<b>2.9</b> million	(2021)
	<b>Sustainable Sourcing</b>	<b>90.0%</b> of procurement purchases from local suppliers in all business units	<b>67.0%</b>	<b>64.0%</b>	(2021)
Our Planet	<b>Climate Action</b>	<b>85.0%</b> renewable energy use across all our operations	<b>58.0%</b>	<b>60.9%</b>	<b>22.0%</b> (2017)
	<b>Water Management</b>	Achieve a <b>neutral water balance</b> in all our operations	<b>81.0%</b>	<b>81.0%</b>	(2021)
	<b>Circular Economy</b>	<b>Zero</b> operational waste to landfill	<b>68.7%</b>	<b>53.0%</b>	<b>52.0%</b> (2019)



## Sustainability Performance Targets



### FEMSA Sustainability-Linked Bond Update

In 2021, FEMSA announced the placement of Euro-denominated sustainability linked notes in the international capital markets. In connection with the Notes, we adopted and published our **Sustainability Linked Bond Framework**, which was prepared in accordance with the Sustainability-Linked Bond Principles 2020 (“SLBP”), as administered by the International Capital Market Association. The Framework includes certain SLBP-aligned Sustainability Performance Targets (SPTs) for 2030 in support of FEMSA’s overall sustainability strategy priorities, specifically as they relate to the circular economy and renewable energy:

- **SPT 1:** Zero Operational Waste to Landfill: Increase the percentage of waste diverted from landfills to 65% by 2025 and 100% by 2030.
- **SPT 2:** Renewable Energy: Increase the annual sourcing of renewable electricity to 65% by 2025 and 85% by 2030.

Per the terms of the Notes, if such targets are not satisfied by certain dates, as verified by an accredited external party, there will be an interest rate step up of 25 basis points. Our 2022 progress toward these SPTs is summarized below.

### FEMSA SPT Performance

KPI	2017	2019	2020	2021	2022	SPT 2025	SPT 2030
 Percentage of total operational waste diverted from landfills (measured as tonnes of waste recycled or reused/tonnes of total operational waste)	N/A	<b>52.0%</b> or <b>134,426</b> tonnes <i>(baseline)</i>	<b>53.0%</b> or <b>138,993</b> tonnes	<b>53.0%</b> or <b>152,391</b> tonnes	<b>68.7%</b> or <b>192,949</b> tonnes	<b>65.0%</b>	<b>100.0%</b>
 Percentage of total electricity consumption coming from renewable sources	<b>22.0%</b> or <b>573,861</b> MWh <i>(baseline)</i>	<b>48.0%</b> or <b>1,327,714</b> MWh	<b>60.0%</b> or <b>1,618,813</b> MWh	<b>60.9%</b> or <b>1,672,711</b> MWh	<b>58.0%</b> or <b>1,738,633</b> MWh	<b>65.0%</b>	<b>85.0%</b>


### Coca-Cola FEMSA Sustainability-Linked Bond Update

Also in 2021, Coca-Cola FEMSA issued the first sustainability-linked bonds in the Mexican market, as described in our SLBP-aligned **Sustainability Linked Bonds Framework**. As part of this arrangement, we commit to achieve a water use ratio (WUR) of 1.26 liters by 2026. Specifically, the KPI measures the total volume of water consumed across all bottling plants expressed per the total volume of beverages produced.<sup>18</sup>

If this indicator is not met by the specified dates (see table below), as verified by an accredited external party, the interest rate of the bonds will increase by 25 basis points. Our 2022 progress toward the SPT is summarized in the table below.



### Coca-Cola FEMSA SPT Performance

KPI		2020	2021	2022	SPT 2026
 <p>Water use ratio (WUR) as the water usage to a liter of beverage production (L/L)</p>		1.49 <i>(baseline)</i>	1.47	1.46 <sup>19</sup>	1.26



<sup>18</sup> For example, a WUR of 1.20 indicates that, for every liter of beverage produced, an additional 0.2 liters of water is used to produce it. The measured water is from any source, including municipal water, water wells, surface water or tank water. The description of water sources is aligned with the GRI Standard on reporting total water usage.

<sup>19</sup> For purposes of these metrics, Coca-Cola FEMSA considered owned and third-party distribution centers managed by KOF. Plants acquired during the year 2022 will report on these metrics in the 2023 Integrated Report.



## 2022 Sustainable Finance Updates

Building on the momentum of the sustainability linked bonds announced by FEMSA and Coca-Cola FEMSA in 2021, we continued our leadership in sustainable finance during 2022 with two additional announcements.

First, in October 2022, Coca-Cola FEMSA announced the successful pricing of social and sustainability bonds in the Mexican market for a total of Ps. 6,000.0 million, becoming the first non-financial corporation in the Americas and the first company in the Coca-Cola system (<https://www.coca-colacompany.com/company/coca-cola-system>) to issue social bonds that facilitate the financing of social projects to investors. The bonds were priced at a fixed rate of 9.95% (Mbono+0.30%) for an amount of Ps. 5,500.0 million due in seven years; and Ps. 500.0 million at a variable rate of TIIE + 0.05% due in four years.

The net proceeds of these bonds will be used to finance social and sustainability projects focused on the development and local needs of the communities in which the Company has a presence, such as support programs that provide entrepreneurial and self-employment skills, financial solutions that support store owners and investments in sustainable community development, including water replenishment projects and water access in vulnerable communities.

Secondly, in November, FEMSA announced the placement of Mexican Peso-denominated sustainability linked bonds in the Mexican market for a total of Ps. 9,273,843,400.0 The issued bonds were purchased by 33 institutional investors and the issuance was oversubscribed 1.9x times. These Bonds are linked to FEMSA's SLBP-aligned Sustainability Linked Bond Framework and include the same SPTs related to the circular economy and renewable energy as the bond launched in 2021 (see page 134). Again, if these targets are not satisfied on the dates specified, and as verified by an accredited third party, there will be an interest rate step-up of 25 basis points.



## Green Bond Allocation

In line with FEMSA's sustainable finance strategy, Coca-Cola FEMSA issued its first green bond in the international capital markets in 2020. As of December 31, 2022, Coca-Cola FEMSA had allocated US\$ 664.87 million of green bond net proceeds (or approximately 94% of the total) to projects supporting climate action, water stewardship and the circular economy.

## Select Sustainability Awards & Recognitions

The following is a partial list of select third-party validations of FEMSA's sustainability efforts that we were honored to receive in 2022 from across multiple platforms.<sup>20</sup>

- FEMSA named to the Dow Jones Sustainability *Mercado Integrado Latinoamericano* (MILA) Pacific Alliance Index for the sixth consecutive year.
- Coca-Cola FEMSA named to the Dow Jones Sustainability MILA Pacific Alliance Index for the sixth consecutive year; to the Dow Jones Emerging Markets Index for the tenth consecutive year; and included in the S&P Global Sustainability Yearbook 2023 for the third consecutive year.
- Coca-Cola FEMSA recognized for the fourth consecutive year as one of the 2022 Best LGBTQ+ Places to Work by the Human Rights Campaign Foundation and HRC Equidad MX: Global Workplace Equality Program.
- FEMSA and Coca-Cola FEMSA named for the second and fifth consecutive year, respectively, to the 2022 Bloomberg Gender Equality Index for the development of policies that promote gender parity and for transparency in gender-related data disclosures.
- FEMSA and Coca-Cola FEMSA both named to the FTSE4Good Emerging Latin America Index for the seventh consecutive year.
- FEMSA and Coca-Cola FEMSA named to the S&P/BMV Total Mexico ESG Index for the second consecutive year since its creation in 2021.
- FEMSA achieved first place in the Conglomerates category of the Merco Empresas y Líderes México ranking for best reputation.
- FEMSA maintained its MSCI A rating for the third consecutive year.
- The Mexican Center for Philanthropy, A.C. (Cemefi) and the Alliance for Corporate Social Responsibility (AliaRSE) announced the following companies that again met the standards to obtain the ESR® (*Empresa Socialmente Responsable*, or Socially Responsible Company) Distinction in 2022:
  - FEMSA**, 16th year
  - OXXO**, 18th year
  - OXXO GAS**, 3rd year
  - Farmacias YZA**, 3rd year
  - GPF Corporation (Fybeca)**, 1st year
  - Coca-Cola FEMSA**, 17th year
  - Solistica**, 16th year
  - Imbera**, 17th year
  - PTM**, 8th year

Member of  
**Dow Jones Sustainability Indices**  
 Powered by the S&P Global CSA



FTSE4Good



**Coca-Cola FEMSA**

Coca-Cola FEMSA Beverages  
**Sustainability Yearbook Member**  
 S&P Global ESG Score 2022

70 /100

As of February 7, 2023. Position and Score are industry specific and reflect exclusion screening criteria. Learn more at [sglobal.com/esg/yearbook](https://sglobal.com/esg/yearbook)

S&P Global Sustainable 1



<sup>20</sup> This selection does not include all the recognitions we were pleased to receive during the year at the business-unit level as well.



# our people

At FEMSA we believe it is the right of all people to perform a job without discrimination, to receive fair remuneration and to preserve their human dignity through social protections.

We are committed to the comprehensive development of our more than 354,000 collaborators, generating respectful, inclusive and collaborative work environments for our talent to grow and thrive.

We provide dignified working conditions that constitute an essential support for the wellbeing of our people. Our efforts are aligned with the UN SDGs and cover three priority topics: Human & Labor Rights, Diversity, Equity and Inclusion and Integral Wellbeing.

## Sustainability Highlights 2022

**+1,500** refugees and migrants hired

**6,700** senior or disabled people employed

**2nd** consecutive year on the Bloomberg Gender-Equality Index

**27.0%** of women in executive positions and 41% of the total workforce

**+7.0** million cumulative hours of employee training (20 hours per employee)

**87.0%** on FEMSA's Organizational Climate Diagnostic

**+736K** corporate volunteering hours for +2.6K projects by +100K employees



**Ps. 4,100.0 million invested in Our People pillar**

For detailed 2022 data related to Our People, please see **Key ESG Data** in the Appendix. 





## Human & Labor Rights

In line with our values and identity, we promote adequate working conditions and compensation for our collaborators, and we ensure that we have the necessary facilities and infrastructure for our team members to work optimally and safely. We recognize that Human and Labor rights are the set of prerogatives based on human dignity, the effective realization of which is essential for the integral development of the person. FEMSA's **Human and Labor Rights Policy** outlines our expectations of our employees, suppliers and other stakeholders.

With the objective of creating safe workspaces and healthy lifestyles, all FEMSA Business Units have Industrial Safety and Occupational Health management systems in accordance with their activities and line of business, complying with FEMSA Corporate Policies and the legal framework of the countries where we operate. Given that the health and safety risks of each business unit are unique, we have certified professionals in charge of the Occupational Health and Safety Management Systems at each business unit.



### Providing Decent, Optimal & Safe Working Conditions

Nothing is more important than the safety of our people. We have the necessary facilities and infrastructure for our team members to work optimally and safely. We also maintain the right protocols, processes and regular training to prevent occupational accident risks in our workplace. We also conduct labor risk assessments that consider the views of our collaborators and leadership teams, including issues related to human rights.



### Prohibiting Child & Forced Labor

As outlined in our **Human and Labor Rights Policy**, we support the elimination of child labor and comply with the relevant local legislation on the employment of minors. We prohibit any employment relationship that is not voluntarily agreed upon and reject any form of unpaid work, servitude, slavery or mandatory retention of documents as a condition of employment. Through our Supplier Guiding Principles, we share the minimum expectations that we require of our suppliers to manage key areas of Human and Labor Rights.




## Preventing Child Labor in CAFFENIO's Supply Chain

**FEMSA has zero tolerance for child labor, including within the supply chain of our popular andatti coffee, the Mexican grown brand from CAFFENIO exclusively offered at OXXO stores and online.**



Unfortunately, child labor remains a challenge in the wider coffee sector around the world, where workers in some coffee-growing countries bring their children to help with the intensive manual work.

CAFFENIO has found that the native communities differentiate formative work from child labor since the Mexican tradition is to grow coffee as a family. Approximately 95% of the coffee producers that work with CAFFENIO are smallholders who do not have hired labor. For the largest producers, who need to hire personnel, training is carried out in accordance with the Guiding Principles framework that promotes human, labor, environmental and ethical rights.

In 2018, CAFFENIO launched *Formando a los Cafecultores del Mañana* ("Training the Coffee Growers of Tomorrow") to reach children living in coffee-producing communities in the region of the High Mountains in Veracruz. The program aims to promote children's pride for being part of the local coffee and agricultural sector and its importance to the country's economy through art, games and short **video stories**. 

CAFFENIO also promotes children rights and civic values in elementary schools. In four of the participant schools, CAFFENIO has developed small school farms. As of 2022, the project is running in 29 communities benefiting more than 1,100 students. One major activity during the year was the short stories contest, "*Cosechando Historias*" (Harvesting Stories), that achieved the participation of 151 students from 1st grade up to the College level, in five categories.

## Respectful & Collaborative Work Environments

We strive to create respectful and collaborative work environments that promote the commitment and motivation of our collaborators, and we keep open communication channels on a permanent basis. Our corporate goal is to have a workplace survey rating in the top 10 against benchmarks of high-performing companies, or those with at least a score of 89% on the Mercer Sirota Employee Engagement Survey. As of 2022, we scored 87% on the Mercer Employee Engagement Survey, after achieving a 70% response rate among those eligible employees invited to participate (representative from all business units and 14 countries).



## Diversity, Equity and Inclusion

At FEMSA, we recognize and celebrate the uniqueness of all people, regardless of gender, religion, nationality, sexual orientation, physical condition, or age. Our focus on diversity, equity and inclusion (DEI) extends across the organization, creating exponential value for our company and our communities. This includes non-discrimination in our employee recruitment processes, offering equal opportunities in our professional development tracks, and promoting multiculturalism among our strategic leadership teams.

FEMSA's Head of DEI leads our efforts in these areas and works closely with each of FEMSA's business units to help them implement their own DEI strategies and amplify positive impacts across our organization in unique ways. For example, in 2022 OXXO Chile obtained the Labor Inclusion Manager certification, which promotes equal opportunities for diverse employee groups to grow in their work environments, such as incorporating facility upgrades to accommodate people with disabilities.



To strengthen our efforts, in 2022 FEMSA defined and approved a DEI specific internal regulation, which outlines FEMSA's inclusivity expectations and helps guide all our business units in maximizing inclusive behaviors and defining appropriate countermeasures in cases of any uncertainty or non-compliance.

### Fostering Inclusive Work Environments & Encouraging Diversity

Across our business units, we strive to offer inclusive work environments in which all people have equal access to professional development opportunities and the space to contribute value from their individual characteristics and backgrounds. For example, the Proximity Division promotes the labor inclusion of minority groups and those in vulnerable situations. As of 2022, OXXO employed more than 2,530 older adults, and more than 860 people with disabilities.

OXXO's longstanding strategy to inclusively support diverse employee groups includes Directed Labor Training Centers, or special labor inclusion



## Coca-Cola FEMSA

was recognized for its best practices of inclusion to LGBTQ+ people in Mexico for the fourth year in a row.



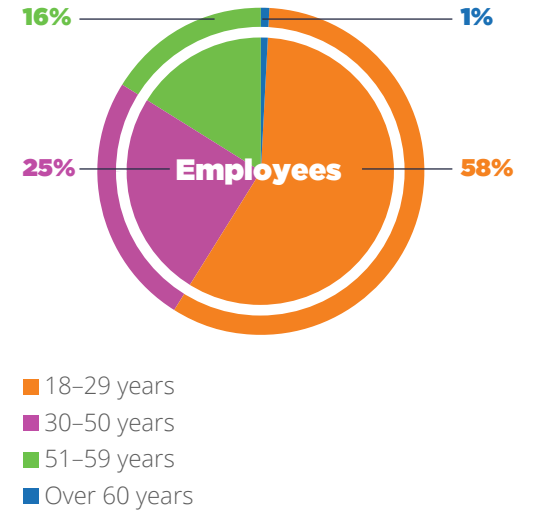
programs that help contracted people develop specific skills to be incorporated into active work, creating more equal employment opportunities both inside and outside the Company. In collaboration with civil organizations, public agencies and universities, OXXO's Training Centers for Older Adults, for example, offer classroom-style development programs that provide the tools and knowledge for adults over the age of 60 in vulnerable situations to remain active in the working world. Building skills and confidence in the areas of finance, customer service, administration or computing empower participants to successfully work in OXXO or in another company. To date, more than 6,000 adults between the ages of 60 and 70 years old have benefited from our Training Centers for Older Adults.

In 2019, OXXO also began implementing a refugee inclusion program in Monterrey, Mexico in collaboration with the UN Refugee Agency (UNHCR) and Tent Partnership for Refugees, a global non-profit coalition of more than 140 multinational companies working toward the economic integration of refugees by supporting dignified and formal employment opportunities. In Mexico, UNHCR seeks to relocate 20,000 refugees and asylum seekers from southern areas every year, and in Nuevo León alone, more than 9,300 migrants have applied for refugee status in the last three years. During that time, the Proximity Division has

*"We are proud of what we have been able to achieve in Mexico in supporting the employability of migrants and refugees, but we must continue to work to overcome challenges, including driving greater societal awareness and acceptance while facilitating mechanisms for financial inclusion. FEMSA has a responsibility to lead in these areas and we are setting a path for our partners, neighbors and other companies to join with us in finding solutions that inspire hope while reducing discrimination and poverty."*

**Anabel Olivas,**  
Leader of Diversity, equity and inclusion at FEMSA

### 2022 AGE DIVERSITY



hired more than 1,492 people in a refugee or migrant situation from surrounding countries, including Honduras, Haiti, Cuba, El Salvador, Guatemala, Venezuela, Nicaragua, Ecuador, Colombia and Uruguay.

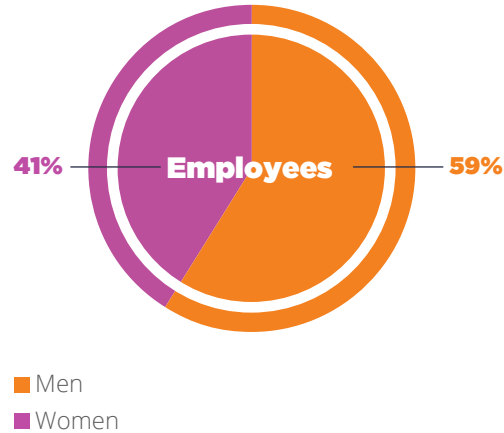
**Cruz Verde** in Colombia received the EQUIPARES Labor Equity Seal, a certification program developed by the Colombia Ministry of Labor and the UN Development Programme, in recognition of effective actions taken to close gender gaps.



#### EXECUTIVE POSITIONS

	2022 %	2021 %
Women	27	24
Men	73	76

#### 2022 GENDER DIVERSITY



#### Promoting Gender Equality

We promote equal access and opportunities for men and women through various programs and training in our companies. Across all FEMSA businesses, women make up approximately 41% of our total workforce and 27% of executive positions. Our corporate goal is to reach 40% women in executive positions by 2030, which would represent a 20 percentage point increase from our 2020 baseline.

2022 marked the second consecutive year that FEMSA was included in the Bloomberg Gender Equality Index. Coca-Cola FEMSA was also included for the fifth consecutive year, maintaining its link with UN Women.

### Solistica's First Female CEO

#### In line with Solistica's vision of becoming the preferred third-party logistics (3PL) solutions partner in Latin America, and FEMSA's commitment to increasing women in executive positions, Jessica Ponce de León

became the first female CEO of Solistica as of January 1, 2022. In an industry traditionally dominated by men, Jessica has a strong background in logistics and a track record of high achievement across various industries in the consumer and aviation sectors.

Given the ongoing evolution of the logistics business and the current operating environment, one of her priorities as incoming CEO was to undertake a comprehensive strategy review and ESG materiality assessment to understand the most important topics for Solistica's business and stakeholders. The results aligned closely with the priorities of FEMSA's three pillars (Our People, Our Community, Our Planet), including an emphasis on climate change, diversity, equity and inclusion and talent development. The analysis also identified strategic topics specific to Solistica, including service quality, innovation & technology and data privacy. These insights directly informed a refresh of Solistica's business strategy, including short and long-term goals, key actions and new collaboration opportunities across our value chain, particularly with suppliers and customers. As a next step, Solistica will be defining new key performance indicators and baselines to measure and track actions, results and impact.



*"At Solistica, I am proud to lead a team of more than 22,000 collaborators, for whom we maintain an environment of fairness and equality, offering opportunities for all people based on ability and regardless of gender. The diverse talent and creativity of our people is more important than ever, as the pandemic has redefined our logistics processes and the last mile, showing us that distribution networks are evolving and online sales will continue to soar. Our sustainable business strategy – focused on technology, operational efficiency and commercial management – keeps us nimble in the face of change, allowing us to keep customers at the center of all we do."*

**Jessica Ponce de León,**  
Solistica CEO



## Integral Wellbeing

We promote and encourage the quality of life and wellbeing of collaborators and their families through a culture of participation and co-responsibility. In 2022, we reimagined and redefined what we mean by 'Integral Wellbeing' at FEMSA, evolving it from a simple social development model to a comprehensive framework that supports the wellbeing of our people across five dimensions:

- **Healthy body:** We develop healthy habits that contribute to good physical fitness, prevention and reduction of diseases.
- **Work life:** We promote excellence at work within a positive, inclusive, constructive, healthy and safe environment.
- **Financial wellbeing:** We promote financial education to generate a savings culture that protects and builds personal and family wealth.
- **Social connections:** We facilitate the development of significant interpersonal relationships that promote family integration and among collaborators, as well as citizen participation to improve the community and the environment.
- **Psychological wellbeing:** We promote the psychological wellbeing of employees so that they can experience a satisfying and purposeful life.

**OXXO CLUB is a digital store – exclusively available to our more than 175,000 employees from Proximity, Digital@FEMSA and FEMSA Servicios - which offers affordably priced products and services with attractive discounts. From office and kitchen supplies to electronics, clothes and more, we are able to leverage our network of supplier relationships to access special pricing, which translates to cost savings and economic benefits that we can pass on to our eligible employees.**

As next steps in 2023 and beyond, we will implement a series of global strategies and actions to embed this model into the culture of FEMSA and our business units, including wellness trainings, the launching of new formative roadmaps, tools and accelerators, and the tracking of key indicators to understand our reach and impact, as well as to identify areas for continuous improvement.

### Promoting a Savings Culture & Financial Education

We foster a savings culture in the organization that promotes the building and protection of our team members' and their relatives' personal assets. For example, through Sociedad Cuauhtémoc y Famosa (SCyF) in Monterrey, Nuevo León, Mexico, we promote comprehensive development programs for our collaborators that include food, medical care, recreation and financial services, which allows us to foster a culture of work and savings to support family stability. SCyF has been in operation for more than 100 years and continues to grow each year.

Similarly, OXXO Colombia offers a program that promotes saving habits and proper financial management. This program positively impacts our employees and their families' wellbeing by helping them to improve their financial education knowledge and tools to enhance their possibilities to acquire and or improve their own home.

We strive to generate comprehensive **wellbeing** in five integral areas in the lives of our employees, their families and the communities where we operate.



### Protecting Physical, Mental & Emotional Health

At FEMSA, human capital is our greatest asset and we put the safety and integrity of our employees above any economic and operational considerations. We create wellness and quality of life programs, processes and facilities that ensure healthy and safe work environments while fostering a culture of preventative self-care for balanced lifestyles. This includes creative ways to reduce and prevent physical, mental and emotional illnesses, as well as arranging access to appropriate health services and development support.

For example, FEMSA Health promotes its wellness program, VIVE 360, to help collaborators prioritize the important balance between their personal, family and work lives. A series of people-first policies, talent mapping agendas,

work-life balance programs, attractive benefits and culture building activities across five dimensions of wellbeing are designed to protect and build up our collaborators. From flexible working hours, lines of credit and volunteering opportunities to career development tools and special medical benefits, Farmacias YZA is strengthening its employee retention rates and increasingly regarded as an employer of choice.



“The place where I want to be!” **VIVE 360** is Farmacia YZA’s comprehensive wellbeing program that puts its people first.

### Career Development and Continuous Learning

We promote a culture of continuous learning and development among our team members and their families by offering trainings to improve or acquire knowledge and skills. Our corporate goal is to have 8.7 million hours of annual training for collaborators. In 2022, more than 7 million hours of training were completed by employees on topics including human rights, sustainability, health & safety, culture & leadership, ethics & compliance and technical knowledge. Taking advantage of individual evaluation systems, we recognize areas of opportunity and promote our team members’ professional development within the organization.

More than 13 years ago, we launched Instituto OXXO, a learning platform of higher education developed in conjunction with the Secretary of Education of the state of Nuevo León, Mexico. Since its inception, the Institute has provided full scholarships to employees who study the three-year the Bachelor of Commercial Business Management degree, which is offered completely online. OXXO Institute works through the D2L Brightspace platform, which has a system that allows students to connect from a computer, tablet or cell phone. In addition, it has the advantage of being used with or without internet access and is available 24 hours a day, 365 days a year so employees can study at times convenient for them.

In 2019, the program became available to employees of all FEMSA business units and currently has more than 1,000 active students. The teaching staff includes more than 100 tutors who are also collaborators from different business units of FEMSA. In 2022, the 74 students who began their studies in 2019 graduated from the program with a great sense of accomplishment. OXXO Institute not only offers FEMSA employees the benefit of having a university degree, but also offers an educational experience linked to personal and professional development within the company. Since the beginning of the program, more than 470 students have graduated, of which approximately 278 have achieved a promotion.

Additionally, FEMSA also offers employees the LinkedIn Learning Content Platform, which provides more than 16,000 pieces of educational content developed by industry experts that allow the employees to choose what and when to learn, depending on their professional and personal needs and according to their Development Goals. In 2022, we invested more than US\$ 14.8 million for our more than 354,000 employees to strengthen their understanding of FEMSA’s self-development culture and of our Learning Model.



### Promoting Values & Citizenship

We promote the development of strong social, civic and family relationships through initiatives that foster family integration, citizen participation and a culture of volunteerism in harmony with the environment and the community. During 2022, more than 100,000 employees across our business units cumulatively spent approximately 736,000 total hours volunteering at one or more of 2,600 activities related to community support, education, environmental sustainability or health & wellbeing. We also welcomed more than 19,000 community members or family members of employees to join us in these activities.



# our community

We are committed to contributing to the economic and social development of the communities in which we operate, creating value by generating prosperity and wellbeing.

Our efforts are aligned to the UN SDGs and cover three priority topics: Community Wellbeing, Economic Development and Sustainable Sourcing.

## Sustainability Highlights 2022

<p><b>3.7</b> million direct beneficiaries of community programs</p>	<p><b>766</b> associations, institutions, companies and organizations with whom we have a membership or association.</p>
<p><b>Ps. +91.0</b> million raised through the "Redondeo" and "Dona tu Vuelto" programs and donated to 366 organizations</p>	<p><b>690</b> community actions completed</p>
<p><b>+2,600</b> activities of volunteering</p>	<p><b>+650,000</b> units of medications and health products donated to communities in need, equivalent to Ps. +20.0 million.</p>



**Ps. 833.0 million invested in Our Community pillar**



## Community Wellbeing

To drive the wellbeing of the communities where we operate, we focus on promoting healthy lifestyles, contributing to safe surroundings, supporting clean neighborhoods and engaging locally. Our corporate goal is to reach 20 million beneficiaries of our community wellbeing initiatives by 2030. As of 2022, 690 community actions were completed benefiting more than 3.7 million beneficiaries. Since 2021 we have reached more than 6.7 million beneficiaries of community programs.



### Supporting Healthy Lifestyles

Across FEMSA, we have portfolios of affordable products with nutritional and health-oriented attributes. We give access to our products' nutritional information to our customers and consumers, including ingredient lists. We also support and comply with all labeling requirements for packaged foods and beverages in the markets where we operate, such as the NOM-051 General Specifications for Labeling of Prepackaged Food and Non-Alcoholic Beverages in Mexico. In addition to the importance of proper labeling and driving greater consumer awareness, we also actively work to assess and identify opportunities where we can improve the nutritional profiles of products.

For example, in the Proximity Division, OXXO has more than 25 own brands, ranging from La Esquina peanuts and Bitz snacks to Vitawa alkaline water. In 2022, we took steps to assess our food and beverage portfolio of own brands, identify potential nutritional excesses and proactively work with our suppliers to initiate reformulation plans as appropriate, which we will continue to make progress on in 2023. Coca-Cola FEMSA also continues to adapt to evolving consumer preferences by driving the growth of the no- and low-sugar portfolio of sparkling beverages.

We have zero tolerance for the sale and marketing of products to restricted populations, including the sale of

alcoholic or tobacco products to minors or the sale of medicines without prescriptions. We also participate in efforts to promote responsible advertising and promotion to minors. For example, as part of Coca-Cola FEMSA's commitment to the wellbeing of consumers and customers, all advertising adheres to The Coca-Cola Company's Responsible Marketing Policy and Global School Beverage Guidelines, and we do not market products in channels with an audience predominantly of children under age 13.

Finally, FEMSA Health develops and promotes access to low-cost and generic medicines, as well as quality medical services. We have defined our social

**OXXO has more than 25 own brands, ranging from La Esquina peanuts and Bitz snacks that are part of our affordable products with nutritional and health-oriented attributes.**

impact approach to include contributing to the health and wellbeing of communities and providing accessibility to health services and products. We do this through actions such as the donation of medicines, our Loyalty Program, health programs and health councils.



### Contributing to Safe Surroundings

We have points of sale, facilities and work centers that help promote safe environments in the communities where we operate, including ensuring areas of public access are well-lit areas with security cameras.

We invest in technology and development practices, protocols and management systems to ensure that our operation's vehicles travel safely on public roads. At Solistica, for example, there is a growing commitment to safety processes and the prevention of road and industrial accidents, proven through the policy, "ABSOLUTE ZERO IS POSSIBLE," which guides our transport

operators to exercise their maximum levels of commitment, self-care and judicious adoption of all company standards on excellence in road safety. Solistica Panama and Coca-Cola FEMSA proved that "zero" is possible, celebrating twelve consecutive years in 2022 without a road-related fatality among transport operators.

Solistica was also pleased to participate this year in the "Companies Allied for Road Safety" initiative sponsored by the Secretaría de Movilidad (SEMOVI) in Mexico City, where nearly 150 transport operators from Solistica were trained through a series of road safety awareness and education workshops. SEMOVI's initiative seeks to strengthen

road safety and reduce traffic incidents in Mexico City with the goal of preventing traffic incidents and taking care of the lives of their employees and the public. Solistica will continue to expand these beneficial training opportunities with SEMOVI in 2023 and beyond, which have been very well received by operators.

### Clean Communities

To contribute to the environmental cleanliness of the communities where we operate, we promote a circular economy mindset and a culture of responsible waste collection and management. As part of this commitment, at the end of 2022,

Coca-Cola FEMSA, together with leading plastic packaging solutions provider, ALPLA, inaugurated the first supply center in Veracruz, Mexico that, beginning in the first quarter of 2023, will collect and send up to 2,000 tonnes of PET per year to the *Planta Nueva Ecología de Tabasco* ("PLANETA") recycling complex in Tabasco.

We opened five new collection centers, so we can increase recycling in the southeast region of the country. We also aligned with small customers, as well as with larger chains, to collect waste at their stores through "Mi Tienda sin Residuos" ("my zero waste shop") program.

In addition to the benefits for the circular economy, another strategic objective of PLANETA and its supplier network is to promote community wellbeing and economic development by formalizing the collector partners (suppliers) through capacity building, raising collective awareness and creating formal and fair jobs.



For more on the circular economy, see [pages 63 and 70](#).

## Engaging Local Communities

In addition to serving our communities through the portfolio of products and services we offer, an important part of our social license to operate is based on the relationships we build with our neighbors. In 2015, FEMSA and our business units developed the MARRCO<sup>21</sup> model to understand how our operations impact the immediate community, and, in turn, how the community impacts our workplaces.

### MARRCO

The MARRCO model comprises five steps (see figure) for managing risks and community engagement, which helps to guide and inform our value-generating engagement activities and programs, including volunteering or the donation of medicines, food, fuel and supplies.

The methodology aims to build and maintain effective relations with local communities by fostering dialogue and mutually beneficial collaboration opportunities. It is currently deployed in Coca-Cola FEMSA, OXXO (in Mexico, Colombia, Chile and Peru), Tiendas Bara, OXXO GAS, Farmacias YZA, Imbera and PTM.

For example, in 2022, FEMSA Health expanded the use of MARRCO from Mexico to its other territories of operation (Ecuador, Colombia and Chile) to guide its vision of being a health ally for the wellbeing of communities. The methodology was used to strategically identify and prioritize the best collaboration initiatives to achieve this, such as donations of medicines, products with a cause and free consultations (see pages 52-53), among others.

Similarly, Coca-Cola FEMSA adapted and deployed a customized version of the methodology in select critical sites according to community risks. In this way, MARRCO operates as the "hub" that connects and articulates the different sections of responsibility between FEMSA, Coca-Cola FEMSA Corporate, operations, plants and distribution centers, based on four deliverables: leadership and projection; reputation and positioning; operational continuity; and social license. Looking ahead, Coca-Cola FEMSA will expand the implementation of MARRCO to additional sites.



21 La Metodología de Atención a Riesgos y Relacionamento Comunitario (The Risk Attention and Community Relations Methodology)

## Engagement Programs

We know mobility and transportation are vital for many nonprofits and institutions that help the community. For the third consecutive year, OXXO GAS ran the Litros con Causa (Liters with a Cause) program, which to date has delivered more than 100,000 liters of fuel and helped more than 540,000 people in the communities where we operate. During 2022, more than 36,000 liters of fuel was donated to local fire departments, and we also launched a call to all civil organizations in Nuevo León interested in receiving this kind of aid. Hundreds of organizations petitioned according to certain criteria, and two from the health sector were selected to receive a total of 2,500 liters of fuel: Cruz Rosa, an organization that supports low-income women with cancer and Sana en Casa, an organization that supports families who have a sick person or someone with a disability at home. The fuel donations to these two organizations were enough to guarantee the mobility of the patients in need for up to three months.

In our retail businesses we also have various opportunities for our customers to join in the support of their communities through donation campaigns. For example:

- **Donate Your Change:** In our Retail business, the “Redondeo” and “Dona tu Vuelto” (Donate your Change) programs have been extremely successful in raising awareness and directing funds to institutions that work for the benefit of society. Since the program began in 2002, Ps. 1.5 billion have been donated by retail customers to more than 3,800 organizations. In 2022, OXXO and Tiendas Bara (our discount chain for the home pantry) in Mexico collected Ps. 84.9 million and donated it to 349 organizations; Farmacias YZA in Mexico channeled Ps. 4.1 million to 14 local institutions; and Maicao and Farmacias Cruz Verde in Chile collected Ps. 74,000 for two organizations.
- **Product with a Cause:** Through a new “Producto con Causa” (Product with a Cause) campaign this year, when Farmacias YZA customers in Mexico purchased eligibly marked products, either a percentage of the sales were donated to support a social cause, or, for each product purchased, an equal one was donated to the community. We were pleased to have five “own brand” products participate in this initiative, and at the end of first month of the pilot program in two locations in Mexico, nearly 22,000 health and wellness products and more than Ps. 600,000 were donated to our partner nonprofit associations.
- **Donate and Help:** Our Fybeca and SanaSana drugstores in Ecuador partnered with nonprofit medical service organization, *Operación Sonrisa* (Operation Smile), to activate a “Donate and Help” program inviting customers at all our points of sale nationwide to make monetary donations toward transformational surgeries for children living with cleft lip and palate. In the first year of the program, we donated supplies and made a monetary contribution of nearly US\$ 138,000.0 to *Operación Sonrisa*, which was enough to fund free surgeries for more than 200 children, as well as cover additional services in other specialties such as pediatrics, speech therapy, nursing, psychology and dentistry.



## Economic Development



We are working to create economic value for our retail customers in the communities where we operate. This includes supporting the small and mid-size companies in our value chain, purchasing from local suppliers and promoting entrepreneurship by investing in start-ups.

### Economic, Labor, Financial & Digital Inclusion

In line with the capabilities of each business, we contribute to economic, labor, financial and digital inclusion in the communities where we operate through our actions, products and services.

For example, to reach people of diverse socioeconomic backgrounds who may have limited or no access to healthcare guidance, products or services, FEMSA Health sponsors community programs that leverage our products and medications, pharmaceutical intellectual capital and our installed capacity of medical offices. In 2022, FEMSA Health launched the following programs:

**More than 6,700 free consultations were provided to community members by Farmacias YZA healthcare professionals as part of a pilot program for the prevention and treatment of illnesses and/or the early detection of certain health conditions.**

- Product donations:** FEMSA Health recovered and donated more than 650,000 units of medications and other products to communities in need, an amount equivalent to more than Ps. 20.0 million. Of this total, Farmacias YZA in Mexico donated more than 240,000 units; Socofar in Chile donated more than 278,000 units; Cruz Verde in Colombia donated more than 111,000 units; and Corporación GPF in Ecuador donated more than 21,000 units.
- Free consultations:** More than 6,700 free consultations were provided to community members by Farmacias YZA healthcare professionals as part of a pilot program for the prevention and treatment of illnesses and/or the early detection of certain health conditions, such as cardiovascular disease. In addition to the wellbeing benefits this provides to our customers, the program also drives foot traffic to our stores and increases the volume of patients in our clinic database, where we can support them in other ways, such as through our free loyalty program that offers discounts on health and wellness products.
- Juntos Hacemos +:** In Colombia, our Cruz Verde drugstores and pharmacies launched a new program called “Juntos Hacemos +” to educate customers on the proper use of medications and on issues related to their specific pathology. The complimentary program began with activities focused on diabetes patients and has reached at least 100 people monthly since the start of the pilot.

On the digital front, FEMSA's Proximity and Digital@FEMSA divisions are including consumers at the center of their business strategy and bringing secure financial services to traditionally underserved populations by leveraging mobile device innovation and technology. For example:



- **Spin by OXXO:** With our strengths in correspondent banking and financial services, as well as a growing prowess in the digital world, in 2022, we continued to expand the reach of **Spin by OXXO**,<sup>22</sup> our digital wallet first announced in 2021 that digitally offers a variety of financial services, including sending and receiving funds through a cell phone; accepting deposits, withdrawals and balance inquiries at more than 21,000 OXXO stores; facilitating purchases through a VISA card; and completing SPEI® transfers and transfers between app users. In 2022, Spin by OXXO received its definitive authorization to operate as a financial technology institution in Mexico – a relevant milestone that will allow us to continue pursuing our financial inclusion ambitions. As of the end of 2022, we have reached 3.9 million Spin by OXXO active users. Nearly 54% of Spin by OXXO's customers are women, a group traditionally underserved and with more limited access to financial products or services.
- **OXXO PREMIA:** Our loyalty program in Mexico, OXXO PREMIA, continued to grow during 2022 following improvements to the app's user experience and functionality. By the end of the year, we had reached 12.9 million active users, and we are continuing to focus on generating more participation and understanding our most frequent users. OXXO PREMIA operates either as a stand-alone program or in tandem with Spin by OXXO, thanks to the option offered to Spin by OXXO customers to enroll in OXXO PREMIA when opening their account. Members receive benefits such as OXXO PREMIA points (earned from purchases), SellOXXOs (free products when reaching a certain goal), and other exclusive promotions.

## SME Development & Local Procurement

Another way we support the economic development of our communities is through the development and support of our suppliers. This may include forming alliances on sustainability actions with suppliers and business partners for things like PET collection drives, Product with a Cause campaigns or tests for changing packaging. We also work on initiatives for the development and professionalization of the informal or non-institutionalized segments of the industries in which we participate.

For example, we strive to support small and mid-size enterprise (SME) customers in the Coca-Cola FEMSA value chain through point of sale and inventory management strategies, as well as financing mechanisms and crowdfunding to install renewable solar energy systems on storefronts. Through a program launched in Mexico in 2022 by Coca-Cola FEMSA in collaboration with a crowdfunding platform and the German Cooperation for Sustainable Development (**GIZ**), more than 30 photovoltaic systems were developed using an innovative crowdfunding financing mechanism. By consuming renewable electricity, the program not only reduces SMEs' greenhouse gas emissions but also their operating costs by as much as 50-70%.

22 Spin by OXXO operates through Compropago S.A. de C.V. I.F.P.E.

## Welcoming Local Suppliers to OXXO Shelves

**OXXO is always looking to expand the diversity and quality of products we offer, and it is a bonus when we can bring more flavors of the local community to our convenience store shelves.**

Mieles Don Jorge, led by Vianey Guzmán and Enrique Moscoso - is a small, family-owned honey business that began with one product at OXXO – 100% natural honey – and we now offer six additional products from the brand, including honey-sweetened cakes, butter and canned chili peppers. As of the end of 2022, OXXO customers can find Mieles Don Jorge products at OXXO stores in Tabasco, Chiapas and Ciudad del Carmen, Mexico.

*“Our sales have grown exponentially since receiving the opportunity to register as a supplier to OXXO. This means we have been able to expand our business, increase our profitability and grow our staff by more than five times – bringing those economic benefits back to the families and communities of our employees.”*

### Vianey Guzmán Quijano,

Mieles Don Jorge sales manager and daughter of the late founder, Jorge Guzmán.

## Encouraging Entrepreneurship

We contribute to the development of the entrepreneurial ecosystem in our geographies through investments in start-ups and participation in entrepreneurship programs. Through our corporate venture capital (VC) firm, **FEMSA Ventures**, and in collaboration with top VC firms across Latin America, we are on a quest to disrupt industries and transform people’s lives by finding investment opportunities to support world-class entrepreneurs by scaling up innovative ideas in ways that successfully leverage FEMSA business platforms.



## Creating Value from Food Waste

One of FEMSA Ventures’ direct investments in 2022 was to **CoreZero**, an emerging climate-tech Platform as a Service that is creating value from waste by connecting to an organization’s operations and measuring the impact of its waste minimization initiatives. Using a proprietary methodology, CoreZero assesses a project’s potential in real time and generates carbon credits – or verifiable emission reductions from certified projects that avoid greenhouse gas emissions (GHGs) – creating an incremental financial incentive to scale up climate action.

In 2022, CoreZero closed a US\$ 7 million pre-series A fundraising round, and FEMSA Ventures was excited to participate alongside the

Inter-American Development Bank and other supporters. With the funds, they plan to expand their team, grow their business and update their platform to further improve seamless automations. One of CoreZero’s successful agreements during the year was with the non-profit, **Red de Bancos de Alimentos** de México (Red BAMX), made up of 53 food banks across Mexico which rescues food (before it becomes waste) and redirects it to families, communities and institutions in need.

Our OXXO Distribution Centers (CEDIS) have been working with Red BAMX weekly since 2010, collecting and donating surplus and undamaged products from OXXO stores to populations in need, including groceries, drinks, fast food and dairy products. In 2022 more than

1,170 tonnes of food from OXXO were redirected to Red BAMX, benefiting more than 64,000 people.

Now, as OXXO and Red BAMX continue to work together to address the food gap in vulnerable communities, with the help of CoreZero, they will also be helping to combat climate change by avoiding the GHGs associated with food waste. Once the carbon credits are calculated and independently verified based on the amount of food rescued, CoreZero sells the credits and splits the profit with the food bank, creating financial resources that can be redirected back into fighting hunger. Already in 2022, CoreZero has created 225,000 carbon credits with its partners, and is on track to generate at least four million more over the next ten years.



## Sustainable Sourcing

At FEMSA, we strive to work with our suppliers to reduce the environmental and social impacts generated by our commercial interactions and strengthen the sustainability of our entire value chain. This includes engaging with our suppliers and business partners on sustainability issues so that we can identify and share best practices.

In 2022, we launched a Sustainable Sourcing Committee with the purpose of achieving a convergence of economic, social and environmental value by promoting the application of sustainability criteria and practices within FEMSA's procurement function. During the year, the Committee helped to further define FEMSA's ambition to "buy local," that is, to increase the percentage of purchases from local suppliers for our procurement needs. The rationale behind this objective is to not only contribute to the economic and social development of the communities where we operate, but to also minimize the environmental impact of merchandise transportation.

With input from the Sustainable Sourcing Committee, our 2030 corporate goal is to achieve and maintain a >90% percentage of purchases from local suppliers in all



countries where we operate, triggering actions that allow us to advance our purpose as a sustainable procurer of goods and services. A purchase from a supplier is considered "local" when the work center that makes the purchase and the seller are in the same country (i.e., same tax registry).

We also take steps to ensure that all our suppliers operate with ethics and integrity, based on responsible business policies, principles and processes that comply with applicable legislation and best sustainability practices. FEMSA's **Supplier Guiding Principles** were updated in 2022 based on FEMSA's **Code of Ethics** and related **corporate policies**. They contain the minimum expectations that we require of our suppliers to manage in areas of Human and Labor Rights, Sustainability, Culture of Lawfulness and Information Security. The Guiding Principles are also deployed in the procurement teams of all business units and utilized as a critical supplier engagement tool. In 2022, our business units took steps to help drive increased awareness of the responsibilities of all current and new suppliers and to find opportunities to improve compliance with the necessary methods and practices outlined in the Guiding Principles.





For example:

- **Coca-Cola FEMSA** continued to uphold a robust supplier risk management process, including assessing all suppliers for compliance with social and human rights regulations using the EcoVadis platform, as well as Ikus, an agency that leads supplier evaluations, qualifications and trainings.
- **FEMSA Health** classified critical suppliers, conducted a survey to assess and improve key criteria and is working toward registering all existing and new suppliers with signed acknowledgements of the Supplier Guiding Principles.
- **Solistica** disseminated updated commitment letters to suppliers and added more specific clauses to purchase orders in line with the Supplier Guiding Principles and Code of Ethics to ensure the clear communication and deployment of expectations. Nearly 800 suppliers received approximately 6,300 purchase orders that incorporated the Guiding Principles.
- **Imbera** distributed sustainability questionnaires, conducted audits, launched action plans and closed related findings. This work complemented its annual workshop with suppliers to discuss objectives, evaluation processes and new sustainable projects and ideas.

## Dressing for Success in Sustainability

### In partnership with a key supplier

over several years of designing and testing, we increased the percentage of recycled PET fiber in the Proximity Division's OXXO store employee uniforms from 50% (as of 2020) to a full 100%, without increasing the cost of the product. Each garment upcycles the equivalent of seven 1-liter PET bottles that would otherwise be discarded as waste in our environment. The manufacturer of the new design also saves on natural resources, including 20% greater efficiency in water consumption and 37% greater efficiency in carbon footprint.





# our planet

We are committed to contributing to the care of the world around us, minimizing the environmental impacts of our operations throughout the value chain and those of our products and services.

Our efforts are aligned to the UN SDGs and cover three priority topics: **Climate Action, Water Management and Circular Economy.**



## Sustainability Highlights 2022

**68.7%** of total operational waste diverted from landfills

**1st** study of climate-related risks & opportunities in alignment with TCFD recommendations

**58.0%** of FEMSA's total electricity consumption from renewable sources

**25.0%** of raw materials used in products and packaging of recycled origin

**1.46** liters of water per liter of beverage produced by Coca-Cola FEMSA

**81.0%** progress toward our goal of reaching neutral water balance in all our operations

**+15,600** sites powered with renewable energy

**27.0%** recycled PET used on average across Coca-Cola FEMSA's plastic bottle presentations

For detailed 2022 data related to Our Planet, please see **Key ESG Data** in the Appendix.



**Ps. 7,100.0 million** invested in **Our Planet pillar**



## Climate Action

We recognize that climate change is one of the most important sustainable development challenges facing the world and we are committed to supporting its mitigation by avoiding and reducing the emissions of greenhouse gases (GHGs) into the atmosphere. To do this, we will reduce GHGs generated by our operations and supply chains, focus on expanding the use of renewable energy, strengthen the sustainability of our transportation fleet and develop sustainable products and services.

### CO<sub>2</sub>e Emissions Reduction

Across FEMSA's operations and supply chains, we are working to reduce our Scope 1, 2 and 3 emissions and promote energy efficiency.

For example, at OXXO, we have a comprehensive program that allows us to save energy in offices, distribution centers (CEDIS) and stores through advances in technology, including solar control films and insulation, among other technologies. In OXXO Mexico stores, as of 2022, we have reduced our total energy use by 38% below 2009 levels.

In June 2020, Coca-Cola FEMSA became the first Mexican company and the third in Latin America to obtain approval from the **Science Based Targets initiative** (SBTi) for its 2030 GHG emissions reduction goals. As of 2022, we remain on track to achieving our 2030 targets (see table).

### Coca-Cola FEMSA Performance on SBT<sup>23</sup>

	2021	2022	2030 Goal
Reduce absolute scope 1 and 2 GHG emissions from our operations by 50% by 2030, compared with a 2015 baseline year	28.0%	29.0%	50.0%
Reduce absolute scope 3 GHG emissions from the value chain <sup>24</sup> by 20% by 2030 compared with a 2015 baseline year	14.0%	17.0%	20.0%
Achieve 100% renewable electricity for our operations by 2030	53.0%	66.0%	100.0%

As a next step, FEMSA is currently working to establish SBTi-approved emissions reduction targets for all FEMSA business units individually. As part of this process, during 2022, each of FEMSA's business units completed a carbon footprint inventory and took other steps to prepare for defining

their own science-based targets. In 2023, we aim to work with SBTi to finalize the approvals for proposed targets for each business unit.

For more information on FEMSA's analysis of risks and opportunities related to climate change, see [page 131](#).



23 Performance reflects all our operations and is calculated based on the SBTi.

24 Covering purchased goods and services and upstream transportation and distribution.



## Renewable Energy Use

FEMSA's sustainability strategy is focused on the efficient use of energy and the use of renewable sources. Since 2015, we have significantly increased renewable energy use across all our business units, primarily through strategic partnerships with wind farms in Mexico. Our corporate goal is to reach 85% renewable energy use across our operations by 2030, and as of 2022, 58% of FEMSA's total electricity consumption comes from renewable sources. This includes 15,531 sites in Mexico that are powered with renewable energy. Approximately 61% of our total electricity needs in Mexico are covered by renewable sources, representing 591,317 tonnes of CO<sub>2</sub>e avoided.

We know that to reach our ambitious target of 85%, increased efforts will be required, given the complexity of our business and our geographic footprint. Regulatory uncertainty and limitations in Mexico and other countries also pose a challenge to long-term planning around the private procurement of renewable energy. For example, Proximity, which represents 69% of FEMSA's total electricity consumption, is a highly dispersed buyer of electricity.

## Sustainable Mobility

We incorporate the use of electric vehicles and other new technologies in our operations' fleets and, whenever possible, we use renewable energy as its energy source. We also promote efficiency in the operation of our utility and distribution vehicle fleets by optimizing routes, training operators and incorporating new technologies. For example:

- Through **Coca-Cola FEMSA's Sustainable Mobility Strategy**, we aim to reduce the impact of our fleet on the CO<sub>2</sub>e emissions of our supply chain (including primary and secondary distribution trucks), and to position ourselves as an industry leader in Latin America in terms of vehicle efficiency, environmental stewardship and safety. Aligned with this strategy, our projects are to: transition of own transport fleet to electric fleet efficiency, prioritizing areas with restricted mobility and achieve a 25% increase in efficiency in fuel consumption (MJ)/kilometers of distance covered (km). In 2022, we expanded our fleet of electric vehicles to a total of 482 vehicles.

- At **Solistica**, we are continually working to reduce the carbon footprint of Transportation Operations (LTL) through more efficient vehicles, including a fleet of twelve vehicles that began operating in 2022 and run on 100% natural gas, helping to avoid an estimated +80 tonnes of CO<sub>2</sub>e as of the end of 2022.

Solistica has also launched two models of electric cargo tricycles, which we use for last mile delivery in Bogotá, Colombia, in search of having vehicles with low or zero emissions. The environmental benefits of using seven tricycles for approximately 16 months (July 2021-November 2022) are estimated to be 35.4 tonnes of CO<sub>2</sub>e avoided, 8,833 liters of diesel saved and 96,179 grams of particulate matter (PM 2.5) avoided. In addition to the emissions avoided, these bikes also provide multiple social benefits, including promoting the culture of sustainable transport and helping to improve the city's air quality. Similarly, in Brazil, we operate electric vehicles and continuously monitor ways to consolidate operational loads as much as possible.

- In our **Fuel business**, we serve 7,000 B2B clients with more than 70,000 vehicle units, representing approximately 20% of total sales. To support these clients better, we began the implementation of our own fleet card, "EOX," which provides a comprehensive technological solution in a single administrative platform, so clients who manage the fuel of their fleets can do so in the most efficient ways possible. The program drives efficiencies through cargo control, security and telemetry all in the same solution.





### Sustainable Products & Services

We strive to contribute to climate change mitigation efforts by leveraging our portfolio of products and services to support innovative, technological and sustainable solutions. For example, in 2022, OXXO and Tecnológico de Monterrey created an alliance to contribute to sustainable waste management, following research on opportunities to transition from petroleum-derived plastics to bioplastics. As a first project, in collaboration with OXXO's packaging suppliers, a packaging change test was developed for De la Esquina peanuts, OXXO's own brand. In the prototype, an additive was added to the bioriented polypropylene to speed up the biodegradation time and reduce the environmental impact of conventional plastic. The developed prototype has shown excellent physicochemical properties in shelf tests, similar to those of conventional packaging, and we will continue our collaborations to work toward a final commercialization of this sustainable product solution in the future.



Other examples of sustainable products from across FEMSA include:

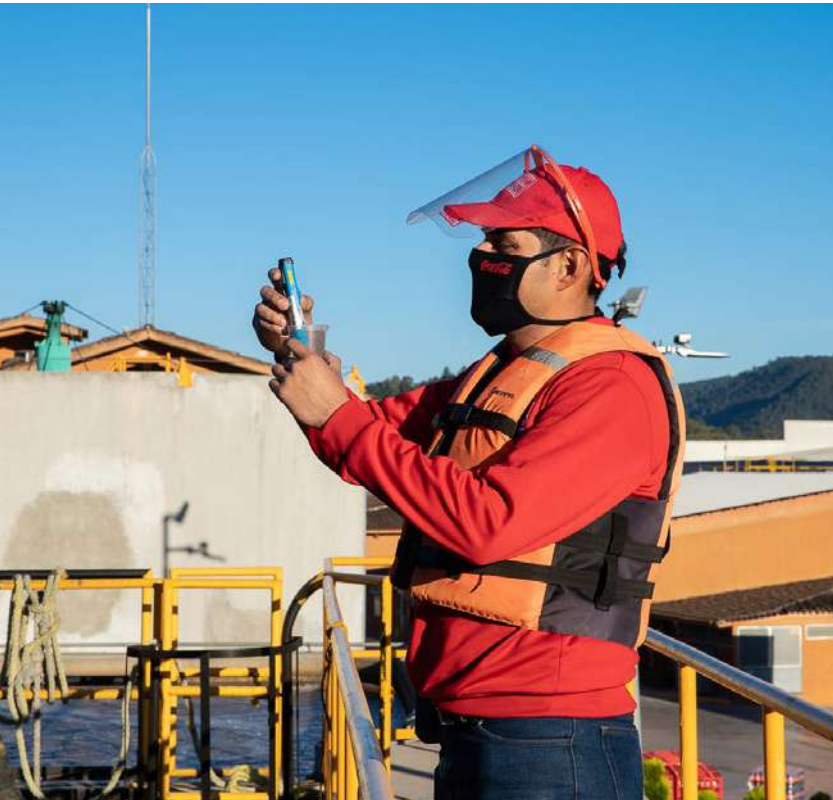
- **Coca-Cola FEMSA** strives to lighten the weight of packages and utilize a greater percentage of recycled resin (rPET) in packaging (learn more on page 64).
- **Imbera** continues to offer a low-carbon cooler solutions portfolio (learn more on page 65).
- **PTM** products are designed to be 100% recyclable and to have greater durability and resistance, allowing the life cycle of some elements to be longer (learn more on page 66).



### Helping Customers Reach their Green Cleaning Goals

The Envoy Solutions company, WAXIE Sanitary Supply, has developed Waxie GPS® Green Partner Support™ as a platform for customers who would like to implement a green cleaning program in alignment with their own sustainability goals. The customized program combines third-party certified low environmental impact cleaning products with training and consultative expertise on effective cleaning procedures presented by our WAXIE employees who are LEED® Accredited Professionals and CIMS-GB ISSA Certification Experts.





## Water Management

We are committed to using water efficiently as it is not only an indispensable element for our operations as a business, but for the socioeconomic development and wellbeing of communities.

### Optimizing Water Efficiency

We have best-in-class practices, supported by action plans to optimize water efficiency in our operations, as well as promote the efficient use of water in our supply chain. For example, in Farmacias YZA in Mexico, to drive greater empathic connections between our stores, the community and the environment, we installed 45 condensate water recovery systems through which we can recover water from coolers to irrigate green areas that are near our points of sale. Thanks to this effort, in 2022 we were able to reduce the water consumption from municipal water supplies by more than 985,000 liters.

### Contributing to Water Accessibility, Sanitation & Hygiene (WASH)

Our WASH strategy is based on improving access to safe drinking water. For 2023 our ambition is to work with our communities on WASH initiatives and develop access projects.

As an example of this work, in alliance with FEMSA Foundation, The Nature Conservancy (TNC), the Inter-American Development Bank (IDB), and the Global Environment Facility (GEF) on the Latin American Water Funds Partnership. Together, we have developed 26 water funds, of which eight are located within our countries of operation.

### Advancing Water Security

Our corporate goal is to achieve neutral water balance in all our operations by 2030, and as of 2022, we have reached 81% toward this goal. During the year we established a methodology to assess and quantify the total water replenishment projects and activities being carried out by business units across FEMSA. This information will guide our actions and next steps to work toward our goal of achieving neutral water balance in our operations.

Coca-Cola FEMSA is also committed to using water more efficiently and to further protect water security in the territories where we operate. This includes replenishing more than +100% of the water utilized to produce beverages across our bottling operations, focusing on those determined to have high hydrological stress. Currently 100% of water used to produce Coca-Cola FEMSA's beverages is returned to the environment in main markets, and by 2030, Coca-Cola FEMSA will continue to return to the environment the same amount, or more, of water used in the production of beverages. As of 2022, Coca-Cola FEMSA achieved a water-use ratio of 1.46 per liter of beverage produced, down from 1.47 in 2021 and 1.49 liters in 2020.

For more information on Coca-Cola FEMSA's progress on the 2024 and 2026 Sustainable Performance Targets associated with its sustainability-linked bond, please see [page 37](#).



For more information about Water Security initiatives, please see [page 68](#).



## Circular Economy

To support the environmental health of our communities, FEMSA's sustainability strategy includes a focus on the adoption and promotion of the principles of the circular economy, especially related to waste management and recycling.

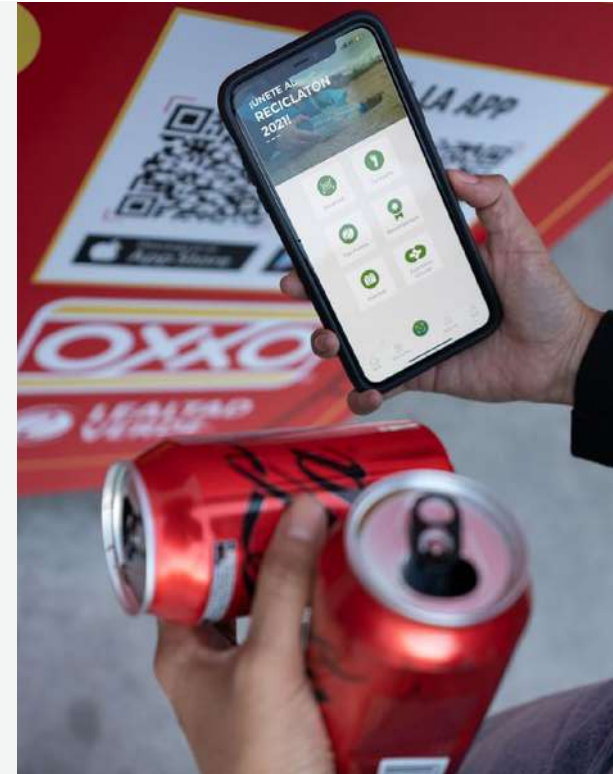
### Reducing & Eliminating Operational Waste

We ensure proper waste management in our operations and aim to prevent waste from reaching sanitary landfills. We also seek the elimination of single-use non-recyclable plastic from our operations. Our corporate goal is to achieve 100% diversion of operational waste from landfills by 2030. We also have a Sustainability Performance Target (SPT) to reach 65% diversion of operational waste from landfills by 2025 as part of our Sustainability-Linked Bond (for more information on our SPTs, please see page 134). As of 2022, we have reached 68.7% of total operational waste diverted from landfills. In addition, 100% of our beverage manufacturing plants in Mexico have achieved Zero Waste to Landfill certification.

### Rewards for Recycling

In alliance with our start-up partner, **Lealtad Verde**, in 2022 we installed automated biorecycling machines in 30 OXXO stores in Mexico City and Monterrey as a pilot test to help promote recycling and the importance of the circular economy in Mexico. The machines accept PET, HDPE and aluminum cans and have specialized sensors to detect any product entered. The machines have a capacity of up to 30 kilograms of urban solid waste and crush each piece to optimize the available remaining space within the machine.

To incentivize participation, OXXO offers a reward program when users responsibly deposit their bottles and cans into the biorecycling machines. To earn points, users can download the Lealtad Verde app, create an account and begin collecting points by bringing their waste to the machines to recycle. Credits accumulate points to the user's account, which can be redeemed for various OXXO promotions. We plan to utilize the insights from this initial pilot program to expand to more areas over time and create an even greater positive impact.



**OXXO offers a reward program when users responsibly deposit their bottles and cans into the biorecycling machines in alliance with Lealtad Verde.**



## Sustainable Packaging

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. For example:

- At **Coca-Cola FEMSA**, we continue to work closely with our primary goods and packaging suppliers to reduce their emissions. We also strive to lighten the weight of our packages and utilize a greater percentage of recycled resin (rPET) in our packaging. In alignment with FEMSA's goal to send zero waste from operations to landfills by 2030, 77% of our bottling plants have earned Zero Waste to Landfill certification in 2022, up from 46% of our bottling plants in 2021.

We also remain committed to World Without Waste, the global initiative led by The Coca-Cola Company, which includes two 2030 targets to collect and help recycle the equivalent of 100% of the primary packaging we place in the market, as well as integrating 50% rPET in our bottles. As of 2022, through a variety of collective and individual actions, we collected more than 80,000 tonnes (or approximately 25.7%) of the PET that we put into the market. To ensure adequate collection processes across our regions of operation, we actively collaborate with and participate in various civil and industry alliances, such as ECOCE, a Mexican nonprofit environmental association that promotes waste collection and recycling.

In addition, Coca-Cola FEMSA reached a use of recycled PET in its packaging of 27% in 2022. We also recycled 98.5% of our industrial solid waste in 2022. Learn more about our new recycling plant, PLANETA, that is taking a leading role in processing post-consumer PET on page 50.



- At **FEMSA Health**, in 2022 we continued advancing our reverse logistics initiative in our operations in Colombia, Ecuador and Mexico, through which we utilize the product delivery trips we make to our branches and pharmacies to also collect packaging, such as cardboard, cooling gels and coolers, and return it to our distribution centers for recycling. This allows us to take advantage of the same transport, generating less CO<sub>2</sub>e emissions while connecting with the waste recycling process that we have operating in our warehouses. In the same way, if any material is still usable (e.g., cardboard) it is reused in the packaging process.

In 2022, in Mexico, more than 2.6 tonnes of cardboard have been recycled. In Colombia, more than 164,800 cardboard boxes, more than 388,500 units of cooling gels, and 16,750 expanded polystyrene coolers have been recovered. Through this initiative, it has been possible to reduce the virgin material used in product packaging in our value chain and contribute to the circular economy.

Through a variety of collective and individual actions, Coca-Cola FEMSA collected more than **80,000** tonnes of PET.





**Product & Service Circularity**

As part of our commitment to the circular economy, we strive to ensure the collection and recycling of packaging and products with the highest environmental impact are sent to market by our operations. This includes maximizing the collection, content of recycled materials and recyclability of our own-brand products such as PET bottles or coolers at the end of their lifecycle.

In 2022, OXXO launched a public PET collection campaign in Acapulco, Oaxaca and Chilpancingo collecting more than two tonnes of PET, thanks to the participation of more than 30,000 people.

OXXO Chile launched the *Puntos Limpios* (Clean Points) initiative in seven of its stores in Santiago. The program seeks to reduce the amount of waste generated and confirm traceability to the recycling plant, with the support of containers that have innovative technology, such as intelligent sensors that report the filling of containers and automate the operational process of removal. Through this initiative, we have been able to collect and recycle 25 tonnes of waste in 2022.

**OXXO Chile launched the Puntos Limpios (Clean Points) initiative in seven stores in Santiago, collecting and recycling 25 tonnes of waste.**



**Imbera-REPARÉ: Sustainable Refrigeration**

Within FEMSA Strategic Businesses, **Imbera-REPARÉ** is a world leader in the commercial refrigeration industry, exporting equipment to customers in more than 60 countries from three production facilities in Brazil, Colombia and Mexico. Elsewhere in the FEMSA family, Imbera-REPARÉ provides refrigeration maintenance and installation services for Torrey, Coca-Cola FEMSA, OXXO and Farmacias YZA. We know that negative impacts of this industry can include waste and material consumption at the raw materials extraction stage for manufacturing; the carbon footprint implications during the use phase of products due to potential refrigerant leakage; and the electronic waste when coolers reach the end of their useful life. With this in mind, and in alignment with FEMSA's goal to reach zero operational waste to landfill by 2030, Imbera's commitment to the circular economy is a strategic imperative that ensures our equipment's design, manufacturing process and final disposal has the least amount of impact on the environment as possible.



### PTM Recycling Leadership

Through its high-performance engineering and recycling capabilities, PTM's more than 1,000 employees design and manufacture plastic transformation projects tailored to each customer in support of their operational and marketing strategies for materials handling, food, beverages and automotive. During 2022, we recycled more than 38,117 tonnes of plastic out of a total production of 50,413 tonnes. In addition, 81.2% of PTM's products — including plastic pallets and plastic crates, among others — were made from recycled materials in 2022.

We begin at the design phase with our high-performance engineering capabilities, redesigning cooler components based on the principles of circular economy and then re-incorporating them into production. In 2022, for example, we redesigned two cooler components (composed of 80-100% recycled material), which are 100% recoverable and 100% recyclable at the end of their useful life. In addition, we use an energy efficient technology which can reduce the carbon footprint of the equipment by up to 30%, which is the equivalent of saving an average of one tonne of CO<sub>2</sub>e over the life cycle of a standard chiller. We also use eco-friendly R290 refrigerant and ensure that our certified equipment is labeled as energy efficient according to the countries we operate

in (e.g., Energy Star in the United States or FIDE<sup>25</sup> in Mexico). At Imbera today, we design equipment with up to 24% recycled material, that, at the end of its useful life, is 99% recyclable or reusable. Our EOS-REPARE facility in San Juan del Río, Querétaro, Mexico, was inaugurated in 2019 and is the first plant in Latin America that, in alliance with Imbera, can recover, repair, redesign, reuse or recycle up to 99% of the parts of refrigerators at the end of their life (and has a target and action plan to achieve 100%). Approximately 53% of the coolers that Coca-Cola FEMSA withdraws from the market are sent to the EOS-REPARE plant for evaluation and use of parts that are still useful. In 2022, we recovered more than 155,000 pieces with Coca-Cola FEMSA that were

reused and incorporated into park maintenance and the manufacture of new equipment, thereby avoiding the generation of approximately 247 tonnes of CO<sub>2</sub>e.

In 2022, Imbera, EOS-REPARE, PTM and Coca-Cola FEMSA, among other partners, created a circular economy alliance for the final disposition of coolers, striving to preserve the maximum value of all equipment, components and materials. Through this approach, as of the end of 2022, more than 28,300 pieces of equipment were responsibly processed, avoiding more than 3,000 tonnes of waste to landfill. All the material was either recovered and reconditioned or recycled, with some pieces even being upcycled

directly back into the manufacture of components for new equipment. As part of this process, EOS also ensures the correct disposal of hazardous waste, including complete traceability of all materials. This strategy helps to reduce the generation of waste, the emission of greenhouse gases and the extraction of virgin raw materials from nature.

25 Fideicomiso para el Ahorro de Energía Eléctrica **FIDE**

# FEMSA Foundation

FEMSA Foundation<sup>26</sup> is our company's strategic philanthropic arm that invests in projects with a long-term impact.

Since its inception 14 years ago, the mission of FEMSA Foundation has been to promote systemic and sustainable solutions to complex social and environmental challenges by making investments that cultivate shared prosperity for both the current and future generations, leaving lasting positive effects on their lives. The work of FEMSA Foundation complements FEMSA's sustainability strategy through action, while reinforcing the key message to our stakeholders that we are **By your side, always.**

Connect with us:

-  [twitter.com/FundacionFEMSA](https://twitter.com/FundacionFEMSA)
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-  [www.linkedin.com/company/fundación-femsa/](https://www.linkedin.com/company/fundación-femsa/)

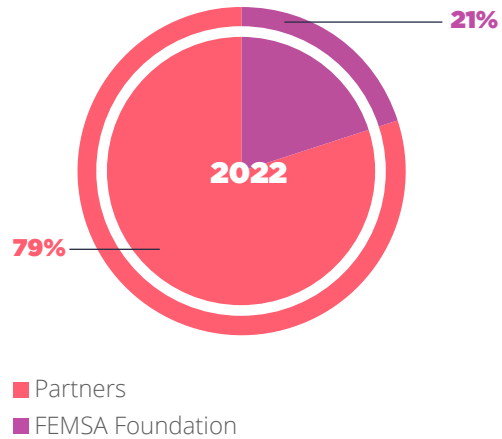
## How we work



- 1.** In each of our initiatives at FEMSA Foundation, we always launch into collaboration with researchers and experts to help us hypothesize the right approach to a problem in a way that is strategic, data-driven and backed by science. Since 2009, we have had 26 programs supported by more than 550 research that includes publications, articles or patents, etc.
- 2.** We then generate a shared vision of a solution through collective action across a multi-sector collaboration platform, inviting a diverse field of supporters who bring their own levels of influence, resources and ideas to the table. We work with more than 750 partner institutions around the world who are aligned with our mission and purpose.
- 3.** Next, we monitor our processes and programs to continuously improve and evolve toward greater levels of disruptive innovation. Leveraging the same level of rigor in key performance metrics that we would use in FEMSA's own business is vital to ensuring that we are achieving the change we aspire reach to in the region.
- 4.** Finally, we include and engage our communities to learn from each other, co-design projects, and empower participants with the resources they need to become part of the ongoing, science-based solution. We know that a "solution" without community input and buy-in is not a solution at all. We continue this unending cycle to expand our projects and programming annually, striving to reach more beneficiaries and tackle new systemic challenges.

<sup>26</sup> FEMSA Foundation is made up of two organizations that share the same purpose: FEMSA Foundation A.C. and Difusión y Fomento Cultural, A.C.

2022 TOTAL INVESTMENT



This work does not come without its challenges, including difficult decisions amidst limited resources, political complexities or unexpected project outcomes. But we believe that the careful and caring way we work with our partners sets us up for the greatest chance of success in overcoming the obstacles we may face. In fact, as a corporate foundation, we believe we are uniquely positioned to analyze risks, completely rethink traditional social, economic and environmental models, and utilize our capacity to make bold, long-term investments in disruptive innovation that can truly move the needle on progress at a faster pace than would be possible through government policy or civil society alone. In short, we're taking our strategic business knowledge and applying it to social value. During 2022, we benefited more than 1,450 communities in 47 countries.



**FEMSA Foundation 2022 Contributions**

Vector <sup>27</sup>	FEMSA Foundation Investments (US\$)	Total Investment (US\$)
Water Security	2,326,970.0	12,203,349.0
Circular Economy	1,744,199.0	11,769,873.0
Early Childhood	3,329,544.0	12,486,452.0
Arts & Culture	158,959.0	194,289.0
Strategic Donations	233,047.0	233,047.0
<b>Total</b>	<b>7,792,720.0</b>	<b>36,887,011.0</b>

To secure the future we envision, we focus our agenda on four causes that we believe are levers for change: **water security, circular economy, early childhood and arts & culture.**

**In 2022, FEMSA Foundation leveraged US\$ 3.7 for every dollar invested, securing a total investment of more than US\$ 36.8 million.**

<sup>27</sup> FEMSA Foundation's investments in the Water Security, Circular Economy and Early Childhood vectors come from FEMSA Foundation A.C., and investments in the Arts & Culture vector comes from the Difusión y Fomento Cultural, A.C. budget.

## Water Security



Latin America is a region abundant in natural resources, however, the region faces major water challenges since it is unevenly distributed across the territory. In addition, many of the cities in the region, which are amongst the most urbanized, are in places with low water availability. We believe that science and innovation are critical to support the urgent decision-making processes we need to thrive. Thus, FEMSA Foundation works to create and promote projects that promote solutions that satisfy domestic, economic, urban, environmental and resiliency needs so that the communities can achieve water security. Programs include:

- Alianza Latinoamericana de Fondos de Agua:** First launched in 2011, FEMSA Foundation co-founded the **Latin American Water Funds Partnership (LAWFP)**, with the Interamerican Development Bank (IDB), The Nature Conservancy (TNC), The Global Environment Facility (GEF) and the International Climate Initiative (IKI). Together, we have strengthened and further developed the Water Fund Model (WFM), a platform to contribute to water security in Latin America and the Caribbean. To date, 30 Water Funds have been launched in nine countries of the region. This year's programs reached more than 65,540 new beneficiaries and conserved approximately 115,940 new hectares. Looking ahead, two more Water Funds are expected to launch in 2023.

- Lazos de Agua:** Since 2016, FEMSA Foundation has partnered with One Drop, IDB and The Coca-Cola Foundation to contribute to the empowerment of communities by improving access to water, sanitation and/or hygiene (WASH), in a sustainable way with an innovative approach that combines the OneDrop's Model A·B·C for Sustainability™ (or Access, Behavior change and Capital) and the Social Art for Behavior Change™ (SABC) approach.

During 2022, the program benefited more than 55,000 new people from 56 communities of Colombia, Mexico, Nicaragua and Paraguay with sustainable access to WASH, of which approximately 33,000 also participated in SABC activities. Besides this, the program exceeded its total goal by enabling access to safe water and improved sanitation for more than 235,000 people in Colombia, Guatemala, Mexico, Nicaragua and Paraguay. More than 188,000 also participated in SABC, in addition to the access to water and/or improved sanitation program. Looking ahead to 2023, we plan to extend the project to achieve greater scale and impact.

### Effects for a Cause: Agents of Change

*"My family is very proud of me because I'm an agent of change. My children saw a change in me that I sometimes don't feel, but they do."*

#### Alma Georgina Trejo,

Community member and *Lazos de Agua* beneficiary, San Luis de la Paz, Guanajuato

Watch more about the stories of the community members who participated in the Guanajuato Project from **Lazos de Agua.**



## Circular Economy

According to the World Bank, at least a kilogram of waste is generated per person, per day in our world today – and there are approximately 667 million inhabitants in Latin America alone. In support of the circular economy in regions where we have a presence, we focus on understanding how we can stop the post-consumption leakage of waste into the environment (particularly at the collection and disposal stages) by identifying solutions that support a clean and healthy environment for current and future generations. For example:



- Informal workers in the waste management system are often among the most marginalized people in society, yet they play an essential role in recovering waste that would otherwise pollute the environment. In collaboration with the **Inclusive Waste Recycling Consortium (iWrc)** in Brazil and Colombia, in 2022 we promoted a project to strengthen the inclusiveness of this informal sector by developing and promoting a marketplace that connects them with companies that buy recovered materials at a fair-trade price and by providing training to certify collectors according to the Social Accountability International SA800 Standard. As of 2022, 86 waste-picking cooperatives employing approximately 4,685 waste collectors have the capacity to recover more than 130,000 tonnes of waste from the environment.
- In cooperation with **Tulum Sostenible**, among other partners, such as NGOs and members of the public and private sectors, we completed the first phase of the *Puntos Limpios Tulum* program with the installation of 12 collection points for recyclable materials in 12 neighborhoods in Tulum, Quintana Roo, Mexico. During the year, 4,200 community members were trained in awareness workshops, received educational material and 19 tonnes of waste were collected and recycled.



- In 2022, FEMSA Foundation was proud to join with the Sociedad Sostenible A.C. (SOSAC), NOAA, WWF, DistritoTec, Tecnológico de Monterrey, and other institutions, companies, national governments and civil society organizations in the collaborative project, **Arroyo Vivo**, an inclusive remediation and recycling model for Campana Altamira and DistritoTec in Monterrey, Nuevo León, a community near the Arroyo Seco watercourse. The area has long suffered from illegal waste dumping, which is detrimental to both the ecosystem and the community, and was originally identified for remediation as part of the Alliance for Climate Action Mexico. During 2022, with the participation of more than 430 volunteers, we collected approximately 4.2 tonnes of waste and 87 tonnes of rubble from the river basin.

### Effects for a Cause: A Future Without Waste Begins Today

*“When I learned about the Puntos Limpios program, I looked for a way to bring it closer to the community by going beyond just my own neighborhood and getting the students I teach involved – asking them to apply their knowledge about the environment in which we all live.”*

**Filiberto Pat,**  
Sixth Grade Teacher and Community Leader,  
Tulum, Mexico

Watch more about how citizens of Tulum like Filiberto came together in 2022 with their neighbors to ensure the success of the **Puntos Limpios Tulum** program.






## Early Childhood

Our vision is for all children to achieve their maximum developmental potential and transform their communities. To do this, we invest in the physical, cognitive, linguistic and socio-emotional development of Latin American children from gestation through age six. Our strategy is to nurture early childhood solutions in three ways: through caregiving, in our public spaces and communities, and through private and public policies.

### Nurturing Care

Utilizing unique educational tools, content, training and support services, we seek to strengthen the skills and competencies of parents and caregivers to improve their interactions with their children and create the best environment. For example:

- For the last five years, we have supported *¡Listos a Jugar!*, a cross-platform educational program created by Sesame Workshop in collaboration with other partners, to promote healthy habits in preschool children related to eating, playing and personal care. To date, the program has been developed and implemented in three phases using digital technology tools to bring useful media content to children in 13 Latin American countries through episodes and songs starring Sesame Street characters. In 2022, as part of a new phase in collaboration with more than 30 experts from four countries, we strengthened the materials to promote positive parenting and further develop key skills. The new campaign reached an estimated twelve million people, including 150 educational centers that serve more than 300,000 children and 700,000 parents and caregivers.
- We joined with key partners, including Impactus Ventures, United Way, Fundación Mustakis and others, in sponsoring the **Childtech Challenge 2022**, a competition that recognizes the most promising tech-based solutions for the development of children and adolescents. After reaching 110,000 people on social media and receiving applications from start-up companies in 26 countries, three winners were selected – Beereaders, Storybook and Matific – for the positive educational and socio-emotional impact their tools are making for children across Latin America. Congratulations to these winners, each of whom received up to US\$ 30,000 for the implementation of their technology-based projects with high social impact in conjunction with partner organizations.

Learn more about **Childtech Challenge** 

### Nurturing Communities

Since the healthy development of children not only benefits themselves but also the surrounding communities and society at large, we are committed to promoting stimulating public spaces where children can feel safe and spend quality family time. We work closely with 11 national and international partners, including **Urban95**, a regional platform of early childhood urban planners in Colombia, Guatemala and Chile. Together, we focus our efforts on two types of interventions: structural/systemic (which requires a greater investment and implementation time) and tactical implementations (quicker to implement with less investment).

Using these two levers, we strive for all our projects to feature: participatory design with clear community input; strong governance to encourage effective collaboration; capacity development opportunities to equip local leaders with the tools they need; monitoring and evaluation of results to assess levels of behavior change; and sustainability considerations to ensure safe and green spaces. In 2022, we were pleased to inaugurate 46 new public spaces meeting these criteria, which will serve more than 45,000 children and their families.





## Nurturing Policies

To influence and position early childhood on both the public and private sector agendas in Latin America in more visible ways, we have two strategies aimed at promoting the understanding and awareness of the importance of putting children at the center of society.

1. **Business and Family Platform:** With the objective of securing better business practices and investment, we promote collaboration networks between companies to ensure that they recognize early childhood development as a key enabler of the wellbeing of their employees and other communities. In 2022, we worked with key partners to bring expanded private sector awareness and visibility around these issues. For example:
  - o Through the *Consejo Coordinador Empresarial* (CCE or Business Coordinating Council of Mexico) Early Childhood Subcommittee that we launched in 2021 (now made up of 53 companies and 10 member organizations), in 2022 we expanded participation in five different programs to help guide participants on early childhood best practices.
  - o In support of **CENTRO AMÉRICA CRECE's** mission of improving the quality of early childhood services in Central and South America, we helped them expand programming and outreach opportunities. During 2022, the program reached more than one million people, including children from birth to age six, parents, caregivers and trained professionals through events, workshops and webinars.
  - o **Pacto por la Primera Infancia:** an advocacy initiative made up of more than 470 organizations with the mission of calling on the government to make comprehensive early childhood development a national priority.
  - o Through workshops with 80 private leaders, we raised awareness on the importance of investing in early childhood, as supported by research from **RedEAmérica**, a network with the objective of supporting sustainable communities through the transformation of investments and social practices of companies. Through this research, we highlighted the role that the business sector and private policies can play in the region when we strengthen the ecosystem around early childhood.

2. **Public Policies:** To position early childhood on the public agenda in Latin America, we advocate through networks, and we seek to train advocates for early childhood by equipping officials and other decision-makers with the right information they need through alliances with governments, academia and civil society. During 2022, we actively participated in the working groups of multiple networks focused on early childhood, including designing policies and initiatives in collaboration with governments. For example:
  - o **NiñezYA:** a coalition of 200 organizations and civil society networks is committed to the wellbeing of children by ensuring the inclusion of children's rights in government programs.
  - o **Empresas e Primeira Infância Empresas y Primera Infancia:** a platform based in Brazil that enables early childhood support opportunities for its 72 member companies through 600 actionable programs across 10 performance areas.

### Effects for a Cause: Inspiring Creators of the Future

*"More than being a teacher, what makes me proud is being able to transform the lives of children. The lesson that this project has left me with is a strengthening of my pedagogical experience and the importance of promoting environments to empower education in children."*

**Lida Arreola,**  
Teacher,  
Majagual Sucre, Colombia

La Mojana Transformation, a project in which we adapt *aeioTU*, an innovative educational model in community childcare centers, with a special focus on educators.



## Arts & Culture

A fourth area of focus for FEMSA Foundation, through Difusión y Fomento Cultural, A.C., is to engage communities and to use the arts as a catalyst for social change and thought-provoking dialogue. Our Arts & Culture program has four clear objectives:

- **Expand** the enjoyment of art without barriers, making it inclusive and accessible.
- **Promote** empathy, understanding and emotional recognition of the experiences of others through art.
- **Facilitate** interactions that promote a sense of collaboration through art to achieve collective goals.
- **Strengthen** the art ecosystem in Latin America.

For more than 45 years, the FEMSA Collection has sought to promote the cultural and artistic appreciation of modern and contemporary artistic production in Latin America during the twentieth and twenty-first centuries. The Collection comprises 1,320 works from 786 artists, which FEMSA shares with diverse communities through exhibitions, a loan program and multiple cultural activities.

We also seek opportunities to bring art to communities through spaces for self-reflection and dialogue, in ways that increase engagement and participation while building empathic and united communities. For example, during 2022:

- At the *Festival Internacional Santa Lucía*, FEMSA Collection joined the traveling project “*Coincidencias y Disidencias*” to initiate a dialogue featuring masterpieces from Spain’s Museo Nacional del Prado. [Learn more.](#)
- We presented *Hacer Mundos. Un acercamiento para leer la Colección FEMSA*, an approach to reading and understanding the FEMSA Collection at the *Festival Internacional Cervantino*, the largest cultural festival in Latin America, which celebrated its 50th anniversary in 2022. [Learn more.](#)
- We continued sharing *El Faro*, a methodology that aims to contribute to creating solutions to the problems that communities face.
- We joined with the International Symposium on Contemporary Art Theory (SIT\_AC) to promote a critical discussion on contemporary art, specifically as part of **SIT\_AC Nodos Bajío**, a series of activities designed to strengthen the art ecosystem and encourage the exchange between cultural production of the different regions of Mexico. [Learn more.](#)
- We presented the documentary *Geologías Migratorias* – a project that combines geological knowledge with migratory mobility – in various festivals around Mexico, including *Tierra Fest* in Mexico City, *Festival Cortometrajes del Tecnológico de Monterrey* in Guadalajara and Festival Cuórum in Morelia.

We also organized a special event this year with support from the Inter-American Development Bank and other partners with the aim of opening a channel for dialogue between the public and private sectors to promote key actions and new



financing mechanisms for the cultural sector. The Forum of Public-Private Alliances included rich discussions and workshops that yielded interactive, cross-cutting dialogues between hundreds of expert voices from local, national and international organizations. The sessions were presented as part of the 2022 UNESCO World Conference on Cultural Policies and Sustainable Development (**MONDIACULT**), hosted this year by the Government of Mexico. MONDIACULT brought together experts from more than 150 countries with the aim of shaping a more robust and resilient cultural sector in alignment with the principles of sustainable development, including peace and security. During 2022, we promoted 11 programs that benefited more than 1.2 million people in communities of Mexico, Germany, France, Italy and Switzerland. [Learn more.](#)

### Effects for a Cause: Seeing the World through a New Lens

“We created a workshop so that kids could understand their community. To internalize the image, as I call it, is to enrich yourself in a new way. By beginning to awaken these types of situations around your space with an artistic, photographic and visual outlook, you start to equip boys and girls with new sensibilities.”

**Thom Díaz,**  
Photographer, Artist and Teacher,  
Monterrey, Mexico

Watch more about the **Visual Documentation Workshop** that is helping kids living in neighborhoods touched by violence to see things in new ways and to have a greater understanding of their community.



# governance

Robust **corporate governance** is vital to the responsible management and operation of our business, ensuring the accountability and alignment with our stakeholders to create long-term value through strong economic and social performance.



## FEMSA Governance Structure



Our governance efforts cover three priority topics: **Corporate Responsibility, Ethical & Socially Responsible Behavior** and **Fiduciary Responsibility**.

Our governance structure is the foundation for our value creation. We aim to have the right leaders, teams, tools, policies and feedback mechanisms in place across the organization, with tiered levels of accountability. Our **Board of Directors** is responsible for establishing the Company's corporate strategy, and is supported by its Committees and FEMSA's talented **executive team**, who is focused on driving sustainable business growth.

For detailed 2022 data related to Governance, please see **Key ESG Data** in the Appendix.



## Corporate Responsibility

FEMSA's Board of Directors is responsible for monitoring and managing risks to the Company, directing corporate strategy and defining and supervising the implementation of the Company's vision and values. In accordance with our bylaws and article 24 of the Mexican Securities Market Law, we are required to have a Board of Directors with a maximum of 21 members, at least 25% of whom must be independent. The bylaws of the Company also provide that the holders of the FEMSA B Shares may elect at least 11 Directors and the holders of the FEMSA D Shares may elect 5 Directors. Alternate directors are authorized to vote in board matters

on the Board of Directors in the event of absence of the proprietary directors and may participate in the activities of the Board of Directors.

FEMSA's current Board of Directors was elected at our Annual General Meeting (AGM) held on April 8, 2022, and includes 17 directors; 12 were elected by Series B shareholders and 5 were elected by Series D shareholders. Directors are appointed for a term of one year and are eligible for re-election after the completion of their term in office. The Board of Directors is also assisted by one Secretary (non-member) and one Alternate Secretary



(non-member). José Antonio Fernández Carbajal has served as Chairman of the Board of Directors of FEMSA since 2001.

Our bylaws provide that the Board of Directors shall meet at least once every three months and the resolutions of the board of directors must be approved by at least a majority of the directors present and voting. During 2022, FEMSA's Board of Directors met six times – with an average board meeting attendance of 98.03% – to discuss our operating results and strategic objectives.

We believe that each of the directors bring unique areas of expertise and wide-ranging professional experience to FEMSA. We periodically review and evaluate our governing bodies, including boards and committees, for compliance with corporate governance best practices in terms of structure, operation, diversity and experience in order to manage their performance. The Board of Directors periodically performs a self-assessment to help the board's governance performance and practices.



In 2022, FEMSA announced the following actions and commitments to enrich its corporate governance:

### Strengthening Board Accountability to Shareholders

- Shareholders will have the ability to vote on directors individually, rather than as a slate.

### Increasing Influence of Independent Directors

- Continue refreshment and right-sizing of FEMSA's Board, reducing Board size to a target range of between 14 and 15 directors by 2023, a decrease from 18 directors in 2021, and 21 directors in 2018.
- By 2023 and once our target size is met, independent directors will comprise no less than 40% of the Board.

### Increasing Oversight Role of Independent Directors on Key Committees

- The Audit Committee and the Corporate Practices Committee will continue to support the Board of Directors by providing vital independent oversight in their respective areas of focus.
- In addition, as part of our Board renewal process, the Corporate Practices Committee has been renamed Corporate Practices and Nomination Committee, and will expand oversight to add to its responsibilities the following:
  - Evaluation and nomination of candidates for Series D directors,
  - Appropriate board composition by ensuring the board includes directors with the skills, experiences and capabilities required to provide effective oversight, and
  - Provide to shareholders a summary of the evaluation and nomination process for directors.
- The Strategy and Finance Committee will add independent operational oversight to its purview (and has been renamed the Operation and Strategy Committee):
  - A majority of the Committee will be independent directors.
  - The Committee will provide specific oversight on transformational initiatives, further increasing the involvement and time commitment of directors on operational matters and complementing the role of Senior Management.

### Governance priorities post-2022

- Continue enhancing the Board's independent oversight and effectiveness by:
  - Balancing institutional knowledge with fresh perspective by adding new independent directors.
  - Adding additional expertise on relevant new-business areas such as Digital and E-commerce, Sustainability among others.
  - Further enhancing Board gender diversity beyond our current level of 22%, and relevant ESG expertise in line with FEMSA's focus on, commitment to, and leadership of ESG initiatives critical to our success.
- Ensure Board focus and responsiveness by adopting limits on directors outside board commitments.
- Bolster outreach to shareholders to continue to gather their input as we further enhance our governance.





## Board of Directors

The following information summarizes the current composition of our Board of Directors:

### Series B Directors

**José Antonio Fernández Carbajal** <sup>B</sup>

Executive Chairman of the Board of Directors of FEMSA

*Appointed to the Board: 1984 and as*

*Chairman of the Board since 2001.*

Alternate: **Federico Reyes García** <sup>B</sup>

**Francisco Javier Fernández Carbajal** <sup>B</sup>

Chief Executive Officer of Servicios Administrativos

Contry, S.A. de C.V.

*Appointed to the Board: 2005*

Alternate: **Javier Astaburuaga Sanjines** <sup>B</sup>

**Eva María Garza Lagüera Gonda**

Private investor

*Appointed to the Board: 1999*

Alternate: **José Antonio Fernández Garza Lagüera** <sup>B</sup>

**Mariana Garza Lagüera Gonda**

Private investor

*Appointed to the Board: 2005*

**José Fernando Calderón Rojas** <sup>†</sup>

Chief Executive Officer and chairman of the board of directors

of Franca Servicios, S.A. de C.V., Servicios Administrativos de

Monterrey, S.A. de C.V., Regio Franca, S.A. de C.V., and Franca

Industrias, S.A. de C.V.

*Appointed to the Board: 1984*

Alternate: **Francisco José Calderón Rojas**

**Alfonso Garza Garza**

Private investor

*Appointed to the Board: 2016*

Alternate: **Juan Carlos Garza Garza**

**Bertha Paula Michel González**

Professor at Universidad Nacional Autónoma de México

("UNAM")

*Appointed to the Board: 2020*

Alternate: **Maximino José Michel González**

**Alejandro Baillères Gual**

Chairman of Grupo Bal

*Appointed to the Board: 2022*

Alternate: **Arturo Fernández Pérez**

**Ricardo Guajardo Touché** <sup>B, C, I</sup>

Independent consultant

*Appointed to the Board: 1995*

**Paulina Garza Lagüera Gonda**

Private investor

*Appointed to the Board: 2004*

Alternate: **Bárbara Garza Lagüera Gonda**

**Robert Edwin Denham** <sup>B, C, I</sup>

Partner at Munger, Tolles & Olson LLP

*Appointed to the Board: 2001*

**Michael Larson** <sup>B, I</sup>

Chief Investment Officer for William H. Gates III.

*Appointed to the Board: 2011*

For more information, including the education, relevant experience and additional significant positions of our board members, please see [Form 20-F 2022](#).



### Series D Directors

**Ricardo Ernesto Saldívar Escajadillo** <sup>B, C, I</sup>

Private investor

*Appointed to the Board: 2015*

**Alfonso González Migoya** <sup>A, I</sup>

Business consultant

*Appointed to the Board: 2017*

**Enrique F. Senior Hernández** <sup>B, I</sup>

Managing Director of Allen & Company, LLC

*Appointed to the Board: 2022*

**Víctor Alberto Tiburcio Celorio** <sup>A, I</sup>

Independent consultant

*Appointed to the Board: 2018*

**Jaime A. El Koury** <sup>I</sup>

General Counsel of the Financial Oversight and Management

Board for Puerto Rico, a governmental entity created in 2016

under U.S. federal statute

*Appointed to the Board: 2022*

### Series D Independent Alternate Directors

**Michael Kahn** <sup>B, I</sup>**Francisco Zambrano Rodríguez** <sup>A, I</sup>

### Secretary

**Alejandro Gil Ortiz**

General Counsel and Secretary of the Board of Directors

(Non-member)

**A** Audit Committee

**B** Operations and Strategy Committee

**C** Corporate Practices  
and Nominations Committee

**I** Independent Director



Director		Age	Gender	Appointed	Attended/Total Board meetings	
Series B	1	José Antonio Fernández Carbajal	69	Male	2001	6/6
	2	Francisco Javier Fernández Carbajal	67	Male	2005	6/6
	3	Eva María Garza Lagüera Gonda	64	Female	1999	6/6
	4	Mariana Garza Lagüera Gonda	52	Female	2005	6/6
	5	José Fernando Calderón Rojas <sup>†</sup>	68	Male	1984	6/6
		Francisco José Calderón ( <i>alternate director</i> )	56	Male	2005	
	6	Alfonso Garza Garza	60	Male	2016	5/6
	7	Bertha Paula Michel González	58	Female	2020	6/6
	8	Alejandro Baillères Gual	62	Male	2022	6/6
	9	Ricardo Guajardo Touché	74	Male	1995	6/6
	10	Paulina Garza Lagüera Gonda	51	Female	2004	6/6
	11	Robert Edwin Denham	77	Male	2001	6/6
12	Michael Larson	63	Male	2011	6/6	
Series D	13	Ricardo E. Saldívar Escajadillo	70	Male	2015	6/6
	14	Alfonso González Migoya	78	Male	2017	6/6
	15	Enrique F. Senior Hernández	79	Male	2022	6/6
	16	Víctor Alberto Tiburcio Celorio	72	Male	2019	6/6
	17	Jaime A. El Koury	69	Male	2023	5/6



## Board Committees

Our Board of Directors is supported by three committees with different areas of responsibility and oversight of the management of FEMSA's impacts on the economy, environment and people. According to their respective areas of focus, these committees provide expert advice and recommendations on strategic issues critical to the success of the Company. The current members of each board committee were elected at our AGM on April 8, 2022. [Learn more.](#)

Audit Committee	Operations & Strategy Committee	Corporate Practices & Nominations Committee
<p><b>Víctor Alberto Tiburcio Celorio,</b> Chairman</p>	<p><b>José Antonio Fernández Carbajal,</b> Chairman</p>	<p><b>Ricardo E. Saldívar Escajadillo,</b> Chairman</p>
<p><i>Responsible for:</i> (1) reviewing the accuracy and integrity of quarterly and annual financial statements in accordance with accounting, internal control and auditing requirements, including the submission of confidential, anonymous complaints from employees regarding questionable accounting or auditing matters; (2) the recommendation of the appointment, compensation, retention and oversight of the independent auditor, who reports directly to the Audit Committee; and (3) identifying and following-up on contingencies and legal proceedings.</p> <p><i>The members are:</i> Victor Alberto Tiburcio Celorio, Alfonso González Migoya, and Francisco Zambrano Rodríguez</p>	<p><i>Responsible for:</i> (1) evaluating the investment and financing policies of our company; (2) evaluating the risk factors to which our company is exposed, as well as evaluating its management policies; (3) making recommendations on our dividend policy; (4) strategic analysis and assessment of our business units and strategic alternatives for their growth; (5) providing specific oversight on transformational initiatives, further increasing the involvement and time commitment of directors on operational matters and complementing the role of Senior Management; and (6) making recommendations to our board of directors on annual operation plans and strategic projects for our business units.</p> <p><i>The members are:</i> José Antonio Fernández Carbajal Francisco Javier Fernández Carbajal Federico Reyes García Ricardo Guajardo Touché Javier Gerardo Astaburuaga Sanjines José Antonio Fernández Garza Lagüera Robert Edwin Denham Michael Larson Enrique F. Senior Hernández Ricardo E Saldívar Escajadillo Michael Kahn</p>	<p><i>Responsible for:</i> (1) preventing or reducing the risk of performing operations that could damage the value of our company or that benefit a particular group of shareholders; (2) evaluating and nominating candidates for Series D directors; (3) overseeing appropriate board composition by ensuring the board includes directors with the skills, experiences and capabilities required to provide effective oversight; (4) approving policies related to the use of Company assets or transactions with related-party transactions; (5) approving the compensation of the Chief Executive Officer and relevant officers; and (6) supporting the Board of Directors in the preparation of reports on accounting practices.</p> <p><i>The members are:</i> Ricardo E. Saldívar Escajadillo Ricardo Guajardo Touché Robert Edwin Denham</p>



## Executive Team

The FEMSA executive team is focused on the daily management of our company, executing on the implementation of our corporate strategy, driving business growth and creating economic, social and environmental value for all our stakeholders. Each of our leaders has significant professional experience within the industries related to our business.

### **José Antonio Fernández Carbajal** Executive Chairman of the Board of Directors of FEMSA

He began his career at FEMSA in 1988, serving in various positions, including CEO of OXXO. He was appointed CEO of FEMSA in 1995 and Chairman of the Board in 2001, serving in both positions until January 2014 when he was appointed Executive Chairman of the Board of Directors of FEMSA. He is also Chairman of the Board of Coca-Cola FEMSA. Currently, he also participates as a board member of Industrias Peñoles and is member of the Board of Global Advisors of the Council for Foreign Relations.

In 2017, he was elected as a fullterm member of Massachusetts Institute of Technology (MIT), where he contributes the Student Life and Undergraduate Education committees. He completed his second term as President of the Council of Tecnológico de Monterrey in February 2023, and due to his commitment to education, he remains an advisor and professor at the same institution. He holds an Industrial Engineering degree and an MBA from Tecnológico de Monterrey.

### **Daniel Alberto Rodríguez Cofré** Chief Executive Officer of FEMSA

He joined FEMSA in 2015 as Chief Financial and Corporate Officer before being named the Chief Executive Officer of FEMSA Comercio in 2016. He was appointed to his current role as of January 1, 2022. Prior to joining the Company, he was CFO and then CEO of CENCOSUD (Centros Comerciales Sudamericanos S.A.), among other senior finance and management positions in Latin America and Europe. He holds a forest engineering degree from Austral University of Chile and an MBA from Adolfo Ibañez University.

### **Francisco Camacho Beltrán** Chief Corporate Officer of FEMSA

He joined FEMSA in 2020 after a long track record in senior management positions in consumer product companies around the world, including Procter & Gamble and Revlon. In 2000, he joined Danone as head of its Bonafont water operations in Mexico. For the next 20 years, he held varying responsibilities in the water and dairy segments, while driving growth and innovation. In 2011, he became a member of Danone's Executive Committee, leading the Global Customer Team and serving as Corporate Chief Growth and Innovation Officer. He was EVP and global head of the Essential Dairy and Plant Based business and responsible for Global Industrial Operations and Supply Chain. He holds a Computer Systems degree and an MBA from Tecnológico de Monterrey.

### **Gerardo Estrada Attolini** Vice-President of Administration and Corporate Control of FEMSA

He joined FEMSA in 2000 and was appointed to his current position in 2020. Previously, he served as Chief Financial Officer of FEMSA Cerveza and Corporate Finance Vice President of FEMSA. Prior to FEMSA, he served in various executive level positions in the finance functions of Mexican companies in the financial and industrial sectors. He holds an Accounting degree and an MBA from Tecnológico de Monterrey.

### **Alfonso Garza Garza** Chief Executive Officer of FEMSA Strategic Businesses (until 2022)

He joined FEMSA in 1985 and held various positions including CEO of FEMSA Empaques. He is President of the Fondo Ambiental Metropolitano de Monterrey, and until 2022 was Vice Chairman of the Economic Development of the Mexican Employers' Confederation (COPARMEX). He is a member of the Board of Directors of FEMSA, Tecnológico de Monterrey, Grupo Nutec, S.A. de C.V. He graduated from Tecnológico de Monterrey in Industrial Engineering and earned an MBA from IPADE Business School. Effective January 1, 2023, Constantino Spas who was the Chief Financial Officer in Coca-Cola FEMSA, is appointed as Chief Executive Officer of Strategic Businesses of FEMSA.



**Roberto Campa Cifrián****Vice-President of Corporate Affairs of FEMSA**

He joined FEMSA in 2019, after a long career in the public, private and social sectors. He has served in the federal government of Mexico as Secretary of Labor and Social Welfare, Undersecretary of the Interior and Head of the Federal Consumer Protection Agency. He has also served as a representative in the Mexico City Legislative Assembly and as a federal congressional representative. He holds a law degree from Universidad Anáhuac, where he is also a professor of macroeconomic theory and President of the Federation of Student Societies.

**John Anthony Santa Maria Otazua****Chief Executive Officer of Coca-Cola FEMSA (until 2022)**

He was appointed to this position in 2014. He joined Coca-Cola FEMSA in 1995 and has served in several senior management positions since then, including COO of the Company's Mexico Division, and Strategic Planning and Commercial Development Officer. He earned a Bachelor's degree and an MBA with a major in Finance from Southern Methodist University. Effective January 1, 2023, Ian Craig who was Chief Operating Officer of Coca-Cola FEMSA's Brazil Division, is appointed as Chief Executive Officer of Coca-Cola FEMSA.

**Raymundo Yutani Vela****Vice-President of Human Resources**

He was appointed Director of Human Resources at FEMSA in 2018. He joined FEMSA Comercio in 1999 as Director of Human Resources, a position he held until 2014. Between 2014 and 2018, he was Director of Human Resources at Coca-Cola FEMSA. Before joining the Company, he was Director of Human Resources North at Banca Serfín, today Santander. He is a graduate of the Public Accountant career and has a Master's degree in Business Administration from the Regiomontana University. Additionally, he completed the AD1 program at IPADE and is certified as a Coach by Newfield Consulting.

**Carlos Arenas Cadena****Chief Executive Officer of Proximity Division**

He began his career at FEMSA in 1984 and joined FEMSA Comercio in 2001 as Strategic Planning Manager. In 2007, he was promoted to the head of FEMSA Comercio's Planning and Information Technology Department, followed by the Supply Chain Department for OXXO, and later the Commercial Department of OXXO. In January 2016, he was appointed Director General of OXXO Mexico and assumed his current role as of January 1, 2022. Up until 2020, he participated in the National Association of Self-Service and Department Stores (ANTAD) in Mexico and continues to be a member of the International Council and the Latin American Council of the Association For Convenience & Fuel Retailing (NACS). He graduated with a degree in Computer Science from the Autonomous University of Nuevo León.

**Daniel Belaúnde Arnillas****Chief Executive Officer of FEMSA Health**

He assumed the role of Chief Executive Officer, Health, in 2022, following his role as CEO of Socofar, S.A. since 2016. He brings to this role more than 25 years of experience in global companies across three different markets: retail banking, retail-fashion and the pharmaceutical industry. Prior to FEMSA, he supervised business units in multiple countries, including as general manager at Ripley Perú (2012-2016); as operations manager at Ripley Chile (2008-2012); and as commercial bank manager at Banco Santander Chile (1996-2008). He completed his studies in economics at the Universidad del Pacífico in Lima, Peru.

**Jose Antonio Fernández****Garza-Lagüera****Chief Executive Officer of Digital@FEMSA**

He began his career in FEMSA Retail operations in 2018 as head of Strategic Planning for OXXO Mexico. Prior to that, he ran Coca-Cola FEMSA's Central America division from 2015 to 2018. He also served as CEO of FEMSA's plastics division, Plásticos Técnicos Mexicanos and head of sales and operations in México City at HEINEKEN México. Prior to his work at HEINEKEN, he co-founded and ran Vestige Capital, a search fund based in Mexico seeking to acquire and operate small and medium-sized companies in Mexico. While at Vestige, he co-led the acquisition of BOMI Group de México a third-party logistics provider for the Mexican healthcare industry. He has taught a class on entrepreneurship and was the founding chairman of the board of the Entrepreneurship Institute in Tecnológico de Monterrey. He received his MBA from Stanford University Graduate School of Business and his Bachelor's degree in Industrial Engineering from Tecnológico de Monterrey.

**Updates as of January 2023****Ian Craig****Chief Executive Officer of Coca-Cola FEMSA (as of January 1, 2023)**

He joined Coca-Cola FEMSA in 2003. With over 27 years of experience in the beverage industry, he previously served in several senior management positions at Coca-Cola FEMSA, including as Director of Operations for the Brazil Division from 2016 to 2022, and previously Chief Operating Officer of Argentina, CFO and Strategic Planning Director of South America Division, CFO, Planning and Corporate Affairs Director of Mercosur Region, and Corporate Finance and Treasury Director of Coca-Cola FEMSA. He has a Bachelor's degree in Industrial Engineering from Tecnológico de Monterrey, an MBA from the University of Chicago Booth School of Business, and a Master's degree in International Commercial Law from Tecnológico de Monterrey.

**Constantino Spas****Chief Executive Officer of FEMSA Strategic Businesses (as of January 1, 2023)**

He was the Chief Financial Officer of Coca-Cola FEMSA until December 2022. He has 24 years of experience in the food and beverage sector in companies such as Grupo Mavesa and Empresas Polar in Venezuela, Kraft Foods, SAB Miller in Latin America and Bacardi y Compañía S.A. de C.V. in Mexico, holding different positions in marketing, as regional officer and as VP Managing Director. He holds a Bachelor's Degree in Business Administration from Universidad Metropolitana in Caracas, Venezuela, and an MBA from Emory University, Goizueta Business School in Atlanta, Georgia, USA.

## Sustainability Governance

Since 2005, FEMSA has been a signatory to the **United Nations Global Compact** (UNGC), committing to aligning our business and strategy with the UNGC's Ten Principles, in particular in the areas of human rights, labor, environment and anti-corruption. Internally, we have teams, processes, forums and governing bodies dedicated to defining, managing and promoting our sustainability strategy. At the highest level, FEMSA's sustainability governance is overseen by the Board of Directors, who take an active role in integrating the management of material ESG risks and opportunities into the core business strategy, in alignment with the Company's vision and values.

Our executive team is responsible for implementing our sustainability strategy and managing ESG risks and the Company's impacts on the economy, environment and people, and they provide regular updates to the Board on these topics. Our C-suite level Sustainability, Inclusion & Diversity Committee, co-led by the Chairman of the Board and the Corporate Director, was established in 2021 and is comprised of the Director-level representatives of each business unit at



FEMSA. The Committee meets quarterly to consolidate the diverse sustainability efforts across the organization and to strengthen the line of accountability for ESG management. Key agenda items during 2022 included approving the expanded scope of FEMSA's 2030 sustainability goals, supporting the ongoing preparations of our climate-related financial disclosures, and establishing a new directive to collect sustainability-related data from business units in coordination with our Internal Audit procedures.

FEMSA's sustainability team is responsible for formulating, developing and integrating specific sustainability considerations, policies and processes across all FEMSA business units. The

team also advises on and supervises sustainability performance and progress against targets, as well as leads FEMSA's sustainability reporting and disclosures. As of the end of 2022, the sustainability team was led by Alfonso Garza Garza, Vice President of Strategic Businesses, who reported directly to the FEMSA CEO and was a member of our Board of Directors. As of January 1, 2023, the Sustainability team is led by Francisco Camacho, Chief Corporate Officer of FEMSA.

During 2022, we hosted a second annual internal Sustainability Summit in hybrid format (welcoming more than 150 people in person at our EOS REPARE plant in San Juan del Río, Querétaro, Mexico and hosting

another 400+ participants online – representing all business units and countries where we operate). With the theme, *Living Our Sustainability Strategy*, FEMSA's CEO opened the proceedings and, over two days, collaborators shared success stories demonstrating how their teams and business units are bringing FEMSA's sustainability strategy to life. The Summit helped facilitate new networking connections across business units, inspired collaborators with new ideas and best practices to bring back to their teams and motivated everyone to continue expanding their progress against FEMSA's corporate sustainability goals.



## Ethical & Socially Responsible Behavior

To advance ethical and socially responsible behavior across our organization, we focus on building a culture of ethics and legality, expanding risk management practices and strengthening sustainability management.

Our corporate practices comply with the applicable laws to our operation. As a publicly listed company in the Mexican Stock Exchange and the New York Stock Exchange, we also comply with all applicable standards, rules and regulations in Mexico and the United States, including the Mexican Securities Market Law and the U.S. Sarbanes-Oxley Act, as applicable for foreign issuers. Additionally, we observe the recommendations of the Code of Best Corporate Practices of the Business Coordinating Council (*Consejo Coordinador Empresarial*).

### Ethics & Legality Culture

Our **Code of Ethics** (the “Code”) – which is reviewed annually – is the core of our corporate behavior and the foundation of our policies, guidelines and procedures for responsible business conduct. The Code establishes the fundamental principles and standards that guide our ethical behavior in relation to our shareholders, customers, suppliers, authorities, civil society organizations, the environment, communities and everyone who interacts with FEMSA. It also indicates the steps to follow for reporting any breach, conduct or practice that does not comply with the Code and the rest of our Internal Regulations. The Code, approved by the Board of Directors, applies to members of the Board and employees in all the countries where we operate.

FEMSA’s **Supplier Guiding Principles** contains the minimum expectations that we require of our suppliers in the areas of human and labor rights, sustainability, lawful culture and information security. It is the supplier’s responsibility, in its relationship with FEMSA,

to adopt the necessary methods and practices to comply with our Supplier Guiding Principles.

We also have the following corporate policies, which are mandatory for all FEMSA employees, who are subject to the required controls we have established to prevent, identify, investigate, sanction and remedy any risk of violation or any possible risks of violation.

- **Human and Labor Rights Corporate Policy**
- **Sustainability Corporate Policy**
- **Environment Corporate Policy**
- **Community Commitment Corporate Policy**
- **Anti-corruption Corporate Policy**

At least every two years our employees reaffirm their commitment to comply with FEMSA’s Internal Regulations, including our Code of Ethics. We also have annual focused trainings based on employee function, job level and geography, including our Ethics & Compliance Certifications and trainings for employees responsible for ethics

reports investigations. Conflict of interest attestations are also required at least every two years from all our employees.

We have annual trainings for our employees in connection with anti-corruption, anti-money laundering, data protection and conflict of interest, among other matters.

We also activated a campaign to communicate FEMSA’s Supplier Guiding Principles through our newsletter, COMPARTE, addressed to strategic suppliers.

### FEMSA Ethical System

We believe it is essential to have a trusted and secure way for our stakeholders or any other third party to share a concern or suspicion about a potential ethics violation. FEMSA’s Audit Committee has implemented procedures for receiving, retaining and addressing complaints regarding accounting, internal control and auditing matters, including the submission of confidential, anonymous complaints from employees regarding questionable accounting or auditing matters.

For more on our responsible sourcing approach, please see [page 64](#). 



The FEMSA Ethics Line is a formal, independent whistleblower mechanism managed by an independent party (available 24 hours a day, seven days a week, 365 days per year) for our stakeholders to report complaints, concerns, suggestions or potential breaches of the Code of Ethics or other internal regulations. Reports may be submitted anonymously via confidential communication channels, including by phone or website. In 2022, a total of 3,927 reports were received and reviewed of which 77% were resolved in the same calendar year. Among other areas, the reports related to work environment, operations and financial information.

### Risk Management

In a global and constantly changing business environment, we know risk management is a strategic and important issue for our stakeholders. Our ability to manage risks that arise in the environment in which we operate is vital to creating value for our business. Given the global nature of FEMSA's operations in different countries and regions of the world, our operations are subject to diverse laws and regulations, and we are exposed to risks inherent to the sectors in which we participate. Our business units have a comprehensive risk management

process with a structured approach that helps them identify, manage and mitigate current and potential risks. We utilize risk matrices and other tools and processes to identify and manage economic, environmental and social risks to which our businesses and brands may be exposed. We have also set up processes, forums and governing bodies dedicated to defining, managing and promoting the FEMSA Sustainability Strategy.

MIRC (*Manejo de Incidentes y Resolución de Crisis*) is our overall incident management and crisis resolution methodology, which considers identification, potential impacts, probability of occurrence, emergency plans and risk mitigation strategies. MIRC is established across all the business units and all levels of the organization. MARRCO (*la Metodología de Atención a Riesgos y Relacionamento Comunitario*) is our model for managing risks and community engagement and aims to build and maintain effective relations with local communities by fostering dialogue and mutually beneficial collaboration opportunities.

### Climate-Related Risks & Opportunities

The Sustainability Committee reviews the sustainability strategy and monitors key ESG initiatives, goals and metrics, including climate-related matters. For example, in 2022, FEMSA, in conjunction with its business units, prepared for annual reporting in line with the requirements of the **Task Force on Climate-Related Financial Disclosures** (TCFD). As a first step, we identified and quantified the climate-related risks and opportunities of Coca-Cola FEMSA, OXXO, OXXO GAS and Solistica.

For more information, please visit our **TCFD Index page 131**.



For more information related to our risk management process, please visit our **financial filings**.



## Fiduciary Responsibility

As part of our responsibility to our shareholders, we disclose the Company's financial and non-financial results on a timely basis, in line with regulatory requirements and expectations. We also work with independent, third-party assurance providers to audit our financial results and verify our sustainability results in accordance with current standards. Please see page 139 for our ESG Independent Limited Assurance Report.

We also focus on achieving sustainable capital allocation by ensuring that our investments are aligned with FEMSA's Sustainability Strategy and that they take into consideration material environmental, social and governance risks and opportunities.



### Protection of Information & Cybersecurity

At FEMSA, we recognize the importance of maintaining a robust cybersecurity system that guarantees data privacy and the protection of our companies' and customers' information. At the top of FEMSA's information security governance model is our Executive Team, who assumes responsibility for cybersecurity as a critical management issue. Our Chief Information Security Officer (CISO) is responsible for overseeing FEMSA's information security program (based on the U.S. National Institute of Standards and Technology Framework for Improving Critical Infrastructure Cybersecurity). The CISO



advises the Executive Team, Audit Committee and leads the Information Security Council (comprised of C-suite and CISO representatives from FEMSA's business units) on critical matters and liaises regularly with business unit-level CISOs and information security committees.

Our investment on the implementation of security controls and countermeasures is based on our risk management and external assessments results and prioritization, as well as internal and external audits. We prioritize threat deterrence, detection, response planning and recovery processes to preemptively protect against any risks. In 2022, we did not experience any information security incidents or breaches of personal data.

In the event of a potential breach, we have multiple cyber intelligence tools, countermeasures and incident response processes to maintain

business continuity while quickly and decisively managing any risks to our company and our customers. As part of our governance model, we review our response plans regularly to incorporate updates and evaluate their ongoing effectiveness. As outlined in our **Supplier Guiding Principles**, we also expect any suppliers or other third-parties we work with to protect and preserve FEMSA's personal data and information assets during their entire lifecycle, from access to deletion and destruction.

We have an information security awareness program for employees to clearly understand the escalation process they can follow in any event that they notice something suspicious. They can also report concerns or violations to the **FEMSA Ethics Line**.



# financial summary

Amounts expressed in millions of Mexican pesos (Ps.) as of December 31.

## INCOME STATEMENT

	2022	2021	2020	2019	2018
Net sales	Ps. 671,725	Ps. 554,923	Ps. 490,425	Ps. 504,059	Ps. 468,894
Total revenues	673,202	556,261	492,966	506,711	469,744
Cost of goods sold	421,534	342,548	303,313	315,230	294,574
Gross profit	251,668	213,713	189,653	191,481	175,170
Operating expenses	192,252	161,720	148,150	144,329	133,594
Income from operations <sup>1</sup>	59,416	51,993	41,503	47,152	41,576
Other non-operating expenses (income), net	1,164	(2,667)	7,656	1,573	874
Financing expenses, net	16,380	13,384	14,911	13,492	7,380
Income before income taxes and share of the profit of equity accounted investees	41,872	41,276	18,936	32,087	33,322
Income taxes	14,395	14,278	14,819	10,476	10,169
Share of the profit of equity accounted investees, net of taxes	7,266	10,680	(361)	6,437	6,560
Net income from continuing operations	34,743	37,678	3,756	28,048	29,713
Net income from discontinuing operations	-	-	-	-	3,366
Consolidated net income	34,743	37,678	3,756	28,048	33,079
Controlling interest	23,909	28,495	(1,930)	20,699	23,990
Non-controlling Interest	10,834	9,183	5,686	7,349	9,089
Financial ratios (%)					
Gross margin	37.4%	38.4%	38.5%	37.8%	37.3%
Operating margin	8.8%	9.3%	8.4%	9.3%	8.9%
Consolidated net income	5.2%	6.8%	0.8%	5.5%	6.3%
Other information					
Depreciation	27,831	25,294	25,006	23,344	14,698
Amortization and other non cash charges to income from operations	5,565	5,135	5,464	4,944	4,184
Operative Cash Flow (EBITDA)	92,812	82,422	71,973	75,440	60,458
Capital expenditures <sup>2</sup>	34,410	24,055	20,893	25,579	24,266



# financial summary

Amounts expressed in millions of Mexican pesos (Ps.) as of December 31.

## BALANCE SHEET

	2022	2021	2020	2019	2018
<b>Assets</b>					
Current assets	Ps. 226,449	Ps. 230,718	Ps. 201,269	Ps. 172,579	Ps. 177,607
Equity accounted investees	103,669	107,299	98,270	97,470	94,315
Property, plant and equipment, net <sup>3</sup>	134,001	115,147	113,106	114,513	108,602
Intangible assets, net	190,772	158,138	155,501	146,562	145,610
Right-of-use asset	83,966	56,994	54,747	52,684	-
Other assets, net	59,958	69,204	61,955	53,733	50,247
<b>Total assets</b>	<b>798,815</b>	<b>737,500</b>	<b>684,848</b>	<b>637,541</b>	<b>576,381</b>
<b>Liabilities</b>					
Short-term bank loans and current portion of long-term bank loans and notes payable	18,341	4,640	8,801	16,204	13,674
Current portion of leases	12,095	7,306	6,772	7,387	-
Other current liabilities	146,486	124,777	102,840	112,943	87,790
Long-term bank loans and notes payable	173,400	185,945	179,864	101,747	114,990
Long-term lease liabilities	81,222	55,049	51,536	47,292	-
Employee benefits	7,048	7,600	7,253	6,347	4,699
Deferred tax liabilities	6,823	6,042	6,033	6,946	5,886
Other non-current liabilities	15,599	11,024	14,562	12,924	13,800
<b>Total liabilities</b>	<b>461,014</b>	<b>402,383</b>	<b>377,661</b>	<b>311,790</b>	<b>240,839</b>
<b>Total equity</b>	<b>337,801</b>	<b>335,117</b>	<b>307,187</b>	<b>325,751</b>	<b>335,542</b>
Controlling interest	262,604	262,601	237,743	251,989	257,053
Non-controlling interest	75,197	72,516	69,444	73,762	78,489



# management discussion & analysis

Audited Financial Results for the twelve months ended December 31, 2022. Compared to the twelve months ended December 31, 2021.

Fomento Económico Mexicano, S.A.B. de C.V. ("FEMSA") is a Mexican holding company. Set forth below is certain audited financial information for FEMSA and its subsidiaries (the "Company" or "FEMSA Consolidated") (NYSE: FMX; BMV: FEMSA UBD, FEMSA BD). The principal activities of the Company are grouped mainly under the following subholding companies (the "Subholding Companies"): Coca-Cola FEMSA, S.A.B de C.V. ("Coca-Cola FEMSA" or "KOF"), (NYSE: KOF, BMV: KOFL) which engages in the production, distribution and marketing of beverages, a Proximity Division operating OXXO, a small-format store chain, OXXO GAS, a chain of retail service stations, and Valora, an operator of convenience and foodvenience formats present in 5 countries in Europe. It also operates a Health Division, which includes all drugstores and related operations and Digital@FEMSA, which includes Spin by OXXO and OXXO PREMIA, among other loyalty and digital financial services initiatives. Additionally, through its FEMSA Strategic Businesses unit, it participates

in the logistics and distribution industry through and provides point-of-sale refrigeration and plastic solutions to its business units and third-party clients. The consolidated financial information included in this annual report was prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The 2022 and 2021 results are stated in nominal Mexican pesos ("pesos" or "Ps."). Translations of pesos into US dollars ("US\$") are included solely for the convenience of the reader and are determined using the noon buying rate for pesos as published by the U.S. Federal Reserve Board in its H.10 Weekly Release of Foreign Exchange Rates as of December 30, 2022, which was 19.4960 pesos per US dollar. This report may contain certain forward-looking statements concerning the Company's future performance that should be considered good faith estimates made by the Company.

These forward-looking statements reflect management expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, which could materially impact the Company's actual performance.

## FEMSA Consolidated

**2022** amounts in millions of Mexican pesos

	Total Revenues	% Growth vs'22	Gross Profit	% Growth vs'21
FEMSA Consolidated	673,202	21.0%	251,668	17.8%
Coca-Cola FEMSA	226,740	16.4%	100,300	13.2%
FEMSA Proximity Americas	233,958	17.8%	97,586	15.9%
FEMSA Proximity Europe	9,809	NA	4,599	NA
Fuel	51,813	29.8%	6,560	24.5%
Health	74,800	2.4%	21,983	1.1%
Logistics and Distribution	72,539	49.8%	16,165	52.9%





FEMSA's consolidated total revenues increased 21.0% to Ps. 673,202 million in 2022 compared to Ps. 556,261 million in 2021. On an organic<sup>28</sup> basis, total revenues grew 15.5%. Coca-Cola FEMSA's total revenues increased 16.4% to Ps. 226,740 million, mainly as a result of volume growth, revenue management initiatives, and favorable price-mix effects. FEMSA Proximity Americas revenues increased 17.8% to Ps. 233,958 million, driven by an average increase of 14.3% in OXXO's same-store sales and the addition of 1,027 net new stores during 2022. Proximity Europe revenues amounted to Ps. 9,809 million, for the consolidated period of 2022.<sup>29</sup> Fuel revenues increased 29.8% to Ps. 51,813 million, driven by an average increase of 22.4% in same-station sales driven by a 15.2% increase in average volume. FEMSA Health revenues increased 2.4% to Ps. 74,800 million, partially offset by an average decrease of 1.0% in same-store sales for drugstores, while reflecting positive trends in our Mexico, Colombia and Ecuador operations and stable trends in Chile, partially offset by the depreciation of the Chilean and Colombian pesos, against the Mexican peso, and a demanding comparison base that benefited from extraordinary liquidity in Chile and COVID-19 driven consumption during 2021. The Logistics

and Distribution total revenues increased 49.8% to Ps. 72,539 million, reflecting the inorganic expansion of our distribution platform in the United States and positive demand dynamics in our operations in Latin America.

Consolidated gross profit increased 17.8% to Ps. 251,668 million in 2022 compared to Ps. 213,713 million in 2021. Gross margin decreased 100 basis points to 37.4% of total revenues compared to 2021, reflecting gross margin contractions at most of FEMSA's business units, offset by margin expansion at the Logistics & Distribution business.

Consolidated operating expenses increased 18.9% to Ps. 192,252 million in 2022 compared to Ps. 161,720 million in 2021. As a percentage of total revenues, consolidated operating expenses decreased from 29.1% in 2021 to 28.6% in 2022.

Consolidated administrative expenses increased 26.7% to Ps. 34,486 million in 2022 compared to Ps. 27,219 million in 2021. As a percentage of total revenues, consolidated administrative expenses increased 20 basis points, from 4.9% in 2021 to 5.1% in 2022.

Consolidated selling expenses increased 17.3% to Ps. 157,340 million

in 2022 as compared to Ps. 134,079 million in 2021. As a percentage of total revenues, selling expenses decreased 70 basis points, from 24.1% in 2021 to 23.4% in 2022.

Consolidated income from operations increased 14.3% to Ps. 59,416 million in 2022 as compared to Ps. 51,993 million in 2021. On an organic<sup>30</sup> basis, consolidated income from operations grew 11.5%. As a percentage of total revenues, operating margin decreased 50 basis points, from 9.3% in 2021 to 8.8% in 2022, reflecting margin expansion at FEMSA's Proximity, Fuel, and Health Divisions, offset by margin contractions at Coca-Cola FEMSA and FEMSA's Logistics & Distribution operations.

Some of our subsidiaries pay management fees to us in consideration for corporate services we provide to them. These fees are recorded as administrative expenses in the respective business segments. Our subsidiaries' payments of management fees are eliminated in consolidation and, therefore, have no effect on our consolidated operating expenses.

Net financing expenses increased to Ps. 16,380 million from Ps. 13,384 million in 2021, reflecting a decrease in interest expenses, offset by a Ps. 5,043 non-cash, negative swing in foreign

exchange losses, related to FEMSA's U.S. dollar-denominated cash position as impacted by the appreciation of the Mexican peso.

Income before income taxes and share of the profit in associate results increased 1.4% to Ps. 41,872 million in 2022 compared to Ps. 41,276 million in 2021, reflecting an increase in our income from operations, offset by lower other income and the increase in net financing expenses described above.

Our accounting provision for income taxes in 2022 was Ps. 14,395 million, as compared to Ps. 14,278 million in 2021, resulting in an effective tax rate of 34.6% in 2022 as compared to 34.7% in 2021.

Consolidated net income was Ps. 34,743 million in 2022 compared to Ps. 37,678 million in 2021, reflecting i) higher income from operations across our business units; and ii) a decrease in net interest expense. These were partially offset by, i) a Ps. 5,043 non-cash, negative swing in foreign exchange losses, related to FEMSA's U.S. dollar-denominated cash position as impacted by the appreciation of the Mexican peso, ii) a Ps. 3,831 negative swing in other non-operating expenses which reflect a demanding comparison base that

28 Excludes the effects of significant mergers and acquisitions in the last twelve months.

29 23 days of October, and the full months of November and December 2022.

30 Excludes the effects of significant mergers and acquisitions in the last twelve months.



included dividends received from our investment in Jetro Restaurant Depot, and; iii) by a decrease in our participation in associates' results, which mainly reflects the results of our investment in Heineken.

Controlling interest income amounted to Ps. 23,909 million in 2022 compared to a loss of Ps. 28,495 million in 2021. Controlling interest income in 2022 per FEMSA Unit<sup>31</sup> was Ps. 6.68 (US\$ 3.43 per ADS).

### Coca-Cola FEMSA

Coca-Cola FEMSA total revenues increased 16.4% to Ps. 226,740 million in 2022 compared to Ps. 194,804 million in 2021, mainly as a result of volume growth, revenue management initiatives, and favorable price-mix effects. These factors were partially offset by a decline in Coca-Cola FEMSA's beer revenues related to the transition of the beer portfolio in Brazil and unfavorable currency translation effects from most of its operating currencies into Mexican pesos. In addition, for 2021, this line included other operating revenues due to a favorable determination from the Brazilian tax authorities, which allowed the recognition of a deferred tax credit in Brazil for Ps. 254 million.

Coca-Cola FEMSA gross profit increased 13.2% to Ps. 100,300 million in 2022, compared to Ps. 88,598 million in 2021, with a gross margin contraction of 130 basis points as compared to 2021 to reach 44.2%. This gross margin decrease was driven mainly by a tough comparison base due to the recognition of an extraordinary profit of Ps. 1,083 million during the second quarter of 2021, related to credits on concentrate purchased from the Manaus Free Trade Zone in Brazil, higher concentrate costs in Mexico, and

higher raw material costs, mainly PET resin and sweeteners. These effects were partially offset by Coca-Cola FEMSA's top-line growth and favorable raw material hedging initiatives.

The components of cost of goods sold include raw materials (principally concentrate, sweeteners, and packaging materials), depreciation costs attributable to our production facilities, wages and other labor costs associated with labor force employed at Coca-Cola FEMSA production facilities, and certain overhead costs. Concentrate prices are determined as a percentage of the retail price of Coca-Cola FEMSA's products in local currency, net of applicable taxes. Packaging materials, mainly PET resin and aluminum, and HFCS, used as a sweetener in some countries, are denominated in U.S. dollars.

Operating expenses increased 13.6% to Ps. 69,462 million in 2022 compared to Ps. 61,195 million in 2021.

Administrative expenses increased 25.0% to Ps. 11,263 million in 2022 compared to Ps. 9,012 million in 2021. Selling expenses increased 11.6% to Ps. 57,718 million in 2022 compared with Ps. 51,709 million in 2021.

Income from operations increased 12.5% to Ps. 30,838 million in 2022 compared to Ps. 27,402 million in 2021.

### FEMSA Proximity Americas

Proximity Americas total revenues increased 17.8% to Ps. 233,958 million in 2022 compared to Ps. 198,586 million in 2021, reflecting an average increase in same-store sales of 14.3%. As of December 31, 2022, there was a total of 21,458 OXXO stores. As referenced above, OXXO same-store sales increased an average of 14.3% compared to 2021, driven by a 10.7% increase in average customer ticket, and by a 3.6% increase in store traffic.

Cost of goods sold increased 19.2% to Ps. 136,372 million in 2022 compared to Ps. 114,390 million in 2021. Gross margin decreased 70 basis points to reach 41.7% of total revenues. This decrease reflects the impact from OXXO's fast-growing loyalty program, and a decrease of the contribution of financial services, partially offset by a more dynamic commercial income activity and promotional programs with our key supplier partners. As a result, gross profit increased 15.9% to Ps. 97,586 million in 2022 compared with 2021.

<sup>31</sup> FEMSA Units consist of FEMSA BD Units and FEMSA B Units. Each FEMSA BD Unit is comprised of one Series B Share, two Series D-B Shares and two Series D-L Shares. Each FEMSA B Unit is comprised of five Series B Shares. The number of FEMSA Units outstanding as of December 30, 2022, was 3,578,226,270, equivalent to the total number of FEMSA Shares outstanding as of the same date, divided by 5.



Operating expenses increased 12.6% to Ps. 74,073 million in 2022 compared to Ps. 65,809 million in 2021. The increase in operating expenses was driven by our continued but gradual shift from commission-based store teams to employee-based teams; partially offset by enduring expense efficiencies and tight expense control.

Administrative expenses decreased 1.3% to Ps. 6,066 million in 2022 compared to Ps. 6,145 million in 2021; as a percentage of sales, administrative expenses decreased to 2.6% in 2022.

Selling expenses increased 13.9% to Ps. 67,842 million in 2022 compared with Ps. 59,542 million in 2021; as a percentage of sales, they reached 28.9% in 2022.

Income from operations increased 27.9% to Ps. 23,513 million in 2022 compared to Ps. 18,387 million in 2021, resulting in an operating margin expansion of 80 basis points to reach 10.1% as a percentage of total revenues for the year, compared with 9.3% in 2021, Reflecting long-lasting operating efficiencies.

### **FEMSA Proximity Europe<sup>32</sup>**

Proximity Europe total revenues amounted to Ps. 9,809 million in 2022, reflecting a sequential traffic and ticket recovery driven by increased mobility. As of the end of the period Proximity Europe had 2,766 points of sale.

Cost of goods sold increased amounting to Ps. 5,210 million in 2022. Gross margin amounted to 46.9% of total revenues, reflecting the recovery of the foodservice category, which has a structurally higher margin. As a result, gross profit amounted to Ps. 4,599 million in 2022.

Operating expenses amounted to Ps. 4,267 million in 2022.

Administrative expenses amounted to Ps. 1,294 million in 2022; as a percentage of sales, administrative expenses amounted to 13.2% in 2022.

Selling expenses amounted to Ps. 3,112 million in; as a percentage of sales, they reached 31.7%.

Income from operations amounted to Ps. 332 million in 2022, resulting in an operating margin of 3.4% as a percentage of total revenues, driven by the contribution of foodservice as well as the integration of recent acquisitions.

### **Fuel**

Fuel total revenues increased 29.8% to Ps. 51,813 million in 2022 compared to Ps. 39,922 in 2021, reflecting a 22.4% average increase in same-station sales. As of December 31, 2022, there was a total of 568 OXXO GAS service stations. As referenced above, same-station sales increased an average of 22.4% compared to 2021, reflecting a 6.2% increase in the average price per liter, couple with a 15.2% increase in average volume.

Cost of goods sold increased 30.6% to Ps. 45,253 million in 2022 compared with Ps. 34,653 million in 2021. Gross margin decreased 50 basis points to reach 12.7% of total revenues. Gross profit increased 24.5% to Ps. 6,560 million in 2022 compared with 2021.

Operating expenses increased 11.9% to Ps. 4,310 million in 2022 compared with Ps. 3,853 million in 2021. This increase was driven by OXXO GAS' organic growth partially offset by tight expense control and increased expense efficiencies.

Administrative expenses decreased 21.7% to Ps. 227 million in 2022 compared with Ps. 290 million in 2021; as a percentage of sales, administrative expenses decreased to 0.4%. Selling

expenses increased 14.4% to Ps. 4,084 million in 2022 compared with Ps. 3,571 million in 2021; as a percentage of sales, selling expenses decreased 100 basis points to 8.0% in 2022.

Income from operations increased 58.9% to Ps. 2,250 million in 2022 compared with Ps. 1,416 million in 2021, resulting in an operating margin expansion of 80 basis points to 4.3% as a percentage of total revenues for the year compared with 3.5% in 2021.

### **FEMSA Health**

FEMSA – Health total revenues increased 2.4% to Ps. 74,800 million in 2022 compared to Ps. 73,027 million in 2021, driven by an average decrease of 1.0% in same-store sales for drugstores, reflecting positive trends in our operations in Mexico, Colombia, and Ecuador, and stable trends at our Chilean operations, partially offset by the depreciation of the Chilean and Colombian pesos, against the Mexican peso, and a demanding comparison base driven by extraordinary liquidity in Chile and COVID-19 consumption, which was offset by the addition of 434 net new drugstores during the period. As of December 31, 2022, the Health Division had a total of 4,095 drugstores across its geographies.

<sup>32</sup> Shows the results for the consolidated period which comprises 23 days of October, and the full months of November and December 2022



Cost of goods sold decreased 3.0% to Ps. 52,817 million in 2022, compared with Ps. 51,291 million in 2021.

Gross margin decreased 40 basis points to reach 29.4% of total revenues. This was mainly driven by: i) higher institutional sales in our operations in Chile and Colombia; and ii) increased promotional activities in our operations in South America. These were offset by improved efficiency and more effective collaboration and execution with key supplier partners in Mexico. Gross profit increased 1.1% to Ps. 21,983 million in 2022 compared with 2021.

Operating expenses increased 0.4% to Ps. 18,045 million in 2022 compared with Ps. 17,974 million in 2021. This increase was driven by the organic growth in Mexico and South America, partially offset by cost efficiencies and tight expense control throughout our territories.

Administrative expenses decreased 10.4% to Ps. 2,918 million in 2022 compared with Ps. 3,255 million in 2021; as a percentage of sales, they reached 3.9% in 2022. Selling expenses increased 3.5% to Ps. 15,139 million in 2022 compared with Ps. 14,620 million in 2021; as a percentage of sales, they reached 20.2% in 2022.

Income from operations increased 4.7% to Ps. 3,938 million in 2022 compared with Ps. 3,762 million in 2021, resulting in an operating margin expansion of 10 basis points to 5.3% as a percentage of

total revenues for the year, compared with 5.2% in 2021, reflecting higher operating leverage.

### Logistics and Distribution

Logistics and Distribution total revenues increased 49.8% to Ps. 72,539 million, compared to Ps. 48,412 million in 2021. Reflecting the inorganic expansion of our distribution platform in the United States coupled with positive demand dynamics in our operations in Latin America, and effective cross-selling initiatives at Envoy Solutions operations in the United States.

Cost of goods sold increased 49.0% to Ps. 56,374 million, compared to Ps. 37,843 million in 2021. Reflecting the inorganic expansion of our distribution platform in the United States offset by increased fuel expenses. Gross profit increased 52.9% to Ps. 16,165 in 2022 compared with Ps. 10,569 million in 2021, representing 22.3% of total sales.

Operating expenses increased 55.3% to Ps. 13,103 million in 2022 compared with Ps. 8,438 million in 2021 reflecting strong inorganic growth at our distribution operations in the United States.

Administrative expenses increased 37.8% to Ps. 6,247 million in 2022, compared to Ps. 4,533 in 2021; as a percentage of sales, administrative expenses decreased to 8.6% in 2022.

Selling expenses increased 68.9% to Ps. 6,858 million in 2022; as a percentage of sales, selling expenses increased to 9.5% in 2022.

Income from operations increased 43.7% to Ps. 3,063 million in 2022 compared with 2,132 in 2021, resulting in an operating margin contraction of 20 basis points to 4.2% of total sales, strong inorganic growth at our distribution operations in the United States.

### Key Events during 2022

The following text reproduce our press releases as they were published.

#### *Coca-Cola FEMSA announces construction of a new recycling plant in Mexico*

On January 25, 2022, Coca-Cola FEMSA announced the construction of a new recycling plant together with ALPLA México, S.A. de C.V. ("ALPLA"), that will be known as "PLANETA", ("Planta Nueva Ecología de Tabasco", in Spanish). PLANETA will be built in Cunduacán, in the state of Tabasco, between ALPLA, a global leader in the development and production of plastic packaging solutions and Coca-Cola FEMSA. The plant will have a joint investment between Coca-Cola FEMSA and ALPLA of more than US\$ 60 million and will operate with state-of-the-art technology to process

up to 50,000 tons of post-consumption PET bottles per year, to produce up to 35,000 tons of food grade recycled material, ready to be reused. The plant is expected to start operations during the first quarter of 2023.

#### *Coca-Cola FEMSA was included for the second consecutive year in the S&P Global Sustainability Yearbook 2022*

On February 08, 2022, Coca-Cola FEMSA announced that for the second consecutive year Coca-Cola FEMSA was the only Mexican beverage company included in the S&P Global Sustainability Yearbook 2022, due to its high performance in the Corporate Sustainability Assessment (CSA) from S&P.

This year, more than 7 thousand companies around the world were evaluated, and only 15% of the companies with the best Environmental, Social, Economic and Corporate Governance ("ESG") performance were selected. From these companies, more than 700 were in the beverage sector, Coca-Cola FEMSA being the only Mexican company in this sector included in the S&P Global Sustainability Yearbook 2022, achieving a score, according to the S&P's own evaluation, that makes it stand out as one of the companies with the best performance in the beverage sector in the field of ESG.



Coca-Cola FEMSA was also the first Mexican company and the third in Latin America to obtain approval from the global Science Based Targets (SBTi) initiative, for aligning its emission reduction goals in its operations and throughout its value chain to the Paris Agreement. Additionally, in 2021, considering water as a valuable resource, the Company, as announced at the time, placed the first sustainability linked bonds in the Mexican market, publicly committing to achieve ambitious goals for efficient water use.

Coca-Cola FEMSA has the goal of making all its packaging recyclable and collecting 100% of the packaging it places in the market by 2025. Coca-Cola FEMSA was included for the second consecutive year in the S&P Global Sustainability Yearbook 2022. Additionally, Coca-Cola FEMSA has been included for the fourth consecutive year in the gender equality index and for the third time it has been selected as one of the best places to work for the LGBTQ+ community, for promoting policies that favor equality and the rights of the people who collaborate in the Company.

Finally, Coca-Cola FEMSA is the only Latin American company in the beverage industry included for the fifth year in the Dow Jones Sustainability MILA Pacific Alliance Index and for the ninth year in

the Dow Jones Sustainability Emerging Markets Index, strengthening it as a world-class benchmark in the beverage industry for its actions and results, which have also led it to be included in the FTSE4Good Emerging Index together with Fomento Económico Mexicano, S.A.B. of C.V. and in the new S&P/BMV Total Mexico ESG Index.

### ***FEMSA's Envoy Solutions reaches agreement to acquire Sigma Supply of North America, expanding its footprint in the Southern United States***

On April 12, 2022, FEMSA announced that Envoy Solutions ("Envoy"), FEMSA's specialized distribution subsidiary in the United States, reached an agreement to acquire Sigma Supply of North America Inc. ("Sigma Supply"), an independent specialized distribution company based in Hot Springs, Arkansas. This transaction represents another important step in FEMSA's strategic path to build a leading national distribution platform in the United States. Sigma Supply will add significant capabilities in packaging materials distribution, solutions and services, and it will expand Envoy's footprint to include the key state of Texas while enhancing its presence across the South to the Mid-Atlantic region. Sigma Supply's revenues were approximately US\$ 370 million in 2021.

### ***Coca-Cola FEMSA and the Coca-Cola System announce distribution agreement with Campari Group in Brazil***

On April 19, 2022, Coca-Cola FEMSA announced that its subsidiary Spal Indústria Brasileira de Bebidas, S.A. and the Coca-Cola System in Brazil have signed an agreement to distribute Campari Group's ("Campari") products in the country. This distribution will provide for strategically defined actions for each state or region, especially with respect to portfolio.

### ***FEMSA and Valora join forces: A strong foundation to jointly develop the European market leader in convenience stores and food service***

On July 5, 2022, FEMSA announced an all-cash offer to purchase all of the publicly held shares of Valora Holding AG (Valora) for CHF 260.00 per share. This was equivalent to a premium of 57.3% to the volume-weighted average share price of the last 60 trading days and 52.0% to the Valora closing share price on July 4, 2022.

Valora; one of the leading foodvenience platforms with convenience stores and food service operations in Switzerland, Germany and other European countries, announced a

binding agreement under which FEMSA will launch a public tender cash offer to acquire all of Valora's publicly held registered shares for CHF 260.00 net per share in cash. Valora will continue to operate under its own company name, becoming the retail arm of FEMSA's Proximity Division in Europe, and will take on responsibility for further developing the European convenience markets for FEMSA. Valora's brands and formats will be retained in accordance with Valora's current management's expansion and operating plans. FEMSA will fund the up to US\$ 1.2 billion/ CHF 1.1 billion all-cash acquisition with available cash on hand.

### ***Coca-Cola FEMSA announces distribution agreement with Grupo Perfetti Van Melle in Brazil***

On July 14, 2022, Coca-Cola FEMSA announced that its subsidiary Spal Indústria Brasileira de Bebidas, S.A. has signed a non-exclusive agreement to distribute Grupo Perfetti Van Melle ("Perfetti") products in its Brazilian territories. Perfetti, is one of the world's largest manufacturers of confectionary and chewing gum, with global brands such as Mentos and Fruit-tela.



***Coca-Cola FEMSA announces successful pricing of the first social bonds in the consumer sector in the Americas and sustainability bonds in Mexico***

On October 6, 2022, Coca-Cola FEMSA announced the successful pricing of its social and sustainability bonds in the Mexican market for a total of Ps. 6,000 million.

The transaction was completed through a dual-tranche format with the tickers KOF22S and KOF22X. The first tranche was priced at a fixed rate of 9.95% (Mbono+0.30%) for an amount of Ps. 5,500 million due in 7 years; the net proceeds of this bond will be used to finance social projects. The second tranche was priced at a variable rate of TIIE + 0.05% for an amount of Ps. 500 million due in 4 years. Both issuances received a credit rating of mxAAA from S&P Global Ratings S.A. de C.V. and AAA.mx by Moody's de México, S.A. de C.V.

The net proceeds of this bond will be used to finance sustainability projects.

The net resources from these bonds will be used to finance projects focused on the development of the communities in which the Company has a presence and that respond to their local needs. Coca-Cola FEMSA has become the first non-financial corporation in the Americas and the first company in the

Coca-Cola System to issue a social bond, making the financing of social projects available to investors. Among the outstanding social projects are support programs that provide entrepreneurial and self-employment skills, financial solutions that support store owners, and investments in sustainable community development, including water replenishment projects and water access in vulnerable communities.

***Spin by OXXO obtains authorization to operate as an electronic payment entity in Mexico***

On October 7, 2022, FEMSA announced that its subsidiary Compropago S.A.P.I. de C.V. has successfully completed the regulatory process required under the Mexican fintech legal framework and has been authorized by the Comisión Nacional Bancaria y de Valores ("CNBV") to operate as "Institución de Fondos de Pagos Electrónico" ("IFPE").

***FEMSA and Coca-Cola FEMSA Announce Senior Leadership Changes***

On October 13, 2022, FEMSA and Coca-Cola FEMSA announced that in accordance with their careful and deliberate senior leadership succession planning processes, and consistent with previously established timeframes, John Santa Maria Otazua will retire from his

position as Coca-Cola FEMSA's Chief Executive Officer on January 1, 2023. Accordingly, Coca-Cola FEMSA's Board of Directors has appointed Ian Craig García, currently CEO of Coca-Cola FEMSA Brazil, to become Coca-Cola FEMSA's Chief Executive Officer as of the same date.

Concurrently, Alfonso Garza Garza will retire from his position as Chief Executive Officer of FEMSA Strategic Businesses on January 1, 2023. Constantino Spas Montesinos, currently Chief Financial Officer of Coca-Cola FEMSA, has been appointed to become Chief Executive Officer of FEMSA Strategic Businesses as of the same date.

***FEMSA signs agreement to acquire NetPay, as part of its digital and financial solutions ecosystem***

On November 7, 2022, FEMSA announced that its subsidiaries have signed an agreement to acquire all of the outstanding shares of NET PAY, S.A.P.I DE C.V. ("NetPay"). NetPay is a merchant aggregator that offers several payment services and solutions to micro, small and medium-sized businesses in Mexico. In 2019, FEMSA acquired a minority equity stake in NetPay and now it has agreed with NetPay's majority shareholders to acquire all of the remaining outstanding shares of the company, to take FEMSA's ownership to 100%.



### ***FEMSA Announces Successful Sustainability Linked Bond Issuance in the Mexican Market***

On November 15, 2022, FEMSA announced the placement of Mexican Peso-denominated sustainability linked bonds in the Mexican market for a total of Ps. 9,273,843,400.00.

The transaction was completed through a dual-tranche format with the tickers FEMSA 22-2L and FEMSA 22L. The first tranche was issued at an annual fixed rate of 9.65% (Mbono+0.45%) for an amount of Ps. 8,446,384,600.00 due in 2032. The second tranche was issued at an annual variable rate of TIIE28 + 0.10% for an amount of Ps. 827,458,800.00 due in 2027. This issuance received credit ratings of mxAAA from Standard & Poor's and AAA (mex) from Fitch Ratings.

The proceeds from this issuance will be used for general corporate purposes.

Pursuant to the terms of the Bonds, they are linked to FEMSA's Sustainability Linked Bond Framework, which was adopted and published by the Company in connection to the 2021 issuance of its Euro-denominated sustainability linked notes in the international capital markets for €700 million in senior notes due in 2028, and €500 million in senior notes due in 2033. This Framework is aligned with the

2020 Sustainability Linked Bonds Principles ("SLBP"), as administered by the International Capital Market Association, and it includes certain Sustainability Performance Targets of the Company which are aligned with its overall sustainability strategy priorities for 2030. Per the terms of the Bonds, the satisfaction of the Sustainability Performance Targets will be verified by an accredited third party, and if such targets are not satisfied on certain dates, there will be an interest rate step-up of 25 basis points.

Pursuant to FEMSA's Sustainability-Linked Bond Framework, FEMSA has committed to annually publish on its website a Sustainability-Linked Securities update within its Sustainability Annual Report, which will include up-to-date information on its performance with respect to the key performance indicators.

### ***Coca-Cola FEMSA Names Gerardo Cruz as Chief Financial Officer***

On November 29, 2022, Coca-Cola FEMSA announced that the Board of Directors has appointed Mr. Gerardo Cruz Celaya to succeed Mr. Constantino Spas Montesinos as Coca-Cola FEMSA's Chief Financial Officer, effective January 1, 2023.

### ***Coca-Cola FEMSA recognized once again as part of the Dow Jones Sustainability Index***

On December 19, 2022, Coca-Cola FEMSA announced that it has been included in the Dow Jones Sustainability MILA Pacific Alliance Index for the sixth year; and is the only Company in the beverage industry in Latin America included for the tenth consecutive year in the Dow Jones Sustainability Emerging Markets Index.

Based on the results of a Corporate Sustainability Assessment (CSA) that evaluates governance & economic, environmental, and social criteria, Coca-Cola FEMSA increased its rating within the Dow Jones Sustainability Index as compared to the previous year by improving its score as a result of a solid performance in the three pillars subject to the evaluation, confirming the Company's leading sustainability-driven strategy.

**FEMSA**

2022 integrated annual report

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