

# Governance

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

## IN THIS CHAPTER:

- › Our Board of Directors & Committees
- › Ethical & Socially Responsible Behavior
- › Risk Management

## FEMSA GOVERNANCE STRUCTURE



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.

For detailed 2023 data related to Governance, please see [Sustainability Performance Data](#) in the Appendix.



## Our Board of Directors

FEMSA's Board of Directors is responsible for directing corporate strategy, defining and supervising the implementation of the Company's vision and values and monitoring and managing risks to the Company. In accordance with the Company's 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 nine Directors and the holders of the FEMSA D Shares may elect five Directors.

The selection of new independent directors is conducted every year through a rigorous search process of analyzing and evaluating candidates who possess the characteristics that FEMSA's Board of Directors seeks to incorporate.

Candidates are evaluated by FEMSA's Corporate Practices and Nominations Committee, supported by a working group composed of directors, and an external advisory firm. The nominations are approved by the Board of Directors and submitted to the shareholders meeting for their election.

FEMSA's current Board of Directors was elected at our Annual General Meeting (AGM) held on March 31, 2023. Since 2022, shareholders have the ability to vote for each individual director, rather than as a slate. Directors are appointed for a term of one year and are eligible for re-election of their term. The Board of Directors is also assisted by one Secretary (non-member) and one alternate Secretary (non-member). José Antonio Fernández Carbajal has been 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. The Board of Directors elected in the AGM on March 31, 2023 had five meetings during 2023 and until February 2024, with an average board meeting attendance of 97.5%.

We periodically review and evaluate our governing bodies, including our board 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.

**The Board of Directors is responsible for establishing the Company's strategy,** and is supported by functional committees and the **FEMSA's executive team,** who are focused on driving sustainable business growth.



### Board Committees

FEMSA's Board of Directors is supported by three committees with different areas of responsibility and oversight. 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 Committees' recommendations are submitted to the Board of Directors for consideration and approval. The current members of each board committee were elected at our AGM on March 31, 2023.

**Learn more.**

## Audit Committee

**Chairman:** Víctor Alberto Tiburcio Celorio

### Roles and responsibilities

The Audit Committee performs activities to ensure the integrity, reliability, and transparency of our company's financial information. It supports the Board of Directors in the following activities:

- ▶ Reviewing the quarterly and annual financial statements in accordance with accounting, regulatory, internal control and auditing requirements applicable to the Company, as well as reviewing the Company's accounting policies and principles.
- ▶ Supervising our internal control over financial reporting and establishing risk mitigation and control policies, as well as overseeing the internal audit function and ensuring that it is objective and competent.
- ▶ Recommending the engagement and compensation of the Company's external audit firm, as well as evaluating and supervising its performance and independence.
- ▶ Reviewing the audit plan and its results, as well as any findings or recommendations.
- ▶ Overseeing the internal audit function.
- ▶ Overseeing compliance, ethics and whistleblower programs, and ensuring that they are aligned with our Code of Ethics.
- ▶ Identifying and following-up on contingencies and legal proceedings.
- ▶ Inform the Board of Directors and shareholders of the findings and activities of the committee.

### Functioning

- ▶ Composed exclusively of independent directors in accordance with the Mexican Securities Market Law, as well as the U.S. Securities Act of 1933 and the applicable listing standards of the *New York Stock Exchange*.
- ▶ The Audit Committee regularly meets nine times a year, and exceptionally when deemed necessary. The duration of these meetings is approximately 3 hours, and in 2023 the Audit Committee met for a total of 30 hours.



## Operations & Strategy Committee

**Chairman:** José Antonio Fernández Carbajal

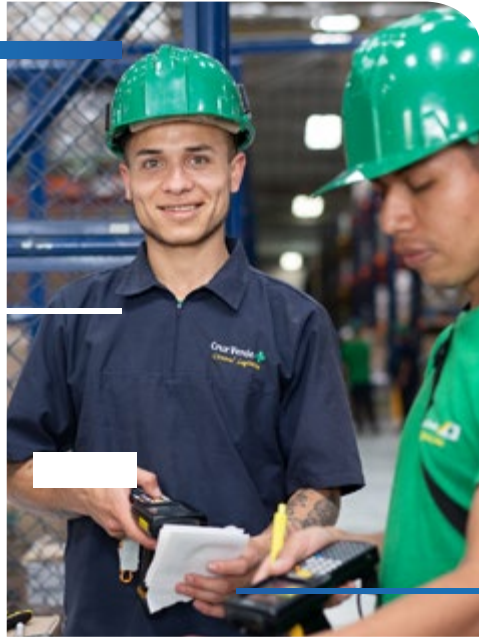
### Roles and responsibilities

The Operations and Strategy Committee plays a fundamental role in our corporate governance system by supporting the Board of Directors in establishing the Company's strategy. In 2022, as part of FEMSA's Corporate Governance updates, this Committee expanded its functions to include supporting the Board in overseeing the operations of the Company and its business units, and it also supports the Board in the following functions:

- › Making recommendations to the Board of Directors regarding the annual operating plans and strategic projects of FEMSA's business units.
- › Executing strategic analysis of FEMSA's business units' operations, growth alternatives and long-term plans, as well as supervising transformational initiatives.
- › Evaluating the investment, risk management and financing policies of the Company.
- › Reviewing and, if appropriate, recommending to the Board of Directors, the dividends policy, for subsequent approval by the shareholders in our Shareholders' Meeting.
- › Providing support in the review of strategic projects that are explicitly requested by the Board.

### Functioning

- › Comprised of a majority of independent directors and chaired by the executive chairman of FEMSA's Board of Directors.
- › This committee meets at least 4 times a year prior to each Board of Directors meeting. The duration of its meetings is 8 hours, and in 2023 it met for a total of 40 hours.



## Corporate Practices & Nominations Committee

**Chairman:** Ricardo E. Saldívar Escajadillo

### Roles and responsibilities

### Functioning

The main mandate of the Corporate Practices and Nominations Committee is to prevent or reduce the risk of performing operations that could damage the value of our company or that may benefit only a particular group of shareholders, as well as supervising the hiring and compensation processes of the Chief Executive Officer and our senior management. Since 2022, the Corporate Practices and Nominations Committee has incorporated, within its mandate, to support the Board in the nomination and evaluation of independent directors. Other main functions of this Committee are:

- ▶ Reviewing and approving the compensation scheme and policies for the Chief Executive Officer and our senior management.
- ▶ Conducting searches, evaluations and nominations of Series D and independent directors with appropriate qualifications and experience to support corporate decisions.
- ▶ Proposing new independent directors to the Board of Directors and the Series D shareholders, informing them of their qualifications and experience, and providing shareholders with a summary of the election process.
- ▶ Supporting the Board in the succession processes of the Chief Executive Officer and our senior management and providing the Board of Directors with an opinion regarding their selection.
- ▶ Reviewing and approving internal policies in connection with use of assets and related party transactions.

- ▶ Comprised exclusively of independent directors.
- ▶ This committee meets at least twice a year prior to Board of Directors meetings, and exceptionally when necessary. The duration of its meetings is one and a half hours, and in 2023 it met for a total of six hours.

## Members of the Board of Directors & Committees

The following information summarizes the current composition of our Board of Directors. We believe that each director brings unique areas of expertise and wide-ranging professional experience to FEMSA.

### Series B Directors

#### **José Antonio Fernández Carbajal**<sup>OSC</sup>

Chief Executive Officer and Executive Chairman of FEMSA's Board of Directors

Appointed to the Board: 2001 (as Chairman of the Board)

Alternate: **Francisco Javier Fernández Carbajal**<sup>OSC</sup>

#### **Eva María Garza Lagüera Gonda**

Private investor

Appointed to the Board: 1999

Alternate: **Jose Antonio Fernández Garza Lagüera**<sup>OSC</sup>

#### **Paulina Garza Lagüera Gonda**

Private investor

Appointed to the Board: 2004

Alternate: **Mariana Garza Lagüera Gonda**

#### **Francisco José Calderón Rojas**

Chairman of Regio Franca, S.A. de C.V.

Appointed to the Board: 2023

Alternate: **Diego Eugenio Calderón Rojas**

#### **Alfonso Garza Garza**

Private investor

Appointed to the Board: 2016

Alternate: **Juan Carlos Garza Garza**

**AC** Audit Committee

**CPNC** Corporate Practices and Nominations Committee

**OSC** Operations and Strategy Committee

#### **Bertha Paula Michel González**

Chairwoman of Casa Córdoba

Appointed to the Board: 2020

Alternate: **Maximino José Michel González**

#### **Alejandro Baillères Gual**

Chairman of Grupo BAL, S.A. de C.V.

Appointed to the Board: 2022

Alternate: **Arturo Fernández Pérez**

#### **Bárbara Garza Lagüera Gonda**

Private investor and Chairwoman of the acquisitions committee of FEMSA Collection

Appointed to the Board: 1998

Alternate: **Javier Gerardo Astaburuaga Sanjines**<sup>OSC</sup>

#### **Enrique F. Senior Hernández**<sup>OSC</sup>

Managing Director at Allen & Company, LLC

Independent Director

Appointed to the Board: 2022

#### **Michael Larson**<sup>OSC</sup>

Chief Investment Officer of Cascade Asset Management Company (William H. Gates III)

Independent Director

Appointed to the Board: 2011

Alternate: **Ricardo Guajardo Touché**<sup>OSC, CPNC</sup>

Independent Director

### Series D Directors

#### **Ricardo Ernesto Saldívar Escajadillo**<sup>OSC, CPNC</sup>

Private investor

Independent Director

Appointed to the Board: 2015

#### **Alfonso González Migoya**<sup>AC</sup>

Business consultant

Independent Director

Appointed to the Board: 2017

#### **Víctor Alberto Tiburcio Celorio**<sup>AC</sup>

Independent consultant

Independent Director

Appointed to the Board: 2019

#### **Daniel Inaki Alegre**<sup>OSC</sup>

Former Chief Executive Officer of Yuga Labs, Inc.

Independent Director

Appointed to the Board: 2023

#### **Gibu Thomas**<sup>OSC</sup>

Executive Vice-President, Online, Estée Lauder Companies

Independent Director

Appointed to the Board: 2023

### Series D Alternate Directors (Independent)

#### **Michael Kahn**<sup>OSC</sup>

**Francisco Zambrano Rodríguez**<sup>AC</sup>

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

### Secretary

#### **Alejandro Gil Ortiz**

General Counsel and Secretary of the Board of Directors  
(Non-member)





## 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 and Chief Executive Officer (CEO) 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 December 2013. He is also Chairman of the Board of Coca-Cola FEMSA, chairman of the board of trustees of Fundación FEMSA, A.C., and board member of Industrias Peñoles, S.A.B. de C.V. He has been a member of the Board of Trustees of Tecnológico de Monterrey since 1990, where he served as Chairman of the Board from 2012 to 2023. In 2017, he was elected as a member of MIT Corporation, where he participates in the the Student Life Committee and the Undergraduate and Graduate Education Committee. He is also member of the Board of Global Advisors of the Council on Foreign Relations. He holds a degree in Industrial Engineering and Systems from Tecnológico de Monterrey, where he earned an MBA in 1978 and has been a professor for more than 20 years.

### **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 Chief Executive Officer as of January 1, 2022 until his passing in August 2023. 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 had 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.

### **Jose Antonio Fernández Garza-Lagüera**

#### Chief Executive Officer, Proximity & Health Division

He assumed the role of Chief Executive Officer of the Proximity and Health Division in november 2023, following his role as CEO of FEMSA Digital since 2022. He began his career in FEMCO in 2018 as Head of Strategic Planning for OXXO Mexico. Before joining FEMCO, he was General Manager of Coca-Cola FEMSA's Central America division from 2015 to 2018. Prior to that, he worked as CEO of FEMSA's plastics division, Plásticos Técnicos Mexicanos, and manager 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 logistic 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.

### **Ian Marcel Craig García**

#### Chief Executive Officer of Coca-Cola FEMSA

Mr. Craig joined Coca-Cola FEMSA in 2003 and was appointed to his current position in 2023. With over 27 years of experience in the beverage industry, he previously served in several senior management positions, including Chief Operating Officer of Brazil, 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. Mr. Craig earned a Bachelor's degree in Industrial Engineering and Systems from ITESM, an MBA from the University of Chicago Booth School of Business, and a Master's degree in International Commercial Law from ITESM.

### **Juan Carlos Guillermety**

#### Chief Executive Officer of Digital@FEMSA

In November 2023, Juan Carlos Guillermety became Chief Executive Officer of Digital@FEMSA. Having worked in the financial industry for over 15 years, he has held executive and management roles in planning, business development, and innovation, among others. He also has experience at consulting, banking, and investment with BCG and JPMorgan. He was Vice President and General Manager of Nu plus and Marketplace at Nubank for more than four years. He previously spent more than ten years in key management roles at VISA, including key Director of Emerging Digital Markets in Latin America and Vice President of Products and Innovation. He holds degrees in industrial engineering from Purdue University in the United States and Universidad de los Andes in Colombia. He holds an MBA at Northwestern University's Kellogg School of Management and completed executive studies there and at Harvard Business School in the United States.

### **Roberto Campa Cifrián**

#### Director 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.

### **Gerardo Estrada Attolini**

#### Director 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.

### **Raymundo Yutani Vela**

#### Vice-President of Human Resources

He was appointed Vice-President 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.



## Corporate Governance Updates

In 2021, FEMSA began a process of review, innovation and improvement of its corporate governance practices, and in 2022, announced the following actions and commitments to enrich its corporate governance in the following years:

- › **Strengthening Board Accountability to Shareholders**
- › **Increasing Influence of Independent Directors**
- › **Increasing Oversight Role of Independent Directors on Key Committees**

In 2023, FEMSA took the following steps in continuity of those market-leading corporate governance updates, to ensure a more dynamic and broad leadership structure:

- 1. Size of our Board.** FEMSA has been on a transformative journey, reducing the number of members on its Board of Directors, from 18 (in 2019) to 15 directors (in 2023).
- 2. Skills and experience.** In 2023, the Board of Directors incorporated Daniel Alegre and Gibu Thomas as new board members, who are highly specialized in the digital realm with expertise in e-commerce, digital platforms, and global retail, skills and expertise crucial to FEMSA's growth through the digital trends.
- 3. Incorporation of new Independent Directors.** With the incorporation of two new Independent Directors in 2023, FEMSA significantly enhanced independence, increasing the percentage of independent directors from 39% in 2019 to 47% in 2023. For the 2024 Annual shareholders meeting, two additional independent directors were nominated to the Board of Directors.
- 4. Increasing diversity.** FEMSA's commitment to increase the diversity of nationality and industry representation in the Board of Directors is evident with the incorporation of the new members in 2023. In addition to fostering more inclusive and balanced decision-making through an intentional shift in our Board of Directors composition, we also had a significant rise in female representation from 15% in 2019 to 27% by 2023. With these changes, FEMSA further enriches the breadth of perspectives and expertise available to guide the strategic direction of the Company, while is role modeling the organizational diversity, equity and inclusion strategy. The two additional independent directors nominated to the Board of Directors for the 2024 Annual shareholders meeting are female, which will lead to a 40% of female representation in the Board of Directors.



## Changes in the Board of Directors to be proposed at the Annual Ordinary General Shareholders' Meeting of FEMSA on March 22, 2024.

In continuity of FEMSA's market-leading Corporate Governance updates, in 2024, the Board of Directors determined that it would be in its best interests to select two new independent directors, each one specialized in one of the following areas:

### I. Mass Consumption Products and Sales:

The ideal candidate would have professional experience with mass consumption products in the U.S. and Latin America, a strong background in fast-moving consumer goods industries, retail and wholesale, and have held senior positions such as general management, planning and strategy management, commercial management and/or other similar roles.

### II. Internal Audit and Finance:

The ideal candidate would have professional experience in retail and mass consumption products companies in the United States and Latin America, professional experience in audit, internal control, financial management and/or other similar roles.

In addition, special consideration was given to those candidates who would provide the Board of Directors with greater diversity.

The search and selection process for new board members was conducted during 2023. An external advisory firm provided support in the identification and selection of candidates. The working group, together with the Corporate Practices & Nominations Committee, was in charge of supervising the process, analyzing and selecting the finalist candidates to be presented for approval to the Board of Directors and later final approval of the Annual Ordinary General Shareholders' Meeting. FEMSA's Corporate Practices and Nominations Committee proposed to appoint **Elane Stock** and **Olga González Aponte** as new independent directors, who have strong professional backgrounds and extensive knowledge within the areas of expertise sought by the Board of Directors.

**Elane Stock** is an independent consultant and former CEO of Service-Master Brands. Elane Stock was also Group President of Kimberly-Clark International, and Global President of Kimberly-Clark Professional. In Kimberly-Clark Corporation, she also held a number of senior management positions. In her earlier career, Elane was a Partner at McKinsey & Company in the U.S. and Ireland. She has public company experience serving on the board of directors of Reckitt, PLC, and previously served on the board of directors of Yum! Brands, Equifax and Kimberly-Clark de Mexico. Elane Stock holds a B.A. in Political Science from The University of Illinois and an M.B.A. from The Wharton School of the University of Pennsylvania. Elane Stock has extensive knowledge of global consumer industries, strategy, geographic expansion, and vast experience in management positions.

**Olga González Aponte** is the Chief Executive Officer and Executive President of Wild Fork US. In the past, she has acted as Senior Vice-President and Chief Financial Officer of Walmart de México y Centroamérica where she also held other positions. Prior to this she was Chief Financial Officer of Walmart, Inc. Chile and Vice-President of Internal Audit Services in Latin America. She has experience in other public and private companies, having served on the board of directors of WM Technology, Inc., and previously on the board of directors of Walmart de México y Centroamérica. Olga González Aponte holds a bachelor's degree in accounting from Pontificia Universidad Católica de Puerto Rico, and a Master's degree in Business Administration from Florida International University, Miami. Olga González Aponte has vast knowledge in auditing and finance, risk management, corporate governance, as well as of Latin American markets.

### 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 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 launched 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. Agenda items of the Sustainability, Inclusion & Diversity Committee during 2023 included the process for securing science based targets by business unit, as well as continuing our ongoing preparations of our climate-related financial disclosures.



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.

For more information, please see Appendix: Sustainability Governance and Climate-related risks and opportunities, [page 120](#).

In 2023, our Coca-Cola FEMSA site in Bogotá, Colombia hosted FEMSA's third annual internal Sustainability Summit, welcoming more than 100 collaborators in person, and another +350 participants online – representing all business units and countries where we operate. Over two days, participants heard from FEMSA's CEO and other leaders, external guest speakers, and collaborators from diverse teams. There were opportunities for group discussions, networking, and a tour of local operations, including the Coca-Cola FEMSA plant, Cruz Verde stores and OXXO distribution centers. The Summit was a huge success again this year, inspiring new ideas, best practices and motivating everyone to continue expanding their progress against FEMSA's corporate sustainability goals.



We were pleased to welcome more than 100 people in person in Bogotá, and another +350 participants online, to our third annual Summit for the 2023 theme, *Rooted Sustainability*. #SomosFEMSA

Watch the video [here](#)

## Ethical & Socially Responsible Behavior

To promote ethical and socially responsible behavior across our organization, we focus on building a culture of lawfulness and ethics expanding risk management practices, and strengthening sustainability management, including respect for human rights.

As a publicly listed company in the Mexican Stock Exchange and the New York Stock Exchange, we 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, as well as with the laws of all countries where we operate.

### Ethical System

FEMSA's Ethical System is comprised of five primary areas: our **Code of Ethics**, our Internal Regulations, the FEMSA Ethics Line, our Ethics Committee, and our Communication & Training activities (see figure). Utilizing these levers, our management approach for driving an ethical culture includes:

- ▶ **Preventing** risks through guidelines that promote honest and transparent behavior;

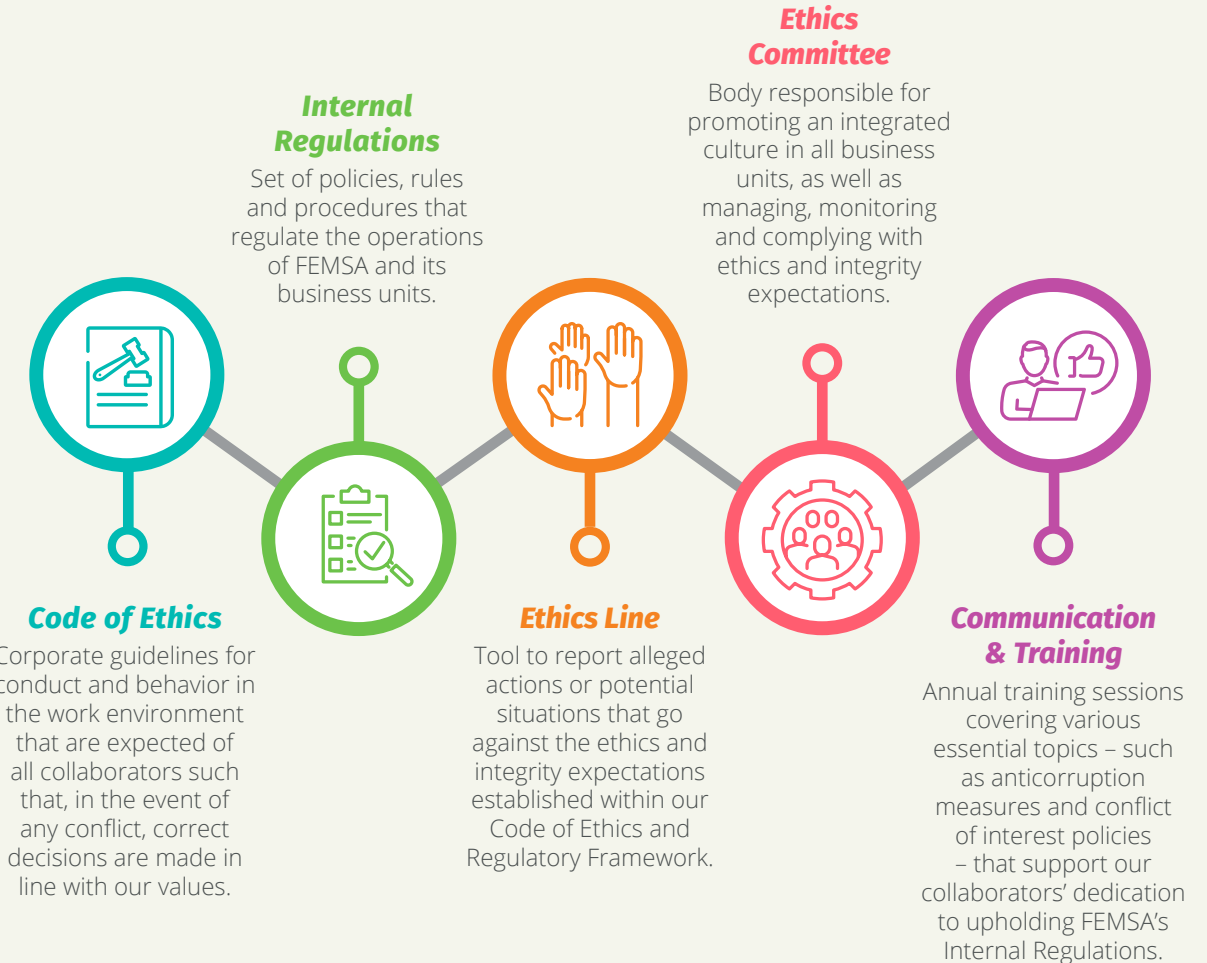
- ▶ **Monitoring** compliance of business units through the FEMSA Ethics Committee;
- ▶ **Investigating** any suspicious conduct in accordance with our established guidelines;
- ▶ **Feedback** on the effectiveness of our approach by continuously providing feedback to the organization through reports, progress against internal KPIs and other initiatives.

### Code of Ethics

FEMSA's **Code of Ethics** ("the Code") forms the basis of our commitments to integrity and corporate ethics, as well as the foundation of policies, rules 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.

## FEMSA Ethical System





**Internal Regulations & Supplier Guiding Principles**

FEMSA's **Supplier Guiding Principles** contain the minimum expectations that we require of our suppliers in the areas of human and labor rights, sustainability, culture of lawfulness 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 mandatory corporate policies for all FEMSA collaborators, all of whom are subject to the required controls we have established to prevent, identify, investigate, sanction and remedy 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**

**Ethics Line**

We take very seriously any allegations of misconduct or breaches of our **Code of Ethics**. We believe it is essential to have a trusted, independent and secure channel through which any internal or external stakeholder, can, in good faith, raise a concern about an ethics or compliance violation, or collaborate in investigations, without fear of retaliation.

FEMSA has a primary Ethics Line, or Web Intake Site (WIS), we also have more than 30 additional access channels, depending on the business unit and its location. *(Please visit our **Code of Ethics**, page 42).* This is a formal communication channel managed by an independent external company (available 24 hours a day, seven days a week), where anyone can confidentially report a noncompliance with our policies.

Concerns by any internal or external stakeholder can also be emailed directly to the FEMSA Ethics Department at: **lineaeticafemsa@femsa.com**. Starting in 2023, FEMSA's Ethical System, including the Ethics Line, was integrated as a fundamental component of compliance with the Human Rights Due Diligence Model and our efforts to continually strengthen it with skills and experience.

In 2023, we introduced two new ethics-focused inquiries to our Organizational Climate survey, enhancing our communication and outreach initiatives. The results were highly positive, with 84% expressing favorability towards the Company's ethical culture; 82% indicating trust in reporting unethical conduct and policy violations; and 92% showing satisfaction with the clarity on values and expected conduct among our team members. These findings emphasize the importance of fostering a transparent and ethical work environment within our organization.<sup>26</sup>



26 Overall 2023 results (OXXO, OXXO GAS and Digital@FEMSA not included).

### “What happens when I make a Report?”

When a report is submitted through one of the communications channels of FEMSA's Ethics Systems, it is received by an independent external party. This party is responsible for collecting all relevant information included in the report. Additional evidence, such as photos, emails, documents, or videos, can also be attached to provide further context. After the report is finalized, a unique report access number is generated, and an optional password can be set up. This allows for the addition of more information and enables tracking of the report's progress.

Reports, complaints, or inquiries that come through the independent channel are directly sent and carefully processed and examined by our Ethical System. Investigations are carried out following established internal protocols that aim to ensure impartial, objective, fair, and consistent outcomes. This approach is designed to maintain the integrity and credibility of the investigative process.

Over the last two years, we have carried out significant efforts in awareness and communication of the FEMSA Ethics Line, encouraging people to know the institutional means to report

non-compliances with our Code of Ethics or any of our Corporate Policies and regulations. At the same time, we have developed accompanying campaigns to increase the level of trust in the comprehensive Ethical System and our related investigations and due resolution processes.

In 2023, a total of 6,571 reports were received through our Ethics Line and were attended to and documented through the Ethical System, a 67% increase from the prior year. Among other areas, the reports related to work environment, operations and financial information.

Out of the total cases, 5,215 were closed by the end of 2023, of which 79% were substantiated. All our reports must have a preventive and/or corrective measure according to the resolution of the investigation.



### Ethics Committee

The Ethics Committee is responsible for promoting an integrated culture across the organization, as well as for managing, monitoring and complying with the ethics and integrity expectations of the Company.

The Committee serves as the surveillance, consultation, and advisory body present in all business units and across FEMSA, with the objective of ensuring compliance with our Code of Ethics. It meets four times per year and gives visibility to the Audit Committee.

### Communication & Training

Every two years, our collaborators reaffirm their dedication to upholding FEMSA's Internal Regulations, which

includes adherence to our Code of Ethics. Additionally, we conduct annual training sessions covering various essential topics such as anticorruption measures, anti-money laundering protocols, data protection guidelines, and conflict of interest policies.

We also have tailored annual training based on job level and geography, including specialized Ethics & Compliance courses. People who carry out investigations receive specific training, such as: Investigative Methodology, Technical Enablement for Investigators, and Sexual Harassment Investigations, among others. Furthermore, Conflict of Interest attestations are required annually from all our collaborators.

### 2023 Participations in training

These training initiatives are vital to ensure that our workforce is well-equipped to handle the diverse challenges and responsibilities they may encounter in their roles within the organization.

- 127,927** on the Code of Ethics and its due compliance
- 122,569** on Human Rights and compliance with our Human and Labor Rights policies
- 152,865** on Occupational Health and Safety
- 39,013** on discrimination and harassment prevention
- 26,001** on cybersecurity
- 29,666** on anticorruption
- 11,866** on climate change
- 967** on risk management



## 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 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 Relación 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

FEMSA published its first report in line with the requirements of the **Task Force on Climate-Related Financial Disclosures** (TCFD) in 2022, following the identification and quantification of the climate-related risks and opportunities for Coca-Cola FEMSA, OXXO, OXXO GAS and Solistica.

In 2023, we launched a second iteration of the analysis focusing on FEMSA Health and Coca-Cola FEMSA only, in which we identified and/or updated their climate risks and opportunities linked to climate change; reviewed the climate scenario frameworks; revised the quantification of all climate risks and opportunities; and finally, updated their results reports.

In this second quantification exercise, the results of the first iteration were integrated in order to analyze our exposure to climate risks and opportunities at the FEMSA level.

For more information, please see the Sustainability Governance and Climate-related Risks and Opportunities in the Appendix, **page 120**.

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 131** for our Independent Limited Assurance Report – Non-Financial Information.

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.

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.



Our Board of Directors & Committees

Ethical & Socially Responsible Behavior

Risk Management

### 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 de-

terrence, detection, response planning and recovery processes to preemptively protect against any risks. In 2023, 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**.



We prioritize threat deterrence, detection, response planning and recovery processes to preemptively protect against any risks.