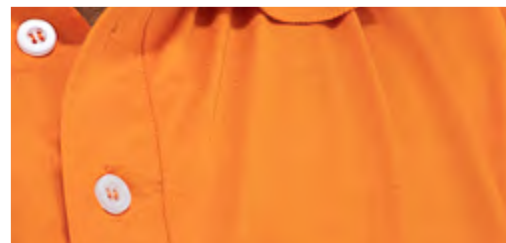


FEMSA



Sustainability
Report
2021



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FEMSA

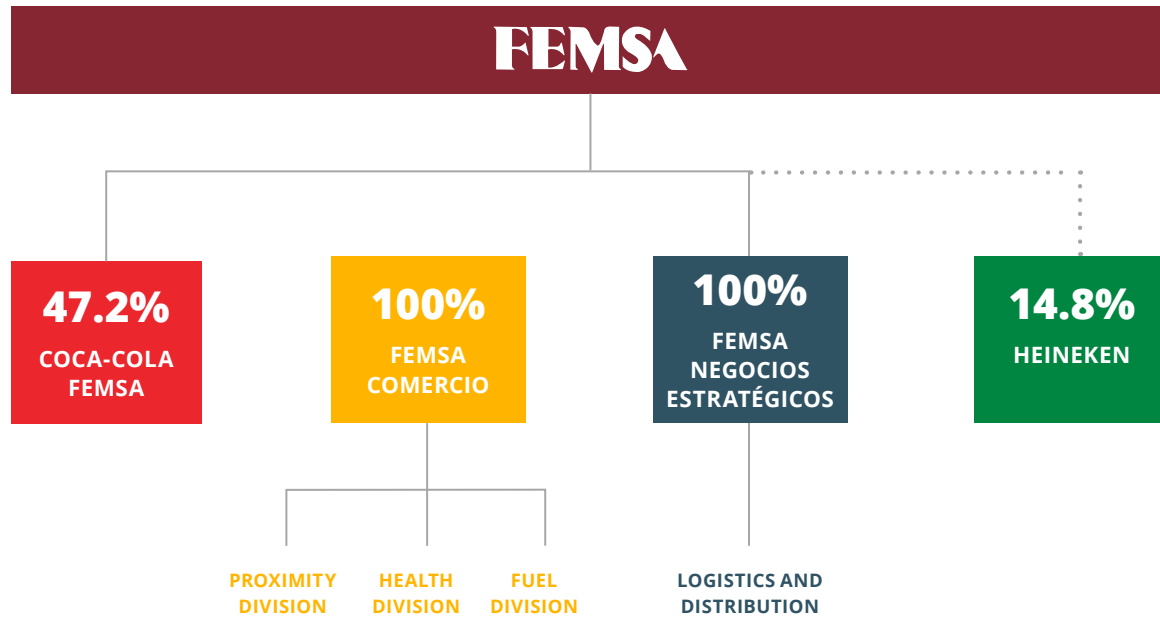


GRI 102-1, 102-2, 102-3, 102-4, 102-6, 102-7

For over 130 years, FEMSA has been an active force in Latin America's economic progress and prosperity, caring for our collaborators, serving our customers, preserving the environment, and supporting the communities that we call home.

FEMSA is the **second largest company in Mexico**. It operates as a **holding** company with interests in **different entities**.

2021 Corporate Structure
Equity Stakes and Business Units



FEMSA in 2021:

+290
Million consumers
in 13 countries

+320,000
Collaborators in our
Business Units

PROXIMITY DIVISION	+21,000 stores in Mexico, Chile, Colombia, Peru, and Brazil	+150,000 collaborators	+14,700 of our stores use renewable energy	+63% of the electricity consumed came from renewable sources
HEALTH DIVISION	+3,400 Points of sale in Mexico, Chile, Colombia, and Ecuador	+30,100 collaborators	+640 of our pharmacies use renewable energy	+36% of the electricity consumed in Mexico came from renewable sources
FUEL DIVISION	+560 Service stations in Mexico	+6,800 Collaborators	15 States of Mexico with operations	14% of the electricity consumed came from renewable sources
COCA-COLA FEMSA	49 production plants	+80,000 collaborators	9 countries with presence	85% of manufacturing energy came from renewable sources
FEMSA NEGOCIOS ESTRATÉGICOS	Logistics and Distribution business	Point-of-sale refrigeration solutions	Food service solutions	Plastics solution



FEMSA's Sustainability history

Since its origin, FEMSA has had a strong commitment to the community, its collaborators, and the environment. This is part of the company's culture and identity.

- 1890** FEMSA begins with the founding of the Cuauhtémoc Ice and Beer Factory.
- 1911** The Cuauhtémoc Polytechnic School was founded.
- 1918** The Cooperative Savings and Investment Society for the Collaborators and Operators of Cervecería Cuauhtémoc, S.A., now SCYF, was established.
- 1943** Together with other businessmen, Don Eugenio Garza Sada created the Instituto Tecnológico y de Estudios Superiores de Monterrey, ITESM (ITESM University).
- 1944** The SCYF sports and development center was inaugurated.
- 1945** The Cuauhtémoc y Famosa Clinic was inaugurated.
- 1957** Cuauhtémoc neighborhood was inaugurated in Monterrey.
- 1986** The OXXO Award for Ecology was created.
- 2000** The first Code of Ethics was issued.
- 2005** The first Sustainability Report was published.
- 2008** Fundación FEMSA was established.
- 2010** FEMSA was included in the BMV's Green Index.
- 2011** FEMSA's Supplier Code was published.
- 2012** Coca-Cola FEMSA was included in the Dow Jones Sustainability Index.
- 2015** FEMSA began using wind energy in our operations.
- 2016** The Anti-Corruption Policy was developed.
- 2017** FEMSA was included in the Dow Jones Sustainability MILA Pacific Alliance Index.
- 2018** OXXO celebrated 40 years satisfying the needs of its customers and generating economic and social value.
- 2019** FEMSA established the corporate Circular Economy goal: Zero operating waste to landfill by 2030.
- 2020** Coca-Cola FEMSA issued its Green Bond, the first of its kind in the Coca-Cola system, and the largest for a Latin American company.
- 2021** FEMSA issued its first Sustainability-Linked Bond, the largest issued by a company in Latin America.
- 2021** FEMSA's corporate Sustainability goals were updated.

* As of December 31, 2017, as a non-consolidated operation, Venezuela is reported as an investment in shares.

About our Sustainability-Linked Bond

In April 2021, we completed the issuance of a Sustainability-Linked Bond, which was the largest of its kind for a Latin American issuer and was backed by 196 international institutional investors. €700 million in senior notes due in 2028 were successfully issued and €500 million of senior notes due 2033.

In compliance with the Sustainability-Linked Bond Framework, FEMSA committed to annually publishing updated information regarding its Key Performance Indicators through various channels, including this Sustainability Report in the “Sustainability-Linked Bond Framework” section at the end.

What do we mean by Sustainability?

For FEMSA, Sustainability is the ability to generate the **social, environmental, and economic conditions** to operate in the present and continue growing in **harmony with the environment and society**. Our actions remain committed to our **Ethics and Values**, focusing on those issues where we can have the **greatest impact** within the three guiding principles of our Sustainability Strategy: Our People, Our Planet, and Our Community.





OUR SUSTAINABILITY **Strategy**



GRI 102-14, 102-15

For FEMSA, maintaining a Sustainability Strategy integrated with our business model is essential to achieve our goals. We seek to be a good neighbor, a responsible company, and a corporate citizen that helps to find solutions to global problems that affect us all.

We understand that our stakeholders and organization's needs and concerns change over time. For this reason, we believe it is very important to update our Sustainability Strategy to keep it up to date with the internal and external evolution of our business and environment.

During 2021, we updated FEMSA's Sustainability Strategy, considering different globally recognized Sustainability frameworks (including the UN's Sustainable Development Goals), our stakeholders perspectives, and our businesses evolution. This update helped us to better understand our current impacts and redefine the way we want to operate in the future through goals and statements that show our long-term commitment to the world and our stakeholders. It also allowed us to review our alignment with our core values.

By relaunching and strengthening our Sustainability Strategy, we seek to continue to transform our communities, and to generate a social license to operate with them. We also seek to very deliberately influence our value chain as part of our strategy, not limiting our initiatives and efforts to internal operations, but looking at what we can do externally as well. We understand our impact and influence on other organizations, which we see as an opportunity to align our Sustainability priorities and reduce our negative impacts in both directions of this value chain (towards our suppliers and consumers).

The updated strategy incorporates the Governance vector for the first time in unison with our Sustainability efforts. With this we have achieved an integrated strategy that contemplates all three pillars, and promotes in the same way and conviction the Governance issues (which have been worked on over the years), Environmental issues (through the initiatives of the Our Planet Pillar), and Social issues (through the initiatives of the Our People and Our Community Pillars). We believe that good corporate governance is a cross-cutting effort that helps to ensure responsible operation and conduct, which legitimizes the information we share and the performance of our initiatives to our stakeholders.

Through a collective effort with the different corporate and operating areas, we identified the Business Units' main Sustainability challenges by updating their materiality matrices. This way we were able to channel the necessary and available resources to strengthen our Sustainability Strategy, and thus meet our stakeholders' expectations.



The results obtained helped us update FEMSA's Sustainability Strategy and Strategic Sustainability Framework, the latter composed of 3 Strategic Pillars and 9 Priority Topics, to be as shown below:



For more information on the materiality assessment, Sustainability Strategy and Environmental, Social and Governance (ESG) priorities, please visit: <https://www.femsa.com/en/sustainability/sustainability-strategy/strategy/>

It is important to reiterate that all our Business Units adhere to the regulatory frameworks in all countries where they are present. The focus, as always, remains on creating value and meeting stakeholders' needs.

We believe that a natural step for our strategy will be to have a better understanding of the ESG risks to which we are exposed across all our Business Units. We also note that our stakeholders are increasingly interested in learning about our climate risk adaptation strategies, and given this, we will seek to have the best strategies available to push the limits of what we are capable of, as we have always done.



Goals and Global Standards

GRI 102-12

As a relevant actor of corporate responsibility, and due to the constant scrutiny from external parties, we seek to be part of objectives and organizations that transcend our operations, such as:

- Sustainable Development Goals
- United Nations Global Compact
- Dow Jones Sustainability Indexes
- FTSE4Good
- Sustainability Accounting Standard Board (SASB)
- Global Reporting Initiative (GRI)

FEMSA has been a signatory of the United Nations Global Compact since 2005, working every day towards its 10 Principles, and, consequently, towards the organization's Sustainable Development Goals.

In 2020 we began aligning our reporting with the Sustainability Accounting Standard Board's (SASB) standards, and continue to do so for the Food Retailers and Distributors industry requirements. For more information, please review our GRI / SASB / UNGC Index.

In January 2022 FEMSA was included in the Bloomberg Gender Equality Index for the first time, an Index that considers companies that have a visible commitment to providing inclusive workplaces, thanks to efforts and practices established during 2021 and historically. Also, the Sustainability-Linked Bond issued in April 2021 was recognized as the "Corporate High-Grade Bond of the Year" in LatinFinance's "Deals of the year awards".

FEMSA's Sustainalytics ESG risk rating has been progressively improving, coming up to an Average Risk of 26.0 points in the last review in 2021. We will continue to strive to improve this rating year after year, seeking as always to achieve the best practices in our industry in the criteria that are scored.

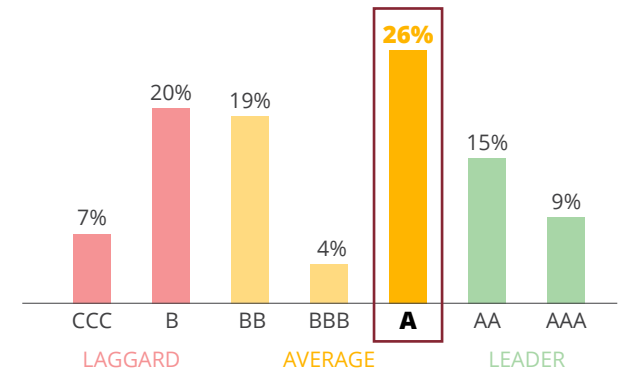
During 2021 we have again been included in the:

- **Dow Jones Sustainability Index MILA Pacific Alliance**
- **S&P BMV Total México ESG Index**
- **FTSE4Good Emerging Markets Index**

We are extremely proud of this, as these selection processes are increasingly stringent and competitive, and we believe they reflect our commitment to Sustainability.

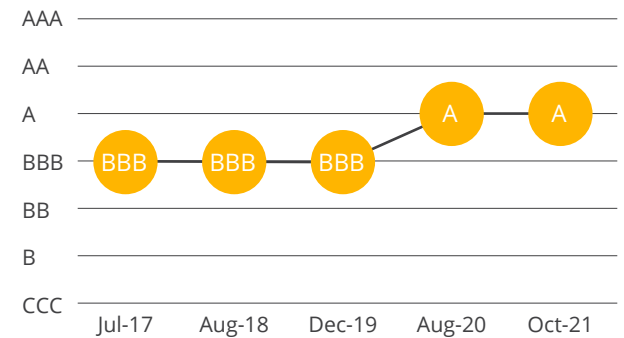
During the last five years FEMSA has received ESG ratings from MSCI Ratings, obtaining a BBB rating from 2017 to 2019, and an A rating in 2020 and 2021. This rating positions FEMSA in the highest segment within the level of ratings referred to as "average" by MSCI.

MSCI Ratings. ESG Rating distribution in 2021.



MSCI Ratings.

FEMSA's MSCI ESG rating records.



FEMSA's rating has been maintained since August 2020.

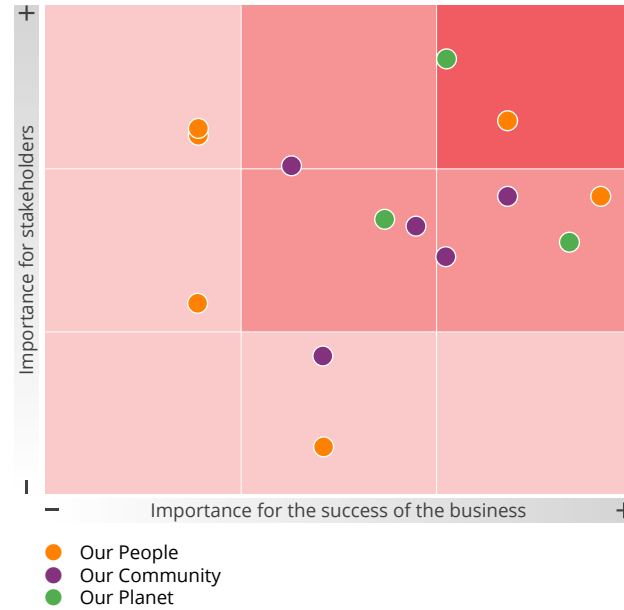
Materiality

GRI 102-47

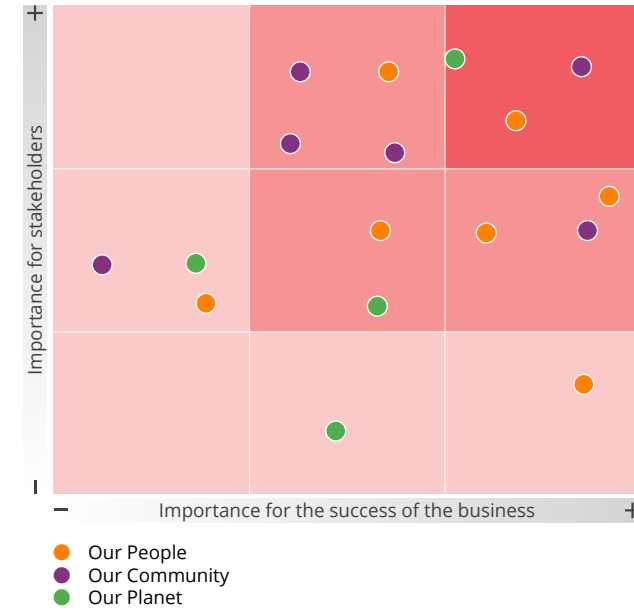
Through an exhaustive analysis in our Business Units, we identified the **priority topics for each business, as well as the most relevant Sustainability-related stakeholder topics** for FEMSA. Here we show the updated 2021 materiality matrices for each business, and an analysis of the issues that stand out as material for most of them, and therefore, for FEMSA as a whole:

* Food Service: Torrey and Cooking Depot

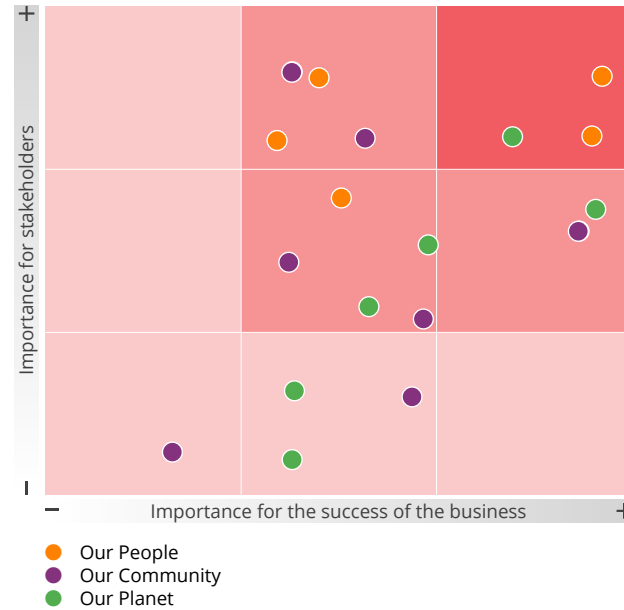
Food service*



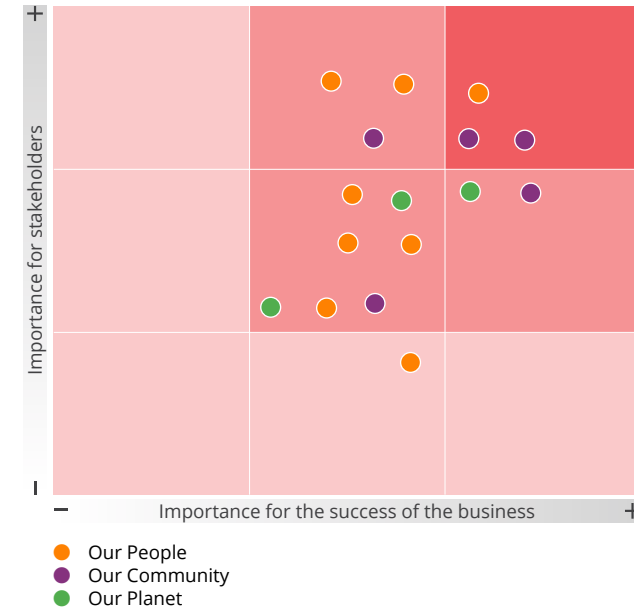
Health Division



OXXO GAS



Imbera

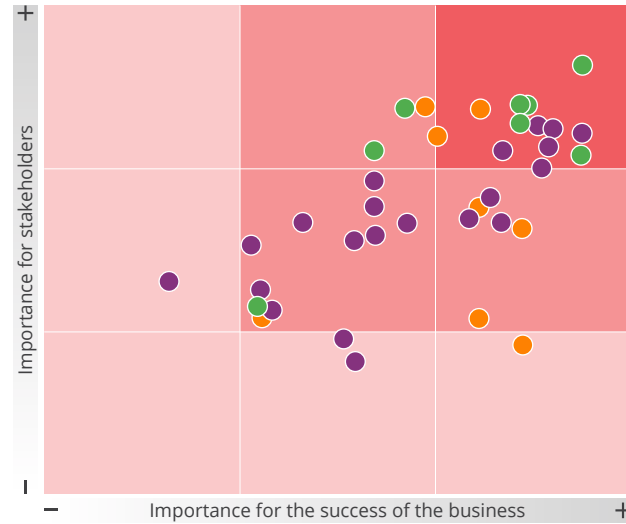


OXXO



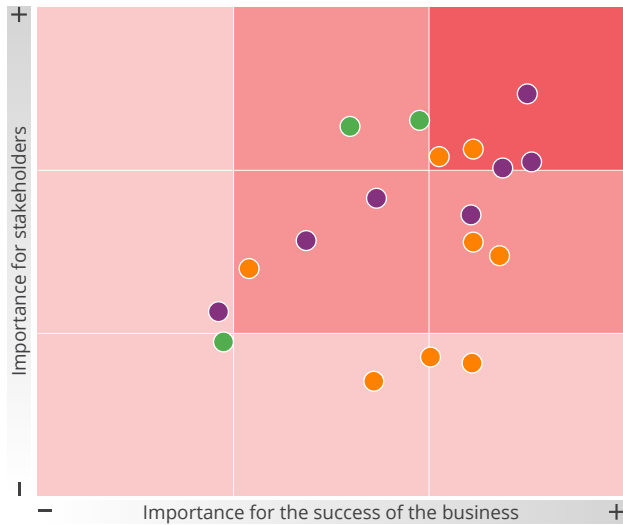
- Our People
- Our Community
- Our Planet

Coca-Cola FEMSA



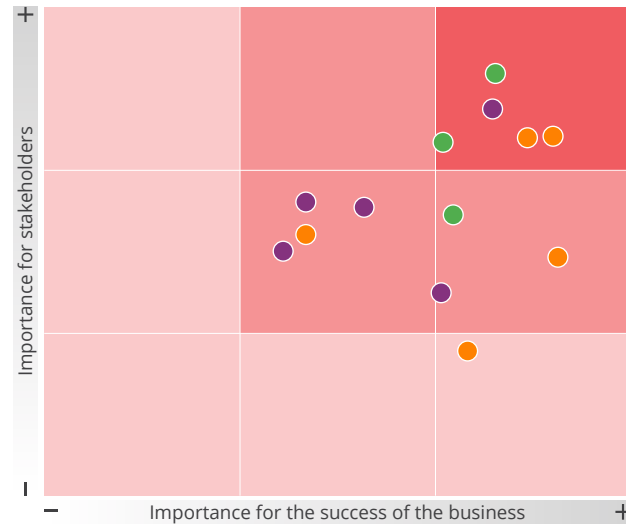
- Our People
- Our Community
- Our Planet

Solistica



- Our People
- Our Community
- Our Planet

PTM



- Our People
- Our Community
- Our Planet

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 some issues across the businesses. The following topics are considered the most important for FEMSA as a whole since they have appeared as the most material topics across the different businesses:

- Safety, health, and wellbeing
- Diversity and inclusion
- Compliance with the law, regulatory compliance, and business ethics
- Emissions and climate change
- Circular economy
- Energy management
- Human and labor rights
- Packaging and waste (management)
- Local community development

a. 3 Strategic Pillars

Our People

GRI 103-1, 103-2, 103-3, 102-12, 102-13

We are committed to the integral development of our team members; generating respectful, inclusive, and collaborative work environments; providing decent working conditions and constituting an essential support for their wellbeing.



Our approach: At FEMSA, we are committed to being a high-performance company where talent and culture drive the our people’s development. Our operations adhere to a principles-based approach to doing business. This means operating in ways that go beyond basic responsibilities for safe and healthy working conditions, human and labor rights.

Our goals:

- **Human and Labor Rights:** Workplace survey rating in the top 10 against benchmark of high-performing companies.*
- **Diversity, Equity, and Inclusion:** To have an increase of 20 percentage ppts in women’s participation in executive positions by 2030.
- **Integral Wellbeing:** 8.7 millions of hours of training per year for collaborators.

We invest resources and work to achieve the integral development of each collaborator, providing them with the training and tools they need to succeed in their work and personal lives. Thus, they become ambassadors of our values in their communities, multiplying the social value we generate as FEMSA.

*According to Mercer Sirotta Employee Engagement Survey

We seek to contribute to a cultural transformation that promotes human and labor rights, as well as inclusion and diversity. We do this by creating safe work environments, free of discrimination and harassment, where collaborator wellbeing translates into happiness, job satisfaction, personal development, and a balanced life.

Investment: In 2021, we will invest more than 1,326 million pesos (63 million dollars) in Our People.

Our alliances and partnerships:

- Tent Partnership for Refugees
- United Nations High Commissioner for Refugees (UNHCR).
- Mexican Association of Women Heads of Business (Asociación Mexicana de Mujeres Jefas de Empresa)
- Association for the Entrepreneurial Development of Mexican Women (ADEMM)
- Tecnológico de Monterrey



Our Community

GRI 103-1, 103-2, 103-3, 102-12, 102-13

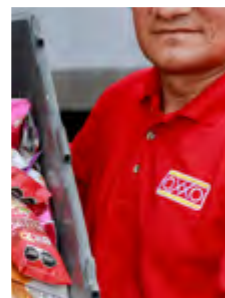
We are committed to contributing to the economic and social development of the communities in which we operate, seeking to generate prosperity and well-being in them.



Our approach: We work to achieve a positive transformation of the Latin American communities where we operate every day. We invest in social innovation programs, privileging dialogue and collaboration, thus contributing to the generation of sustainable communities. Our actions have had a significant impact on health, education, cultural life, the promotion of sports, our team's and their families' integral development, and the communities around us.

Our goal:

- **Community Wellbeing:** 20 million people benefiting from our Community Wellbeing initiatives by 2030.



Investment: In 2021, we invested more than **486 million pesos (23 million dollars)** in Our Community.

Our alliances and partnerships:

- Mexican Food Bank Network
- Hambre Cero Nuevo León
- #SinDesperdicio
- Alliance for Entrepreneurship and Innovation in Ecuador (AEI)
- Alliance for Sustainability in Costa Rica
- Business Coordinating Council (CCE)
- Council for Culture and the Arts, N.L. (CONARTE)
- United Nations Global Compact
- Latin American Alliance of Food and Beverage Associations (ALAIAB)
- National Chamber of the Transformation Industry (CANACINTRA)
- National Association of Private Transportation (ANTP)
- Colombian Federation of Road Freight Transporters (COLFECAR)

Our Planet

GRI 103-1, 103-2, 103-3, 102-12, 102-13

We are committed to contributing to the care of the environment, minimizing our operations' environmental impact throughout the value chain, as well as that of our products and services.



Our approach: We strive to ensure that all our business models address global challenges, and we understand the importance of collaborating and evolving as a society to transition to a carbon neutral economy. We accelerate our steps towards a circular economy and streamline the management and protection of water resources.

Our goals:

- **Climate Action:** 85% renewable energy used in all our operations by 2030.
- **Water Management:** Achieve Neutral Water Balance in all our operations by 2030.
- **Circular Economy:** Zero waste from operations to landfill by 2030.

We recognize innovation and collaboration as valuable tools to broaden the scope of our business philosophy. We materialize this by formulating long-term strategies and goals, as well as by investing in the development of products and services with eco-efficient attributes. We have established

innovation awards for projects aimed at solving complex environmental problems strengthening alliances with industry, civil associations, and private sources of capital.

We maintain our vision of achieving a balance between our Business Units' expansion and growth and fulfilling a clear and forceful objective: to go further in minimizing our impact.

Investment: In 2021, we invested more than 673 million pesos (32 million dollars) in Our Planet

Our alliances and partnerships:

- Associação Brasileira PróDesenvolvimento Regional Sustentável (Brazilian Association for Sustainable Regional Development - ADIAL)
- Business Commitment to Recycling (CEMPRE), Uruguay
- Committee on Hydrographic Basins - Aguapeí Peixe (CBH-AP)
- Private Sector Studies Commission for Sustainable Development (CESPEDES)
- Economy and Business Commitment (ECOCE)
- Nuevo León Energy Cluster
- Water Advisory Council (CCA)
- Business Leaders Climate Change in Colombia
- Chipinque Ecological Park, A.B.P.
- Recycle for your Future in Panama
- Recircular in Argentina
- Wero in Colombia



9 Priority Topics

GRI 103-1, 103-2, 103-3, GRI 102-15

After conducting an analysis of internal and external perspectives and business priorities, we identified 9 priority topics.

Our People

- **Human and Labor Rights:** In line with our values and identity, promote adequate working conditions and compensation for our team members, regardless of their work scheme.
- **Diversity, Equity and Inclusion:** Promote and reflect external diversity within our organization; value and maximize our people’s singularities so that from these, they can contribute exponential value to the company and communities.
- **Integral Wellbeing:** Promote and encourage the quality of life and wellbeing of collaborators and their families through a culture of participation and co-responsibility.




Our Community

- **Community Wellbeing:** Recognize our commitment to contribute to our communities’ wellbeing by promoting healthy lifestyles, contributing to our surroundings’ safety, developing an environmental culture, and fostering local community relations.
- **Economic Development:** Recognize our commitment to contribute to the economic and social development of the communities where we operate through our actions and support of other developing companies.
- **Sustainable Sourcing:** Seek that our suppliers operate with ethics and integrity, based on responsible business policies, principles, and business processes that comply with applicable legislation and best sustainability practices. Likewise, contribute to the development of the communities where we operate through our actions.

Our Planet

- **Climate Action:** Recognize Climate Change as one of the most important challenges facing humanity. To be committed to its mitigation, avoiding and reducing the emission of greenhouse gases into the atmosphere.
- **Water Management:** As water is an indispensable element for the socio-economic development of communities and fundamental for wellbeing, to be committed to its efficient use and preservation.
- **Circular Economy:** Adopt Circular Economy principles as a strategy for the reduction and elimination of waste that pollutes the environment and causes serious health and hygiene impacts to communities.

In order to have a greater impact, it is necessary to join forces. For this reason, we have identified with which parts of the value chain we can work on each of the priority topics.

Priority Topic	Supply Chain	Operations	Communities
Our People 	Human and Labor Rights	✓	✓
	Diversity, Equity and Inclusion		✓
	Integral Wellbeing		✓
Our Community 	Community Wellbeing	✓	✓
	Economic Development	✓	✓
	Sustainable Sourcing	✓	✓
Our Planet 	Climate Action	✓	✓
	Water Management	✓	✓
	Circular Economy	✓	✓

28 Focus Areas

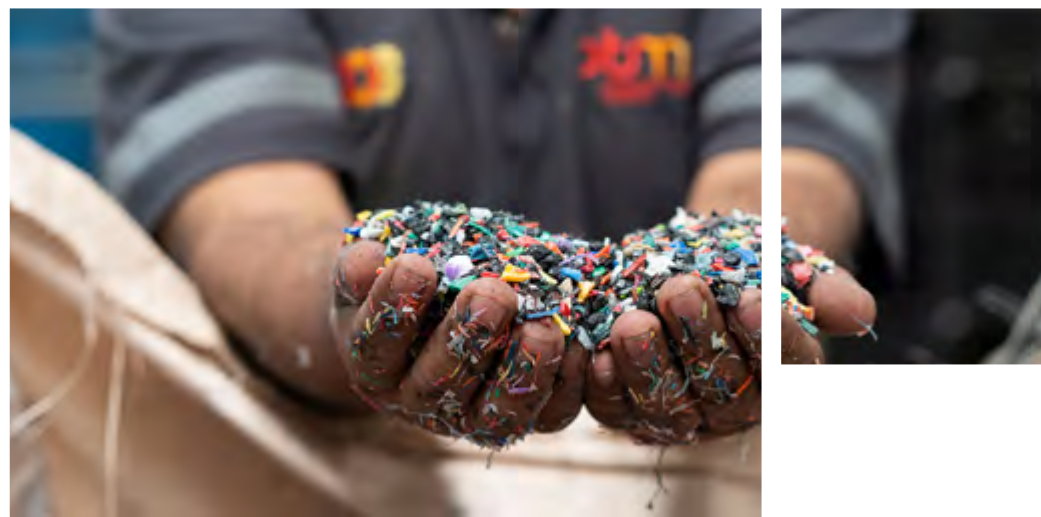
GRI 103-1, 103-2, 103-3, GRI 102-29, 102-31, 102-44

Within our 9 priority topics, we have defined different focus areas to guide and generate a commitment from all the company's operations. With them, we can focus our sustainability efforts.

Priority Topics	Focus Areas	Our Focus
OUR PEOPLE	Human and Labor Rights	<ul style="list-style-type: none"> Ensure Decent, Optimal, and Safe Working Conditions Prohibit Child and Forced Labor Respectful and Collaborative Work Environments
	Inclusion, Equity and Diversity	<ul style="list-style-type: none"> Foster Inclusive Work Environments Encourage Diversity
		Promote Gender Equity
Integral Wellbeing	Protect Physical, Mental, and Emotional Health	<ul style="list-style-type: none"> Career Development and Continuous Learning Promote Values and Citizenship
		<ul style="list-style-type: none">
		<ul style="list-style-type: none">
		<ul style="list-style-type: none">

	Priority Topics	Focus Areas	Our Focus
O U R C O M M U N I T Y	Community Wellbeing	Promote Healthy Lifestyles	<ul style="list-style-type: none"> • We have a portfolio of Affordable Products with Nutritional and Health Care oriented Attributes. • We provide access to information about our products (nutritional, inputs, risks, etc.) to our customers and consumers. • We have zero tolerance protocols on the sale and promotion of products to restricted populations. • We promote healthy lifestyles (nutrition, physical activity, mental, and emotional wellbeing) in the communities, especially among children and teenagers.
		Contribute to the Safety of the Surroundings	<ul style="list-style-type: none"> • We have points of sale, facilities, and workplaces that are allies for the environmental safety in the communities where we operate. • We invest in technology and develop practices, protocols, and management systems so that our operation's vehicles travel safely on public roads. • We have robust policies, structures, governance, and processes in place to ensure the protection of our customers', 'consumers', and suppliers' information. • We ensure the safety, quality, and traceability of all consumer products of our brands, including generic drugs, own-brand proximity, KO beverages, prepared foods, etc.
		Clean Communities	<ul style="list-style-type: none"> • We contribute to urban tree planting in all our businesses where this is possible, and promote terrestrial ecosystems' reforestation. • To contribute to the cleanliness of the communities where we operate, we promote a culture of responsible waste collection and management, as well as foster an environmental culture of Circular Economy with the community. • Through programs and initiatives, we promote actions and foster an environmental culture to reduce emissions in communities, suppliers, and traditional channels.
		Local Community Engagement	<ul style="list-style-type: none"> • We encourage our team to make contributions to their communities through volunteering activities. • We facilitate and communicate the mechanisms for our customers to join in the transformation and support of their communities through rounding up and other campaigns. • We generate social license to operate by building sustainable relationships with our neighbors, as well as by defining activities and programs that generate value to the community. • We seek to take advantage of food and medicines that are not commercialized in our businesses. • We seek to enable children to reach their full development potential and transform their communities through interventions to build resilient communities, as well as through improvements in public and corporate policies.
	Economic Development	Economic, Labor, Financial and Digital Inclusion	<ul style="list-style-type: none"> • We contribute to economic, labor, financial, and digital inclusion in the communities where we operate through our actions, products, and services, in line with the capabilities of each business.
		Development of SMEs and Local Purchases	<ul style="list-style-type: none"> • We promote the development and professionalization of the traditional channel / non-institutionalized segments in the industries in which we participate. • We encourage purchases from local suppliers. • We contribute to the professionalization and development of SMEs in our supply chains.
		Encourage Entrepreneurship	<ul style="list-style-type: none"> • We contribute to the development of the entrepreneurship ecosystem in our geographies through investments in start-ups and participation in entrepreneurship programs.
	Sustainable Sourcing	Sustainable Sourcing	<ul style="list-style-type: none"> • The members of our value chain are aware of, committed to, and comply with the FEMSA Supplier Guiding Principles.

	Priority Topics	Focus Areas	Our Focus
O U R P L A N E T	Climate Action	CO ₂ Emission Reduction	<ul style="list-style-type: none"> We reduce CO₂ emissions generated by our operations and our value chain. We drive energy efficiency throughout our operations and value chain.
		Renewable Energy Use	<ul style="list-style-type: none"> We promote and encourage the use of renewable energy in all our operations and value chain.
		Sustainable Mobility	<ul style="list-style-type: none"> We incorporate the use of electric vehicles and other new technologies in our operations fleets, using renewable energy as a source of supply whenever possible. We drive efficiency in the operation of our utility and distribution vehicle fleets by optimizing routes, training operators, and incorporating new technologies.
		Development of Sustainable Products and Services	<ul style="list-style-type: none"> We contribute to the fight against climate change through our portfolio of low-emission products and services.
	Water Management	Optimize Water Efficiency	<ul style="list-style-type: none"> We have best-in-class practices and develop action plans to optimize water efficiency in our operations, as well as promote the efficient use of water in our supply chain.
		Contribute to Water Accessibility, Sanitation and Hygiene (WASH)	<ul style="list-style-type: none"> We contribute to the communities where we operate through water accessibility, sanitation, and hygiene initiatives.
		Contribute to Water Safety	<ul style="list-style-type: none"> We contribute to the conservation of water sources in the communities where we operate.
	Circular Economy	Reduction of Operational Waste	<ul style="list-style-type: none"> We ensure the proper management of waste from our operations, preventing it from reaching landfills. We seek the elimination of non-recyclable single-use plastic in our operations.
		Use and Promotion of Sustainable Packaging	<ul style="list-style-type: none"> We seek to ensure that our packaging uses recycled inputs and is recyclable at the end of its useful life. We promote the elimination, reduction, recyclability, and recycled content in our suppliers packaging.
		Product and Service Circularity	<ul style="list-style-type: none"> We ensure the collection and recycling of packaging and products with the highest environmental impact sent to market by our operations. We maximize the recyclability and recycled content of our own-brand products.



Governance Vector

GRI 103-1, 103-2, 103-3

At FEMSA, we know that to fulfill our mission of generating economic and social value, we must put the values we have cultivated into practice. Acting with respect, honesty, and integrity, and abiding by the laws and regulations of the countries in which we operate, is an essential part of our corporate culture. In **our annual report** we present our corporate governance structure in detail, which strives to comply with best practices in terms of structure, diversity, and experience. We understand that the Governance Vector affects the way in which we can influence all our priority topics, and therefore we believe it is important to integrate here our vision of how we seek to strengthen corporate governance practices by finding a balance between best practices and internal considerations.

Corporate Governance



We understand that a robust Governance is vital to ensure our business' responsible conduct and operation, as well as to achieve long-term value generation by aligning and driving both economic and social performance while ensuring transparency and building legitimacy with all stakeholders. We are committed to reporting the company's financial and non-financial results, which are audited based on current standards, in a timely manner in line with existing regulations.

As a result of this approach, a Sustainability, Inclusion, and Diversity Committee was established in 2021 to further strengthen Governance in Sustainability issues. This Committee is made up of Sustainability Directors, Business Directors, and Operating Directors from Mexico, the United States, Central and South America, which allows it to maintain a high degree of knowledge, experience, and diversity in its composition. The committee also includes the participation of FEMSA's Corporate Director to strengthen the company's ESG strategies.









Ethics and Values

GRI 102-16

OUR VALUES

We live our commitment with a sense of belonging and responsibility in our actions through the Values that are an integral part of the organization, and provide the foundation for the development of regulations on which decisions are made and actions with value are executed.

A FEMSA collaborator generates a great impact, always seek to transcend, put the greater good of the organization above their own professional objectives, and stand out for:

	Integrity and respect They have integrity in their behavior and treat everyone with respect and dignity.
	Simplicity and service attitude Perceive that everyone is valuable and important and are always willing to collaborate and serve for the benefit of our organization.
	Sense of responsibility Are committed. They measure, recognize, and take responsibility for their actions.
	Passion for learning They are in constant search of learning and new challenges that allow them to continuously develop in a dynamic environment. The way our collaborators work, supports/develops FEMSA's distinctive capabilities and enables our strategy.
	Customer focus Always seeking to improve our value proposition for clients and customer experience.
	Innovation orientation Constantly questioning the status quo to positively transform our business model.
	Commitment to excellence Focus on continuous improvement to achieve excellence and generate value.
	Aptitude and willingness to collaborate Develop the best teams and generate coordinated efforts through systematic thinking to enable our customers.

ETHICS

GRI 102-17

We have ethics policies in place, reviewed annually, as well as processes that ensure that our operations and supply chains act in accordance with them. All our collaborators and suppliers are committed to complying with our ethics policies; we internally evaluate their compliance on a regular basis. We conduct business practices in accordance with the law, in an honest and ethical manner, with zero tolerance for bribery, rejecting, reporting, and combating any act of corruption and extortion.

Our Code of Ethics is the basis that defines our policies in this topic. It is characterized by our acting with respect, honesty, and integrity. The code establishes the fundamental principles and standards that guide us in our ethical behavior in relation to our stakeholders, as well as our commitment to respect human rights and legality. It also indicates the mechanisms for reporting any non-compliance, behavior or practice that do not adhere to our ethical guidelines and corporate policies. The code, approved by the Board of Directors, applies to directors and collaborators in all countries where we operate. We also ask our goods and services suppliers to adhere to the FEMSA Supplier Guiding Principles, which describe what we expect from them in terms of labor rights, environment, community, ethics, and values; that is, how they manage their Sustainability areas.

We have the FEMSA Ethics Line, a formal mechanism available to our stakeholders to report any non-compliance with the Code of Ethics and other FEMSA Internal Guidelines. It is available 24 hours a day, every day of the year, and is confidentially managed by a specialized company independent to FEMSA. The FEMSA Ethics Line is monitored by the Audit Committee of FEMSA's Board of Directors, which is comprised of independent directors. Any non-compliance with the Code of Ethics and other FEMSA Internal Guidelines, in addition to being reported to the FEMSA Ethics Line, can be reported to the Ethics Committee or Human Resources.

CULTURE OF LEGALITY

At FEMSA, legality is part of our culture. We comply with laws, regulations, and ordinances applicable to our operations. We focus on preventing, mitigating, and if necessary, investigating and correcting any misconduct.





Our Performance IN OUR MATERIAL TOPICS



Our People

GRI 103-1, 103-2, 103-3, GRI 412-1

1. Human and Labor Rights



In line with our values and identity, we promote adequate working conditions and compensation for our team members, regardless of their work scheme.

Goal: Workplace survey rating in the top 10 against benchmark of high-performing companies.*

Based on the labor strategy developed in 2020, focused on being the best employer in the communities and countries where we operate, we continue to focus on optimizing working conditions and promoting respect for human rights. During 2021, we worked on continuing to push this strategy through diagnostics and the establishment of goals and definitions. All of this while adapting the initiatives to the environment in the locations in which we operate to reach the goals set, always considering the contexts and business needs in all countries.

Ensuring Adequate Compensation

In addition to offering fair and competitive salaries to our collaborators, we seek to support them with various benefits that meet their needs. These benefits may vary among Business Units, but we always look to address each industry's main needs. Some examples of these benefits are:

- **Plan Cultivemos:** FEMSA offers savings plans for when our collaborators' working lives end. Enrollment in the plan is

*According to Mercer Sirota Employee Engagement Survey

voluntary and each person define the percentage of their base salaries to be saved in the plan (from 0% to 5%). The company matches the amount saved, and over time rights on this match are acquired by collaborators.

- **Mutual Aid Fund:** reimbursement of funeral expenses for collaborators, parents of unmarried collaborators, as well as the collaborator's spouse and children under 25 years of age. FEMSA Services grants its team two days of paid leave in the event of a direct family member death (parents, spouse, and children).
- **Insurance at preferential prices:** Including life, accident, home, car, cancer diagnosis, major medical expenses, and minor medical expense insurance.
- **Institutional Agreements:** Preferential discounts are offered with different service providers.
- **School subsidy:** in Monterrey, at Centro de Estudios Cuauhtémoc A.C. (CECAC) and Colegio Isabel la Católica (CILAC), collaborators receive a 50% discount on monthly tuition and 40% off enrollment fees (preschool, elementary, high school).
- **Educational Scholarships:** these are granted to team members and/or their children to improve their educational level, considering a series of requirements in accordance with the scholarship regulations.
- **Savings and Insurance Fund:** with which we seek to improve our collaborators' economies and financial management culture.
- **In the Healthcare division in Chile, 1,441** collaborators are offered support for the payment of transportation to get to work daily. Also, during 2021, bonuses or incentives were granted to more than **1,130** collaborators.



88%
score on FEMSA's
Organizational Climate
Diagnostic



Decent, Optimal and Safe Working Conditions

GRI 407-1, 408-1, 409-1, 410-1

At FEMSA we continue to conduct labor risk assessments that consider different elements, as well as the views of our collaborators and leadership teams. These assessments include issues related to human rights. During 2021, risk analyses were conducted in more countries and more businesses, covering more than 600 workplaces to date.

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. Its main objective is to create safe workspaces and healthy lifestyles.

During 2021, 1,889 security personnel were trained on human rights issues or policies.

Health and Safety Risks

GRI 403-1, 403-2, 403-3, 403-6, 403-7

Given that the health and safety risks in each Business Unit are different because they have operations with different characteristics, all of them have certified professionals in charge of their Occupational Health and Safety Management Systems. FEMSA has also encouraged all Business Units to pay special attention to this issue and seek to remediate and prevent accidents and illnesses from occurring.

FEMSA has healthcare services that contribute to the supervision and surveillance of collaborators' health in a preventive manner. This includes the early detection of illnesses associated with working conditions, as well as quality medical care for collaborators who experience any discomfort during their workday. Among the main activities are:

- Medical attention to collaborators.
- Application of entrance and periodic medical examinations.
- Preparation of medical records according to exposure risks.
- Attention to medical emergencies.
- Accident investigation.
- Work environment evaluations (industrial hygiene).
- Vaccination campaigns.

Periodic reviews are also scheduled to audit and contribute to the improvement of service quality and compliance of FEMSA's medical care services.

Additionally, Industrial Safety and Occupational Health Committees made up of representatives from all the Business Units exist, through which different topics are addressed, such as:

- KPIs (Absenteeism Indicators, Risk Premium, Fatalities)
- Policies' and guidelines' updates
- Communication of relevant health and safety information

There are also tools that allow us to know the perception that collaborators have regarding management systems, work environment, relationship with their bosses, processes, and assigned tasks, such as the Organizational Climate Surveys.

Different healthcare programs are promoted internally and in collaboration with public and private institutions, such as:

- Vaccination Campaigns
- Nutritional Consultations
- Psychosocial support consultations
- Workshops focused on promoting mental health.
- Awareness and prevention campaigns (e.g., breast cancer, prostate cancer, smoking, cardiovascular risk factors, etc.)
- Activities that promote physical activity (running, cycling, pilates, zumba, yoga, etc.)

FEMSA seeks to create safe workspaces and healthy lifestyles in all its workplaces, as well as to promote continuous improvement in its processes through Occupational Health and Safety Programs. A fundamental tool are the Management Systems implemented in each Business Unit by professionals in Occupational Health and Safety and Occupational Risk Prevention. Among these management systems are:

- Compliance with the applicable regulations in accordance with its line of business.
- Internal Occupational Health and Safety policies.
- Identification and mitigation of risks in the workplaces.
- Compliance with industrial safety and occupational health programs.
- Monitoring the health and safety of collaborators.
- Communication mechanisms so that team members, customers and third parties can report unsafe activities or conditions and/or acts at work.
- Internal and corporate evaluations to monitor compliance with the Management Systems.





TRAINING AND RECOGNITION

GRI 403-5

Solistica worked on an independent safety and environmental strategy, which seeks to align all business parts under the same principles. The main focus was on training and health promotion practices.

In addition, it promoted ZEIF, a program that seeks to build a culture that strengthens safety behaviors through engagement and reflection activities for middle managers in all Solistica's regions and functional areas.

Country	Walks Performed	Trained Middle Management ZEIF	ZEIF Program Training Hours	Safety Training Hours	Kilometers traveled (Millions)
Mexico	24,310	1,000	12,000	48,575	351
Colombia and Latam	14,845	219	3,504	42,687	71
Brazil	9,786	306	3,593	35,043	135
Total Solistica	48,941	1,525	19,097	126,305	556

In Mexico, the focus was on the development of supervisors and protocols, as well as technology management and the promotion of a strong safety culture. This was fostered through workday management programs, handling practices management, and development of simulator capabilities, among others. We achieved an **11%** reduction in total accident events compared to 2020.

At **OXO**, different initiatives were also carried out to promote collaborator health and safety. These included:

- Vaccination campaigns: we supported the vaccination against COVID-19 for seasonal team members, providing transportation to the assigned vaccination centers. A campaign was also carried out to bring PrevenIMSS services closer to Staff Bara collaborators.
- COVID-19 awareness: people who suffered from COVID-19 were explained how to properly perform pulmonary rehabilitation exercises and dietary management to avoid further complications.
- COVID-19 screening campaigns: screening campaigns focused on asymptomatic cases of COVID-19 were conducted in stores.
- Purchases of medical supplies: oxygen concentrators and tanks were purchased for the use of team members who needed them.

A strategic focus for **Coca-Cola FEMSA** is to reduce and manage Strategic, Operational and Compliance Risks. To this end, a Risk Management Model has been maintained to ensure that risks and opportunities are adequately managed in the Organization. The aim is to have a correct understanding, identification, analysis, validation, prioritization, response, and control that allows it to achieve the desired results. Occupational health and safety risks are studied within this model.

Health and Safety

	2021	2020	2019
GRI 403-9 Work-related injuries			
GRI 403-10 Work-related ill health			
Collaborator accident frequency rate (per 100 collaborators)	1.53	1.25	2.45
Occupational disease frequency rate among collaborators (per 100 collaborators)	0.014	0.022	0.069
Accident frequency rate for collaborators (per million hours)	6.03	4.9	9
Occupational disease frequency rate for collaborators (per million hours)	0.05	0.09	0.25

In 2021, the scope of the Occupational Health and Safety information was updated, including data from the Health Division.



2. Diversity, Equity and Inclusion

GRI 103-1, 103-2, 103-3, GRI 405-1



At FEMSA, we seek to promote and reflect external diversity within our organization. To this end, we want to have a structure that allows us to value and maximize the uniqueness of our people so that they can contribute exponential value to the company and our communities. We celebrate and intentionally maximize our people’s diversity, because we understand that when we are unique and united, we are unstoppable.

In 2021, a Sustainability, Inclusion and Diversity Committee was established, a strong commitment for FEMSA from a governance standpoint to effectively manage these issues. This committee discusses company initiatives to improve the hiring and promotion efforts of different collaborators. From it, the following diversity goal was created:

Goal: to have a 20 percentage points increase in Female Representation in Executive Positions by 2030.

In addition to the Committee’s creation, work began on a series of Diversity and Inclusion policies, which cover our team members, HR processes, and team management.

Labor inclusion performance indicators

Vulnerable people employed

	2021	2020	2019
Senior adults	+3,000	3,200	3,007
People with disabilities	+1,800	930	842
Refugees	+475	200	0



In 2021, we reached **24%** of Female Representation in Executive Positions.

Promoting Inclusive Environment and Diversity

GRI 406-1

FEMSA actively looks to integrate people from minority and vulnerable groups among its collaborators. We believe that this, in addition to having a direct impact on the workforce and hired team members, can generate an indirect impact on education and bias awareness related to these groups, as well as greater economic growth in the country. Through targeted job training centers and the label Inclusive Company granted by the Ministry of Labor and Social Welfare (STPS) in Mexico, we have managed to increase the total number of people joining our workforce.

As part of this integration, and in line with the efforts initiated in 2019 and 2020 in alliance with UNHCR (United Nations High Commissioner for Refugees) and the Tent Partnership for Refugees, **OXXO** has hired more than 475 Latin American refugees to date. We also had the **Let's Make a Bridge** awareness campaign, where through virtual panels, more than 3,600 collaborators per edition

joined together to hear about diversity and inclusion issues. Alliances were kept with organizations that promote the inclusion of minority or vulnerable groups, such as refugees, people with disabilities, the elderly, indigenous communities, and the LGBTQ+ community. Along the same lines, we continued to offer awareness programs for the leadership team on these topics.

OXXOGAS received the Gasoline Leadership Award 2021 in the Social Responsibility Category. This is a recognition granted by the National Organization of Oil Expenders (ONEXPO in Spanish) for the strategy of occupational health, inclusion and diversity, and programs to attract female talent, senior citizens, and people with disabilities.

During 2021, **FEMSA Comercio** focused on promoting the employment of senior citizens: **seven** senior citizen centers were rehabilitated to trigger productive projects and training that will be offered to them in 2022. The aim is for senior citizens to continue developing skills and competencies so that they can remain economically active.



Gender Equality

GRI 102-8

With respect to gender equality, 2021 was a year with important progress in several of our Business Units. Fundación FEMSA and OXXO financed a diagnostic study on gender equality and childcare practices led by the International Finance Corporation (IFC). Based on this study, a work plan was developed throughout 2021 with improvements planned based on the study's findings.

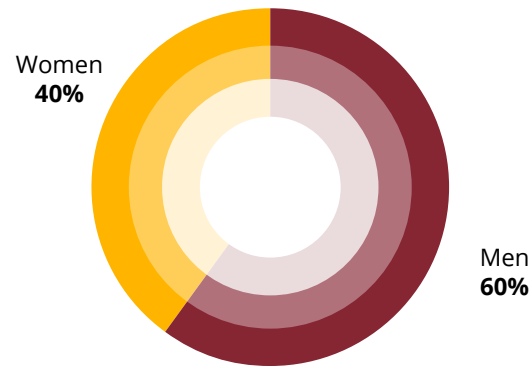
The IFC also invited FEMSA to join a group of 14 companies in Latinamerica that will participate in a program throughout 2022 to share best practices and advance gender equality in the region.

This year FEMSA was included in the Bloomberg Gender Equality Index for the first time. Coca Cola FEMSA was also included for the fourth consecutive year, maintaining its link with UN Women. In Coca-Cola FEMSA also developed an independent Inclusion and Diversity Council.

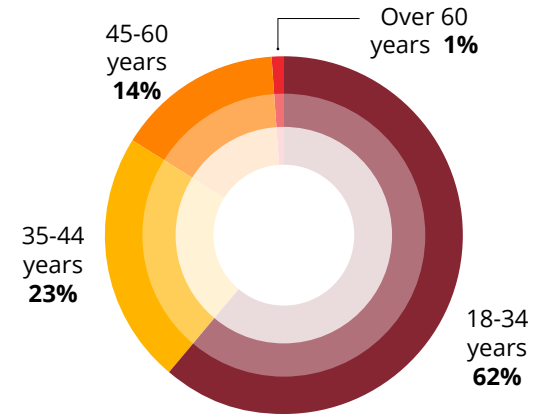
This year **Solistica** appointed a woman as General Manager for the first time.

Information about our collaborators

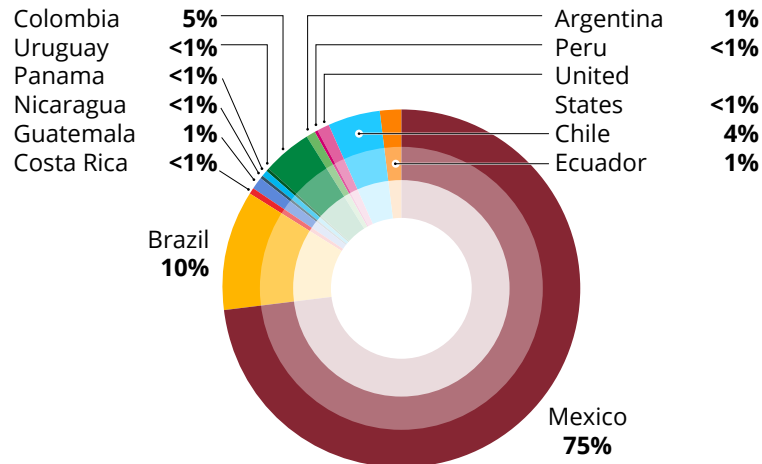
Gender



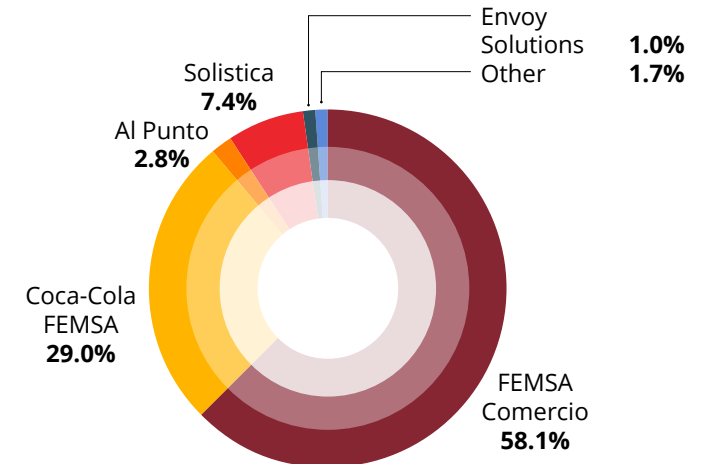
Age



Country



Business Unit



For the Gender and Age charts, internal collaborators are considered. For Country and Business charts to internal and external collaborators.

3. Comprehensive Wellbeing

GRI 103-1, 103-2, 103-3



We seek to promote and encourage the quality of life and wellbeing of collaborators and their families through a culture of participation and co-responsibility.

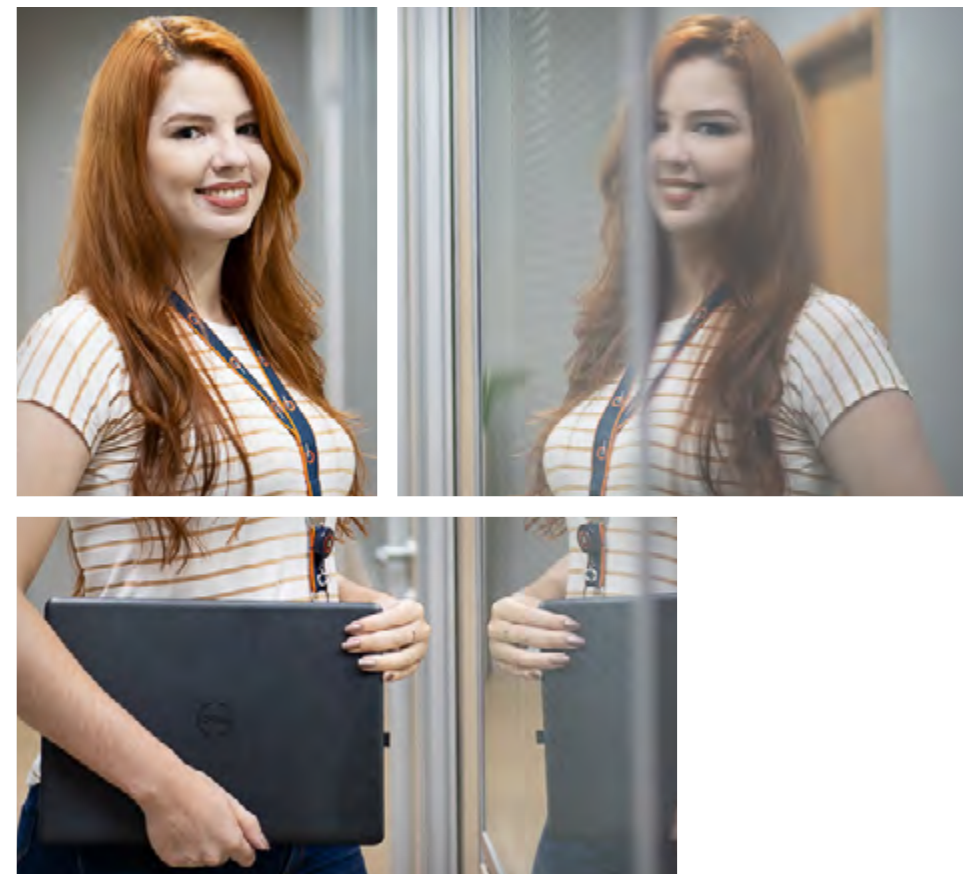
Goal: 8.7 million hours of collaborator training per year

Integral development model

At FEMSA, we seek to promote our collaborators' integral development and quality of life to positively impact our business' environment and the productivity. Through our strategy, we develop a work environment that promotes a culture of wellbeing for all team members by promoting their physical and mental health. FEMSA's integral development model covers 5 dimensions.

Integral Development

Dimension	Definition	Activities performed
Social	We promote the development of satisfactory social, civic, and family relationships in harmony with the environment and the community	1,335
Health	We promote healthy lifestyles (physical and emotional)	2,242
Labor	We foster commitment, excellence at work, and a constructive and healthy work environment, developing a sense of belonging	907
Economic	We promote the construction and protection of the assets of our workers, generating an organizational culture of work and savings	257
Formative	We provide support and continuous learning programs so that our collaborators acquire new knowledge and skills	316
Total		5,057



14,245,992
hours of training
for employees in 2021.

A balanced personal and professional life is one of the basic needs of every collaborator. At FEMSA we believe that this balance can be achieved by promoting various initiatives that seek to meet the needs of our employees. Among others, there are remote work schemes, a way of working that improved the efficiency and productivity of our collaborators, promoting flexible hours. Additionally, there are benefits such as childcare services, educational scholarships, and school subsidies in some of our business units.



COVID-19 Support and efforts

GRI 403-6

At FEMSA, we understood that the effects of the pandemic would not cease to present challenges for our collaborators and operations during 2021. Therefore, different efforts were carried out to raise awareness, educate, and protect our team in all the Company's lines of business and regions. Some examples of this support are:

Iniciative	Region
COVID Insurance - Help basket	Chile
Return and reunion workshop, return survey	Chile
Bi-weekly PCR tests and doctor's visits	Chile
Face masks provided to collaborators	Chile
Prevent the spread of the COVID-19 pandemic through biosecurity protocols at the sites and training and sensitization activities for team members.	Colombia
Emotional care/psychological support line: we developed actions and enabled channels for our team's mental and emotional health through practical and experiential meetings and communication channels.	Colombia
Opening of vaccination centers in Quito and Guayaquil.	Ecuador
Providing test facilities	Mexico
Purchase of oxygen tanks equipped for contingency response.	Mexico



Ensuring Health

GRI 403-6

During the year, we organized the **FEMSA Race** again. Considering the context of the pandemic, this year we invited collaborators to a "virtual" or semi-in-person race, in which participants could run, jog, or walk, with goals of 1, 5, or 10 kilometers. They had the ability to participate in the race from the place of their choice (park, home or other recreative space).

PTM also organized the **ALPUNTO Race** with different challenges covering the three pillars of our sustainability strategy (Our People, Our Planet, Our Community), as well as a "virtual" race, like the FEMSA Race. The motivation was to gain "fewer kilos and more kilometers", considering the diseases caused by obesity and that donations would be greater as more kilometers were accumulated. The complementary challenges were:

- Our Planet: a reforestation campaign of **700** trees and the collection of **1,212.4 kg** of PET bottle caps were organized.
- Our Community: 5 tons of groceries were donated to Casita San José, and the Christmas Godparents campaign was carried out to donate Christmas gifts for more than **100** Otomí children.

As part the "**- Kilos, + Kilometers**" initiative, collaborators who signed up for weight control were weighed. We sought to encourage them to have running, walking, jogging, and/or cycling routines, or some similar physical activity. Throughout the year, participants were monitored and accompanied in the process of achieving healthier weights and lifestyles.

To date, more than **42 thousand Coca-Cola FEMSA** team members and their families receive the benefits of the **Gympass** platform, a corporate wellbeing platform that provides personalized access to activities that strengthen physical, mental, emotional, nutritional, and financial healthcare. Among the activities that have so far generated the most interest among the Coca-Cola FEMSA family are those oriented toward healthy habits with nutrition programs, therapy and meditation sessions, as well as physical health.

Training and development

We firmly believe that our collaborators' performance is closely linked to their personal and professional growth. With more than 300,000 team members working in our Business Units, it is necessary to develop training and development mechanisms, where each person is a promoter of his or her growth within our organization.

Training performance indicators

	2021	2020	2019
Training hours	14,245,992	8,573,290	8,657,577

Investment in collaborator training	2021	2020	2019
Million of pesos	268	168	402

Training by topic

GRI 404-2 Training topics	Human Rights	Leadership	Technical Knowledge	Health and Safety	Sustainability
Total hours of training	208,316	773,463	12,757,118	490,481	16,614

Organizacional climate evaluation

As in previous years, we once again carried out our organizational climate evaluation, seeking to include more businesses and improve the evaluation result. For the first time, the survey was applied to the Health Division outside of Mexico.

On the other hand, the Proximity Division and the Fuel Division will apply the survey in 2022.

	2021	2020	2019
Organizational climate evaluation results	88%	82%	81%

Result at FEMSA level.

Executive Positions

	2021
Women	24%
Men	76%

Result at FEMSA level.



Our Community

GRI 103-1, 103-2, 103-3

4. Community Wellbeing



We recognize our commitment to contribute to our communities wellbeing by promoting healthy lifestyles, contributing to our surroundings safety, developing an environmental culture, and fostering local community engagement.

Goal: 20 million people benefiting from our Community Wellbeing initiatives by 2030

Promoting Healthy Lifestyles

GRI 416-1

During 2021, our different Business Units worked on initiatives that helped promote healthy lifestyles.

In our **Health** Division, the **YZA Pharmacies** team worked on a strategy to better cover all the population through community outreach activities focused on promoting health. Through these efforts, we want to give access to the necessary wellbeing products to a larger part of the population, including those located in difficult or remote areas.

Also, in 2021, the **mobile pharmacies** project was relaunched **in Chile** to bring medicines and health services to communities with very limited resources, where there are no formal pharmacies. To date, there are two mobile pharmacies that travel daily circuits, visiting locations with relevant health needs. During the year, more units were purchased and remodeled. The operation of the new units is expected to begin during 2022. The routes to the

following 6 communes in the north and 5 in the south of Chile are planned:

North		South	
Communes	Inhabitants	Communes	Inhabitants
Hualpin	15,045	Huara	2,730
Lumaco	9,548	Colchane	1,728
Trovolhue	5,000	Putre	2,765
Nehuentué	730	Pisagua	260
Los Sauces	7,265	Codpa	123
Contulmo	6,031		

The **“Unmissable Savings”** program at the Colombian Green Cross is designed to offer and benefit the communities most in need with non-perishable hygiene items at unusually low prices.

Similarly, we maintained programs to **donate unsold medicines** to formally constituted institutions or organizations throughout Latin America, which reach vulnerable population groups.

2,976,818
direct beneficiaries through
our actions in Our Community.

In 2021, we donated 47.7 million pesos, benefiting:

Institutions	People
53	664,989

Through our *Redondeo* and *Dona tu Vuelto* programs, customer donations were used to support social charities. Through this rounding-off program, we were able to raise close to **85 million pesos** to benefit more than 278 institutions.

Finally, we installed containers in more than **100 pharmacies in Mexico** to receive donations of **leftover medicines** (unused or partially used). We rely on the Caritas Foundation to reuse and channel these medicines to those in need.

Information and Transparency

GRI 203-2

In 2021, a **transparency campaign** was implemented in Chile, called **“Informarte es el Remedio”** (Being Informed is the Remedy). This campaign sought to inform customers about the accessibility and cost for supplying medicines. With this we wanted to better inform the perception of the impact medicine prices have on their personal economies. A personalized medicine card (*Cartola de Medicamentos*) was also created for Cruz Verde's customers, showing their quarterly medicines consumption classified by types (original, similar, bioequivalent, or generic), as well as the medicine cost percentage that is explained by the costs of the distributor, the lab, the pharmacies, and the VAT tax. These initiatives seek to inform and empower consumers to look for cheaper bioequivalent or generic alternatives.

In November 2021, the new **24/7 Online Pharmaceutical Care** program on the Cruz Verde website in Chile was also launched. This program seeks to provide pharmaceutical guidance to patients on the correct and safe use of medicines, supporting them to get the maximum benefit from their treatment. During the months of November to December 2021, more than **4 thousand video calls were answered**, which represents an average of more than **70 video calls per day**. **The program is projected to reach more than 40 thousand people in 2022.**

Contributing to Safety in the Surroundings

GRI 203-1, 416-1

In **Colombia, 4,260 km** of road safety training were provided through the Road Simulator (own fleet) to **90%** of the operators. Also, together with the operations in **Guatemala**, road accident prevention campaigns were carried out with the support of the Traffic Police and Mobility Secretariats in both countries. We obtained the ISO 45001's recertification (occupational health and safety management systems) in Bogotá and neighboring operations for warehousing and breakbulk products. We also received recognition from Bogotá's Mobility Secretariat for the breakbulk transportation operation for the fifth consecutive year (5 gold seals).

It is worth highlighting that 2021 was the first year with **zero fatalities** (including within the community) in Solistica's operations in **Colombia and Central America** combined. Additionally, reductions of 17% in total road accidents, 11% in major road accidents, and 43% in disabling events were achieved.





Clean Communities

GRI 203-1

Seeking to contribute to the cleanliness of the communities where we operate, we promote a culture of responsible waste collection and management. We also constantly promote an environmental culture around Circular Economy concepts through our presence in the communities. Some of the initiatives we have for this are:

- At **PTM** we have an initiative to collect plastic bottle caps. The aim is to prevent the plastic bottle caps from reaching streets or garbage dumps, where they impact the environment. These caps are also integrated into our recycling process. As an additional benefit, with this cap program we help fund children's cancer treatments through donations resulting from the collection. Currently, the campaign is aimed at helping Joel, an 11-year-old boy.
- **OXXO** is constantly doing different activities to promote circularity and cleanliness in the communities in which it operates. Among them are:
 - **Eliminating the use of plastic bags** and enabling the use of reusable or paper bags.
 - **Waste separation** in stores for proper management.
 - **Tree planting:** to mitigate the environmental impact of the operation, 24,248 trees have been planted and 4,974 condensation irrigation systems have been installed. During 2021, 1,300 trees were planted.
 - **"Tienditas Sin Residuos"** (M&P Shops Without Waste) program, which managed to adapt 120 mom-and-pop shops to become PET collectors.

- At **Coca-Cola FEMSA**, several efforts have been made, among which are:
 - **"My store without waste":** placement of 120 PET recycling bins in Oaxaca and ECOCE will go through them to take to recycling plants.
 - **PET recovery in Nicaragua:** alliance with GRAVITA for the recovery of tons of PET every month. 1,120 tons recovered in 2021.
 - **PET recovery in alliance with West Coast Waste in Costa Rica:** recovery of 270 tons of PET during the year.
 - **"Reciclando Ando":** project to facilitate recycling for consumers, enabling the Uber Flash service so that they can send PET plastic bottles to collection centers authorized by Coca-Cola FEMSA, in alliance with Uber and Ecoins.
 - **PET recovery in alliance with Geocycle:** recovery of 500 tons in one year.
 - **Casas Verdes:** Integrated project in Guatemala to increase the waste re-circulation in the homes of 500 families.
 - **Itabirito Environmental Education Program (PEA) in Brazil:** program aimed at contributing to the environment's preservation, environmental education, and the development of the municipalities of Itabirito and Moeda and the school community of Nova Lima and Brumadinho.

Local Community Engagement

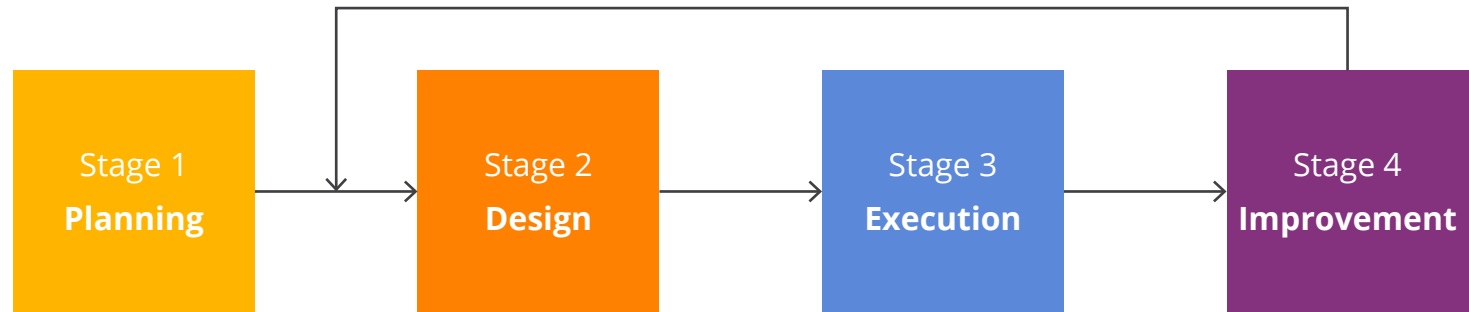
GRI 413-2

One of the fundamental points for our Community initiatives' development has been to thoroughly understand how the workplaces where we operate impact the immediate community, and how the immediate community impacts the workplaces. To this end, we created the MARRCO methodology: Risk Attention and Community Relationship Model, which consists of the following 5 steps:



Through the application of this model, we support the workplaces so that they can get closer to the community and have dialogues that help understand some of the positive and negative impacts they experience. With this we can have a better community relationship, sustainable over time, in which the immediate community has a positive vision of FEMSA's presence in their area.

Management stages to execute this community relationship



This involves identifying risks and opportunities, and then planning actions to improve aspects of the community context and contribute to business objectives.

The community engagement plan based on the findings of the Planning stage.

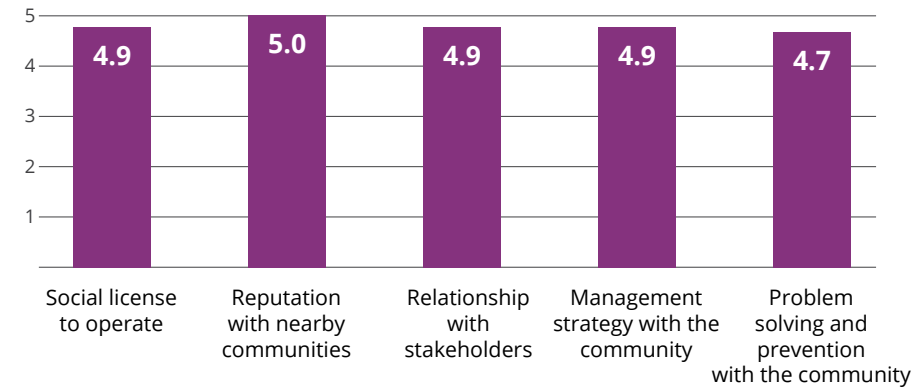
Implementation of the plan and measurement of results, evaluating the impact of the activities.

Learning from good, bad and/or unexpected results to adapt and improve the plan.



As practical examples of what we do in terms of community relations:

- During 2021 **OXXO** continued its alliance with the Mexican Food Bank Network for the donation of products not sold in stores, channeling more than **3,305 tons** of products, with a total value of **64 million pesos**.
- We also continued to operate the bill rounding program in OXXO stores, which raised **85 million pesos** for 278 civil society organizations focused on food and health causes.
- At **Coca-Cola FEMSA**, the MARRCO methodology has been implemented in all the beverage plants and began the retraining process in our Mexican workplaces.
- In **FEMCO LatAm**, one implementation was launched in **OXXO Peru**, another in **BARA**, and another three in **YZA pharmacies** in Mexico. Altogether, this represented **10** implementations.
- Through the MARRCO methodology's implementation, we support the development of the communities in which we have presence and operate. We obtained the following satisfaction scores in the surveys applied during 2021:



Internal evaluation per module.

- During the year, **FEMCO** offered more than 500 community actions in the communities near the stores we operate, including the rehabilitation of 169 public spaces, 170 actions focused on health, 162 focused on food, and 59 local community actions near the distribution centers. In total, more than **36.5 million pesos** were invested in these actions.
- **FEMCO** also continued to award scholarships, which were given to **50** people or agents of change in their communities, indirectly impacting **21,000** neighborhood residents.
- **Fundación FEMSA** launched the #SinDesperdicio program in 2021, a platform focused on addressing Food Loss and Waste (FLW) issues through greater innovation, better policies, and improved capacity and knowledge on the subject. Colombia's pilot on FLW reduction was implemented in two fruit and vegetable markets, benefiting **4,870** people.

For more than 130 years, FEMSA has managed to grow and generate economic value for Mexico and the countries where it operates.

Community Development

Volunteers	2021	Volunteer hours	2021
Total number of volunteers who attended a volunteer event (collaborators)	104,810	Total hours of attendance at volunteer events	360,173
Community actions			
GRI 413-1 Actions, programs and initiatives in favor of the Community		2021	2020
Activities per dimension		5,057	3,512
Volunteers for cause		2,979	1,533
Initiatives*		876	750

*It includes Our Community and Our Planet initiatives that have relation with the Community.



5. Economic Development

GRI 103-1, 103-2, 103-3



We recognize our commitment to contribute to the economic and social development of the communities where we operate through our actions and the promotion of other developing companies.

Objective: Impact people in the community through initiatives, products, and internal services for economic, labor, financial, and digital inclusion

We have sought to improve community infrastructure that facilitates the operations of our SME clients, from the marketing of their goods or services, to the provision of certain tools to make the transition to a multichannel and digitized operation. These efforts go hand in hand with training programs to work on business capabilities that empower small entrepreneurs.

We have also begun to actively invest in entrepreneurial projects that are aligned with the company's values and goals: we choose projects that we believe will not only be profitable, but also have a positive impact on society or the environment.





Distributed Economic Value

GRI 201-1, 203-2

For more than 130 years, FEMSA has been able to grow and generate economic value for Mexico and the countries where it operates.

GRI 201-1 Direct economic value generated and distributed (millions of pesos)	2021
Total Revenues	556,261
Operating income	51,993

GRI 102-9 Supply Chain	2021
Economic output generated (million pesos)	173,059

Financial and digital inclusion

GRI 203-1, 203-2

At **OXXO**, we are committed to helping our customers carry out their daily financial transactions in one place, through the following services:

- Make account deposits in partner correspondent banks, send remittances, and pre-pay your cell phone.
- Access to over 7,000 services, including payment of internet, electricity, and streaming entertainment.
- Through a partnership with Ria Money Transfer, a money transfer company, our customers can receive up to USD \$100 per transaction at any OXXO store.
- Spin Card, with which customers have easy access to financial services such as deposits, withdrawals, transfers, use of digital banking and payment at electronic stores.

Coca-Cola FEMSA, together with the government of Queretaro, joined forces to increase connectivity and access to information in 30 'neighborhood stores' in 17 rural locations in the state, through the installation of 30 coolers with WiFi devices, developed by Imbera.

The internet access devices have a processor, bluetooth modules, WiFi, SIM card port and solid SD memory. They offer a network range of up to 30 meters, as they are enabled with software that will allow users to browse professional (non-social) internet networks, authorized sites, and local government portals. The pilot stage of this action will last for 9 months and will seek to promote social and economic development **by enabling free internet for more than 800 thousand inhabitants who do not have this service** in the state.

6. Sustainable Supply

GRI 103-1, 103-2, 103-3



We seek to ensure that our suppliers operate with ethics and integrity, based on responsible business policies, principles, and processes that comply with applicable legislation and best Sustainability practices. We also contribute to the development of the communities where we operate through our actions.

Goal: Positively impact local suppliers through the purchase of goods and services.

Since 2018, a list of benefits offered to local suppliers was designed to incorporate them into the organization's supply chain, supporting **500 local suppliers** to date. During 2021, some initiatives for the development of local suppliers were piloted with own-brand suppliers, which will not only benefit the community, but also the business.

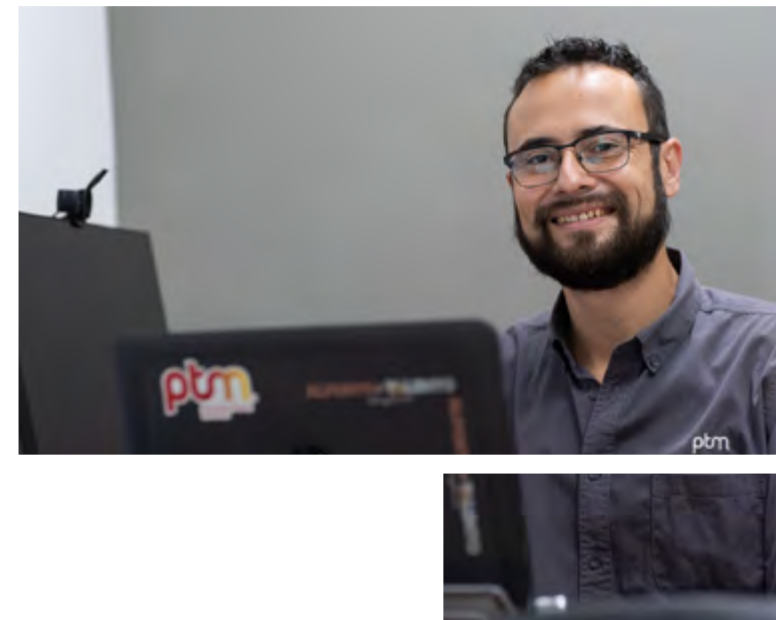
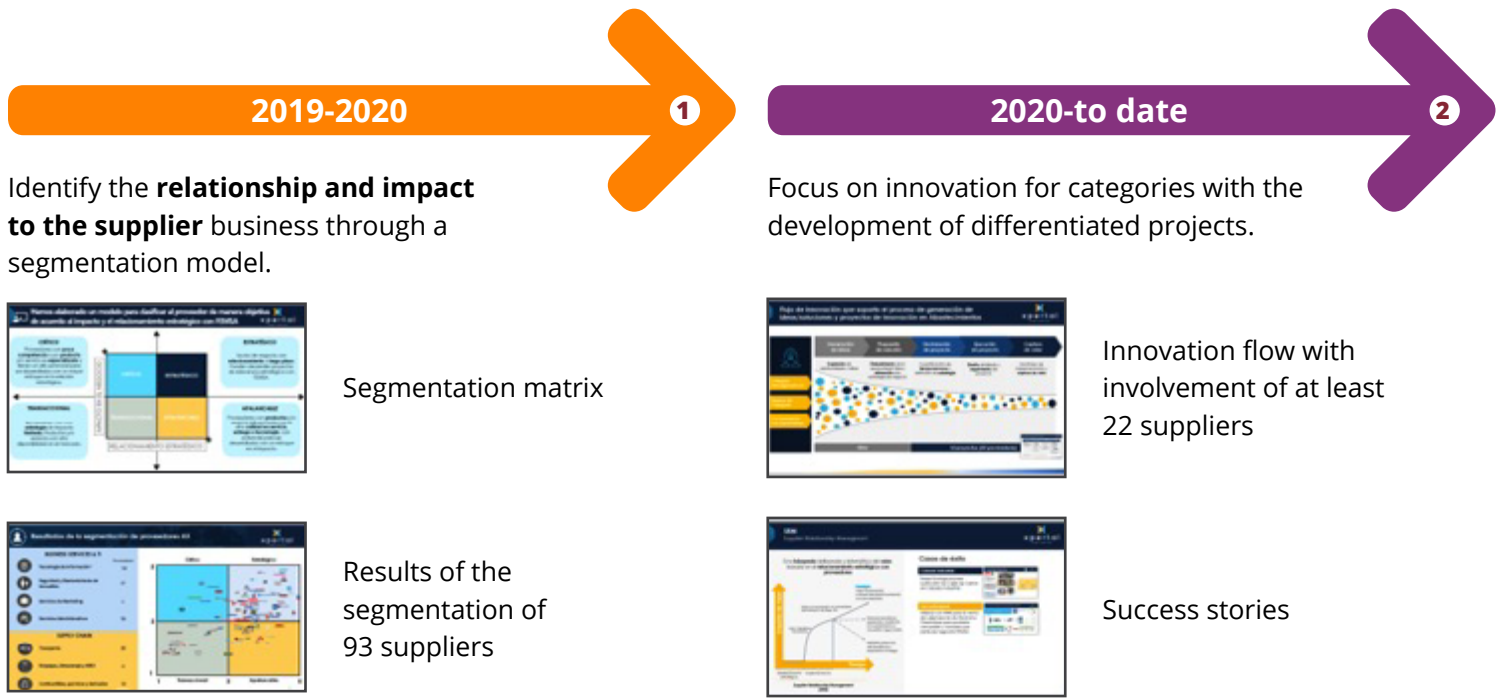
Main projects

Sustainable Sourcing Committee

During 2021, a **Sustainable Sourcing Committee which meets every two months was established with the participation of all the Business Units** as a vehicle to optimize the impact on the value chain. Within this committee, a variety of issues are addressed, from waste management, respect for human rights, compliance with guiding principles, and business ethics, among many others. As part of this, we developed **Sustainable Sourcing Guidelines** for our buyers. Although they are not mandatory regulations, they help the operation's Sourcing team to guide their decisions in the selection process, incorporating Sustainability criteria in the purchasing process.

We are still working on training suppliers to improve their operational capabilities, generate higher quality, and improve social and environmental practices and impacts. To this end, a model was developed to objectively classify suppliers according to their impact and strategic relationship with FEMSA.





Within our Business Units, the following progress was made in 2021:

- **PTM** has a guiding principles program with suppliers to raise awareness of the relevance of Sustainability for the company. Suppliers are **evaluated** every year, and those with the best performance can be rewarded. The Code of Ethics and corporate policies are shared with all of them, in addition to providing them with virtual training on these issues.
- **All health operations (YZA pharmacies)** communicated their guiding principles to **100%** of critical suppliers in 2021. In the case of Ecuador, 74% of its regular suppliers were also covered.
- **OXXO** established conditions and support facilities for local suppliers (SMEs) to improve their commercial performance and contribute to their development. To date, 500 suppliers have received support.
- **Caffenio** also works with coffee growers to rescue their farms, achieving greater production in the area and a better quality of life for the community.
- There is a program called **Forming Tomorrow's Coffee Growers** that seeks to contribute to generational integration through the recognition and rescue of the agricultural tradition with actions that encourage generational replacement through art, games, and the creation of school gardens.

- In **Coca-Cola FEMSA Brazil**, the "Rede de parceiros sustentaveis" (Sustainable Partners Network) aims to connect, train, and support the maturity of suppliers and other companies in sustainable concepts and actions. The goal is to generate a cycle of exchange of experiences and practices in the market. To date, we have worked with 206 suppliers.

Sustainable sourcing

Practices with suppliers

GRI 204-1 Total local suppliers	2021
Total suppliers	29,388
Total local suppliers	28,511
Total spending on local suppliers	90%

Local providers are those that operate in the country they provide service.

Our Planet

GRI 103-1, 103-2, 103-3

At FEMSA this year we increased the number of long-term corporate environmental goals, pursuing continuous and dedicated efforts in our reduction and operational efficiency in the use of a variety of resources.

In addition, in April 2021, we issued a Sustainability-Linked Bond, which has among its requirements the fulfillment of our renewable energy and waste goals. There is also a commitment to establish Science Based Targets in the business. To date, Coca-Cola FEMSA has already set Science Based Targets, and the next step will be to establish them in the rest of the businesses.

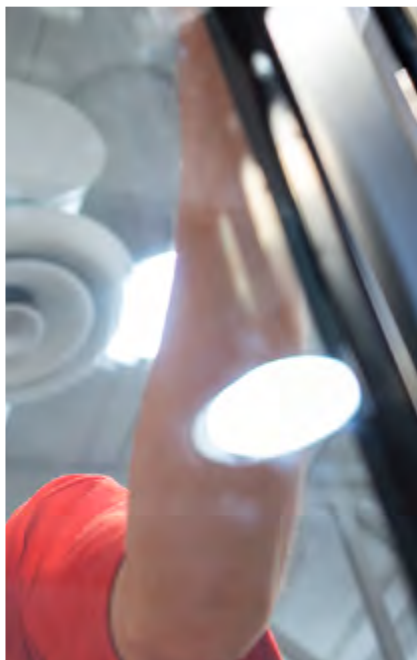
7. Climate Action



We recognize Climate Change as one of the most important challenges facing humanity. We are committed to its mitigation by avoiding and reducing the emission of greenhouse gases into the atmosphere. Through our various initiatives, FEMSA is already managing physical and transitional climate risks, as described below.

Goal: 85% renewable energy utilization in all our operations by 2030.

60.9%
Renewable energy
at FEMSA in 2021.



CO₂ emissions reduction

FEMSA continuously seeks to reduce CO₂ emissions generated by its business. Among the achievements in the Business Units, we found:

- **Coca-Cola FEMSA** set its carbon footprint reduction targets, aligned with the Science Based Targets initiative, in 2020. During 2021, it was able to report an increase in the consumption of electricity from renewable sources, which translates into higher emissions reductions.
- **Imbera** is committed to developing a carbon emissions reduction target aligned with Science Based Targets' Net Zero initiative. It is currently in the process of developing its targets.
- In **Solistica Brasil**, CO₂ emissions studies were carried out to better understand fuel use in the operations, and to develop an emissions reduction plan.
- The **Health** Division maintained its **energy savings** programs in all the countries in which it operates, with consumption measurement coverage throughout the operation. In addition, it achieved a 36% reduction in the use of electricity in its Mexican operations.
- **OXO** continues to make energy consumption in its operations more efficient by increasing the presence of LED lighting, using solar control films that help limit the heating of stores, and with the use of intelligent energy systems in both stores and offices. To date, all **OXO** stores already have at least partial LED lighting, but the goal is to eventually have full LED coverage. The cumulative savings compared to the 2009 baseline is +37.5% in energy consumption per store. Compared to 2020, savings of 5.4% were achieved.

Use of Renewable Energy

At FEMSA, we continue to strive to ensure that our workplaces are increasingly supplied with renewable energy. Currently, **60.9%** of the electricity consumed by the organization comes from renewable sources.

Energy

Energy consumption

GRI 302-1 Energy consumption within the organization (gigajoules)	2021	2020	2019
Total energy	21,186,268	16,902,143	17,372,781
Indirect energy	9,893,049	9,607,001	9,803,273
Indirect energy from renewable sources	6,021,761	5,827,728	4,779,769
Indirect energy from non-renewable sources	3,871,288	3,779,274	5,023,504
Direct energy	11,293,219	7,295,142	7,569,508
Direct energy fixed source	1,364,991	1,790,662	1,608,439
Direct energy mobile source	9,928,228	5,504,479	5,961,069
GRI 302-2 Energy intensity (GJ/ total revenues)	38.09	34.29	34.4

Direct energy mobile source: information from Coca-Cola FEMSA's Distribution Center is added.
Solistica improved their information control.

Renewable energy consumption

GRI 302-1 Energy consumption within the organization	Argentina	Brazil	Colombia	Guatemala	Mexico	Panama
Percentage of renewable energy consumption	85%	59%	66%	94%	64%	91%

Greenhouse Gases

GRI 305-1 Energy consumption within the organization (tons of CO ₂ equivalent)	2021	2020	2019
Total CO₂ emissions	1,178,074	948,464	1,138,118
Scope 1 CO₂ emissions (direct)	771,816	496,138	519,355
Scope 1 CO ₂ emissions (direct fixed source)	80,264	102,346	92,986
Scope 1 CO ₂ emissions (direct mobile source)	691,552	393,791	426,369
Scope 2 CO₂ emissions (indirect)	406,258	452,326	618,763
GRI 305-2 emissions intensity (Ton CO ₂ /total revenue)	2.12	1.92	2.25

Direct energy mobile source: information from Coca-Cola FEMSA's Distribution Center is added.
Solistica improved their information control.



Some of our Business Units' related efforts during the year that we believe are worth highlighting are:

- 85% of the energy used in **Coca-Cola FEMSA's** manufacturing activity during 2021 came from clean energy sources.
- With the intention of facilitating access to renewable energy for the communities surrounding our operations, in Mexico we have collaborated with other partners to promote three pilot projects to introduce solar panel installation and financing schemes to small grocery stores.
- The **Solistica Brazil** division has been looking for **larger stores** equipped with clean and sustainable energy technologies.
- The **Health** Division has more than 600 branches of YZA pharmacies in Mexico that operate with renewable energy, and pilot tests are being conducted in other countries to find the best way to manage this issue.
- We continued with the installation of infrastructure in **OX XO** stores to continue using the energy produced in **wind farms**. To date, there are already more than 14,700 **stores and 13 Distribution Centers** powered by wind energy.

We have a **Sustainable Mobility Committee** at FEMSA, where initiatives to reduce the impact of the organization's vehicles' operation are analyzed on a quarterly basis.

Coca-Cola FEMSA Brazil incorporated its first fleet of **20 100%** electric Volkswagen e-Delivery vehicles, which will operate in the city of Sao Paulo. These will allow a clean way to reach customers and suppliers. They have the capacity to travel up to 100 km per day, and their use **avoids the emission of 12.6 tons of CO₂ per year**.

In **OX XO** stores, tests were carried out for the use of electric vehicles, as well as the incorporation of trucks with greater pallet capacity. During the year, we continued our efforts to optimize distribution to minimize the impact of our logistics operations and improve sustainable mobility protocols with less impact on communities and the planet going forward.

Solistica Brazil purchased **four** electric vehicles to add to its fleet. It also carried out an operational load consolidation program, achieving an average consolidation of **72%**, and with it, a reduction in the number of vehicles on the road.

In **Solistica Colombia**, we tested low-emission solutions and vehicles such as electric tricycles, electric vehicles, and gas-powered tractor-trailers, which will help us reduce our carbon footprint by 25 tons of CO₂eq.

Sustainable Mobility Recognitions: Solistica 2021

- Mexico: Clean Transportation Award
- Brazil: Sustainability Award in Environmental Responsibility for energy saving initiatives.
- Colombia: District Environmental Excellence Program Award (PREAD) for the 12th year, ELITE category.
- Colombia: part of PROREDES, Environmental Association

Developing Sustainable Products and Services

Our efforts to develop more sustainable products and services continue. Within these, we saw Business Unit initiatives such as:

- **OXXO:** In 2021 the project development for a new-generation Distribution Centers began. This takes sustainable attributes maintained to date in distribution centers even further, in order to continue generating more social value and less environmental impact. An OXXO store model with more sustainable attributes was also developed in Guadalajara, which incorporates elements of quality of life, community development and environmental care in the construction process, infrastructure, and operation. These elements are based on international standards.
- **Imbera:** Continues to offer low-carbon cooler solutions portfolio. It includes coolers that use R290 refrigerant gas, electronic temperature control systems, intelligent motors, state-of-the-art condensers, LED lighting, and lead-free electronic cards. We also continue to operate the EOS REPARE plant, which aims to recycle coolers that have reached the end of their useful life. This recycling plant, among the most modern centers of its kind in Latin America, has a surface area of three thousand square meters and an annual capacity to dispose of 75,000 pieces of equipment. It generates more than one hundred direct and indirect jobs.
- **Coca-Cola FEMSA:** A commitment has been made to redesign PET packaging in the product catalog to achieve two objectives: make it 100% recyclable and include a percentage of recycled resin. Also, 100% of the plants in Mexico have Zero Waste Certifications. This certification reflects an integral system for the management, disposal, and reuse of operating waste from bottling plants, which has allowed us to recycle 95.7% of the waste generated.
- **PTM:** products are designed to have greater durability and resistance. This allows the life cycle of some elements such as pallets to be longer, and therefore less new pallets need to be produced. Furthermore, there is an internal rule that states all new PTM products must be 100% recyclable, integrating them into the circular recovery and reuse process for materials used in the business's production and services.



8. Water Management

GRI 103-1, 103-2, 103-3



Since water is an indispensable element for the socio-economic development of communities and fundamental for their well-being, we are committed to its efficient use and preservation.

Goal: to achieve Neutral Water Balance in all our operations by 2030

Optimize Water Efficiency

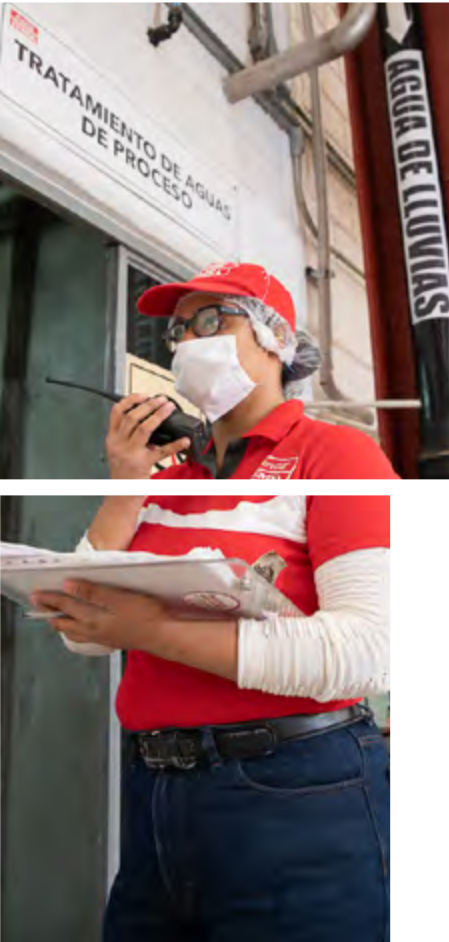
One of FEMSA's priority topics is to optimize its water efficiency. In 2021 **we added a corporate goal to reach Neutral Water Balance by 2030**. To this end, during the year we began to work on mapping water replenishment initiatives to have a clear path to meet this goal in all our businesses, particularly in businesses where the neutrality goal does not yet exist on a stand-alone basis.

Water

Water Management

GRI 303-3 Water withdrawal (thousands of cubic meters)	2021	2020	2019
Total volume of water consumed	34,298	31,939	34,832
Total volume of groundwater	18,413	27,197	18,724
Total volume of third-party water	14,261	4,741	15,610
Total volume of surface water	1,624	N/D	497





Coca-Cola FEMSA's operations have adopted a vision of responsible management in the use and conservation of water. Through a comprehensive strategy that includes the "20 Major Initiatives to Save Water" program, efficient water consumption is promoted in all manufacturing plants. Activities range from detecting and eliminating leaks to investing in water recovery technology and optimizing water consumption. As a result, there was a very positive trend in water consumption, with an efficiency indicator that continues to fall, closing the year at **1.47** liters of water per liter of beverage produced. This is in line to achieve the target of 1.26 in 2026, which is one of the commitments considered in the recently issued Sustainable Bond's Framework. During the year, a management system was implemented to identify areas of opportunity in water savings too, as well as to detect leaks.

FEMCO also has several water-related initiatives. Among them, the recovery of condensate water in some of the **YZA pharmacy** branches for cleaning these locations was quite successful in 2021. Each of the locations **was able to save 1,800 liters of water per month**.

In the **OXXO** division, the following progress was made:

- Dry urinals were installed in several OXXO GAS locations.
- A self-cleaning wastewater treatment system was introduced in OXXO stores where there is no public sewage network.
- 100% of Distribution Centers now have baskets washing machines that save 60% of the water consumed.
- The condensate irrigation system was kept in operation in stores. 24,248 trees were irrigated during the year through the operation of 4,974 systems.
- In 2021, 98 grease trap systems were installed in OXXO GAS stations to minimize water pollution (reaching nearly 500 systems in operation).
- In those OXXO stores where there is no public drainage network, a self-cleaning wastewater treatment system was introduced.

In **Solistica** in Colombia, we achieved the ISO 14001's recertification in Bogota and surrounding areas for storage and breakbulk products.

Fundación FEMSA continued working through its Latin American Alliance of Water Funds. This alliance, created in 2011, aims to contribute to water security in Latin America and the Caribbean. Coca-Cola FEMSA in Guatemala, through the Water Fund (FUNCAGUA), helped

contribute to the availability of water supply in the long term for the country's Metropolitan Region. In Costa Rica, through the Tica Water Fund, the Foundation supported conservation and reforestation activities on 607.41 hectares in different water basins.

Accessibility, Sanitation and Hygiene (WASH)

For **Coca-Cola FEMSA**, 2021 projects were focused on improving the access to and the conservation of water in communities in several countries. In Mexico, it supported the Program to provide water wells to neighbors in Morelia and Apizaco (*Programa para dotar de pozos de agua a vecinos en Morelia y Apizaco*). Through this initiative, underground water wells are built to diversify the water source and guarantee year-round access.

In **PTM** a new water treatment plant was also installed in 2021 and aim to be able to absorb the increased water discharge from its processes and to send the water with the best possible quality to the drainage system.

Fundación FEMSA continued its efforts through the *Lazos de Agua* initiative, which seeks to increase access to safe water, sanitation, and hygiene services in Latin America. To learn more about Fundación FEMSA's projects visit <https://www.femsa.com/en/fundacion-femsa/>

9. Circular Economy

GRI 103-1, 103-2, 103-3



We adopt Circular Economy principles as a strategy for the reduction and elimination of waste that pollute the environment and cause serious health and hygiene impacts to communities.

Goal: Zero Waste from operations to landfill by 2030

During 2021 we recycled **53%** of our waste generated in FEMSA's Business Units.



Reduction and Elimination of Operative Waste

FEMSA is focused on the proper waste management and optimization. An example of this is that 100% of **OXO** stores already have the option of using reusable bags, as well as efforts to discourage the use of single use bags in locations where such bags are allowed. In 2021, a **32% decrease** in bag consumption was achieved compared to 2020, which is already **80% below 2015**, when the initiative was launched. In the **Health** Division, all electronic devices are recycled, all countries have cardboard recycling efforts in stores, the use of plastic bags was materially reduced, and the entire operation's waste has been fully mapped to generate strategies to further optimize performance.

Waste management

GRI 306-3, 306-4, 306-5	2021	2020	2019
Waste generated and method of disposal (tons)			
Total waste	285,948	260,932	257,964
Total non-hazardous waste	279,617	246,286	255,547
Total hazardous waste	4,621	13,235	1,467
Total special handling waste	1,711	1,411	950
Percentage of waste recycled	53%	53%	52%

In 2021, information from Chile, Colombia and Ecuador pharmacies was added.

Zero waste certification

GRI 306-2 Percentage of manufacturing plants with zero waste certification	2021
	46%

Disclaimer: Coca-Cola FEMSA Production Plants

Use and Promotion of Sustainable Packaging

GRI 301-1, 301-2, 301-3

In addition to reducing and properly managing waste, FEMSA seeks to ensure that its packaging uses recycled inputs and can be recycled after use. Some examples of initiatives aligned with this effort are:

- In **FEMCO**, continued to work on increasing the percentage of recycled material in consumable items in **OXXO** stores, so that operating supplies such as napkins, bags, tickets, cups, and more are composed of **40%** recycled materials.
- In the **Health** Division, efforts to ensure that own-brand products have recyclable packaging began in 2021.
- The percentage of recycled resin in **Coca-Cola FEMSA's** packaging increased despite the difficulty in logistics processes and the demand for this type of service. For this reason, work has also begun to increase additional recycling capacities for the company and the country, as well as to install collection centers to feed this chain or make new alliances to increase the percentage of collection. In 2021, Coca-Cola FEMSA increased to:

31% of recycled PET resin (rPET) in Plastic bottles.

98% of post-industrial waste recycled or properly disposed.

Circularity of Products and Services

It is also worth noting that we are working to improve the circularity of our products and services.

Circular Economy

Recycled raw materials

Materials used and recycled by weight or volume (tons)	2021	2020	2019
% recycled plastic	78.81%	97.75%	72.86%
% recycled paper and cardboard	2.56%	2.06%	3.42%
% of metals	18.50%	0.12%	23.67%
% of other materials	0.13%	0.12%	0.05%
Total materials	149,387	101,775	130,439





FEMCO's efforts to promote circularity during the year were:

- Continued with tests to collect and reuse **coffee bagasse** from coffee machines in 50 **OXXO** stores, donating this waste to people in local communities who use it as fertilizer.
- We recycled almost **99,000 pieces of technological equipment** and almost **14,000 uniforms**.
- We recycled **900 tons** of paper using recycled advertising materials in OXXO stores. To date, **40%** of recycled material is used in this type of material.
- Toward the end of the year, a waste recycling strategy was launched in 10 different stores nationwide. In one month, **150 tons** of waste were recycled. The goal for 2022 will be to recycle **10%** of store waste.
- **Four** recycling machines were installed in **OXXO** stores in October 2021, which give promotions or discounts to customers in exchange for PET recycling. To date, more than **10,000 bottles** have been recycled.
- Guidelines and standards were designed, and **100%** of contractors were trained to begin separating and recycling construction waste.
- The **Health** Division completely mapped the waste of the entire operation to generate strategies to further optimize waste.

Solistica Colombia WHS and LTL reused **558** tons of pallets corresponding to **46,484** units in storage and breakbulk. **PTM** formulated commercial strategies to promote the circular economy with its customers, where, among others, several old pallets are exchanged for new products, or boxes that are no longer used are collected at a special input price.

It is also worth noting that during the manufacturing process, excluding the automotive line, **PTM** has worked to integrate a large proportion of recycled inputs into its production during the last 10 years (74.8% of inputs in 2021, vs. 18.2% of inputs in 2012).

At **Fundación FEMSA** a program to strengthen and include the informal sector was also launched. It consists of a socially certified network of waste recycling cooperatives, digitally connected through a platform, which will make it possible to track and purchase certified recycled materials for their reintegration into the supply chain. Large companies such as HP and Johnson & Johnson have already begun to purchase materials from the network, benefiting **8,240** people who depended on the informal economy.

Our Ethics and Values

At FEMSA we seek to interact with organizations and individuals committed to society. That is why we promote a Culture of Legality, respecting the regulations and laws of all the countries where we are present, operating with honesty and acting with zero tolerance towards corruption. We believe that this is the only way we can live our company's Mission and Vision.

FEMSA's Code of Ethics is the basis of our business conduct, serving as the foundation of our policies, procedures, and guidelines. It is a guide for all our collaborators, and its purpose is to help them make the right decisions in the event of any conflict, in accordance with our values, it also guides us in respecting our work environment and acting in an ethical and integral manner.

In 2021, we standardized the investigation guidelines across businesses to bring them to the best possible quality. A disciplinary action guide was established to standardize responses across our businesses. Finally, the ethics line provider was migrated to NAVEX Global, which is believed to have the best-in-class platform for this issue.

In the Healthcare division in Colombia and Chile, more than **2,500** collaborators were trained in the corporate Code of Ethics.

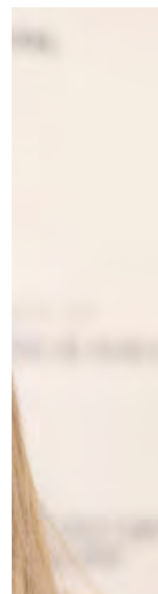
Below, we share indicators of the reports to the ethics hotline.

Ethics and values

Ethical whistleblowing system

GRI 102-17 Whistleblowing Mechanisms	2021	2020	2019
Total number of reports received in the various mechanisms that make up FEMSA's ethical whistleblowing system	4,410	3,457	3,258
Percentage of reports resolved in the same calendar year	82%	82%	71%
Percentage of reports resolved after the end of the calendar year	18%	18%	29%

More than 18,500 participants in training courses on ethics, values, anti-corruption, anti-money laundering and protection of personal data.





Annexes



I. GRI / SASB / UNGC Index

GRI 102-55

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
GENERAL DISCLOSURES					
GRI 102: General Disclosures					
1. Organizational Profile					
102-1	Name of the organization	Fomento Económico Mexicano, S.A.B. de C.V.			
102-2	Activities, brands, products and services	See 2021 Annual Report p. 4 FEMSA at a glance			
102-3	Location of headquarters	Monterrey, Mexico			
102-4	Location of operations	See 2021 Annual Report p. 4 FEMSA at a glance			
102-5	Ownership and legal form	Fomento Económico Mexicano, S.A.B. de C.V. ("FEMSA") is a Mexican holding company. BMV: FEMSA UBD; NYSE: FMX			
102-6	Markets served	See 2021 Annual Report p. 4 FEMSA at a glance			
102-7	Scale of the organization	See 2021 Annual Report p. 4 FEMSA at a glance	-	-	
102-8	Information on collaborators and other workers	At the end of 2021, FEMSA's workforce was integrated by 320,808 collaborators, of which 254,766 were internal collaborators and 66,042 were external collaborators. Of our total internal collaborators, the categorization is as follows: By gender: Men (60%), Women (40%). By age range: 18-34 (62%), 35-44 (23%), 45-59 (14%) and more than 60 years old (1%).		6	
102-9	Supply chain	FEMSA's supply chain includes 29,388 suppliers. 90% of suppliers are local, meaning they are based in the country where they provide their services. FEMSA has suppliers in Mexico, Brazil, Colombia, Argentina, Costa Rica, Uruguay, Panama, Guatemala, Nicaragua, United States and Peru markets that supply the Coca-Cola FEMSA, FEMSA Comercio, Solistica, Al Punto, FEMSA Servicios and Xpertal business units.		6	
102-10	Significant changes to the organization and its supply chain	See 2021 Annual Report: p. 12 Dear Shareholders See 2021 Annual Report: p. 83 Management Discussions & Analysis			

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
102-11	Precautionary Principle or approach	See our 20-F Form See https://www.femsa.com/en/sustainability/sustainability-strategy/materiality/			
102-12	External initiatives	See page 12, section "Strategic Pillars: Our People, Our Community, Our Planet." We continue to support the Sustainable Development Goals - 2030 Agenda, promoted by the United Nations.			
102-13	Membership of associations	See page 83, section "Strategic Pillars: Our People, Our Community, Our Planet."			
2. Strategy					
102-14	Statement from senior decision-maker	See 2021 Annual Report: p. 12 Dear Shareholders			
102-15	Key impacts, risks, and opportunities	See 2021 Annual Report: p. 12 Dear Shareholders Our contribution to the SDGs: https://www.femsa.com/en/sustainability/sustainability-strategy/estategy/			
3. Ethics and Integrity					
102-16	Values, principles, standards and norms of behavior	FEMSA's values: https://www.femsa.com/en/about-femsa/organizational-culture/ Code of Ethics: https://www.femsa.com/wp-content/uploads/2021/12/FEMSA-Code-of-Ethics.pdf		10	
102-17	Mechanisms for advice and concerns about ethics	FEMSA has developed an Ethical Compliance System, managed by an independent firm and available 24 hours a day, 365 days a year, open to collaborators as well as other stakeholders, through four different channels, all of them confidential and anonymous: telephone, webpage, e-mail and chat. Whistleblower system website: https://secure.ethicspoint.com/domain/media/en/gui/80470/index.html Code of Ethics: https://www.femsa.com/wp-content/uploads/2021/12/FEMSA-Code-of-Ethics.pdf		10	

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
4. Governance					
102-18	Governance structure	See 2021 Annual Report: p. 73 Corporate Governance See webpage: https://femsa.gcs-web.com/es/corporate-governance/board-of-directors			
102-19	Delegating authority	Through the leadership of Corporate Governance, at FEMSA we are paving the way for the future we want. As part of our business mission, we integrate Sustainability from the Board of Directors. FEMSA's Board of Directors is responsible for determining the corporate strategy, such as Sustainability, and for defining and overseeing the implementation of its mission, vision, and corporate values. See 2021 Annual Report: p. 73 Corporate Governance. See webpage: https://www.femsa.com/en/about-femsa/corporate-governance/ See webpage: https://www.femsa.com/en/sustainability/sustainability-strategy/our-vision/			

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
102-20	Executive-level responsibility for economic, environmental, and social topics	FEMSA's Board of Directors is responsible for determining the corporate strategy, defining and overseeing the implementation of its vision and values, and approving transactions with stakeholders, including those that are not in the ordinary course of business. Our management team is in charge of growing the business by creating economic, social and environmental value for stakeholders. Our managers have extensive professional experience in the industries related to our businesses. In 2021, with the mission to support the Board of Directors in integrating Sustainability principles into the management process, the Sustainability Committee was created. This committee is led by the Sustainability and Energy Department together with the Corporate Human Resources Department. In addition, it is represented by managers from all the Business Units, as well as managers from the corporate functional areas. It meets quarterly to guide, update, and monitor the performance of the Sustainability Strategy. See 2021 Annual Report: p. 73 Corporate Governance. See webpage: https://www.femsa.com/en/about-femsa/corporate-governance/ See webpage: https://www.femsa.com/en/sustainability/sustainability-strategy/our-vision/			
102-21	Consulting stakeholders on economic, environmental, and social topics	See webpage: https://www.femsa.com/en/sustainability/sustainability-strategy/materiality/ See webpage: https://www.femsa.com/en/sustainability/sustainability-strategy/strategy/			
102-22	Composition of the highest governance body and its committees	See 2021 Annual Report: p. 73 Corporate Governance. See webpages: https://femsa.gcs-web.com/es/corporate-governance/board-of-directors https://femsa.gcs-web.com/es/corporate-governance/committees			

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
102-23	Chair of the highest governance body	In 2001, José Antonio Fernández Carbajal was appointed Chairman of FEMSA's Board of Directors. See webpage: https://femsa.gcs-web.com/es/corporate-governance/board-of-directors			
102-24	Nominating and selecting the highest governance body	FEMSA's board of directors is comprised of 18 directors, supported by a secretary and his or her alternate, who are not members of the board. In accordance with our bylaws and the Mexican Securities Market Law, at least 25% of our members are independent. The directors and their alternates are elected by the company's shareholders at the ordinary shareholders' meeting for a term of one year. The company's by-laws provide that holders of FEMSA's B shares are entitled to elect at least 11 members, and holders of FEMSA's D shares are entitled to elect 5 members. See webpage: https://femsa.gcs-web.com/es/corporate-governance/board-of-directors			
102-25	Conflicts of interest	At FEMSA, we conduct all our activities with integrity and professional ethics, always placing FEMSA's interests above any personal interest, avoiding obtaining undue personal benefits. Code of Ethics: https://www.femsa.com/wp-content/uploads/2021/12/FEMSA-Code-of-Ethics.pdf			
102-26	Role of highest governance body in setting purpose, values, and strategy	FEMSA's Board of Directors is responsible for determining corporate strategy, defining and overseeing the implementation of its vision and values, and approving transactions with stakeholders, including those that are not in the ordinary course of business. Our management team is in charge of growing the business by creating economic, social and environmental value for stakeholders. Our managers have extensive professional experience in the industries related to our businesses. See webpage: https://www.femsa.com/en/about-femsa/corporate-governance/ See 2021 Annual Report: p. 73 Corporate Governance. See webpage: https://www.femsa.com/en/sustainability/sustainability-strategy/our-vision/			

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
102-27	Collective knowledge of highest governance body	The reliability and transparency of our corporate governance policies at FEMSA are essential to our long-term success. As always, we remain committed to reporting our results with objectivity and integrity, complying with the requirements of the Mexican Generally Accepted Accounting Principles and exercising our responsibilities throughout the company in accordance with the highest principles of business ethics. Our corporate governance principles provide a framework for the operation of our company as we strive to work in the best interests of our shareholders. See 2021 Annual Report: p. 73 Corporate Governance. See webpage: femsa.gcs-web.com/es/corporate-governance/responsible-corporate-governance See webpage: https://www.femsa.com/en/about-femsa/corporate-governance/			
102-28	Evaluating the highest governance body's performance	There is a mechanism in place to evaluate the performance and fulfillment of directors' responsibilities and fiduciary duties. See Corporate Governance Principles and Best Practices Survey 2021: https://femsa.gcs-web.com/static-files/855da9a4-0bfd-48d7-870c-63dd77d4bd83			

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
102-29	Identifying and managing economic, environmental, and social impacts	<p>Our management team is in charge of growing our business by creating economic, social and environmental value for our stakeholders. Our managers have extensive professional experience in the industries related to our businesses.</p> <p>See webpage: https://www.femsa.com/en/about-femsa/corporate-governance/</p> <p>Strategy and Finance Committee The responsibilities of the Strategy and Finance Committee include: (1) evaluating our Company's investment and financing policies; (2) evaluating risk factors to which the Company is exposed, as well as evaluating its administrative policies; (3) making recommendations on our dividend policies; (4) strategic analysis and evaluation of our business units and strategic alternatives for their growth; and (5) making recommendations to our Board of Directors on annual operating plans and strategic projects for our business units.</p> <p>See webpage: https://femsa.gcs-web.com/es/corporate-governance/committees</p>			
102-30	Effectiveness of risk management processes	The Business Units establish risk mitigation and management measures, which are validated in the annual risk identification process.			
102-31	Review of economic, environmental, and social topics	<p>FEMSA's Board of Directors is responsible for determining corporate strategy, defining and overseeing the implementation of its vision and values, and approving transactions with stakeholders, including those that are not in the ordinary course of business. Our management team is in charge of growing the business by creating economic, social and environmental value for stakeholders. Our managers have extensive professional experience in the industries related to our businesses.</p> <p>See webpage: https://www.femsa.com/en/about-femsa/corporate-governance/</p>			

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
102-32	Highest governance body's role in sustainability reporting	FEMSA's Sustainability Team, led by the Director of FEMSA Negocios Estratégicos, who reports directly to the CEO, oversees the integration of Sustainability in FEMSA's Business Units through policies and processes, and monitors Sustainability performance and goals. This team is responsible for formulating, developing, implementing, monitoring, and reporting on the Sustainability policy.			
102-34	Nature and total number of critical concerns	Confidentiality issues.			Confidentiality issues.
102-35	Remuneration policies	<p>Board Member compensation is approved in the General Shareholders' Meeting. The compensation policy for senior management is reviewed by the Corporate Practices Committee, based on compensation in the industry and/or historic practices and compensation levels at FEMSA.</p> <p>See 2021 Annual Report: p. 73 Corporate Governance. Whistleblower system website: https://secure.ethicspoint.com/domain/media/en/gui/80470/index.html</p>			
102-36	Process for determining remuneration	<p>Board Member compensation is approved in the General Shareholders' Meeting. The compensation policy for senior management is reviewed by the Corporate Practices Committee, based on compensation in the industry and/or historic practices and compensation levels at FEMSA.</p> <p>See 2021 Annual Report: p. 73 Corporate Governance. Whistleblower system website: https://secure.ethicspoint.com/domain/media/en/gui/80470/index.html</p>			
5. Stakeholder Engagement					
102-40	List of stakeholder groups	<p>At FEMSA we have various stakeholders with whom we engage and with which we remain in constant communication, among them are: nonprofit organizations, investors, industry, specialized institutions, government, consumers, clients, suppliers, collaborators, society and the media.</p> <p>See webpage: https://www.femsa.com/en/sustainability/sustainability-strategy/strategy/</p>			

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
102-41	Collective bargaining agreements	100% of our unionized collaborators are covered by a contract, pact or collective bargaining agreement.	FB-FR-310a.2.		
102-42	Identifying and selecting stakeholders	See webpage: https://www.femsa.com/en/sustainability/sustainability-strategy/estrategy/			
102-43	Approach to stakeholder engagement	See webpage: https://www.femsa.com/en/sustainability/sustainability-strategy/estrategy/			
102-44	Key topics and concerns raised	See webpage: https://www.femsa.com/en/sustainability/sustainability-strategy/estrategy/			
6. Reporting Practice					
102-45	Entities included in the consolidated financial statements	The entities included in the consolidated financial statements are as follows: Coca-Cola FEMSA, FEMSA Comercio, FEMSA Negocios Estratégicos.			
102-46	Defining report content and topic Boundaries	See p.70, Sustainability Report. The information contained herein is provided in good faith with the intention of enhancing understanding of the organization's non-financial performance. Although the information is believed to be correct at the time of publication, we cannot accept any liability for any loss or damage caused by any person or organization acting or failing to act as a result of the information contained herein.			
102-47	List of material topics	At FEMSA we have identified nine action areas, three for each of the guiding Pillars, thus ensuring that human and economic resources are focused on the issues that have the greatest impact on our operations. See web page: https://www.femsa.com/en/sustainability/sustainability-strategy/materiality/ See web page: https://www.femsa.com/en/sustainability/sustainability-strategy/estrategy/			
102-48	Restatements of information	See p. 70, Sustainability Report.			
102-49	Changes in reporting	See p. 70, Sustainability Report.			
102-50	Reporting period	The report contains information from January 1 to December 31, 2021.			
102-51	Date of most recent report	The previous report was published in the first half of 2021.			
102-52	Reporting cycle	Annual.			

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
102-53	Contact point for questions regarding the report	See p. 70, Sustainability Report.			
102-54	Claims of reporting in accordance with the GRI Standards	See p. 71, Sustainability Report. The information contained herein is provided in good faith with the intention of enhancing understanding of the organization's non-financial performance. Although the information is believed to be correct at the time of publication, we cannot accept any liability for any loss or damage caused by any person or organization acting or failing to act as a result of the information contained herein.			
102-55	GRI content index	See p. 56, Sustainability Report.			
102-56	External assurance	See p.71 Sustainability Report. The information contained herein is provided in good faith with the intention of enhancing understanding of the organization's non-financial performance. Although the information is believed to be correct at the time of publication, we cannot accept any liability for any loss or damage caused by any person or organization acting or failing to act as a result of the information contained herein.			

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
MATERIAL TOPICS					
Economic Topics					
Management Approach					
103-1	Explanation of the material topic and its Boundary	See page 13 of the section "3 Strategic Pillars: Our People, Our Community, Our Planet", page 16 of the section "9 Priority Topics", page 17 of the section "28 Focus Areas", and in each section of the following material topics: Economic Development p. 41 Sustainable Supply Chain p. 43			
103-2	The management approach and its components				
103-3	Evaluation of the management approach				
Economic Performance					
201-1	Direct economic value generated and distributed	See 2021 Annual Report p. 5			
201-2	Financial implications and other risks and opportunities due to climate change	See 20-F form.			
201-3	Defined benefit plan obligations and other retirement plans	FEMSA and its Business Units have a benefits plan that exceeds those stipulated by Mexican law. There are benefits aimed at saving money, benefits that are shared with the family, and benefits for quality of life. There are also retirement programs, one of which focuses on voluntary retirement contributions. One of these programs is the "Cultivemos Program", which is a retirement benefit in which for every peso that an employee voluntarily saves, the company will contribute another peso so that the employee can enjoy it at the time of retirement. This benefit and the proportion of the company's contribution are based on the employee's seniority.			

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
201-4	Financial assistance received from government	-			Confidential Information
Market Presence					
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-		7	Confidential Information
202-2	Proportion of senior management hired from the local community	-			Confidential Information
203-1	Infrastructure investments and services supported	See p. 36 and 37, Sustainability Report.			
203-2	Significant indirect economic impacts	See p. 36 and 42, Sustainability Report.			
Procurement Practices					
204-1	Proportion of spending on local suppliers	FEMSA has a supply chain comprised of 29,388 suppliers. 90% of the suppliers are local, that is, they operate in the country where they provide their services. This number includes suppliers from Mexico, Brazil, Colombia, Argentina, Costa Rica, Uruguay, Panama, Guatemala, Nicaragua, the United States and Peru, for the Coca-Cola FEMSA, FEMSA Comercio, Solistica, Al Punto, Femsa Servicios and Xpertal business units.			
Anti-corruption					
205-1	Operations assessed for risks related to corruption	As we do every year, we carried out the process of reviewing, updating and communicating our Code of Ethics to all our collaborators. In addition, we deployed the online certification of the Code of Ethics, which was taken by collaborators in some of our Business Units.		10	

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
205-2	Communication and training about anti-corruption policies and procedures	During 2021, we conducted training sessions for our collaborators on topics such as anti-corruption, anti-money laundering, personal data protection, among others, in which FEMSA's strategic areas participated. A total of 18,500 participations were counted in the different courses.		10	
205-3	Confirmed incidents of corruption and actions taken	FEMSA has developed an Ethical Compliance System, which is administered by a third party and is available 24 hours a day, 365 days a year, for both collaborators and our stakeholders, through four different, confidential and anonymous channels: telephone, web page, e-mail and chat. Whistleblower system website: https://secure.ethicspoint.com/domain/media/en/gui/80470/index.html Code of Ethics: https://www.femsa.com/wp-content/uploads/2021/12/FEMSA-Code-of-Ethics.pdf		10	
Anti-competitive Behavior					
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	See our 20-F form.			
Tax					
207-1	Approach to tax	See Annual Report 2021, Analysis and Discussion of Results page 83.			
207-2	Tax governance, control, and risk management	See Annual Report 2021, Analysis and Discussion of Results page 83.			
207-3	Stakeholder engagement and management of concerns related to tax	See Annual Report 2021, Analysis and Discussion of Results page 83.			
207-4	Country-by-country reporting	See Annual Report 2021, Analysis and Discussion of Results page 83.			

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
Environmental Topics					
Management Approach					
103-1	Explanation of the material topic and its Boundary	See page 13 of the "3 Strategic Pillars: Our People, Our Community, Our Planet" section, page 16 of the "9 Priority Topics" section, page 17 of the "28 Focus Areas" section, and in each section of the following material topics: Climate Action p. 45 Water Management p. 49 Circular Economy p. 51			
103-2	The management approach and its components				
103-3	Evaluation of the management approach				
Materials					
301-1	Materials used by weight or volume	See p. 51, 52, 53, Sustainability Report.	FB-NB-410a.1.	7,8,9	
301-2	Recycled input materials used	See p. 51, 52, 53, Sustainability Report.		7,8,9	
301-3	Reclaimed products and their packaging materials	See p. 51, 52, 53, Sustainability Report.		7,8,9	
Energy					
302-1	Energy consumption within the organization	See p. 46, Sustainability Report.	FB-FR-130a.1.	7,8,9	
302-3	Energy intensity	See p. 46, Sustainability Report.		7,8	
302-4	Reduction of energy consumption	See p. 46, Sustainability Report. Thanks to our energy efficiency strategy, we have been able to reduce energy consumption in OXXO stores by 5.4% compared to 2020.			
302-5	Reductions in energy requirements of products and services	See p. 46, Sustainability Report.		7,8,9	

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
Water and Effluents					
303-1	Interactions with water as a shared resource	See p. 49, Sustainability Report.		7,8,9	
303-2	Management of water discharge-related impacts	See p. 49, Sustainability Report.		7,8,9	
303-3	Water withdrawal	See p. 49, Sustainability Report.		7,8,9	
303-4	Water discharge	See p. 49, Sustainability Report.		7,8,9	
303-5	Water consumption	See p. 49, Sustainability Report.	FB-NB-140a.1. FB-NB-140a.2.	7,8,9	
Emissions					
305-1	Direct (Scope 1) GHG emissions	See p. 46, Sustainability Report.	FB-FR-110a.1. FB-NB-110a.1.	7,8	
305-2	Energy indirect (Scope 2) GHG emissions	See p. 46, Sustainability Report.		7,8	
305-3	Other indirect (Scope 3) GHG emissions	In 2021, the number of collaborators' working flights decreased by 25% vs 2020, thus emissions also decreased. According to the above, category 6. Business trips of the GHG Protocol classification for Scope 3, was 2,638.3 tCO ₂ eq. for flights and hotel nights in 2021.		7,8	
305-4	GHG emissions intensity	See p. 46, Sustainability Report. The 2021 emissions intensity was 2.12.		8	
305-5	Reduction of GHG emissions	See p. 46, Sustainability Report.		8,9	
Waste					
306-1	Waste generation and significant waste-related impacts	See p. 51, Sustainability Report.		7,8,9	
306-2	Management of significant waste-related impacts	See p. 51, Sustainability Report.		7,8,9	
306-3	Waste generated	See p. 51, Sustainability Report.		7,8,9	
306-4	Waste diverted from disposal	See p. 51, Sustainability Report.		7,8,9	
306-5	Waste directed to disposal	See p. 51, Sustainability Report.		7,8,9	

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
Environmental Compliance					
307-1	Non-compliance with environmental laws and regulations	During 2021 there were no non-compliances with applicable environmental legislation. The information contained in this document is provided in good faith and is intended to enhance understanding of the organization's non-financial performance. Although the information is believed to be correct at the time of publication, we cannot accept any liability for any loss or damage caused by any person or organization acting or failing to act as a result of the information contained herein.		7,8	
Supplier Environmental Assessment					
308-1	New suppliers that were screened using environmental criteria	We promote good practices in the areas of human rights, environment, community, ethics and values among our suppliers through our code of ethics, "Supplier Guiding Principles", and we seek to ensure that they are all aware of them.		7,8,9	
308-2	Negative environmental impacts in the supply chain and actions taken	We promote good practices in the areas of human rights, environment, community, ethics and values among our suppliers through our code of ethics, "Supplier Guiding Principles", and we seek to ensure that they are all aware of them.		7,8,9	
Social Topics					
Management Approach					
103-1	Explanation of the material topic and its Boundary	See page 13 of the "3 Strategic Pillars: Our People, Our Community, Our Planet" section, page 16 of the "9 Priority Topics" section, page 17 of the "28 Focus Areas" section, and in each section of the following material topics: Human and Labor Rights p. 23 Diversity, Equity and Inclusion p. 28 Integral Wellbeing p. 31 Community Wellbeing p. 35.			
103-2	The management approach and its components				
103-3	Evaluation of the management approach				
Employment					
401-1	New employee hires and employee turnover	Given the different and diverse industries of the companies that make up FEMSA, turnover is measured in each business.			Confidential Information

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	At FEMSA, benefits and compensation for full-time and temporary employees are the same. Examples of benefits for FEMSA collaborators: Christmas bonus, vacation bonus, supplementary compensation, pension plan, retirement savings plan, annual medical exam, savings fund, life insurance, cafeteria service, scholarships.			
401-3	Parental leave	The rate of reinstatement of collaborators who have returned to work after parental leave (maternity and paternity) is 77.6%. The retention rate after one year of parental leave is 53.2%.			
Labor Management Relations					
402-1	Minimum notice period regarding operational changes	Notices of operational changes are made in accordance with the applicable laws of the countries in which we operate.			
Occupational Health and Safety					
403-1	Occupational health and safety management system	All FEMSA's Business Units have Industrial Safety and Occupational Health management systems according to their activities and line of business, in compliance with FEMSA's Corporate Policies and the legal framework of the countries in which we operate. Their main objective is to create safe workplaces and healthy lifestyles.			

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
403-2	Hazard identification, risk assessment, and incident investigation	All FEMSA's Business Units have certified professionals in charge of the administration of the Occupational Health and Safety Management Systems, such as the following: -Compliance with applicable regulations according to their line of business. -Compliance with internal Occupational Health and Safety policies. -Identification and mitigation of risks in the work centers. -Compliance with the Industrial Safety and Occupational Health programs. -Monitoring the health and safety of employees. -Management of different communication mechanisms so that collaborators, clients and third parties can report activities or unsafe conditions and/or acts at work. -Management of Internal Evaluations and from the Corporate for monitoring compliance with the Management Systems.		6	
403-3	Occupational health services	At FEMSA we have medical care services that contribute to the supervision and surveillance of our collaborators' health in a preventive manner, such as the early detection of illnesses associated with working conditions, as well as providing quality medical care to collaborators who present any discomfort during their workday. Main Activities: -Medical attention to collaborators. -Application of entrance and periodic medical examinations. -Elaboration of clinical history according to exposure risks. -Emergency medical attention. -Accident investigation. -Evaluations of the work environment (industrial hygiene). -Vaccination campaigns. -Periodic reviews are scheduled to audit and contribute to the improvement of the quality and compliance of the service.			

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
403-4	Worker participation, consultation, and communication on occupational health and safety	<p>At FEMSA there are Industrial Safety and Occupational Health Committees made up of representatives from all the Business Units, through which different topics are addressed, such as:</p> <ul style="list-style-type: none"> -Updates in Safety and Health programs. -KPIs (Indicators of Absenteeism, Risk Premium, Fatalities) -Update of policies and guidelines -Communication of relevant health and safety information. <p>We have tools that allow us to know the perception that collaborators have regarding management systems, work environment, relationship with their bosses, processes and assigned tasks such as the Organizational Climate Surveys.</p>			
403-5	Worker training on occupational health and safety	<p>See p. 24, Sustainability Report.</p> <p>During 2021, collaborator training was conducted on health and safety issues. A total of 490,481 hours of training on these topics were completed.</p>			
403-6	Promotion of worker health	<p>FEMSA promotes different health care programs internally and in collaboration with public and private institutions, such as the following:</p> <ul style="list-style-type: none"> Vaccination Campaigns Nutritional Consultations Psychosocial support consultations Workshops oriented to the promotion of mental health. Awareness and prevention campaigns (e.g. breast cancer, prostate cancer, smoking, cardiovascular risk factors, etc.). Activities that promote physical activity (running, cycling, pilates, zumba, yoga, etc.) 			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<p>FEMSA seeks to create safe work spaces and healthy lifestyles in all its workplaces, as well as to promote continuous improvement in its processes through Occupational Health and Safety Programs, having the Management Systems implemented in each Business Unit by Occupational Health and Occupational Risk Prevention professionals as a fundamental tool.</p>			

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
403-8	Workers covered by an occupational health and safety management system	See p. 24, Sustainability Report.			
403-9	Work-related injuries	See p. 24, 27, Sustainability Report.			
403-10	Work-related ill health	See p. 24, 27, Sustainability Report.			
Training and Education					
404-1	Average hours of training per year per employee	See p. 34, Sustainability Report. During 2021, an average of 44 hours of training were provided per collaborator.		6	
404-2	Programs for upgrading employee skills and transition assistance programs	In Mexico, we promote the Life and Development Plan, Preparation for Retirement Program (PLAVIDE). The program is designed so that personnel close to retirement, together with their companion, prepare for the new stage, understanding that it is part of a natural process in life. In Cruz Verde Colombia, there are programs of Motivation to Change and Family System, which provide tools that facilitate the adaptation and change to this stage of retirement.			
404-3	Percentage of employees receiving regular performance and career development reviews	During 2021, 51,786 performance and professional development evaluations were conducted.		6	
Diversity and Equal Opportunity					
405-1	Diversity of governance bodies and employees	<p>See 2021 Annual Report p. 73 Corporate Governance</p> <p>See website: https://www.femsa.com/en/about-femsa/corporate-governance/</p>		6	

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
Non-discrimination					
406-1	Incidents of discrimination and corrective actions taken	FEMSA has developed an Ethical Compliance System, which is managed by a third party and is available 24 hours a day, 365 days a year, for both collaborators and our stakeholders, through four different, confidential and anonymous channels: telephone, website, email and chat. Whistleblower system website: https://secure.ethicspoint.com/domain/media/en/gui/80470/index.html Code of Ethics: https://www.femsa.com/wp-content/uploads/2021/12/FEMSA-Code-of-Ethics.pdf		6	
Freedom of Association and Collective Bargaining					
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	At FEMSA we designed a Labor Intelligence System to prevent and mitigate labor risks. This system is based on a methodology that generates risk scenarios to be weighted according to the probability of occurrence and level of impact for the organization. To obtain the definition of risks, we evaluate the workplace with respect to different human rights issues such as child labor, working hours, discrimination, among others. During 2021, no risks have been identified in FEMSA's Business Units in relation to human rights.		3	
Child Labor					
408-1	Operations and suppliers at significant risk for incidents of child labor	At FEMSA we designed a Labor Intelligence System to prevent and mitigate labor risks. This system is based on a methodology that generates risk scenarios to be weighted according to the probability of occurrence and level of impact for the organization. To obtain the definition of risks, we evaluate the workplace with respect to different human rights issues such as child labor, working hours, discrimination, among others. During 2021, no risks have been identified in FEMSA's Business Units in relation to human rights.		5	

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
Forced or Compulsory Labor					
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	At FEMSA we designed a Labor Intelligence System to prevent and mitigate labor risks. This system is based on a methodology that generates risk scenarios to be weighted according to the probability of occurrence and level of impact for the organization. To obtain the definition of risks, we evaluate the workplace with respect to different human rights issues such as child labor, working hours, discrimination, among others. During 2021, no risks have been identified in FEMSA's Business Units in relation to human rights.		4	
Security Practices					
410-1	Security personnel trained in human rights policies or procedures	During 2021, 1,889 security personnel were trained on human rights issues or policies.			
Rights of Indigenous Peoples					
411-1	Incidents of violations involving rights of indigenous peoples	FEMSA has developed an Ethical Compliance System, which is administered by a third party and is available 24 hours a day, 365 days a year, for both collaborators and our stakeholders, through four different, confidential and anonymous channels: telephone, website, e-mail and chat. Whistleblower system website: https://secure.ethicspoint.com/domain/media/en/gui/80470/index.html Code of Ethics: https://www.femsa.com/wp-content/uploads/2021/12/FEMSA-Code-of-Ethics.pdf			

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
Human Rights Assessment					
412-1	Operations that have been subject to human rights reviews or impact assessments	At FEMSA we designed a Labor Intelligence System to prevent and mitigate labor risks. This system is based on a methodology that generates risk scenarios to be weighted according to the probability of occurrence and level of impact for the organization. To obtain the definition of risks, we evaluate the workplace with respect to different human rights issues such as child labor, working hours, discrimination, among others. During 2021, no risks have been identified in FEMSA's Business Units in relation to human rights.			
412-2	Employee training on human rights policies or procedures	During 2021, 208,316 hours of training on human rights were provided.			
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Through the "Supplier Guiding Principles", which contains five pillars, we promote good practices in the areas of human rights, environment, community, ethics and values. We include the Supplier Guiding Principles in the various interactions we have, whether through purchase orders, contracts, etc. See webpage: https://www.femsa.com/es/salade-prensa/documentos/principios-guia-paraproveedores/			
Local Communities					
413-1	Operations with local community engagement, impact assessments, and development programs	See p. 40, Sustainability Report. At FEMSA, community relations are managed at the country level to adapt to local circumstances. By 2021, 100% of FEMSA's Business Units developed community actions.		1	
413-2	Operations with significant actual and potential negative impacts on local communities	The internal methodology developed by FEMSA's Risk Management and Community Relationship Model (MARRCO) allows us to identify risks and opportunities to create value and optimize our actions and programs. MARRCO supports the development of capabilities through multidisciplinary teams in our plants and distribution centers.		1	

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
Supplier Social Assessment					
414-1	New suppliers that were screened using social criteria	We promote good practices in the areas of human rights, environment, community, ethics and values among our suppliers through our code of ethics, "Supplier Guiding Principles", and we seek to ensure that they are all aware of them.			
414-2	Negative social impacts in the supply chain and actions taken	We promote good practices in the areas of human rights, environment, community, ethics and values among our suppliers through our code of ethics, "Supplier Guiding Principles", and we seek to ensure that they are all aware of them.			
Public Policy					
415-1	Political contributions	We comply with the laws of the countries in which we operate.			10
Customer Health and Safety					
416-1	Assessment of the health and safety impacts of product and service categories	Our production processes comply with the highest quality standards and our ingredients comply with the local standards of each of our operations, as well as with the standards of other regulatory agencies.			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	During 2021, there were no instances of non-compliance related to health and safety impacts of product and service categories. The information contained in this document is provided in good faith and is intended to enhance understanding of the organization's non-financial performance. Although the information is believed to be correct at the time of publication, we cannot accept any liability for any loss or damage caused by any person or organization acting or failing to act as a result of the information contained herein.			
Marketing and Labelling					
417-1	Requirements for product and service information and labelling	In order to enable our consumers to make informed choices in each of our operations, our product labels feature clear and accessible nutritional content information.			

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
417-2	Incidents of non-compliance concerning product and service information and labeling	During 2021, two cases of non-compliance related to information and labeling of products and services were identified. The information contained in this document is provided in good faith and is intended to enhance understanding of the organization's non-financial performance. Although the information is believed to be correct at the time of publication, we cannot accept any liability for any loss or damage caused by any person or organization acting or failing to act as a result of the information contained herein.			
417-3	Incidents of non-compliance concerning marketing communications	During 2021 there were no instances of non-compliance related to marketing communications. The information contained in this document is provided in good faith and is intended to enhance understanding of the organization's non-financial performance. Although the information is believed to be correct at the time of publication, we cannot accept any liability for any loss or damage caused by any person or organization acting or failing to act as a result of the information contained herein.	FB-FR-270a.1. FB-FR-270a.2. FB-NB-270a.3. FB-NB-270a.4.		
Customer Privacy					
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	During 2021, there were no instances of non-compliance related to breaches of customer privacy and loss of customer data. The information contained in this document is provided in good faith and is intended to enhance understanding of the organization's non-financial performance. Although the information is believed to be correct at the time of publication, we cannot accept any liability for any loss or damage caused by any person or organization acting or failing to act as a result of the information contained herein.	FB-FR-230a.1.		

GRI Standard	Disclosure	Reference	SASB	UNGC	Omission
Socioeconomic Compliance					
419-1	Non-compliance with laws and regulations in the social and economic area	During 2021, 1,737 cases of fines and penalties were identified related to non-compliance with applicable laws and regulations in the social and economic areas, mainly for traffic incidents in Solistica's operations and municipal fines in FEMCO's operations. The information contained herein is provided in good faith and is intended to enhance the understanding of the organization's non-financial performance. Although the information is believed to be correct at the time of publication, we cannot accept any liability for any loss or damage caused by any person or organization acting or failing to act as a result of the information contained herein.	FB-FR-310a.4.		

II. About this Report

GRI 102-1, 102-3, 102-5, 102-32, 102-48, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54

Since 2004 FEMSA has regularly published the non-financial results of its operations. Through the Annual Report, the Sustainability Report, and the website, we share the various issues related to economic, social, environmental, and corporate governance impact.

The purpose of this report is to share with stakeholders the extent to which we have fulfilled our mission of generating economic and social value. We do so through the results of the Sustainability Strategy initiatives and projects of FEMSA and its Business Units.

I. About FEMSA:

FEMSA is a company with a 130-year history of generating economic and social value through companies and institutions. It strives to be the best employer and neighbor in the communities where it is present.

FEMSA participates in retailing through FEMSA Comercio, which includes the Proximity Division containing OXXO, a small-format store chain; the Health Division, which includes drugstores and related operations; and the Fuel Division, which operates the OXXO GAS chain of retail service stations.

In the beverage industry, it operates Coca-Cola FEMSA, a publicly-traded Coca-Cola bottling company. In the brewery industry, it owns shares in Heineken, a company present in over 70 countries.

Additionally, through FEMSA Negocios Estratégicos, Solistica offers comprehensive logical solutions in Latin America, Imbera offers point-of-sale refrigeration solutions, and PTM brings plastic solutions to FEMSA companies as well as external clients. Through the merger of Waxie and North American, this division is also engaged in the specialized distribution of cleaning and packaging supplies.

FEMSA is a member of several sustainability indices, such as the Dow Jones MILA Pacific Alliance, the FTSE4Good Emerging Index and the S/P BMV Total Mexico ESG Index. This report consolidates information from the Business Units in the countries where we operate:

- Coca-Cola FEMSA
- FEMSA Commerce
- FEMSA Negocios Estratégicos

The presentation of non-financial information includes those entities covered in the consolidated financial statements. The list of the main consolidated companies is presented on page 3 of the Annual Report. Information related to FEMSA Comercio includes the Proximity, Health and Fuels divisions, Coca-Cola FEMSA includes its manufacturing facilities, and FEMSA Negocios Estratégicos includes Imbera, Solistica, PTM and Torrey. Results or information from Heineken and ENVOY are not included or included in FEMSA's Non-Financial Information.

Each business unit generates non-financial information on its workplaces. The scope of this information incorporates workplaces active in all twelve months of the year covered by this reporting cycle. This nonfinancial information may come from various sources, which may include internal management systems, databases, surveys, and annual interviews.

FEMSA continues to present this report on an annual basis. There are no significant changes in the materiality and coverage of material issues between previous periods and this report.



A recalculation of data and information presented in the 2020 Annual Report was performed:

- a. Scope update on occupational health and safety information.

To reaffirm the commitment to transparency and accountability of Non-Financial Information, the content verification process (indicators) is performed. This year, Ernst and Young (EY) verified the information and calculation processes of the annual indicators of the Sustainability Strategy. For details of the external verification work, please refer to the Verification Report section of this document.

The following guidelines, frameworks, methodologies and/or protocols are used to calculate and measure the performance indicators:

Ethics and Values: an internal methodology is used.

Our People: An internal methodology is used.

Our Planet:

- Water: An internal methodology is used.
- Energy: An internal methodology is used.
- Emissions: The quantification of Scope 2 emissions for operations in Mexico is performed using the methodology of the National Emissions Registry (RENE) promoted by the Ministry of Environment and Natural Resources (SEMARNAT). Based on this source, emission factors, calorific value and other referenced data are considered for the calculation of emissions. For the quantification of Scope 1 and 2 emissions in the other countries where we have operations, and/or we used the emission factors published by the energy agencies of the countries in which

we operate, publications of the International Energy Agency, which may have a delay in the publication of these. For Scope 3 emissions, an internal methodology was developed to calculate the distance of the company's business trips using DEFRA emission factors.

- Waste: An internal methodology is used.

This Sustainability Report has been prepared in accordance with the Core option of the GRI Standards. To locate information, indicators, and disclosures on our approach to managing economic, environmental, and social aspects, please refer to the Performance section of this document.

We recognize that our Sustainability reporting efforts are relevant to our shareholders, customers, and the communities in which we live and work. For the second time this year, FEMSA is also using the Sustainability Accounting Standards Board (SASB).

This Annual Report also represents our Communication on Progress (CoP) with respect to the Ten Principles of the United Nations Global Compact. As Signatories, we see this as an opportunity to advance our programs, processes, and activities in the areas of human and labor rights, environment, and anti-corruption. We are focused on achieving the Sustainable Development Goals (SDGs) of the United Nations (UN). Joining the efforts of the 2030 Global Agenda means that we contribute to fostering prosperity, improving the quality of life and wellbeing of people, and ensuring the conservation, restoration, and sustainable use of ecosystems.

FEMSA's Corporate Sustainability and Energy Department is responsible for consolidating, publishing, and validating the Non-Financial Information presented in this Sustainability Report and the Sustainability section of the website.

For any questions, comments or suggestions related to the Non-Financial Information published in the Annual Report and the Sustainability Report, please contact the following points of contact:

Fomento Económico Mexicano, S.A.B. de C.V.

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III. External Verification Report

GRI 102-56



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Independent Limited Assurance Report

To the Board of Directors of de Fomento Económico Mexicano, S.A.B. de C.V.:

Scope of our Work

We have been engaged by Fomento Económico Mexicano, S.A.B. de C.V. ("FEMSA" or the "Company" to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on FEMSA's selected performance indicators included and presented in the Sustainability Report (the "Report") and mentioned in the annex A; as of December 31, 2021.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Fomento Económico Mexicano, S.A.B. de C.V.

In preparing the performance indicators, Fomento Económico Mexicano, S.A.B. de C.V. applied the criteria set forth in the GRI Standards (Criteria). Such Criteria were specifically designed for the construction and reporting of non-financial information; As a result, the subject matter information may not be suitable for another purpose.

Fomento Económico Mexicano, S.A.B. de C.V.'s responsibilities

Fomento Económico Mexicano, S.A.B. de C.V.'s management is responsible for selecting the Criteria, and for presenting the Sustainability Report in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the performance indicators included in Annex A based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'), and the terms of reference for this engagement as agreed with Fomento Económico Mexicano, S.A.B. de C.V on February 15, 2022. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

III. External Verification Report

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Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the performance indicators and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Conducted interviews with personnel to understand the business and reporting process
- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the subject matter during the reporting period
- Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria
- Undertook analytical review procedures to support the reasonableness of the data
- Identified and testing assumptions supporting calculations
- Tested, on a sample basis, underlying source information to check the accuracy of the data

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the performance indicators as of December 31, 2021; for it to be in accordance with the Criteria.

Mancera, S.C.

A Member Practice of Ernst & Young Global Limited

Saúl García Arreguín

Partner

April 8th 2022; Mexico City

III. External Verification Report

GRI 102-56



Annex A FEMSA's performance indicators

Name of the performance indicator	Scope of the information	Reported information	Unit	GRI
Direct energy consumption	FEMSA and its business units	11,293,219	GJ	GRI 302-1 a.
Indirect no renewable energy consumption	FEMSA and its business units	9,893,049	GJ	GRI 302-1 c.
Percentage of energy from renewable sources at year-end	FEMSA and its business units	60.9	%	
Total water withdrawal	FEMSA and its business units	34,298	Thousands of total cubic meters	GRI 303-3 a. ¹
		18,413	Thousands of cubic meters groundwater	
		14,261	Thousands of cubic meters third party water	
		1,624	Thousands of cubic meters surface water	
Direct (Scope 1) GHG emissions	FEMSA and its business units	771,816	Metric tons of CO ₂ equivalent	GRI 305-1 a.
Indirect (Scope 2) GHG emissions	FEMSA and its business units	406,258	Metric tons of CO ₂ equivalent	GRI 305-2 b.
Total waste generated and disposal method	FEMSA and its business units	285,948	Metric tons of waste generated	GRI 306-3 a.
		53	% waste recycled	GRI 306-4 b., c. ²
Accident frequency rate	FEMSA and its business units	1.53	Cases per 100 employees	GRI 403-9 a. iii) ³
	FEMSA and its business units	6.03	Cases per million hours	
Occupational illness frequency rate	FEMSA and its business units	0.014	Cases per 100 employees	GRI 403-10 a. ii) ³
	FEMSA and its business units	0.05	Cases per million hours	
Total hours of training	FEMSA and its business units	14,245,992	Hours of training	GRI 404-1 a. ⁴
Investment in <i>Our Community</i>	FEMSA and its business units	486	Million MXN	IP ⁵
Investment in <i>Our Planet</i>	FEMSA and its business units	673	Million MXN	
Investment in <i>Our People</i>	FEMSA and its business units	1,326	Million MXN	
Public Report on non-compliances/complaints relate to Code of conduct	FEMSA and its business units	4,410	Number of complaints received	GRI 102-17
		82	% of complaints resolved during the same calendar year	
		18	% of complaints in progress	
Results of the organizational climate survey	FEMSA and its business units (excluding Proximity and Fuel Divisions)	88	% of employees who provided a favorable response in relation to the engagement	IP ⁶

¹ For reporting purposes, data is reported in *thousands of cubic meters*

² Of the total amount of waste generated (hazardous and non-hazardous), the reported percentage is the amount destined for recycling

³ The number reported excludes the absolute number of occupational accidents and illnesses

⁴ The number of total training hours are those used in the calculation of the average number of training hours per employee

⁵ Indicators reported according to specific FEMSA guidelines based on the Strategic Sustainability Framework. The investments considered are those that contribute to the Pillars and Priority Themes (**Our People**: Human and Labor Rights, Inclusion and Diversity, Integral Wellbeing; **Our Community**: Community Wellbeing, Economic Development, Sustainable Sourcing; **Our Planet**: Climate Action, Water Management, Circular Economy)

⁶ Indicator reported according to the results of the survey designed with the methodology of an external supplier and compiled in the supplier's results presentation system. The result expresses the percentage of employees who provided a favorable response ("Strongly Agree" and "Agree") to the questions of the engagement section included in the survey.

III. Sustainability-Linked Bond Framework (SLB)

In 2021 FEMSA announced the placement of Euro-denominated sustainability linked notes in the international capital markets. The emission was for EUR €700 million in senior notes due in 2028, plus another EUR €500 million in senior notes due in 2033. This Bond received the “Corporate High-Grade Bond of the Year” award from LatinFinance, and with this, FEMSA became the first Mexican company to issue a Bond of this kind and the first Latin American company to denominate it in euros.

Related with this emission, FEMSA adopted and published a Sustainability-Linked Bond Framework. The Framework was prepared in accordance with the 2020 Sustainability-Linked Bond Principles (“SLBP”) regulated by the International Capital Market Association (ICMA¹) and can be consulted in the following link: <https://femsa.gcs-web.com/es/sustainable-finance>.

The following five components form the basis of FEMSA’s Sustainability-Linked Bond Framework:

1. Selection of key performance indicators (KPIs);
2. Calibration of sustainability performance targets (SPTs);
3. Bond characteristics;
4. Reporting, and
5. Verification.

1. Selection of Key Performance Indicators (KPIs)

1.1. Zero Operational Waste to Landfill (Circular economy)

KPI 1: Percentage of total operational waste diverted from landfills.²

SCOPE

This KPI applies to 100% of FEMSA’s Business Units, including all organic growth over the lifetime of the bond.³ As of 2021, this KPI has a data coverage of 92% of the total FEMSA work places.⁴ We continue working on increasing the percentage of work places with information, however, FEMSA Comercio Latin America stores, part of the Coca-Cola FEMSA Distribution Centers, and Cooking Depot, Doña Tota, Caffenio and Envoy Solutions work places have yet to be included for the sustainability performance objectives (SPT).

METHODOLOGY

This KPI is calculated in compliance with our Corporate Information Policy and our internal consolidation manual for non-financial information.

The business units report on a quarterly and annual basis the total waste generated by type (Non-hazardous, Hazardous, and Special Waste) and the final disposal method for each type of waste according to the following disposal

options: reuse or recycling, disposed to landfill, and special management disposal.

- Total operational waste (in tons): is the sum of all waste types, excluding hazardous waste.⁵
- Total waste recycled or reused (in tons): the sum of the final disposal of each type of operational waste classified as reused or recycled.

1.2. Renewable energy

KPI 2: Percentage of total electricity consumption coming from renewable sources.

SCOPE

This KPI applies to 100% of FEMSA’s business units, including all organic growth over the lifetime of the bond.⁶ By 2030 we expect to have an annual electricity consumption of more than 3.7 TWh (an increase of 40% from our 2020 consumption of 2.6 TWh).

During 2021, this KPI maintains data coverage of 98% across all of FEMSA’s workplaces. Part of the workplaces that are not included in 2021, but that will be considered in the following reports on the sustainability performance objectives (SPT), correspond to Envoy Solutions.

METHODOLOGY

This KPI is calculated in compliance with our Corporate Information Policy and our internal consolidation manual for non-financial information. The Business Units report on a

1 <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-Principles-June-2020-171120.pdf>

2 Measured as tons of waste recycled or reused divided by tons of total operational waste.

3 Inorganic growth is not included as part of the SPTs.

4 A sample of the scope of the information was verified by Ernst & Young (EY) as an independent third party.

5 Due to local regulatory requirements has to be disposed to landfill and/or be incinerated without energy recovery.

monthly, quarterly, and annual basis, the total electricity consumption by type (renewable or non-renewable).

- Total electricity consumption (in MWh): is the sum of all electricity consumption of FEMSA.
- Total electricity consumption of renewable energy (in MWh): is the sum of the total electricity consumption generated by renewable sources. As of April 2021, FEMSA uses the following generation technologies: wind energy, solar energy, and organic waste biomass (using only sugar cane bagasse as a feedstock).⁶

Currently, FEMSA does not use unbundled energy attribute certificates (e.g. renewable energy certificates (“RECs”)), green electricity products or similar. Our strategy to reach our Renewable Energy targets will prioritize self-generation and power purchase agreements (“PPAs”). FEMSA may use other renewable energy sourcing methods in select markets in the future, only where self-generation or PPAs are not available or adequate for our operations.

2. Calibration of Sustainability Performance Targets (SPT)

2.1. Zero Operational Waste to Landfill (Circular economy)

SPT 1.1: Increase the percentage of waste diverted from landfills to 65% by 2025

SPT 1.2: Increase the percentage of waste diverted from landfills to 100% by 2030

BASELINE

In 2019, we established a plan to commit to zero operational waste to landfill by 2030. The baseline year for this plan is 2019, due to the validation of the data collection methodology used.

In 2021, information coverage increased to include pharmacy work places in Chile, Colombia, and Ecuador, and work was carried out on the implementation of the circular economy strategy to meet the goal. The foregoing allowed an increase in the total volume of recycled waste by 10% for FEMSA, however, the expansion of information coverage kept the percentage of waste unchanged compared to the previous year.

Name	2018	2019 (baseline)	2020	2021	2025 Target	2030 Target
KPI 1: Zero Operational Waste to Landfill ⁷	63% ⁸	52%	53%	53%	65%	100%

2021 includes information on pharmacies in the countries: Chile, Colombia and Ecuador.

2.2. Renewable energy

SPT 2.1: Increase the annual sourcing of renewable electricity to 65% by 2025

SPT 2.2: Increase the annual sourcing of renewable electricity to 85% by 2030

BASELINE

FEMSA set 2017 as the baseline year, in order to include a record of at least a 3 years baseline before setting the commitment year of 2021. The commitment was set in 2020 in order to align a 10-year timeframe for this target to the United Nations Sustainable Development Goals timeline.

During 2021, more than 190 renewable energy consumption points were included in different FEMSA's Business Units. However, our operation grew and in new businesses and countries outside of Mexico the plans to incorporate renewable energy are in the development phase, so the consumption of renewable energy in these work centers will be reflected in the following years.

Name	2017 (baseline)	2018	2019	2020	2021	2025 Target	2030 Target
KPI 2: Renewable Energy ⁹	22%	23%	48%	60%	60.9%	65%	100%

⁶ FEMSA may, in future, utilize other sources of renewable energy, such as tidal energy, small-scale hydropower (less than 25MW), or biomass from sustainably sourced feedstock that does not compete with food sources. In some geographies, FEMSA may not be able to procure renewable energy via power purchase agreements or on site generation or distributed energy; in these contexts FEMSA may choose to purchase green tariffs or renewable energy credits. FEMSA will communicate the sources of renewable energy consumed in our annual reporting.

⁷ In 2021, KPI 1: Zero Operational Waste to Landfill, still considers hazardous waste in the calculation. In 2022 they will no longer be included.

⁸ The operational waste for OXXO stores is measured using a sample calculation method that was updated starting in 2019.

⁹ Historical data varies slightly from data reported on FEMSA's website, largely due to data for Venezuela being excluded from the reporting on our website. Venezuela is included for the purposes of the calculation of our SPT.

3. Bond Characteristics

Unless otherwise specified in the specific offering documents, FEMSA is not required to use the net proceeds of its offering of sustainability-linked bonds for investments in green or social projects.

If one of the SPTs has not been reached at the target observation date, as per the annual reporting published following the target observation date, FEMSA will have to pay a higher interest rate on its securities. The mechanism for payment of such interest rate will be specified in the final terms of the securities offered.

POTENTIAL CHANGES TO CALCULATION

Both KPIs apply to 100% of FEMSA business units at the issuance date of the Sustainability-Linked Bond and organic growth projections are applied for the following years.

For purposes of the Sustainability Performance Targets and the calculation of the Zero Operational Waste to Landfill and Renewable Energy Percentages, certain potential events, such as significant acquisitions or divestitures, or changes in the regulatory environment, can substantially impact the calculation of the KPI, and may require the restatement of the SPT and/or pro-forma adjustments of baselines

or KPI scope. Any such readjustment will be communicated within FEMSA's annual reporting on the KPIs.

4. Reporting

Performance information will be kept public and available in the Sustainability Report until the Sustainability Performance Targets (SPT) for each Key Performance Indicator (KPI) are achieved. The report will contain:

- Information on the performance of the selected KPI;
- Verification assurance report relative to the SPT outlining the performance against the SPT and the related impact, and timing of such impact, on a bond's financial performance; and
- Any relevant information enabling investors to monitor the progress of the SPT.

Information may also include when feasible and possible:

- Illustration of the positive sustainability impacts of the performance improvement; and/or
- Any re-assessments of KPIs and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope.

The Report is available at the following link:

<https://annualreport.femsa.com/pdf/AR-SustainabilityReport2021.pdf>

5. Verification

FEMSA's Sustainability-Linked Bond Framework has been reviewed by Sustainalytics who provided a second party opinion ('SPO'), confirming the alignment of the Framework with the Sustainability-Linked Bond Principles (SLBP) 2020 as administered by ICMA. The SPO will be made available on Sustainalytics website and in the following link: <https://femsa.gcs-web.com/es/sustainable-finance>.

Our performance on KPIs for waste sent to landfill and renewable energy consumption during 2021, was reviewed by Ernst & Young (EY) as an independent third party. For details of EY's review, please see section III. External Assurance Report of this document.

DISCLAIMER

This Framework does not constitute a recommendation regarding any securities of FEMSA or any affiliate of FEMSA. This Framework is not, does not contain and may not be deemed to constitute an offer to sell or a solicitation of any offer to buy any securities issued by FEMSA or any affiliate of FEMSA. In particular, neither this document nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about, and observe any applicable restrictions on distribution. Any bonds or other securities that may be issued by FEMSA or its affiliates from time to time, including any Sustainability-Linked Securities, shall be offered by means of a separate prospectus or offering document in accordance with applicable laws, and any decision to purchase any such securities should be made solely on the basis of the information contained in any such prospectus or offering document provided in connection with the offering of such securities, and not on the basis of this Framework.

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