2023

Forward motion

INTEGRATED ANNUAL REPORT

FEMSA

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We are moving *Forward* on our journey to create a stronger FEMSA—one that is purpose-led, agile, focused on our core capabilities, and future-ready. We have a bold vision for how the continued strong growth of our businesses will continue to create value for our stakeholders while keeping sustainability as an integral component of our business strategy. With this momentum, our 2023 Integrated Annual Report is structured around four primary presentations:

1. **Management Report** which outlines both financial and nonfinancial performance against our strategies;
2. **Corporate Governance**;
3. **Financial Statements**; and
4. **Appendix**, which contains supplementary information, including ESG performance data aligned with our sustainability reporting frameworks.

Learn more in **About this Report, page 86**.

Our Identity

At FEMSA, our enduring success is rooted in our essence. Today, as we face a new chapter of our story, we strengthen our Identity while preserving what defines us. Our Identity's evolution propels us towards the future, enabling us to continue our deep and long-lasting impact on millions of lives.

Who We Are

We are a group of companies with more than 130 years, evolving and shaping a continuous and enduring positive legacy in society.

Our leading businesses in retail, beverages and digital services move forward towards the future, driven by our winning spirit and commitment to excellence, with a deep focus on integrity and placing people at the heart of everything we do.

Our Belief

We believe that by generating economic and social value every day, we leave a positive footprint on the world.

Our Purpose

Our purpose is to enhance people's lives, transforming the everyday into wellbeing and growth:

- We contribute to people's wellbeing, staying close and available, providing solutions and experiences that allow them to enjoy each day to the fullest.
- We foster growth, since our actions contribute to the social and economic development of the communities we take part in, our collaborators, and our company, sustaining our commitment to planet care.

Our Vision

With our companies together, we aspire to be part of everyone's life at every opportunity, wherever we are, being the best in each of our businesses.

Our Strategy

FEMSA Forward: A focused leader in Retail and Beverages, leveraged and connected by a Digital customer-centric ecosystem to maximize value creation. Always guided by our strategic priorities.

Our Identity *(continued)*

Our Principles

This is our guide of behaviors and actions, allowing us to grow and adapt to the changes in the world while keeping our essence.

Living our values
We act with integrity, humbleness and accountability, being ambassadors of our culture.

Playing to win
We act like a founder, we choose to win, creating opportunities with a focus on generating long-term value.

Moving forward together
We collaborate effectively with diverse people and audiences, achieving results that exceed expectations.

Placing our customers at the center
We turn the daily needs of our customers and consumers into challenges that motivate us to deliver exceptional solutions that build trust.

Innovating with passion
We develop cutting-edge ideas to strengthen our present through digital solutions that anticipate the future in an agile way.

Empowering our people
We are committed to the well-being and professional development of our talent, strengthening their abilities to face challenges successfully and inspiring by example.

Fostering a sustainable impact
We are committed to create inclusive and sustainable solutions that generate a positive social impact in our communities and our planet, keeping a global perspective in our decision-making process.

Our values are at the heart of our culture; they reflect our legacy and our way of being leaders.

Integrity

We do the right thing in any circumstance, taking care of the impact of our actions.

Humbleness

We recognize the value of each person, we accept our limitations, and we are willing to learn and grow.

Accountability

We work to keep our promises and we take responsibility for what we do.

Dear Stakeholders

2023 was an extraordinary year, marking the close of one cycle in our history and the beginning of another. The year began with our announcement that we would be refocusing our strategy to concentrate on our core business verticals that we believe have the highest strategic relevance, growth potential, and financial and competitive strength. From there, we moved quickly on the FEMSA Forward playbook to begin executing our stated intentions, completing several transactions before the close of the year.

One of those was the sale of our remaining shares in HEINEKEN, marking the first time in 133 years that we are no longer connected in some direct way with the beer business – admittedly a significant change for us, given our proud history.

The exchange in 2010 of the Cuauhtémoc Moctezuma Brewery, or FEMSA Cerveza, for a 20% ownership stake in HEINEKEN, was a milestone that brought us closer to our excellent HEINEKEN colleagues, increased our market share and global competitive edge, and positioned us to achieve strong growth together during the 13 years of our valued partnership. This special investment was a transformative experience, which, in many ways, helped prepare us for the next phase of our transformation today. Our relationship will always be an important part of the FEMSA story, and we thank our HEINEKEN colleagues for their collaboration over these years.

Decisive and pragmatic actions like the HEINEKEN sale – and others in the pipeline – are materially simplifying FEMSA's corporate structure, providing increased clarity and focus, allowing us to return capital to our shareholders over time, and paving the way for continued growth and success through our ambitious long-range vision.

Some of the changes we experienced during the year were exactly according to plan, but others, sadly, were not.

We are missing a key voice from our report this year. Daniel Rodríguez Cofré joined FEMSA eight years ago and served as CEO from January 1, 2022, until just before his untimely death in August 2023.

José Antonio Fernández Carbajal
Chief Executive Officer &
Executive Chairman of the Board

In all his roles at FEMSA, Daniel radiated unquestionable human warmth and inspired trust and teamwork, making sure there was room for everyone at the table. His time was cut short, but his achievements are even more valued because of the leadership style that characterized him while he was with us: visionary, assertive, trustworthy, empathetic, and resilient, among many other qualities that we will miss. As we continue to drive FEMSA's strategic vision forward—one that he was responsible for initiating and shaping—we will strive to honor his memory and preserve his legacy by emulating his unwavering and down to earth attitude of collaboration and dedication.

In that spirit, I would like to share with you some of the most important ways we gathered momentum along our strategic priorities and enablers during 2023.

Continued Strong Growth

We saw extremely strong operational performance and excellent results for the year, particularly from the Proximity & Health Division and Coca-Cola FEMSA. Proximity Americas grew its top line by double digits, with outstanding same-store sales that were up 14.2% for the year, driven by an increase in the average customer ticket and strong growth in traffic. Proximity Europe increased revenues, reflecting traffic recovery and positive pricing initiatives as well as the growth of the Valora food service and B2B business. Coca-Cola FEMSA delivered a remarkable set of results for the year, with growth in volume, revenue, and operating income driven by growth across all its territories.

In 2023, FEMSA's total revenues increased 17.7% for the year as compared to 2022 to Ps. 702.7 billion (US$ 41.6 billion), reflecting growth across our business units. Income from operations decreased 7.6% and consolidated net income increased to 76.7 billion (US$ 4.5 billion). Net majority income was Ps. 18.36 per FEMSA unit[1] and US$ 10.86 per FEMSA ADS. Our consolidated net debt position[2] at year-end was Ps. 40.9 billion (US$ 2.4 billion), and our capital expenditures amounted to Ps. 38.9 billion (US$ 2.3 billion). Our year-end cash position was more than Ps. 191.8 billion (US$ 11.4 billion).

Going Digital

Interactions through digital channels are the new normal and it is where our customers and consumers increasingly expect to interact. With the aim of driving prosperity through digital and financial inclusion, our Digital@FEMSA division continued to harness the power of data and technology for our customers and consumers in Mexico in 2023 through our powerful omnichannel digital ecosystem. The number of active users for Spin by OXXO reached 6.9 million as of year-end, and the active users of our Spin Premia loyalty program reached 19.3 million, with more than 31% of OXXO Mexico sales now associated with the program.

During the year, Coca-Cola FEMSA also expanded the capabilities of Juntos+, its customer-centric omnichannel B2B commercial platform, processing more than 31.1 million orders on digital channels and generating close to US$ 2.4 billion in revenue—a triple digit increase compared to 2022—and now representing roughly 15% of Coca-Cola FEMSA's total sales.

Balance Risk/Return Profile

As we look to consolidate our leadership in core market operations, we acted swiftly and decisively in addressing a major portion of the planned divestitures outlined in our FEMSA Forward strategy. In May, we announced our plans to sell our minority investment in Jetro Restaurant Depot and related entities. In August, we entered into a definitive agreement to bring together Envoy Solutions LLC and BradyIFS and create a new platform within the facility care, foodservice disposables, and packaging distribution industries in the United States.[3]

We also expanded the footprint of our core business verticals in other promising markets. In the Proximity & Health Division, Grupo Nos continued its solid advance, with revenues increasing more than 150% year-over-year and with OXXO's footprint in Brazil more than doubling during the last 12 months. Our FEMSA Health business continued its push to consolidate its competitive position across several markets, increasing its footprint by 9% to reach a total of 4,247 locations as of the end of 2023.

Rooted Sustainability

As you will see in this report, we have continued to progress on our sustainability strategy, designed to put our people first, create social value in our communities, and reduce our own environmental footprint through operational efficiencies. As a UN Global Compact signatory, we support and adhere to their ten principles to protect human rights, uphold ethical labor practices, preserve the environment, and combat corruption.

1 FEMSA Units consist of FEMSA BD Units and FEMSA B Units. Each FEMSA BD Unit is comprised of one Series B Share, two Series D-B Shares and two Series D-L Shares. Each FEMSA B Unit is comprised of five Series B Shares. The number of FEMSA Units outstanding as of December 31, 2023, was 3,578,226,270, equivalent to the total number of FEMSA Shares outstanding as of the same date, divided by 5.

2 Including leases.

3 The transaction is subject to customary regulatory approvals.

We continued to advance on our 2030 Sustainability Performance Targets (SPTs), in alignment with the Sustainability-Linked Bond Principles (SLBP). In 2023, we diverted 73.4% of our total operational waste from landfills and we covered 62.4% of our total electricity needs from renewable sources, moving closer to our goal of 85% by 2030. Coca-Cola FEMSA achieved a water use ratio of 1.42 liters of water per liter of beverage produced in 2023.

We also continued to support our communities in important ways – such as FEMSA Health donating more than 677,000 total units of medications and other products to communities in need and providing more than 6,500 free medical consultations during the year. Our teams also sprang into action with food, water and hygiene kits to aid our colleagues and neighbors in and around Acapulco who were affected by Hurricane Otis. Fundación FEMSA also continued to cultivate shared prosperity in our communities in 2023, investing more than US$ 16.6 million to support early childhood, the arts & culture, water security, and the circular economy.

Enhance our Talent & Culture

We are proud of the culture we are building at FEMSA, one that puts our people first and focuses on their wellbeing as our highest priority. FEMSA is a place where we prioritize justice, equity, diversity & inclusion (now referred to internally as JEDI) as an intrinsic part of our hiring practices, including promoting the labor inclusion of minority groups and those in vulnerable situations. For example, we continued our refugee and migrant inclusion program in collaboration with the UN High Commissioner for Refugees, and as of 2023, FEMSA had hired nearly 3,500 refugees and migrants in Mexico (through OXXO's work centers and Distribution Centers, as well as in OXXO GAS), and in Brazil through Solistica.

We are also taking significant steps to invest in our team in ways designed to not only support talent attraction and retention, but also to focus on our collaborators' personal development and mental health. For example, to support their integral wellbeing, we introduced a new corporate goal that aims to provide a psychosocial support system to 100% of our collaborators, measured by whether they have access to the tools and resources they need for their mental health, such as support for severe traumatic events as well as proper care and monitoring.

Proactive Engagement with our Audiences

The third enabler of our strategy recognizes the importance of proactive, transparent and tailored dialogues with you, our valued stakeholders. We strive to use accessible tools and mediums of engagement that can not only help us better understand your expectations and concerns, but inherently strengthen your trust in us so that, together, we can more easily navigate challenges and identify new opportunities for engagement and partnership.

For example, to strengthen our supply chain capabilities, raise awareness on responsible sourcing and continuously improve our operations, in 2023 we again hosted our annual supplier event for engaging with more than 100 Tier 1 suppliers, and relaunched our monthly virtual newsletter communication series, expanding its dissemination on relevant topics and best practices from 200 suppliers to more than 20,000.

In Closing

Finally, may I take one more opportunity to say thank you and goodbye to my dear friend, and the dear colleague of everyone here at FEMSA, Daniel Rodriguez. He was the champion of many of the value-generating initiatives and programs you will read about in this year's report.

Daniel encouraged us to move forward in our journey as a company. To embrace change and lead with it. To simplify our mindset, focus on our core strengths, and prioritize our agenda to be ready for the future. That means we are evolving as a company, and we choose to do so in sustainable ways that help address critical global sustainable development challenges.

I look to the future we are creating with great enthusiasm. A large part of that comes from the promise I see in our talented workforce. I thank all our colleagues for their hard work and commitment every day to FEMSA. And to you, our stakeholders, thank you for moving forward sustainably with us. We cannot walk this path without you.

Please enjoy a glimpse of the inroads we made in 2023 in this year's Integrated Annual Report. We hope it will help spark new conversations, new interests or ideas, and maybe even new on-ramps to opportunity.

Sincerely,

José Antonio Fernández Carbajal
Chief Executive Officer &
Executive Chairman of the Board

In Memoriam

The members of the Board of Directors, executives, and collaborators of FEMSA and its business units deeply mourn the loss during 2023 of two extraordinary leaders of FEMSA.

Each contributed to our company in different ways, in two different periods, yet both made indelible marks in our history, laying the groundwork for the future of our Company. We will remember them with great affection and admiration, and we will remain eternally grateful for their lasting legacies. May they rest in peace.

Remembering

Daniel Alberto Rodríguez Cofré

1965-2023

Daniel Rodríguez Cofré served as FEMSA's Chief Executive Officer from January 1, 2022 until just before his passing in August 2023. He joined FEMSA in 2015 as Chief Financial and Corporate Officer before being named as CEO of FEMSA Comercio in 2016.

Daniel was an extraordinary colleague and friend. He was a visionary man who, with clarity of purpose, strategic foresight, and consistent professionalism, made a profound impact on the growth trajectory of FEMSA during his eight years with the Company. His contributions include OXXO's expansion to Chile, Peru and Brazil, the consolidation of the FEMSA Health Division, the acquisition of Valora in Europe, as well as the successful launch of the FEMSA Forward strategy – a historic milestone for the Company that defines our future.

He was passionate about sustainability and taught us that the path of generating economic and social value is not always easy, but that it is the right thing to do. He left us too soon, but we are determined to continue his work and legacy by following his example.

We offer our deepest condolences and prayers to the Rodríguez Cofré and Rodríguez Scheel families.

Thank you, Daniel, for your leadership and dedication.

"I just want to reiterate how confident I am that FEMSA is in the best position it has ever been in to continue creating value for all its stakeholders for a long, long time. I know FEMSA will continue to achieve great things for many years to come."

Daniel Rodríguez Cofré
February 17, 2023,
FEMSA Forward announcement presentation

Remembering

Othón Ruiz Montemayor

1943-2023

During his more than 50 years as a businessman and public servant in Mexico, Othón Ruiz Montemayor made countless social and economic contributions to his hometown of Monterrey, the state of Nuevo León and beyond.

Othón began his career in 1965 as a financial analyst with Valores Industriales, S.A. (VISA, which would later become FEMSA) and was appointed as CFO in 1974 and as CEO in 1985, a role he served in for ten years, until January 1, 1995.

During his tenure, he navigated many complex decisions that ultimately generated synergies solidifying FEMSA's competitiveness both domestically and abroad. Among other achievements, he oversaw the merger of Cervecería Cuauhtémoc and Cervecería Moctezuma in 1985, adding renowned brands to our portfolio, including XX Lager, Superior, Sol, and Noche Buena. He also initiated our partnership with The Coca-Cola Company in 1993, accelerating the growth and globalization of Coca-Cola FEMSA.

Othón went on to serve in a variety of other leadership positions in the private and public sectors, including for the government of the State of Nuevo León, where he worked to reduce administrative barriers for businesses and to support developing communities. He was often called upon by government officials to bolster local organizational and cultural efforts.

We offer our deepest condolences and prayers to the Ruiz Nájera family.

Thank you, Othón, for your loyalty and service.

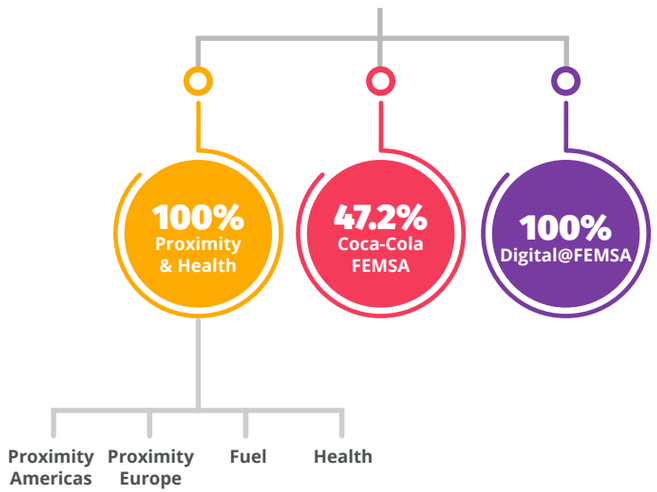
"I thank God for the blessings he has showered on me: the privilege of always having the absolute trust of the people with whom I worked; the opportunity to meet and live with outstanding people of the national and international financial community; and for my friends who continue to be an important part of my life."

Othón Ruiz Montemayor
2016
Othón Ruiz Montemayor Memories

2023 at a Glance

CORPORATE STRUCTURE

FEMSA

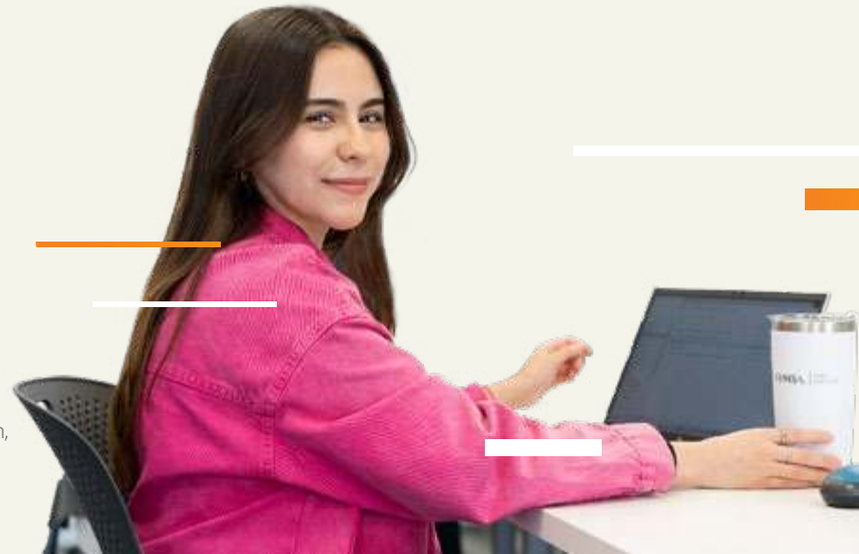


Mexico
Guatemala
Nicaragua
Costa Rica
Panama
Ecuador
Peru
Colombia
Venezuela*
Brazil
Chile
Uruguay
Argentina
Netherlands
Luxembourg
Germany
Switzerland
Austria

Proximity & Health
Coca-Cola FEMSA
Digital@FEMSA

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

We have more than **392,000 collaborators** in **17** different **countries** across the globe through our business units at the end of **2023**.



For more information, please see FEMSA's **Form 20-F 2023**.

Sustainable Operations Highlights

+15,300 sites with renewable energy in 2023

62.4% of total electricity consumption coming from renewable sources

2,003 GWh of renewable electric energy in 2023

+10,200 GWh of renewable electric energy since 2015

73.4% of total operational waste diverted from landfills

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

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

FTSE4Good

EMPRESA SUSTENTABLE

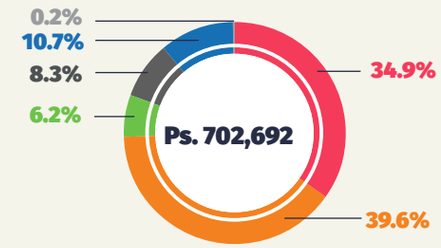
Bloomberg Gender-Equality Index 2023 Member

WE SUPPORT UN GLOBAL COMPACT

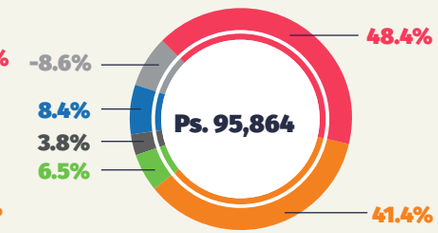
MEJORES LUGARES PARA TRABAJAR
Por Equidad LGBTQ+
100% HRC EQUIDAD MX

Financial Highlights

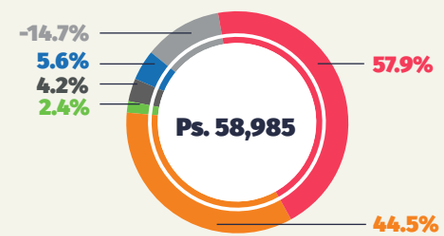
TOTAL REVENUES



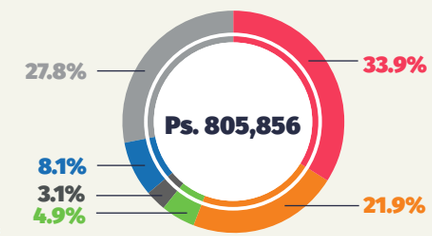
EBITDA*



INCOME FROM OPERATIONS



TOTAL ASSETS



- Coca-Cola FEMSA
- Proximity Americas
- Proximity Europe
- Fuel
- Health
- Others

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

Strategy

In 2023, we announced **FEMSA Forward**, our new long-range plan to maximize value creation, which resulted from a thorough strategic review of our business platform.

We have identified seven strategic priorities and enablers that will guide **What** and **How** we focus our resources to execute on our vision. At the center of everything we do are our customers and consumers.

FEMSA Forward

WHATs

Continued Strong Growth

Continue undisputed track record of value creation by fueling top and bottom-line growth

Going Digital

Capitalize on digital and data to enhance our products / services and operations, aiming to better serve our customers' needs

Balance Risk/ Return Profile

Reach a desired balanced risk / return profile by expanding our geographical exposure to key markets

HOWs

Rooted Sustainability

Become the most sustainable, equitable, diverse and inclusive organization, leading the way in the communities where we operate

Enhance our Talent & Culture

Serve as the growth platform for our people by developing our talent and strengthening our culture to excel in a more global, digital and purposeful world

Proactive Engagement with our Audiences

Continue communicating effectively who we are, and what we do, while being more proactive in our approach

CUSTOMERS AND CONSUMERS

At the center of everything we do: simplifying their lives through seamless, relevant and personalized experiences

Business Model for Value Creation

1. Inputs

Human Capital

We develop the competencies of our diverse team members, empowering them to drive the Company's collective success while supporting their own wellbeing and professional growth.

Social & Relationship Capital

Our social license to operate depends on a foundation of trust with our stakeholders, including clients/consumers, business partners, suppliers, investors, NGOs, regulators, and our communities.

Natural Capital

We seek the most efficient and sustainable ways of sourcing and using natural resources for our products and packaging, including water, energy, and agricultural commodities.

Intellectual Capital

With an emphasis on innovation and digitalization across our culture, we leverage our intellectual property and multi-format expertise to continually strengthen our customer-centric ecosystem.

Manufacturing Capital

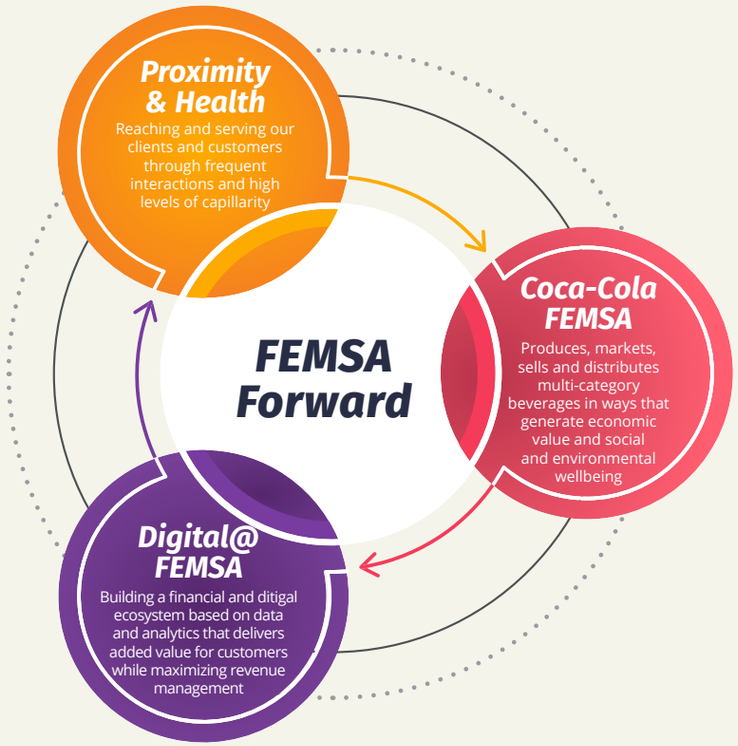
We rely on our physical infrastructure, including owned and leased properties, tools, technology, machinery, and equipment, to produce goods and provide services to the market.

Financial Capital

We utilize capital from equity and debt markets, as well as cash flows derived from our businesses, to produce goods and services for the market.

2. Business Activities: WHATs & HOWs

Our three business verticals complement one another to unlock unique value creation synergies in alignment with our FEMSA Forward strategic priorities: **Continued Strong Growth, Going Digital, Balance Risk/Return Profile**



With customers and consumers at the center of everything we do, we execute on our FEMSA Forward strategy through three strategic enablers: **Rooted Sustainability, Enhance our Talent & Culture, Proactive Engagement with our Audiences**

3. Outputs

+15 million consumers per day served at **+32,000** points of sale

Learn more on **page 16**.

4 Bn unit cases sold by Coca-Cola FEMSA through **2.1 million** points of sale

Learn more on **page 19**.

6.9 million active Spin by OXXO users[4] and **19.3 million** active Spin Premia loyalty users[5]

Learn more on **page 22**.

US$ 41.5 billion total revenues and **US$ 3.5 Bn** income from operations

Learn more on **page 79**.

4 Any user with a balance or that has transacted within the last 56 days.
5 User that has transacted at least once with Spin Premia within the last 90 days.

Business Model for Value Creation *(continued)*

4. Outcomes

Rooted Sustainability

One of the key enablers of the FEMSA Forward strategy is Rooted Sustainability. This is deployed through our FEMSA Sustainability Framework, which is focused on nine priority topics across **three pillars**, underscored by a strong foundation of **corporate governance**.

5. Value Created

Our People

The wellbeing, dignified work and professional growth of our workforce

Learn more on **page 31.**

Our Community

Development and wellbeing within the communities where we operate

Learn more on **page 39**.

Our Planet

Harmony with the environment and sustainable use of natural resources

Learn more on **page 49**.

Governance

The use of corporate governance best practices

Learn more on **page 59**.

6. Impact

UN SDG Alignment

FEMSA's Sustainability Strategy aims to contribute to all 17 of the United Nations' SDGs, but we have identified the following subset where we believe we can have the greatest positive impact. Learn more about our actions in these areas throughout this 2023 Report.

For more information, please see SDG & United Nations Global Compact Appendix, **page 117**.

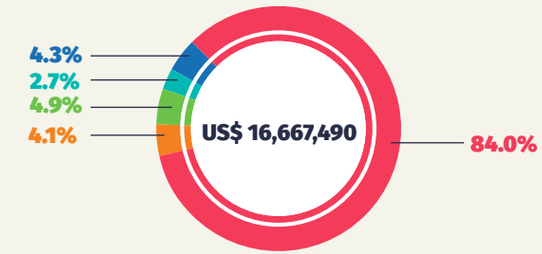
Fundación FEMSA

As a further complement to FEMSA Forward and FEMSA's Sustainability Framework, our strategic philanthropic arm, Fundación FEMSA[6], proactively invests in projects with a long-term positive impact. Founded in 2008, the mission of Fundación FEMSA is to promote systemic and sustainable solutions to complex social and environmental challenges by cultivating shared prosperity for both the current and future generations.

To learn more, **watch this video**.

To secure the future we envision, we focus Fundación FEMSA's strategy on four causes that we believe are key levers for change.

2023 INVESTMENT



Vector[7]

- Early Childhood
- Water Security
- Circular Economy
- Arts & Culture
- Strategic Donations

Connect with us:

- twitter.com/FundacionFEMSA
- www.facebook.com/FundacionFEMSA
- www.instagram.com/fundacionfemsa/
- www.linkedin.com/company/fundación-femsa/

Learn more about Early Childhood **page 43**.
Learn more about Arts & Culture **page 44**.
Learn more about Water Security **page 55**.
Learn more about Circular Economy **page 58**.

6 Fundación FEMSA is made up of two organizations that share the same purpose: Fundación FEMSA A.C. and Difusión y Fomento Cultural, A.C.
7 Fundación FEMSA's investments in the Water Security, Circular Economy and Early Childhood vectors come from Fundación FEMSA A.C., and investments in the Arts & Culture vector comes from the Difusión y Fomento Cultural, A.C. budget.

Operational Performance

Consistent with our FEMSA Forward strategy, our three core business verticals – Proximity & Health, Coca-Cola FEMSA and Digital@FEMSA – represent our best path to maximizing long-term value creation. In 2023, our non-core businesses comprised Other Operations, for which we are exploring strategic alternatives for the future.

- **19%** increase in Proximity Americas total revenues, driven by high-double-digit comparable OXXO sales and accelerated store expansion.
- **Strong operating results** for Valora with substantial growth in a challenging macro environment.
- **379** net new FEMSA Health locations in the last twelve months.

Learn more about our Retail business, **page 16**.

Proximity & Health

- **+1.1 million** monthly active users reached through the Juntos+ B2B platform with more than US$ 2.4 billion digital sales for the year.
- Surpassed the milestone of **4 billion** unit cases for the first time in our history.
- Invested a record CapEx of **8.7%** of revenues, to add capacity in support of our growth ambition.

Learn more about our Coca-Cola FEMSA business, **page 19**.

Coca-Cola FEMSA

- **19.3 million** active users for our Spin Premia loyalty program, with 31% of all OXXO Mexico sales associated with the program.
- **6.9 million** active users of our digital wallet, Spin by OXXO.
- **Juan Carlos Guillermety** was appointed as CEO to shape the future of FEMSA's digital ecosystem.

Learn more about our Digital@FEMSA business, **page 22**.

Digital@FEMSA

- **Divested our minority stake** in Jetro Restaurant Depot and successfully closed the Envoy-BradyIFS transaction.
- **Solistica expanded** to new sites in Colombia, Brazil, and Mexico to better serve the needs of its clients.
- **+180,000** reused refrigeration equipment parts upcycled by Imbera, avoiding the landfill.

Learn more about our Other Operations, **page 25**.

Other Operations

Proximity & Health

In 2023, Jose Antonio Fernández Garza-Lagüera was appointed as CEO of FEMSA Proximity & Health business vertical (Retail). This division is comprised of **Proximity Americas, Proximity Europe, Fuel and Health**.

andatti, with presence in Colombia, Chile, and México, serves coffee to **more than 1 million consumers per day** in Mexico alone.

Proximity Americas

In 2023, OXXO celebrated 45 years of business in the Mexican market. The brand's history began in the 1970s to meet the needs of consumers who needed a greater variety of items and longer opening hours. Today, with the consistent aim of being closer to consumers to simplify their lives, the Proximity Division continues to execute on our long-range development plan, including across four key priorities *(see figure)*. In 2023, we saw excellent performance, driven by strong, post-pandemic consumer demand, solid commercial income dynamics, better segmentation at the store level and the rapid adoption of Spin Premia, our coalition loyalty program.

In Mexico, for example, we continued to exceed the 1,000 net new OXXO store threshold. Additionally, in 2023, sales per store have been outstanding across the country.

Expanding into other retail formats, we opened the first set of andatti coffee shops, offering personalized hot and cold drinks and a menu of freshly prepared foods.

Growing beyond Mexico OXXO stores, we accelerated our expansion in Brazil, Colombia, Chile and Peru while continuously improving our value propositions based on the needs of each country's clients. We added 544 units during the year to reach 1,336 net new stores, putting us ahead of target and underscoring not just the momentum we achieved in Mexico, but also the strong pace we now have in Latin America as well, particularly in Colombia and Brazil.

OXXO same store sales were up 14.2% for the year, driven by an increase of 8.0% in average customer ticket and a very strong 5.8% growth in traffic. We saw healthy commercial income dynamics, better segmentation efforts and the growing impact of the Spin Premia loyalty program, all of this against the backdrop of a robust consumer environment. Gross margin expanded by a 0.3 percentage point(s) to reach 42.0%, reflecting strong commercial activity and promotional programs with key suppliers as well as an undemanding comparison base from last year. Income from operations increased 11.7%, while operating margin decreased 0.7 percentage points compared to the same period of 2022 to reach 9.4%, reflecting an increase in labor expenses stemming from the labor reforms in Mexico.

Executing on Proximity's Long-Range Development Plan

KEY PRIORITY	HOW WE MOVED FORWARD
1 Strengthening the Core	1,408 net new stores in the Americas (with +14.2% same store sales growth) and 42 net new Valora stores in Europe.
2 Developing New Growth Avenues	Advanced the OXXO SMART business model, focused on hyper-convenience, the addition of payment for services, telephone airtime and fast food.
3 Developing Multiple Successful Formats	Bara, our discount business for the home pantry, grew revenues by 39.4% across 359 stores through geographic expansion, new supply chain efficiencies, and a new partnership for own brand products.
4 Growing the Footprint Beyond Mexico	Grupo Nos increased revenues by more than 150% year-over-year and OXXO's footprint in Brazil more than doubled from the prior year.

Proximity Europe

In 2023, Valora achieved strong operating results with substantial growth compared to the prior year in a challenging macroeconomic environment. This positive development was strongly driven by higher sales in the food category across all units.

Proximity Europe increased revenues reflecting traffic recovery and positive pricing initiatives as well as the growth of Valora food service and B2B business. As of the end of the period, Proximity Europe has 2,808 points of sale.

Fuel

Our Fuel business again delivered a stable performance in 2023 with the corporate wholesale business continuing to grow in all markets where we operate, including three new self-built service stations in Mexico. As part of this growth, we focused on evolving our value proposition in 2023 to deliver a service experience with a digital focus. This included streamlining the point of sale to generate quick service and easy transactions, as well as launching a digital fuel voucher to easily purchase gasoline at any OXXO GAS station.

We grew our Fuel B2B sales by 28% versus 2022 through our digital fleet card, and our commercial customer base grew to more than 6,500, through which we serve more than 70,000 trucks and vehicles in our service stations daily. This year we also added more than 200 affiliated service stations outside the OXXO GAS network to our fleet card to provide better service.

As of 2023, more than 34% of all OXXO GAS sales were made in association with our loyalty program, from more than 1 million clients. In addition to exchanging earned loyalty points for fuel, we also offered special rewards and promotions for our most loyal clients to redeem, such as concert tickets or football game tickets and experiences with players, among others.

Health

Our Health business responds to the pharmacy, health and wellness needs of our communities through a large and growing network, representing the third largest pharmacy chain in Latin America in terms of sales. In 2023, despite a challenging comparison base in Chile and competitive environment in Mexico, as well as significant currency headwinds in several Latin American markets, Health revenues were stable during the year and even saw positive trends in Colombia and Mexico.

Proximity & Health Points of Sale 2023

Proximity Americas	
Mexico	21,970
Brazil[8]	1,716
Colombia	411
Chile	343
Peru	142
Subtotal	**24,582**
Proximity Europe	
Germany	1,405
Switzerland	1,243
Luxembourg	74
Netherlands	55
Austria	31
Subtotal	**2,808**
Fuel	
Mexico (OXXO GAS)	571
Subtotal	**571**
Health	
Mexico	1,759
Chile	950
Ecuador	950
Colombia	815
Subtotal	**4,474**
Total Retail	**32,435**

8 Through our joint-venture with Raízen, Grupo Nós, includes 440 OXXO stores, 33 Shell Select locations in Brazil, and 1,243 Shell Select stores operated by independent franchisees.

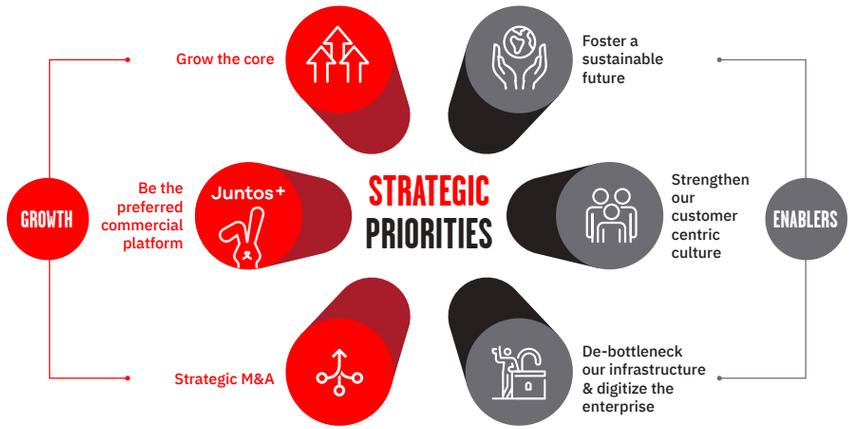
Coca-Cola FEMSA

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

Producing **4.0 B unit cases per year**
Serving **+2.1 million points of sale**

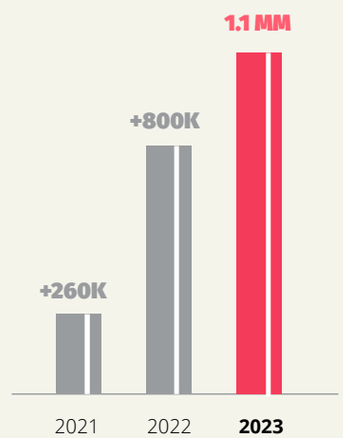
2023 was an outstanding year for Coca-Cola FEMSA. We not only achieved positive results, but also laid the foundation for our sustainable long-term growth model, as captured through six strategic priorities *(see figure)*.

Backed by the continued strength of our Enhanced Cooperation Framework with The Coca-Cola Company, we saw solid growth in our volume, revenue, and operating income during the year, which signaled to us that we remain on the right path with our strategic priorities.



Juntos+ Journey

This year, we set the foundations towards becoming the preferred omnichannel commercial platform with Juntos+, by completely revising its IT architecture and successfully rolling out our version 4.0 in Brazil which significantly improves customer experience.



MONTHLY ACTIVE USERS 2021-2023

Growing the Core

By focusing on our core strengths, we aim to deliver sustainable growth, always focusing on the business. In 2023, we moved forward on this ambition by activating new opportunities to grow the Coca-Cola portfolio. For example, Coca-Cola Zero Sugar continues to be an important growth driver, offering consumers a sugar- and calorie-free alternative for one of the world's most beloved brands. The new formula and visual identity of Coca-Cola Zero Sugar continued to outperform the sparkling beverage category across our territories, growing volumes double-digit year over year.

Additionally, we continue growing across emerging still beverage categories — from hydration to energy, tea, and sport drinks— aiming to achieve the full potential of our profitable non-carbonated beverage categories.

Becoming Our Customer's Preferred Omnichannel Commercial Platform

We continued to take bold steps to become our customers' preferred business-to-business (B2B) platform and partner for growth.

During the year, we further expanded the capabilities of Juntos+, our customer-centric omnichannel B2B commercial platform that provides a differentiated customer experience across our product offerings. Specifically, we launched and rolled out version 4.0 of Juntos+, which includes exciting new features, such as a loyalty program, suggested orders, order tracking and an improved user experience.

In 2023, we processed more than 31.1 million orders on digital channels, a 71% increase, generating close to US$ 2.4 billion in revenue —a triple digit increase— that represents roughly 15% of Coca-Cola FEMSA's total sales in orders and revenue as compared to 2022.

The largest Coca-Cola franchise bottler in the world by sales volume

+272 million people served

+2.1 million points of sale

Juntos+

1.1 million monthly active users, +35% vs 2022.

31.1 million orders processed on digital channels, 15% of total sales, +71% vs 2022.

US$ 2.4 billion in digital revenue.

Strengthen our Customer-Centric Culture

Our consumers and clients are at the center of everything we do. As part of our obsessive focus on enhancing customer centricity, in 2023 we further standardized the way we measure customer satisfaction by tracking consistent KPIs across the organization that reveal gaps and areas of opportunity. For example, we achieved a notable positive trend in order fulfillment during 2023 by reducing shortages and enhancing customer service metrics, such as enhanced customer claims handling. We have also expanded our use of artificial intelligence capabilities to measure sentiment through expanded sets of data.

Financial Results Summary

Our focus on driving sustainable long-term growth enabled us to deliver 7.8% year-over-year volume growth to reach 4,047.8 million unit cases. Our solid volumes and revenue growth management capabilities drove 8.1% growth in sales reaching Ps. 245.1 billion. Operating income improved by 10.8% to Ps. 34.2 billion. Adjusted EBITDA increased by 7.9% to Ps. 46.4 billion. Remarkably, our return on invested capital improved for the sixth consecutive year. Furthermore, we ended the year with a net debt-to-EBITDA ratio of 0.8 times, while our cash position was more than Ps. 31 billion.

These achievements reflect our robust financial position and underscore our readiness for continued growth.

To support these results, we invested a record CAPEX of Ps. $21.4 billion, representing 8.7% of revenues. These investments enable us to continue adding the necessary capacity to support our growth ambitions.

For more information, please see **Coca-Cola FEMSA's Integrated Report 2023** and **Form 20-F 2023**.

2023 Financial Highlights

+4.0 billion[9] volume

+US$ 14.5 billion revenues

+US$ 2.5 billion adjusted EBITDA[10]

18.9% adjusted EBITDA margin[10]

9 Unit cases
10 EBITDA defined as operating income plus depreciation, amortization and other non-cash items.

Digital@FEMSA

With double-digit growth backed by solid economic fundamentals, we continued to strengthen the reach and capabilities of our digital ecosystem at a rapid pace during the year, with Spin by OXXO active users increasing by 86.1% year-over-year.

19.3 million Spin Premia active loyalty users[11] with a tender of 31% in OXXO, and 34% in OXXO GAS[12]

6.9 million Spin by OXXO active users[13]
51% of total users are women

11 User that has transacted at least once with Spin Premia within the last 90 days.
12 OXXO Mexico MXN and OXXO GAS sales with Spin Premia redemption or accrual divided by Total OXXO Mexico MXN and OXXO GAS sales, during the period.
13 Any user with a balance or that has transacted within the last 56 days.

Our vision for Digital@FEMSA is to drive prosperity through digital and financial inclusion by building the most powerful financial omnichannel digital ecosystem, thereby boosting the productivity of communities, creating economic and social value, and generating positive and transformative impact. Always keeping the consumer at the center of what we do, we seek to close gaps in the market and to evolve the relationship of Mexicans with their money through digitalization and convenience.

Juan Carlos Guillermety was appointed as CEO of Digital@FEMSA during 2023, bringing with him significant fintech and multinational payment card services experience. He will lead the growing talent pool that is shaping the future of FEMSA's digital ecosystem.

As we move forward on our roadmap for building a more integrated and cohesive digital offering for consumers in Mexico, we are more seamlessly connecting consumers and businesses.

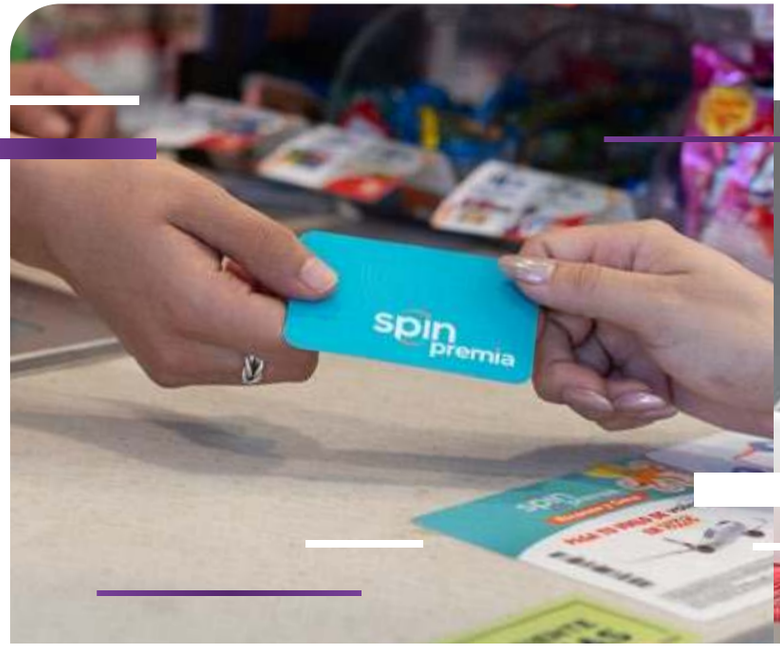
We continue to make progress fine-tuning the use cases, value propositions, unit economics, and monetization strategies for each part of our digital ecosystem.

Consumer services

- **Spin Premia:** In 2023, we successfully evolved and migrated the OXXO PREMIA program into **Spin Premia** as the next step in our evolution toward a winning digital ecosystem. Through this loyalty program, our customers can do more with their money, earning reward points which they can later redeem for products and services. They can also access an array of attractive and exclusive benefits from all the **allied brands** of the program, such as OXXO, OXXO GAS, Volaris, Doña Tota, and ViX Premium, as well as added benefits for using Spin by OXXO as their payment method. As of 2023, approximately 31% of OXXO Mexico sales were made in association with our loyalty program, and more than 34% in OXXO GAS.

Delivering data-driven insights

During the year, our **Spin Premia** loyalty program reinforced our relationship with OXXO consumers, allowing us to better understand their needs, as well as identify opportunities to benefit their daily lives. In addition, we aligned with new and powerful allies beyond FEMSA to expand our offerings of rewards and benefits.



Looking ahead, **we will continue to expand our payments platform** to cover more of consumers' daily lives and translate it into more and better solutions.

- **Spin by OXXO:** Our digital wallet strengthened its customer base in Mexico and continued to focus on improving and innovating its customer experience. We evolved our product with new solutions for our customers, such as remittances, a virtual card, gift cards, and a new card for contactless public transportation payments in Monterrey.

  Through analysis and observation in areas with low financial access, we confirmed that Spin by OXXO has had a transformational impact in driving digital financial inclusion, leveraging OXXO stores to be the connection point between the physical and digital financial world.

Merchant services

- **Payments:** The acquisition and consolidation of Netpay in 2023 gave rise to a winning platform that further increases the acceptance of electronic payments in businesses, thus reinforcing the digitization and coverage of our omnichannel ecosystem. Through Netpay, we have been enhancing the value of micro-, small- and medium-sized enterprises (MSMEs) served by FEMSA and expanding our ecosystem.

  Looking ahead, we will continue to expand our payments platform to cover more of consumers' daily lives and translate it into more and better solutions. In this way, we will be able to connect with both our consumer – who is at the heart of everything we build – as well as the businesses through which we can generate even greater benefits and services for Mexicans.

Other Operations

FEMSA operates several businesses that are leaders in their industries or sectors and provide solutions to FEMSA's core business segments and other companies, including Solistica, which comprises our **Logistics & Distribution** operations, as well as AlPunto, which comprises our **Food Service Solutions**.

Solistica's reach in 2023:

+1.5 million trips, reaching **+4,000** of **clients** in Latin America, representing **+39 million tonnes** transported on behalf of our customers in the pharmaceuticals, automotive, technology and consumer goods industries.

In line with our FEMSA Forward strategy, we are currently exploring the most advantageous strategic alternatives for our non-core business units, positioning all parties to deliver maximum value to customers and suppliers. In the successful first move toward these divestiture plans, we announced in 2023 the combination of Envoy Solutions LLC with BradyIFS – creating a new platform in the facility care, foodservice disposables, and packaging distribution industries in the United States.

Logistics & Distribution

Solistica is FEMSA's leading third-party logistics (3PL) provider. Guided by its purpose to deliver wellbeing to people through reliable logistics solutions, while always ensuring a focus on customer-centricity, Solistica offers end-to-end solutions across its customers' supply chain.

To better serve the needs of its clients, Solistica extended its high standards of quality and safety to new sites in Colombia, Brazil, and Mexico during 2023. A key priority of the year was continuing to strengthen Solistica's value proposition through digital transformation. For example, through the launch of Solistica ONE, a digitalization platform for transportation management, Solistica can better integrate the capabilities of transport partners with the particular needs of customers, such as shipment tracking, evidence generation and route optimization by reducing "empty" routes through real-time information.

Food Service Solutions

AlPunto is a group of companies focused on providing solutions in food service equipment, commercial refrigeration, materials handling and integral services at the point of sale. Within AlPunto, **Imbera** is our refrigeration business that manufactures commercial refrigerators for clients in the soft drink, beer and food industries. **Torrey** and the **Cooking Depot** are food service solutions businesses manufacturing food processing, storage and weighing equipment.

In 2023, Imbera made significant progress in the walk-in coolers segment, developing new efficiencies in commercial refrigeration equipment technology for convenience stores.

Imbera-Torrey's circular economy and digitalization strategies were also consolidated to improve performance while reducing the carbon footprint of strategic cooler models by up to 50%. More than 180,000 reused refrigeration equipment parts were also upcycled, which otherwise may have been sent to landfill.

AlPunto also includes **Plásticos Técnicos Mexicanos (PTM)**, which designs and manufactures plastic transformation projects for materials handling, food, beverages and automotive. In 2023, **PTM** continued expanding the use of recycled material and the development of new technologies to improve efficiencies.

Sustainable Logistics in the Supply Chain

In 2023, Solistica and Coca-Cola FEMSA took steps to reduce packaging material that would otherwise be sent to landfill and replace Styrofoam packaging with reusable ecological options. A semi-automated co-packing solution as a value added service was developed at Coca-Cola FEMSA's Tocancipá, Colombia bottling plant, drastically reducing waste and increasing productivity by eliminating the need for outsourcing prior to distribution. This innovation not only saved Coca-Cola FEMSA nearly a million dollars in packaging materials the first year, but also increased production capacity by 55% for the bottle line and 300% for the Tetra packaging line, recovering in eight months the investment made and changing packaging technology with 100% recoverable materials.

Sustainability Performance

The three pillars of our Sustainability Strategy are consistent with the UN Sustainable Development Goals (SDGs) and cover nine priority topics. We have ambitious goals associated with each pillar, including measurable targets to track our progress over time, remain accountable to our stakeholders, and inspire our collaborators to keep working toward our collective aspirations.

- **+9.7 million** cumulative hours of collaborator training (25 hours per collaborator)
- **+6,000** senior collaborators and 2,994 people with disabilities employed[14]
- **30%** of women in executive positions and **44%** of women in the total workforce

Learn more about Our People, **page 31**.

Our People

- **2,861,280** direct beneficiaries of community programs
- **Ps. +103.5 million** raised through the Redondeo and Dona tu Vuelto programs
- **2,531** volunteering activities

Learn more about Our Community, **page 39**.

Our Community

- **73.4%** of operational waste diverted from landfills or 217,821 tonnes
- **62.4%** of FEMSA's total electricity consumption from renewable sources
- **37%** of **raw materials** used in products and packaging of recycled origin

Learn more about Our Planet, **page 49**.

Our Planet

14 Internal collaborators

Sustainability Goals & Targets Progress

2030 Corporate Goals

	Priority Topic	2030 Goal	2023 status	2022 status	2021 status	Baseline
Our People	Human and Labor Rights	Over 90% of our collaborators engaged[15]	**88%[16]**	87%	88%	88% (2023)
	Integral Wellbeing	100% collaborators with access to a Psychosocial Support System[17]	**81%**	60%	N/A	81% (2023)
	Diversity Equity and Inclusion	To have a 40% women participation in executive positions	**30%**	27.0%	24.0%	20.0% (2020)
Our Community	Community Wellbeing	20 million beneficiaries by community wellbeing initiatives	**9.5 million**	6.7 million	2.9 million	(2021)
	Sustainable Sourcing	90% of procurement purchases in all business units from local suppliers	**69%**	67.0%	64.0%	(2021)
Our Planet	Climate Action	85.0% renewable electric energy use across all our operations	**62.4%**	58.0%	60.9%	22.0% (2017)
	Water Management	Achieve a neutral water balance in all our operations	**81%**	81.0%	81.0%	(2021)
	Circular Economy	Zero waste from operations to sanitary landfills	**73.4%**	68.7%	53.0%	52.0% (2019)

15 New goal introduced in 2023.
16 Overall 2023 results (OXXO, OXXO GAS and Digital@FEMSA not included).
17 New goal introduced in 2023, measured by the consolidation of a set of weighted indicators to obtain an overall percentage. Learn more on **page 37**.

Sustainability Performance Targets

FEMSA Sustainability-Linked Bond

FEMSA's **Sustainability-Linked Bond Framework** – prepared in accordance with the Sustainability-Linked Bond Principles 2020 ("SLBP"), as administered by the International Capital Market Association – includes two SLBP-aligned 2030 Sustainability Performance Targets (SPTs):

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

FEMSA SPT Performance

KPI[18]	2021	2022	2023	SPT 2025	SPT 2030
Percentage of total operational waste diverted from landfills *(measured as tonnes of waste recycled or reused / tonnes of total operational waste)*	53.0% or 152,391 tonnes	68.7% or 192,949 tonnes	**73.4% or 217,821 tonnes**	65.0%	100.0%
Percentage of total electricity consumption coming from renewable sources	60.9% or 1,672,711 MWh	58.0% or 1,738,633 MWh	**62.4% or 2,002,607 MWh**	65.0%	85.0%

62.4% total electricity consumption coming from renewable sources.

18 If these targets are not satisfied by the specified dates, as verified by an accredited external party, there will be an interest rate step up of 25 basis points. Our 2022 progress toward these SPTs is summarized below.

KPI[19]	2020	2021	2022	2023
Water use ratio (WUR) as the water usage to a liter of beverage production (L/L)	1.49 *(baseline)*	1.47	1.46[20]	**1.42**

Coca-Cola FEMSA Sustainability-Linked Bonds
In September 2021, Coca-Cola FEMSA issued the first-ever sustainability-linked bonds the Mexican market for a total of Ps. 9,400 million in accordance with our **SLBP-aligned Sustainability-Linked Bonds Framework**. In alignment with our commitment to water stewardship, we are focusing this first issuance on the sustainable and efficient use of water, as measured through an SPT to achieve a water use ratio of 1.36 liters by 2024 and 1.26 liters by 2026. Specifically, the KPI measures the total volume of water consumed across all bottling plants expressed per the total volume of beverages produced.[21]

To move toward this target, we continue to work with our operations teams in alignment with our Water Risk Assessment tool.

Learn more on **page 53**.

Coca-Cola FEMSA Social-Linked Bond
In October 2022, we issued social and sustainability bonds in the Mexican market for a total of Ps. 6 billion —becoming the first non-financial corporation in the Americas and the first company in the Coca-Cola System to issue social bonds. We also became the first company in Mexico's consumer sector to issue sustainability bonds.

This transaction was completed in two tranches: The first social tranche was priced at a fixed rate of 9.95% (Mbono+0.30%) for an amount of Ps. 5,500 million due in seven years; and the second sustainability tranche was priced at a variable rate of TIIE + 0.05% for an amount of Ps. 500 million due in four years.

This initiative enabled us to finance important social projects in alignment with our MARRCO model.

Learn more on **page 41**.

Green Bond Progress Update:
Coca-Cola FEMSA issued its first green bond in the international capital markets in September 2020, which, at the time, was the largest for a Latin American corporation and a first for the Coca-Cola System. As of December 31, 2023, **Coca-Cola FEMSA had successfully allocated 100% of the proceeds of both the Green Bond and Sustainability-Linked Bond to finance or refinance eligible green projects in three main categories: climate action, water stewardship and the circular economy.**

19 If the targets are not met by the specified dates, as verified by an accredited external party, the interest rate of the bonds will increase by 25 basis points.
20 For purposes of these metrics, Coca-Cola FEMSA considered owned and third-party distribution centers managed by the Company. Plants acquired during 2022 will report on these metrics in the 2023 Integrated Report.
21 For example, a WUR of 1.20 indicates that, for every liter of beverage produced, an additional 0.2 liters of water is used to produce it. The measured water is from any source, including municipal water, water wells, surface water or tank water. The description of water sources is aligned with the GRI Standard on reporting total water usage.

Our People

IN THIS CHAPTER:

- **Human Rights**
- **Justice, Equity, Diversity & Inclusion (JEDI)**
- **Integral Wellbeing**

INVESTMENT

Ps. 3,397 million
invested in Our People pillar

"For me, the family of collaborators at FEMSA is the center of everything we do in this organization. If we take care of them – if they are protected and in balance, in terms of all the facets of their personal and professional wellbeing – then they become the most powerful asset we have to best serve our clients, our consumers, our communities, and, in turn, to serve as a key input to FEMSA's model of value creation for years to come."

– Raymundo Yutani,
Vice-President of Human Resources

For detailed 2023 data related to Our People, please see **Sustainability Performance Data** in the Appendix.

At FEMSA, we are committed to the comprehensive development of our more than 392,000 collaborators in 17 countries. We are grounded in our foundational commitment to human and labor rights, and strive to generate respectful, inclusive, collaborative and dignified work environments that constitute the essential support system for the integral wellbeing of our talented people to grow and thrive to their maximum potential.

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

2023 Highlights

3,490 refugees and migrants hired since 2019

88% on FEMSA's Organizational Climate Diagnostic

3rd and 5th consecutive year on the Bloomberg Gender Equality Index for FEMSA and Coca-Cola FEMSA, respectively

Bloomberg Gender-Equality Index 2023 Member

Headcount by Country

Argentina	4,365
Austria	91
Bolivia	20
Brazil	41,890
Chile	14,450
Colombia	24,734
Costa Rica	2,284
Dominican Republic	2
Ecuador	4,512
Germany	4,097
Guatemala	4,184
Luxembourg	45
Mexico	284,066
Netherlands	151
Nicaragua	1,621
Panama	1,711
Paraguay	2
Peru	1,105
Switzerland	1,663
United States of America	221
Uruguay	1,718
Venezuela	36
Total	**392,968**

Human Rights

FEMSA has always been committed to promoting and respecting human rights as well as preventing potential negative impacts towards our collaborators, business partners, suppliers, consumers, and different stakeholders; within our work environments and the communities where we operate. We believe that all people have the right to be treated with dignity. For this reason, we strive to understand and preventively act on impacts that our businesses could potentially have on human rights.

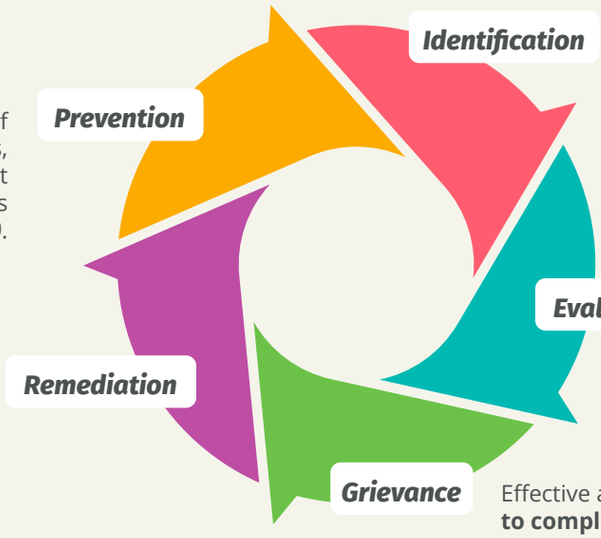
Due Diligence Model

Our Human Rights strategy and management approach is guided by the five stages of our Due Diligence Model *(see figure)*, which was redefined in 2023 in accordance with the **UN Guiding Principles on Business and Human Rights**.

A fundamental part of implementing the Model has been to generate a strategic and effective synergy of all the mechanisms, policies, programs, and strategies that over the years have safeguarded the respect and promotion of Human Rights at FEMSA.

Objective

To uphold our commitment and responsibility to Human Rights by transforming challenges into opportunities, creating business value, and generating a positive social impact.



Identification — Analysis of the **Company's activities** and Human Rights that could potentially be impacted.

Evaluation — Classification and prioritization of **Human Rights** due to our operations and acting on the findings.

Grievance — Effective and agile **attention to complaints** about negative Human Rights impacts detected through formal institutional mechanisms, such as the **FEMSA Ethics Line** *(see page 71)*.

Remediation — Repair and **avoid the repetition** of said negative impacts.

Prevention — Implementation of initiatives, processes, and policies to prevent future Human Rights violations *(see page 70)*.

In July 2023, FEMSA was among the first generation of companies in Latin America to complete the UN Global Compact (UNGC) Business & Human Rights Accelerator.

BUSINESS & HUMAN RIGHTS ACCELERATOR

We take an active role and proactive responsibility within the community, aiming to prevent and respond to both present and future challenges. Among other mitigation actions, we have taken steps forward to the reduction of greenhouse gas GHG emissions, sustainable waste management, and the prevention of potential harm in the communities where we operate.

Part of our due diligence on human rights has led us to focus our efforts with regards to living wages that guarantee an adequate standard of living in the different geographies where we operate. This includes providing decent, optimal and safe working conditions, as well as decent working hours. We prohibit any type of child or forced labor and we always strive to promote respective and collaborative work environments.

Looking forward to the following years, we aim to build up our assessments, continue to strengthen the strategies and policies that we currently have in place to prevent and mitigate, as well as adding the necessary measures to comply with the Due Diligence process. Contributing to our commitment of generating social value, we commit to develop a continuous monitoring and improvement plan in 2024 and the years to come. For this reason, we strive to understand and preventatively act on the direct and indirect impacts that our businesses could potentially have on human rights.

Organizational Climate Survey

We are committed to fosteringing open and transparent communication as well as creating respectful, collaborative and inclusive work environments where our culture, purpose and values drive the development of our people. To that end, listening and comprehending our employes is a crucial component of our business and sustainability strategy.

During 2023, we assessed key drivers of engagement like job satisfaction, company pride, and employee happiness, as well as, factors that include working conditions, potential obstacles to success, and emotional well-being, among others *(see page 93)*. By becoming more resourceful with our Organizational Climate Survey, we gain a deeper insight into our employees' needs and aspirations.

The findings from our 2023 Organizational Climate Survey reveal a positive improvement, with a rate **of 88% employee engagement**. This serves as a strong incentive for us to step up our initiatives in creating work environments that foster a sense of recognition and value for our collaborators. At FEMSA, we focus our ongoing efforts to identify and implement essential improvements to boost the empowerment and enablement of our people.

Justice, Equity, Diversity & Inclusion (JEDI)

At FEMSA, we recognize and embrace the uniqueness of all people, regardless of gender, religion, nationality, sexual orientation, physical condition, or age. FEMSA's Justice, Equity, Diversity and Inclusion (JEDI) Pillar has been in place since 2018. We added an emphasis to **equity** in 2021, and we added a focus on **justice** in 2023 to highlight the importance of offering an organizational environment of fairness where barriers to achieving success are removed *(see figure)*. This evolution reflects the fact that even if injustices have been unconsciously normalized, we still have a role to play in considering the tone of our organizational voice and using our influence to continuously improve, refine, redesign and rebuild.

We believe that by implementing this new and expanded JEDI Model, we not only empower a committed and diverse team to develop to their full potential, but we also drive innovation and new ideas, becoming a stronger organization in the process.

Our JEDI strategy is designed to guarantee that we work every day to recognize and address gaps that can become barriers for everyone to be able to come to work and keep growing at FEMSA. We strongly believe that people have the right to be who they are and because of that, to bring their best to work. The strategy considers different priorities and affirmative actions for continuous improvement, such as reviewing existing systems, policies and procedures, so that we can unlock opportunities and create an environment where everybody feels welcome.

Regarding our Gender Parity Strategy, our corporate goal is to increase female representation in executive management positions by 20 percentage points from the 2020 level (or to reach 40%) by 2030. By the end of December 2023, we had reached 30% – up ten percentage points in just three years since the baseline was set and meeting our internal target for the year early.

Priority Groups
Aligned with our Human Rights and JEDI Strategy, FEMSA strives to promote labor inclusion of minorities and those that might find themselves in a situation of structural vulnerability, including people with disabilities, all ethnic and age groups, refugees and migrants, **among other priority groups**.

With the aim of better focusing our efforts and programs, we included for the first time in 2023 two demographic-related dimensions on our **Organizational Climate Diagnostic Survey** that allowed us to further recognize the individuality of our collaborators.

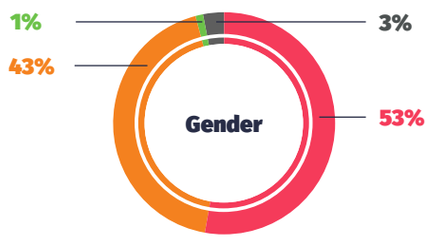
Among the insights from this additional level of inquiry, we learned that **2% of our workforce is of foreign origin**; 3% identify with a non-listed gender identity; and 1% identify as 'non-binary'.

In support of workforce balance across ages and abilities, in 2023 FEMSA hired more than 1,480 older adults and more than 450 people with disabilities. Additionally, since 2019, FEMSA has implemented a refugee inclusion program in collaboration with the UN Refugee Agency (UNHCR). As of 2023, FEMSA hired more than 3,490 refugees and migrants in Mexico (through OXXO's work centers and Distribution Centers, as well as in OXXO GAS), and in Brazil through Solistica. We also have the aspiration to continue building sustainable futures for refugees in communities across Latin America, as announced in December 2023 during our participation in UNHCR's Global Refugee Forum.

Learn more about this work on **page 46**.

Among the insights from this additional level of inquiry, we learned that 2% of our workforce is of foreign origin; 3% identify with a non-listed gender identity; and 1% identify as 'non-binary'.

2023 GENDER DIVERSITY
(internal collaborators)

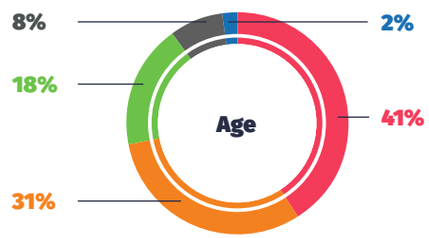


Male	53%
Female	43%
Non-binary	1%
Non-listed	3%

2023 ETHNIC DIVERSITY
(internal collaborators)

Mix of different ethnicities	40%
Indigenous or native	14%
Afro descendant	3%
Asian	1%
Other	20%

2023 AGE DIVERSITY
(internal collaborators)



< 30 years	41%
30-39 years	31%
40-49 years	18%
50-59 years	8%
60+ years	2%

Integral Wellbeing

Ensuring the integral wellbeing and quality of life of Our People and their families is a central cornerstone of the FEMSA's culture – one that is characterized by co-creation and co-responsibility for the benefit of all. We are committed to creating a positive impact for Our People through meaningful actions that allow them to flourish in a holistic way.

In 2023, we updated and re-launched our Integral Wellbeing Model seeking to have a greater focus on the individual, and the elements that foster growth across five key dimensions. Among other updates, the Model now emphasizes psychological wellbeing as an independent dimension; promotes habits that contribute to health; highlights the importance of a diverse, inclusive, healthy, and safe working environment; and helps facilitate new social connections and citizen participation opportunities to drive positive social impact.

To track our effectiveness in supporting collaborators across dimensions, we introduced a new corresponding 2030 corporate goal that aims **to provide a psychosocial support system to 100% of our collaborators**, measured by whether they have access to:

- psychosocial risk diagnostic tool
- Severe Traumatic Events experience tool
- psychologist sessions (in-person or virtual) within the Company
- enablers focused on promoting psychological wellbeing
- protocols and procedures for psychosocial care and monitoring

Based on a weighted compilation of these five indicators, as of 2023, approximately 81% of FEMSA collaborators have access to a psychosocial support system.

Growing Wellbeing for the Future

More than 65,000 FEMSA employees participated in an Integral Wellbeing survey during 2023 that sought to understand employee sentiment around our Integral Wellbeing dimensions and its objectives, as well as to identify improvements, work plans and new initiatives for 2024 and beyond. As a result of this survey, we have so far found a strong correlation between psychological wellbeing and meaningful work and organizational resources. Looking ahead, we will enhance our capabilities, competencies and collaboration opportunities by strengthening communication with our business units, as well as establishing new partnerships with external experts and organizations specializing in wellbeing aspects.

Genoma FEMSA

In 2023, we launched Genoma FEMSA, a collaborative new platform to help us digitize and improve our occupational health system. Among other advantages, the system will allow us to:

- Analyze data in real time from any location, allowing us to identify key trends, patterns and opportunities for improvement;
- Increase the precision of our Health Indicators; and
- Facilitate and upgrade decision-making.

Career Development & Continuous Learning

At FEMSA, we promote a culture of continuous learning and development among our team members and their families by offering training to improve or acquire knowledge and skills. In 2023, more than 9.7 million hours of training were completed by collaborators on topics including human rights, sustainability, health & safety, culture & leadership, ethics & compliance and technical knowledge. Taking advantage of individual evaluation systems, we recognize areas of opportunity and promote our team members' professional development within the organization.

Healthy Body: Expanding a Regional Health System

For more than 100 years, Sociedad Cuauhtémoc y Famosa (SCyF) in Monterrey, Nuevo León, Mexico has offered a wellbeing system for the collaborators of its sponsoring companies, including FEMSA, through programming that promotes collaborator stability, work-life balance and strong family ties through nutritional, medical, recreational and financial services.

In 2023, SCyF signed a collaboration agreement with the Tecnológico de Monterrey Health System (TecSalud) to raise the quality of the local private health system by adding highly specialized medical care. TecSalud will provide comprehensive coverage that includes external services (such as imaging and laboratory needs), as well access to Primary Care Clinics, serving as a health system in the state.

The program is expected to locally benefit more than 3,000 FEMSA collaborators and their immediate family members, allowing for improved medical access and higher levels of specialization. It will also serve as an example for future programs at the intersection of medicine, academia and research.

The collaboration agreement between SCyF and TecSalud is expected to locally benefit more than 3,000 FEMSA collaborators and their immediate family members, allowing for improved medical access and higher levels of specialization.

Our Community

IN THIS CHAPTER:

- Community Wellbeing
- Economic Development
- Sustainable Sourcing

INVESTMENT

Ps. 1,223 million
invested in Our Community pillar

"Investing in people from our communities and their potential today is the best chance we have of building fairer and more prosperous societies. With the combined size, scope and reach of FEMSA, our business units, our Foundation, and our many strategic partners and suppliers, we are a collective force uniquely positioned to create lasting social value through multi-sector collaboration, innovation platforms, and a shared vision for solutions."

– Eva Fernández Garza,
Director of Social Impact

For detailed 2023 data related to Our Community, please see **Sustainability Performance Data** in the Appendix.

Through our workforce, we touch more than 1,000,000 people in some way – when we consider our 392,000 collaborators plus their family members. Our total consumers and clients are more than 270 million and we serve approximately 30 million of them on any given day. With this kind of reach, we know we have a tremendous capacity and opportunity to utilize our own spheres of influence for the positive – to innovate, to transform, to do the right thing and to move forward together in progress.

With a clear direction, through a variety of activities vetted by a cost/benefit perspective, we strive to contribute to the economic and social development of Our Community – from promoting healthy lifestyles and safe surroundings, to fostering community engagement and responsible business practices with our suppliers.

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

2023 Highlights

1,039 community wellbeing initiatives

+356,000 corporate volunteering hours

677,000 units of medications and health products donated to communities in need, equivalent to Ps. +374.8 million

69% procurement purchases in all business units from local suppliers

+20,000 suppliers receiving the FEMSA Share Newsletter monthly to raise awareness on responsible sourcing

Community Wellbeing

FEMSA is focused on driving the wellbeing of the communities where we operate, including supporting clean neighborhoods and engaging locally. Our corporate goal is to reach 20 million beneficiaries of our community wellbeing initiatives by 2030. As of 2023, 1,039 community wellbeing initiatives were completed benefiting more than +2.8 million beneficiaries.

MARRCO

An important part of our social license to operate is based on the relationships we build with our neighbors. Comprised of five steps for managing risks and community engagement, our MARRCO[22] model guides our value-generating engagement activities by revealing unique insights about how our operations impact the community, and vice versa.

In 2023, we continued to expand MARRCO to new geographies across our business units. For example, Coca-Cola FEMSA expanded the implementation of MARRCO to Colombia, taking the opportunity to identify additional criteria customized to local business activities and social contexts.

In our Proximity Division, MARRCO has been implemented throughout all businesses in Mexico, Chile, Colombia and Peru, helping our local teams by building stronger relationships with our communities. Through this methodology, OXXO Mexico, for example, planned and implemented more than 400 local community actions in 2023, such as rehabilitating public spaces and schools, donating groceries for vulnerable groups, launching health campaigns, leading reforestation efforts, and more.

FEMSA Health is deploying the MARRCO model in all its territories of operation (Mexico, Ecuador, Colombia and Chile) to help guide its approach for being a community ally that provides convenient access to health and personal hygiene products and services. In Chile, MARRCO was used in 2023 to develop and launch a "Good Neighbor Manual" as a guide for pharmacies to provide information and tools for supporting clients in more personalized ways, such as guidance on the adequate use of medicines, healthier habits, and vaccination processes, among others.

Other MARRCO-aligned community initiatives during the year included:

- **Retail. Donate Your Change:** As part of the *"Redondeo"* and *"Dona tu Vuelto"* programs, OXXO channeled Ps. 95.17 million to 378 local institutions, Farmacias YZA channeled Ps. 4.04 million to 13 local institutions; and Maicao and Farmacias Cruz Verde in Chile collected Ps. 1.62 million CLP for 2 organizations.
- **Coca-Cola FEMSA. *Escuelas de lluvia*:** Through this program, Coca-Cola FEMSA provides clean water to Mexico schools affected by water scarcity through the installation of a rainwater harvesting system and the implementation of an environmental education program. In 2023, eight rainwater harvesting systems were installed across four Mexican states and supported the hygiene of 2,400 students.
- **Retail. Food Bank Donations:** OXXO donated more than 25,000 kg of food to different food banks in 2023. For example, in Tapachula, Chiapas, MX, to support migrants passing through that Municipality, more than 9,000 kg of food were donated benefiting more than 14,000 migrants directly.
- **Retail. Product Donations:** More than 677,000 total units of medications and other products – an amount equivalent to more than Ps. 58 million – were recovered and donated to communities in need by Farmacias YZA, Socofar, Cruz Verde, Corporación GPF.
- **Retail. Free Medical Consultations:** More than 6,500 free medical consultations were provided to community members by Farmacias YZA healthcare professionals for the prevention and treatment of illnesses and/or the early detection of certain health conditions.

22 *Metodología de Atención a Riesgos y Relacionamiento Comunitario* (Risk Attention and Community Relations Methodology).

Emergency Relief: Hurricane Otis

An important part of our focus on community wellbeing includes contributing to safe surroundings and supporting clean neighborhoods. At the end of October 2023, residents of Guerrero, Mexico suffered catastrophic damage from category 5 Hurricane Otis, including life-threatening storm surges, destruction of buildings, severe flooding, loss of power, and more than 100 people dead or missing.

In the immediate days that followed, multiple FEMSA teams sprang into action to help, including Coca-Cola FEMSA, OXXO, OXXO GAS, Farmacias Yza, Spin by OXXO, Fundación FEMSA, and Solistica.

Two *"Ven por Agua"* water purification vehicles filled nearly 6,000 20-liter jugs of drinking water for residents, in coordination with municipal authorities and the National Guard. 150 Coca-Cola FEMSA collaborators distributed 126,000 liters of bottled water, 3,000 hygiene kits, and 3,000 grocery packages to affected community members. OXXO delivered 7,600 sets of food pantry supplies, 6,000 hydration packages, and more than 5,500 bottles of water.

In coordination with Fundación FEMSA, Spin by OXXO, Spin Premia, and our strategic partner, VISA, we donated more than US$ 200,000 to World Vision México, an amount that represents 1% of purchases made with our Spin by OXXO card in a certain timeframe during the contingency, as well as the generosity of more than 10,000 customers who contributed through their Spin Premia points, which were then doubled by the loyalty program.

We are also committed to helping rebuild what was lost. Coca-Cola FEMSA will invest US$ 33.4 million to help rebuild its facilities' infrastructure, including the manufacturing plant and distribution centers. OXXO will also invest more than US$ 46 million to rehabilitate shops and provide funds for community support.

In response to Hurricane Otis disaster, two *"Ven Por Agua"* water treatment vehicles were activated, each of which can process up to **48,000 liters of water per day**.

Community Wellbeing Spotlight: Fundación FEMSA's Vision for Early Childhood

Fundación FEMSA is committed to improving the development of children in Latin America from gestation to age six by enhancing interactions with their caregivers, improving public spaces and supporting policies that promote their wellbeing.

To ensure that early childhood is a priority within the regional agenda, it is important that we have the information that can challenge the assumptions of the status quo. For this reason, in 2023, Fundación FEMSA partnered with the Tecnológico de Monterrey to inaugurate a first-of-its-kind academic center in Monterrey, Mexico, focused on boys and girls in the first five years of their life. **The Early Childhood Center** aims to be a bridge connecting sectors, disciplines and regions who face aspects of the same challenge, thus creating common ground from which new ideas and solutions can flourish, and where the youngest members of our society can be empowered from their first years of life.

The Center works along four axes:

- **Research**, to promote transdisciplinary science with regional impact;
- **Education**, to train key actors in the Early Childhood ecosystem;
- **Linkages**, to create new connections and relationships between different actors of the ecosystem (i.e., organizations, civil associations, foundations and governments); and
- **Scientific Communication & Dissemination**, to translate knowledge and evidence about early childhood.

Nurturing Public Spaces

Fundación FEMSA is also committed to promoting safe spaces where children can spend quality family time. In 2023, we inaugurated 53 public spaces in nine countries in Latin America, serving more than 118,700 children and their families. Each space is built with the community at the center of its design, incorporating elements of sustainability and permanence so as to become a special part of many lives for years to come.

Learn more about
the importance of our public spaces

Community Wellbeing Spotlight: Catalyzing Change through Arts & Culture with Fundación FEMSA

Through its Arts & Culture program, Fundación FEMSA is passionate about engaging the arts as a catalyst for thought-provoking dialogue and social change for the wellbeing of all people and the betterment of society.

The program has two clear focus areas:

1. Demonstrating how the arts can make a positive social impact by uniting people in our communities and creating empathy; and
2. By promoting and preserving the unique appreciation of the arts in Latin America through multiple cultural activities during the year.

We seek to bring art to communities by creating spaces for self-reflection that increase engagement opportunities. For example, for more than 45 years, the FEMSA Collection has sought to promote the cultural and artistic appreciation of modern and contemporary artistic production in Latin America during the twentieth and twenty-first centuries. The Collection comprises 1,320 works from 786 artists, which we are proud to share with our diverse communities through special exhibitions and loan programs.

51st International Cervantino Festival

In 2023, as part of the *Festival Internacional Cervantino* – the largest cultural festival in Latin America – the FEMSA Collection presented an exhibition curated at the Casa Diego Rivera Museum in Guanajuato, Mexico, celebrating the power of food as an element of social cohesion and human development.

Titled, *"Knowing the world with your mouth, without being stung by thorns,"* the exhibition invited visitors on a journey of culinary heritage, exploring foods characteristic of Mexican and Latin American cuisine while also examining their close relationship with the care of their bodies. Fittingly, the inauguration coincided with the celebration of World Food Day on October 16th.

Comprised of 41 works, the exhibition included both masterpieces from the FEMSA Collection, as well as more contemporary works from diverse artists

and groups. The curatorial exercise was designed with the objective of presenting FEMSA Collection works in dialogue with works by artists of different generations and backgrounds, many of them emerging creators.

OXXO and Coca-Cola FEMSA joined Fundación FEMSA at the festival as sponsors, and the exhibition ran through February 18, 2024. Visitors had the opportunity to enjoy the exhibition's unique experiences and installations, such as being able to visit a 1950s-era kitchen, taste cookies thematically decorated with literary phrases, and reflect on gender roles and the spaces we inhabit while we eat.

Economic Development

In line with the capabilities of each business, we contribute to the economic, labor, financial and digital inclusion of the members of communities where we operate through our actions, partnerships, products and services. This includes purchasing from local suppliers, promoting entrepreneurship by investing in start-ups, and supporting the professionalization of the informal or non-institutionalized segments of the industries in which we participate.

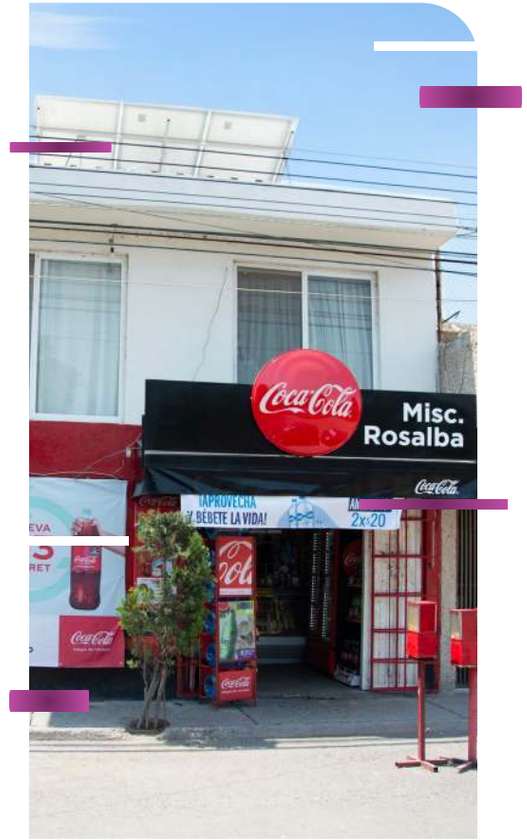
Renewable Energy Solutions EMERGE

FEMSA strives to support the small and mid-size (SME) enterprises in our value chain and to form innovative alliances that support both economic development and sustainability objectives. For example, in Mexico, Coca-Cola FEMSA has more than 600,000 small retail business customers who may have little access to financing when unplanned expenses or challenges arise. At the same time, their electricity bills can represent a relevant expense of their monthly operational costs, every month, making it difficult to save or reinvest funds into their business or family.

To address this issue, Coca-Cola FEMSA continues to support and expand the EMERGE *(Empresas Minoristas con Energía Renovable y Generación Eléctrica)* initiative, which was initially launched the prior year with German Cooperation for Sustainable Development (GIZ).

EMERGE facilitates an innovative crowdfunding financing mechanism to provide small businesses with photovoltaic solar systems for their stores which efficiently delivers a reliable source of renewable electricity, cut monthly costs, and reduce the greenhouse gas emissions associated with their operations.

In 2023, we continued to work toward our goals to install more solar systems, implement new capacity building programs and reduce our value chain emissions. *(see figure)*.



2023 Progress Year-to-Date

- **54** solar systems installed
- **10** retail businesses trained
- **20** solar installers trained
- **202** tonnes of CO_2e avoided in 2023

Building Sustainable Communities for Refugees

With the intent to continue building economic development opportunities and sustainable futures for refugees, in December 2023 FEMSA participated in the UN High Commissioner for Refugees (UNHCR) Global Refugee Forum – the most important international gathering in support of refugees and host communities.

In conjunction with the Forum, we announced our aspiration to directly or indirectly benefit more than 27,000 refugees in Mexico and Latin America by 2027. Leveraging the accumulated experience of the UNHCR and FEMSA, we will work to achieve this goal by mobilizing our collective financial, human, and technological capital to:

1. **Promote** the development of priority local communities with refugees through projects that generate increased welfare, based on needs identified by the communities themselves.
2. **Secure** better access to rights for refugees by strengthening the spheres of influence among strategic stakeholders, including the FEMSA community, our customers across our business units, public actors, and the private sector.
3. **Expand** access to jobs and sustainable livelihoods for refugees, including facilitating access to decent work that allows them to meet their needs and those of their families, protect their dignity, achieve resilience, and empower them to shape their future.

Since 2019, FEMSA and UNHCR Mexico have worked together to provide job opportunities to hundreds of refugees in Mexico. For example, OXXO's labor inclusion strategy promotes the employability of refugees from diverse countries, including Haiti, Honduras, El Salvador, Cuba, the USA, Venezuela, Colombia, Guatemala, Nicaragua, among others, with an average age range of 21 to 40 years, of which 59% are men and 41% women.

Learn more about FEMSA's strategy for the labor inclusion of Our People on **page 31.**

"By facilitating employment opportunities and recognizing the potential of refugees as our customers and consumers throughout our value chain, we strengthen their integration and inclusion in communities and contribute to closing gaps in Mexico and Latin America."

- Roberto Campa,
Vice-President of Corporate Affairs, FEMSA

Sustainable Sourcing

At FEMSA, we strive to ensure that our +27,500 suppliers operate with ethics and integrity, as well as with reduced environmental and social impacts generated by our commercial interactions, thereby strengthening the sustainability of the entire value chain. This includes engaging our suppliers and business partners on sustainability issues so that we can identify and share best practices.

Through our Sustainable Sourcing Committee, which works closely with FEMSA's Procurement function, we encourage the reduction of greenhouse gas emissions along our value chain through alignment with our own environmental sustainability practices. For example, we:

- **Increase** the use of renewable energy among suppliers (including promoting distributed generation from local renewable point sources as opposed to centralized generation from power plants) through training and capacity building, including sharing recommendations, success stories and example business cases.
- **Promote** the adoption of science-based targets among suppliers through knowledge sharing and relationship management, including by facilitating direct connection with, and support from, the Science Based Targets Initiative (SBTi), as well as providing guidance and best practices on the SBT methodology for reducing emissions.
- **Encourage** the adoption among our suppliers of the Consumer Goods Forum's "Golden Design Rules" for the design of plastic packaging, created to accelerate progress towards using less and better plastic

Learn more on **page 57.**

During the year, the Sustainable Sourcing Committee also continued to support FEMSA's ambition to "buy local" for our procurement needs to not only contribute to the economic and social development of the communities where we operate, but to also minimize the environmental impact of merchandise transportation.

Our 2030 corporate goal is for at least 90% of procurement purchases in our business units to be from local[23] suppliers, and as of 2023, we reached 69%, up from 67% in 2022.

Supplier Engagement
Our **Supplier Guiding Principles** are based on FEMSA's Code of Ethics and other related internal regulations. They contain the minimum expectations that we require of our suppliers in the areas of Human & Labor Rights, Sustainability, Culture of Lawfulness, and Information Security. The Guiding Principles are communicated externally by the procurement teams of our business units.

23 A purchase is considered "local" when the work center that makes the purchase and the seller are in the same country (i.e., same tax registry).

We also use the Principles as the basis for additional supplier engagement that further informs our program. For example, in 2023, FEMSA Health carried out a survey to a subset of its suppliers in Chile, including suppliers classified as “critical,” to understand their advances and commitments about sustainability and climate action. We learned that global companies are typically more advanced in these topics, whereas small- and medium-sized companies need additional understanding and support to develop their sustainability agendas. The survey revealed these and other insights that will now help us tailor our engagement strategies to provide additional support to suppliers on sustainability issues.

We also make a point to engage with our suppliers in multiple ways, from in-person opportunities to ongoing relationship management and the dissemination of important communications. We hosted the **Procurement Community 2023**, our annual supplier event, in which more than 100 Tier 1 suppliers joined us to participate in discussions on how we can collaboratively work together to address pressing ESG challenges while improving operations.

Among other efforts to strengthen our supply chain capacities, in 2023, we also expanded the reach of our monthly FEMSA Share Newsletter, increasing communication from 200 to more than 20,000 suppliers to raise awareness of the relevance and value of responsible sourcing based on best practices. The Newsletter includes a recurring section called "Sustainable Supply Corner," intended to highlight FEMSA's most relevant sustainability priorities and to raise awareness of the urgency of acting collaboratively to generate a positive impact in the communities where we are present.

Recent topics have included the benefits of electric mobility in the supply chain (i.e., the incorporation of electric vehicles) and the use of renewable energy. This space also seeks to inform suppliers about the pillars, approaches, actions, goals and progress of the FEMSA Sustainability Strategy as a way to educate, inspire, mobilize action and invite participation and collaboration along our value chain.

Sustainable Purchasing Guide

In the same way that we guide our external suppliers to comply with the Supplier Guiding Principles, we also dedicate efforts to strengthen our internal sourcing practices according to expected sustainability criteria. In 2023, we launched a new “Sustainable Purchasing Guide” for FEMSA and our business units, targeted to all procurement specialists and any position responsible for the sourcing, bidding and acquisition of goods and services, such as uniforms (including footwear and clothing), printed materials for marketing, hotels and packaging. The document serves as a:

- **Tool** that defines sustainable purchasing, its benefits, and the criteria and recommendations for responsible sourcing decisions;
- **Guide** for evaluating sustainability standards based on labeling and certifications; and
- **Source** of generating new ideas and conversations with our suppliers for future sustainability engagement efforts and projects.

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Our Planet

IN THIS CHAPTER:

- **Climate Action**
- **Water Management**
- **Circular Economy**

INVESTMENT

Ps. 728 million invested in Our Planet pillar

"To us, *Rooted Sustainability* means embedding sustainable thinking into every decision, process and action we take, in ways that not only consider short-term gains, but more importantly, long-term aspirations for lasting value creation. Having it as one of the six priorities of our corporate strategy allows our collaborators and members of our value chain to recognize its importance, creating a foundation upon which we can work together to contribute solutions to complex sustainable development challenges."

– Victor Manuel Treviño Vargas, Director of Energy and Sustainability, FEMSA

For detailed 2023 data related to Our Planet, please see **Sustainability Performance Data** in the Appendix.

2023 Highlights

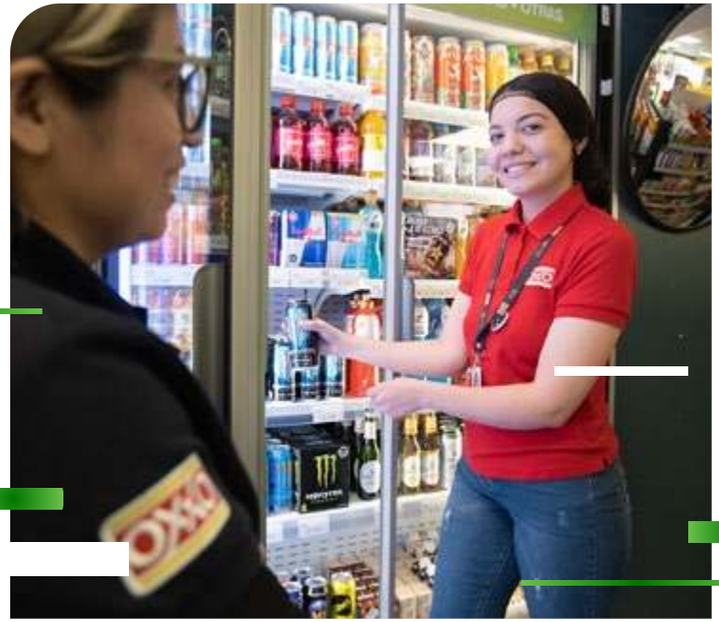
62.4% of FEMSA's total electricity needs covered by renewable energy, avoiding approximately 762,951 tonnes of CO_2e

+15,300 FEMSA sites powered with renewable energy, including +8,000 solar panels

73.4% of operational waste diverted from landfills

37% of raw materials of products and packaging of recycled origin

33% recycled PET used on average across Coca-Cola FEMSA's plastic bottle presentations



Climate Action

We recognize that climate change is one of the most important sustainable development challenges facing the world, and we are committed to supporting its mitigation by avoiding and reducing the emission of greenhouse gases (GHGs) into the atmosphere. To do this, we are reducing GHGs generated by our operations and supply chains, including through energy efficiency and renewable energy, as well as strengthening the sustainability of our transportation fleet.

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

FEMSA's Carbon Footprint Defined

Scope 1
Direct GHGs that occur from sources controlled or owned by an organization, e.g.:

- Stationary combustion
- Process emissions
- Owned fleet (mobile combustion)
- Refrigerant gases (fugitive emissions)

Scope 2
Indirect GHGs from an organization's purchase of electricity, steam, heat, or cooling, e.g.:

- Stores
- Plants
- Distribution centers
- Offices

Scope 3
The result of activities from assets not owned or controlled by the organization, but that the organization indirectly affects in its value chain, e.g.:

- Subcontracted fleet
- Ingredients: sugar, coffee
- Packaging: PET, aluminum, glass, labels
- Business travel

Science Based Targets

FEMSA is currently working to establish greenhouse gas (GHG) emissions reduction targets approved by the **Science Based Targets initiative (SBTi)** for all FEMSA business units individually, following the early adoption and leadership of Coca-Cola FEMSA, which was the first Mexican company and the third in Latin America to obtain SBTi approval in 2020.

On the journey towards the application and eventual approval of the SBTi, all FEMSA business units have dedicated significant efforts to the meticulous development of greenhouse gas (GHG) emissions inventories, complemented by detailed strategies for their reduction. These efforts are aligned with the development of short-term objectives, which include the implementation of annual key performance indicators (KPIs) and the execution of specific and measurable mitigation plans. This systematic approach reflects our unwavering commitment to sustainability and environmental responsibility, marking a decisive step towards our goal of significantly reducing our carbon footprint.

The SBTi has validated that the targets submitted by FEMSA Health conform with its criteria and methodologies. FEMSA Proximity will apply for SBTi approval in 2024, following work on its Forest, Land, and Agriculture (FLAG) emission calculation that was completed in 2023.

Coca-Cola FEMSA Performance on SBT[24]

	2021	2022	2023	2030 Goal
Reduce absolute scope 1 and 2 GHG emissions from our operations by 50% by 2030, compared with a 2015 baseline year	28%	29%	**29%**	50%
Reduce absolute scope 3 GHG emissions from the value chain[25] by 20% by 2030 compared with a 2015 baseline year	14%	17%	**19%**	20%
Achieve 100% renewable electricity for our operations by 2030	53%	66%	**77%**	100%

FEMSA Health received SBTi approval for the following 2030 science based targets, against a 2021 baseline:

- **Reduce** absolute Scope 1 and 2 GHG emissions from operations by **45%**; and
- **Reduce** absolute scope 3 GHG emissions from purchased goods and services, upstream transportation and distribution, and waste generated in operations by **25%**.

Renewable Energy

FEMSA's corporate goal is to reach 85% renewable energy use across our operations by 2030. As of 2023, our renewable energy projects covered 62.4% of our total electricity needs and avoided approximately 762,951 tonnes of CO_2e. FEMSA Health achieved more than 19% renewable energy for its total power consumption, following the implementation of solar and wind technologies in its operations in Ecuador and Mexico, as well as a supply of clean energy to several sites and offices in Chile. Coca-Cola FEMSA covered 77% of its total energy needs for manufacturing and distribution in 2023 with renewable energy sources, with a goal to reach 100% by 2030.

24 Performance reflects all Coca-Cola FEMSA operations and is calculated based on the SBTi.
25 Covering purchased goods and services and upstream transportation and distribution.

As part of our efforts to reach our renewable energy goals, FEMSA has signed long-term agreements with strategic partners for the use of renewable energy, primarily from wind farms in Mexico, but also from alternative technologies such as hydro and solar power. Thanks to these arrangements, as of 2023, more than 15,000 sites across FEMSA's business units are now powered with renewable energy from multiple sources, including an aggressive program of distributed generation of more than 8,000 solar panels installed at 72 drug stores, three Health Division distribution centers, and many others.

Regulatory uncertainty and limitations pose a challenge to long-term planning around the private procurement of renewable energy. Nevertheless, we know that to reach the ambitious targets of 85% and 100% for FEMSA and Coca-Cola FEMSA, respectively, increased efforts will be required, given the complexity of our business and our geographic footprint. Looking ahead, we will continue to work with our strategic partners to increase renewable energy access and generation, such as securing new distributed generation solar power purchase agreements (PPAs) for our distribution centers.

Since 2015, we have significantly increased the use of renewable energy across all our business units. Visit our microsite, **https://energia.femsa.com/** to view progress in real-time against goals, including the percentage of renewable energy per business unit.

Sustainable Mobility

With a focus on vehicle efficiency, environmental stewardship, and safety, the Sustainable Mobility program of FEMSA and our business units seeks to promote the use of electric vehicles to reduce GHG emissions and other polluting gases.

In recent years, Coca-Cola FEMSA and Solistica have been developing efficient transportation initiatives to further guarantee the transition to clean energy and advanced optimization throughout their supply chains. Coca-Cola FEMSA's strategy aims to reduce the impact of its fleet on the supply chain (including primary and secondary distribution trucks), while Solistica continually works to reduce the carbon footprint of its Transportation Operations (LTL) through more efficient vehicles, electric vehicles and even the use of zero-pollution electric bicycles for urban distribution.

In 2023, Coca-Cola FEMSA and Solistica teamed up in Colombia to acquire a modern fleet of tractor-trailers powered by compressed natural gas (CNG) for vehicles, with which it is expected to reduce particulate matter emissions by up to 99% (PM 2.5), as well as CO_2e emissions by up to 30%. The vehicles comply with the Euro 5 emissions standard, focused on reducing polluting emissions, and have an original set of 260-liter CNG tanks to guarantee a range of up to 750 kilometers and a load capacity of up to 34,000 kilos, depending on road conditions.

Empowering a sustainable future through innovative electric mobility solutions

In 2023, FEMSA and Coca-Cola FEMSA collaborated with Chinese manufacturer, BYD, to create a new electric truck prototype for the beverage industry, based on specific requirements from Coca-Cola FEMSA to be able to distribute beverages at points of sale via various road conditions in Mexico. Aligned with safety standards from both Coca-Cola FEMSA and The Coca-Cola Company, it was designed for low-bed pallets and runs on a battery with a charging time of between 1.5 and 2 hours. The prototype began an eight-month pilot program beginning in October 2023, and if it performs as expected, it will help Coca-Cola FEMSA comply with its Emissions Reduction targets set by the SBT initiative.

For more information on FEMSA's analysis of climate-related risks and opportunities, see **page 73**.

Coca-Cola FEMSA is driving the beverage industry toward electro-mobility with 530 electric vehicles in its fleet.

Water Management

Recognizing the vital role water plays in our operations, we prioritize its responsible use and conservation. Emphasizing a collaborative approach, we actively share best practices in water management among our various business units, fostering a culture of environmental stewardship.

During 2023, we analyzed our water risks and established mitigation plans for 100% of Coca-Cola FEMSA operations. We also completed a risk analysis of our operations in water stressed areas.

Replenishment

FEMSA's corporate goal is to achieve neutral water balance in all our operations by 2030, and as of 2023, we reached 81% toward this goal. It is vital for us to incorporate watershed resiliency as a key part of our strategies to ensure that we can continue sustainably operating for the long term. In 2023, we built on the methodology we had previously established to assess and quantify the total water replenishment projects and activities being carried out by business units across FEMSA.

Coca-Cola FEMSA's goal is to continue to reduce water consumption and to return to both communities and the environment the same amount of water used on beverage production, with sustainable financing instruments, such as a Green Bond issued in 2020, and the Sustainability-Linked Bond launched in 2021 (see page 30). By 2030, Coca-Cola FEMSA's ambition is to replenish 100% of the water used in its beverages, focusing on medium and high stress sites.

- **17.4%** enhancement in Coca-Cola FEMSA's water efficiency since the 2016 baseline
- **Over 100%** of the water used in Coca-Cola FEMSA's beverages was replenished in 2023

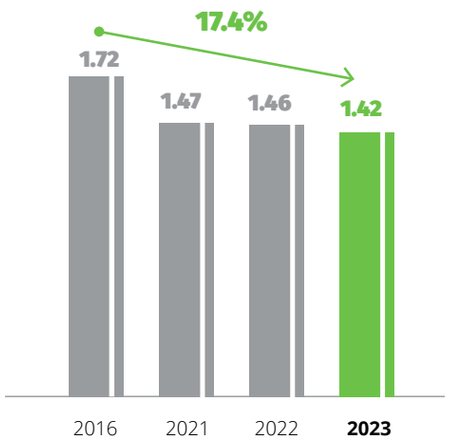
Coca-Cola FEMSA's Water Risk Assessment Tool

To sustainably manage water resources, Coca-Cola FEMSA uses a Water Risk Assessment tool aligned to ISO 31000 for risk management and to our **MARRCO model**, which enables social intelligence to generate respectful and beneficial relationships with the communities where we operate. In 2023, the tool was strengthened by adding new elements from the Sustainability Accounting Standards Board, the World Resource Institute's Aqueduct Water Risk Atlas and the Water Risk Monetizer from Ecolab, among others.

The tool aims to identify the root causes of water-related risks, such as water scarcity, treatment or discharge, regulatory non-compliances, or other challenges that could cause a total or partial shutdown of operations at the plant level or in the water supply. The tool also considers biodiversity components and climate change vulnerability. The identification of threats and their evaluation methods are carried out at least once per year and must be proportional to the nature and scale of the plant's operations.

Efficiency

We are also committed to using water efficiently, as it is not only an indispensable element for our business operations, but for the socioeconomic development and wellbeing of the communities where we operate. Coca-Cola FEMSA's primary tool to reduce the impact on water reservoirs of our operations is to use less of this resource to produce beverages, tracked by the water use ratio (WUR), or liters of water required per liter of beverage produced.



COCA-COLA FEMSA WATER EFFICIENCY
Liters of water per liter of beverage produced

We are continually seeking to have best-in-class water risk management practices and to develop accompanying action plans that optimize water efficiency across our operations and supply chain. For example:

Coca-Cola FEMSA has invested more than US$ 13.5 million on water efficiency programs through its Green Bond and more than Ps. $29 million MXN through its Sustainability-Linked Bond to improve water efficiency to an industry leading level of 1.42, down from 1.47 in 2021 *(see figure).*

OXXO completed an analysis of more than 15,000 stores to identify best practices in water management. As a result, specific checklists were developed and implemented to identify and prevent water leakage, assure water tank conditions, verify osmosis treatment systems, and other actions to monitor and control our water footprint.

Farmacias YZA in Mexico, thanks to knowledge and experience shared by OXXO, installed 47 condensate water recovery systems to collect water from coolers for reuse as irrigation of green areas near our points of sale. Thanks to this effort, in 2023 we were able to reduce the water consumption from municipal water supplies by more than 1,029,300 liters.

In 2023, Coca-Cola FEMSA committed to the **CEO Water Mandate**, a commitment platform for business leaders and learners to advance water stewardship by committing to action in six key elements – including supply chain and watershed management, as well as community engagement, among others – as well as reporting annually on progress in water stewardship, including on water practice and performance.

WE SUPPORT CEO WATER MANDATE

Water Management Spotlight: Fundación FEMSA's Fight for Water Security

30% of the world's water suitable for human consumption is in Latin America, but 160 million people in the region do not have access to it. Fundación FEMSA plays a critical role in bringing together public, private and civil society actors to find new ways to improve water access as well as to address related barriers, such as inefficiencies, lack of governance and resistance to change.

In March 2023, within the framework of the United Nations Water Conference, held in alignment with World Water Day, Fundación FEMSA participated in multiple events focused on identifying nature-based solutions to water security challenges. Showcasing the power of art for behavior change through **Lazos de Agua** program, and leveraging the innovative solutions of **Source of Innovation** initiative, we inaugurated the first edition of "Waves of Change," a series of forums to highlight the important role of Latin America in the global water action agenda. As part of the launch, Fundación FEMSA announced an investment of US$ 22 million dollars by 2030, with the hope of increasing that amount five-fold with partner organizations in Latin America and the world who share our vision.

Celebrating 15 Years of Sustainable Water Management

The Water Center for Latin America and the Caribbean – a research and innovation hub focusing on sustainable water use and management issues – celebrated 15 years of operation in 2023 following its 2008 establishment as a strategic partnership between the Tecnológico de Monterrey, Fundación FEMSA and the Inter-American Development Bank. In that time, the Center has supported everything from technology development and innovation projects to wastewater analysis, including a water plan for the city of Monterrey. The Center celebrated the milestone with a variety of conferences under the theme, ***The Future of Water***, covering topics such as water in a changing climate, and gender and human rights to water and sanitation.

"We're very proud to recognize this story of transformation and conviction that began by visualizing a world full of possibilities, with a dream of changing the game together."

- Lorena Guillé-Laris,
Director of FEMSA Social Investment and advisor of Fundación FEMSA

Circular Economy

To support the environmental health of our communities, FEMSA's sustainability strategy includes a focus on the adoption and promotion of the principles of the circular economy, especially through proper waste management, recycling and preventing waste from reaching sanitary landfills. We also seek the elimination of single use non-recyclable plastic from our operations.

Reducing & Eliminating Operational Waste

Our corporate goal is to achieve 100% diversion of operational waste from landfills by 2030. We also have a Sustainability Performance Target (SPT) to reach 65% diversion of operational waste from landfills by 2025 as part of our Sustainability-Linked Bond. We achieved our 2025 SPT early, reaching 68.7% in 2022 and we continued toward our 2030 target in 2023 by reaching 73.4% of total operational waste diverted from landfills.

For more information on our SPTs, please see **page 29.**

In 2023, we took steps toward better waste management, including a readjustment to 38 waste collection service providers who offer services more closely aligned with our priorities. We also advanced strategies across our business units. In the Retail division, for example, OXXO stores increased waste diverted from landfills to 16%, up from 8% in 2022, through various initiatives, such as avoiding +100 tonnes of plastic waste by promoting thermos refills. Similarly, OXXO Distribution Centers (CEDIS) diverted 79% of waste from landfills, surpassing the goal to reach at least 75%. FEMSA Health quantified 100% of the waste generated in its operations, reaching 42% waste diverted from landfills.

Business Unit Spotlight: Coca-Cola FEMSA

In 2023, Coca-Cola FEMSA stood out among FEMSA's business units for its achievement of diverting 98.5% of its operating waste from landfills and 84% of its manufacturing facilities have already earned Zero Waste (ZW) certification. Coca-Cola FEMSA's distribution center (CEDI) in Belén, Costa Rica, also became the first certified Latin American CEDI as ZW, based on the internal standards of The Coca-Cola Company, which promotes the circular economy through the reuse, recycling and reuse of waste generated by the operations of its bottlers.

The certification from The Coca-Cola Company was made possible thanks to the commitment of more than 300 Coca-Cola FEMSA collaborators, who changed their own processes and behaviors to incorporate sustainability into their day-to-day work. Suppliers and visitors to the CEDI were also involved in this process. Replicating the practices learned in the production plants throughout different countries has served to guide this effort that will continue to grow to more locations in the coming years.

Coca-Cola FEMSA has increased returnable volume by almost 25% over the past six years, supported by the expanded coverage of the 2.5-liter refillable universal bottle to its territories.

Coca-Cola FEMSA's Circular Economy Strategy

Elements	Key Performance Indicators	2023 Status	2023 Highlight
1. Collection	100% collection of the PET bottles we place in the market by 2030	31%	**60K tonnes additional capacity from SustentaPET and 15 new collection centers in MX, AR and GT**
2. Recycled Resin	50% recycled resin in our packaging by 2030	33%	**PLANETA: 50K tonnes of PET processed in a new plant projected to start in 2024 in Southeast, MX**
3. Operational Waste	100% of bottling plants and 100% of distribution centers (CEDIS) certified as ZW by 2025 and 2030, respectively	84% bottling plants; 1% CEDIS	**First distribution center certified ZW in Belén, Costa Rica**

Following the Golden Rule

2023 was the first full year of FEMSA's membership in the Consumer Goods Forum (CGF), following our initiation at the end of October 2022. We have been pleased to join with other retailers, manufacturers, and service providers during the year to engage in the global, cross-value chain perspective that is helping us collaboratively work toward securing long-term, sustainable business growth.

Through its Coalitions of Action, the CGF and its members focus on the most important risks and opportunities facing our industry, aligned with the UN SDGs. Many issues also align directly to FEMSA's own priority issues of our Sustainability Framework. OXXO participates in the CGF Plastic Waste Coalition of Action, which is working toward a circular economy by eliminating plastic waste on land and sea. Coalition members have aligned on a set of nine voluntary, independent and time-bound "Golden Design Rules" for packaging design to increase the circularity of packaging portfolios where possible. Each Rule is aligned to specific overarching objectives related to eliminating unnecessary packaging, increasing the recycling value for packaging, and improving the environmental performance of B2B packaging, among others.

OXXO participates in the CGF Plastic Waste Coalition of Action, which is working toward a circular economy by eliminating plastic waste on land and sea.

Circular Economy Spotlight: Fundación FEMSA Works Toward a Future Without Waste

According to the World Bank, at least a kilogram of waste is generated per person, per day in our world today – and there are approximately 667 million inhabitants in Latin America alone.

In support of the circular economy in regions where we have a presence, Fundación FEMSA focuses on understanding how we can stop the post-consumption leakage of waste into the environment (particularly at the collection and disposal stages) by identifying solutions that support a clean and healthy environment for current and future generations.

For example, in 2023, in cooperation with ***Tulum Sostenible***, among other partners, we began the second phase of the *Puntos Limpios Tulum* program, deploying a comprehensive environmental education program for more than 3,200 local students in five primary schools and two high schools, along with the gathering and recycling components of the program.

Approximately 700 households in 12 neighborhoods of Tulum, Quintana Roo, Mexico where the 12 *Puntos Limpios* sites are located, were also

reached through a campaign to promote the use of the existing waste collection and recycling infrastructure. With this greater awareness, the sites collected a total of 16.7 tonnes of waste for recycling during the year. In addition, our sister program on the coast of Oaxaca, Mexico, called *Comunidad Nit*, added two new collection points, which collected and recycled a total of 13.5 tonnes of waste material.

SCHWAB FOUNDATION
FOR SOCIAL ENTREPRENEURSHIP

Fundación FEMSA was proud to be incorporated in 2023 as a new member of the **Schwab Foundation's Global Alliance for Social Entrepreneurship**, an initiative in partnership with the World Economic Forum. This multi-stakeholder coalition focuses on thematic workstreams that advance the field of social innovation, including the crucial role of social enterprises in the circular economy and the risks and opportunities of social impact in circular business models.

Governance

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

IN THIS CHAPTER:

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

FEMSA GOVERNANCE STRUCTURE

Our governance structure is the foundation for our value creation. We aim to have the right leaders, teams, tools, policies and feedback mechanisms in place across the organization, with tiered levels of accountability.

For detailed 2023 data related to Governance, please see **Sustainability Performance Data** in the Appendix.

Our Board of Directors

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

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

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

FEMSA's current Board of Directors was elected at our Annual General Meeting (AGM) held on March 31, 2023. Since 2022, shareholders have the ability to vote for each individual director, rather than as a slate. Directors are appointed for a term of one year and are eligible for re-election of their term. The Board of Directors is also assisted by one Secretary (non-member) and one alternate Secretary (non-member). José Antonio Fernández Carbajal has been Chairman of the Board of Directors of FEMSA since 2001.

Our bylaws provide that the Board of Directors shall meet at least once every three months and the resolutions of the Boad of Directors must be approved by at least a majority of the directors present and voting. The Board of Directors elected in the AGM on March 31, 2023 had five meetings during 2023 and until February 2024, with an average board meeting attendance of 97.5%.

We periodically review and evaluate our governing bodies, including our board and committees, for compliance with corporate governance best practices in terms of structure, operation, diversity and experience, in order to manage their performance. The Board of Directors periodically performs a self-assessment to help the Board's governance performance and practices.

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

Board Committees

FEMSA's Board of Directors is supported by three committees with different areas of responsibility and oversight. According to their respective areas of focus, these committees provide expert advice and recommendations on strategic issues critical to the success of the Company. The Committees' recommendations are submitted to the Board of Directors for consideration and approval. The current members of each board committee were elected at our AGM on March 31, 2023.

Learn more.

Audit Committee

Chairman: Víctor Alberto Tiburcio Celorio

Roles and responsibilities

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

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

Functioning

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

Operations & Strategy Committee

Chairman: José Antonio Fernández Carbajal

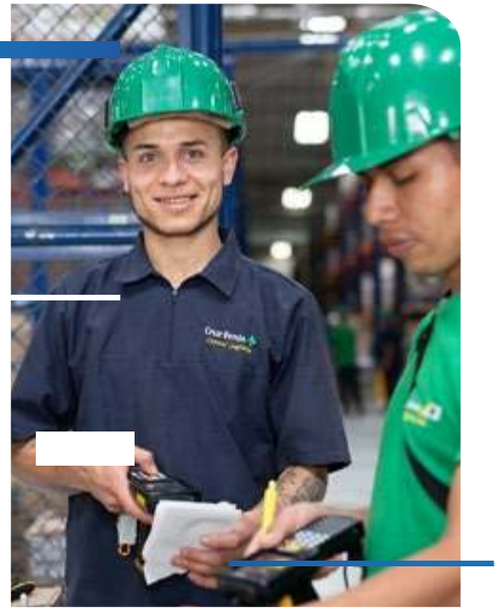
Roles and responsibilities

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

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

Functioning

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



Corporate Practices & Nominations Committee

Chairman: Ricardo E. Saldívar Escajadillo

Roles and responsibilities

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

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

Functioning

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

Members of the Board of Directors & Committees

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

Series B Directors

José Antonio Fernández Carbajal OSC
Chief Executive Officer and Executive Chairman of FEMSA's Board of Directors
Appointed to the Board: 2001 (as Chairman of the Board)
Alternate: **Francisco Javier Fernández Carbajal** OSC

Eva María Garza Lagüera Gonda
Private investor
Appointed to the Board: 1999
Alternate: **Jose Antonio Fernández Garza Lagüera** OSC

Paulina Garza Lagüera Gonda
Private investor
Appointed to the Board: 2004
Alternate: **Mariana Garza Lagüera Gonda**

Francisco José Calderón Rojas
Chairman of Regio Franca, S.A. de C.V.
Appointed to the Board: 2023
Alternate: **Diego Eugenio Calderón Rojas**

Alfonso Garza Garza
Private investor
Appointed to the Board: 2016
Alternate: **Juan Carlos Garza Garza**

Bertha Paula Michel González
Chairwoman of Casa Córdoba
Appointed to the Board: 2020
Alternate: **Maximino José Michel González**

Alejandro Bailléres Gual
Chairman of Grupo BAL, S.A. de C.V.
Appointed to the Board: 2022
Alternate: **Arturo Fernández Pérez**

Bárbara Garza Lagüera Gonda
Private investor and Chairwoman of the acquisitions committee of FEMSA Collection
Appointed to the Board: 1998
Alternate: **Javier Gerardo Astaburuaga Sanjines** OSC

Enrique F. Senior Hernández OSC
Managing Director at Allen & Company, LLC
Independent Director
Appointed to the Board: 2022

Michael Larson OSC
Chief Investment Officer of Cascade Asset Management Company (William H. Gates III)
Independent Director
Appointed to the Board: 2011
Alternate: **Ricardo Guajardo Touché** OSC, CPNC
Independent Director

Series D Directors

Ricardo Ernesto Saldívar Escajadillo OSC, CPNC
Private investor
Independent Director
Appointed to the Board: 2015

Alfonso González Migoya AC
Business consultant
Independent Director
Appointed to the Board: 2017

Víctor Alberto Tiburcio Celorio AC
Independent consultant
Independent Director
Appointed to the Board: 2019

Daniel Inaki Alegre OSC
Former Chief Executive Officer of Yuga Labs, Inc.
Independent Director
Appointed to the Board: 2023

Gibu Thomas OSC
Executive Vice-President, Online, Estée Lauder Companies
Independent Director
Appointed to the Board: 2023

Series D Alternate Directors *(Independent)*

Michael Kahn OSC
Francisco Zambrano Rodríguez AC
Jaime A. El Koury CPNC

Secretary

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

AC Audit Committee
CPNC Corporate Practices and Nominations Committee
OSC Operations and Strategy Committee

For more information, including the education, relevant experience and additional significant positions of our board members, please see **FEMSA's 20-F**.

Executive Team

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

José Antonio Fernández Carbajal

Executive Chairman of the Board of Directors and Chief Executive Officer (CEO) of FEMSA

He began his career at FEMSA in 1988, serving in various positions, including CEO of OXXO. He was appointed CEO of FEMSA in 1995 and Chairman of the Board in 2001, serving in both positions until December 2013. He is also Chairman of the Board of Coca-Cola FEMSA, chairman of the board of trustees of Fundación FEMSA, A.C., and board member of Industrias Peñoles, S.A.B. de C.V. He has been a member of the Board of Trustees of Tecnológico de Monterrey since 1990, where he served as Chairman of the Board from 2012 to 2023. In 2017, he was elected as a member of MIT Corporation, where he participates in the the Student Life Committee and the Undergraduate and Graduate Education Committee. He is also member of the Board of Global Advisors of the Council on Foreign Relations. He holds a degree in Industrial Engineering and Systems from Tecnológico de Monterrey, where he earned an MBA in 1978 and has been a professor for more than 20 years.

Daniel Alberto Rodríguez Cofré

Chief Executive Officer of FEMSA

He joined FEMSA in 2015 as Chief Financial and Corporate Officer before being named the Chief Executive Officer of FEMSA Comercio in 2016. He was Chief Executive Officer as of January 1, 2022 until his passing in August 2023. Prior to joining the Company, he was CFO and then CEO of CENCOSUD (Centros Comerciales Sudamericanos S.A.), among other senior finance and management positions in Latin America and Europe. He had forest engineering degree from Austral University of Chile and an MBA from Adolfo Ibañez University.

Francisco Camacho Beltrán

Chief Corporate Officer of FEMSA

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

Jose Antonio Fernández Garza-Lagüera

Chief Executive Officer, Proximity & Health Division

He assumed the role of Chief Executive Officer of the Proximity and Health Division in november 2023, following his role as CEO of FEMSA Digital since 2022. He began his career in FEMCO in 2018 as Head of Strategic Planning for OXXO Mexico. Before joining FEMCO, he was General Manager of Coca-Cola FEMSA's Central America division from 2015 to 2018. Prior to that, he worked as CEO of FEMSA's plastics division, Plásticos Técnicos Mexicanos, and manager of sales and operations in México City at HEINEKEN México. Prior to his work at HEINEKEN, he co-founded and ran Vestige Capital, a search fund based in Mexico seeking to acquire and operate small and medium-sized companies in Mexico. While at Vestige, he co-led the acquisition of BOMI Group de México a third-party logistic provider for the Mexican healthcare industry. He has taught a class on entrepreneurship and was the founding chairman of the board of the Entrepreneurship Institute in Tecnológico de Monterrey. He received his MBA from Stanford University Graduate School of Business and his Bachelor's degree in Industrial Engineering from Tecnológico de Monterrey.

Ian Marcel Craig García

Chief Executive Officer of Coca-Cola FEMSA

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

Juan Carlos Guillermety

Chief Executive Officer of Digital@FEMSA

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

Roberto Campa Cifrián

Director of Corporate Affairs of FEMSA

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

Gerardo Estrada Attolini

Director of Administration and Corporate Control of FEMSA

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

Raymundo Yutani Vela

Vice-President of Human Resources

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

Corporate Governance Updates

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

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

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

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

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

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

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

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

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

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

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

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

Sustainability Governance

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

Our executive team is responsible for implementing our sustainability strategy and managing the Company's impacts on the economy, environment and people, and they provide regular updates to the Board on these topics. Our C-suite level Sustainability, Inclusion & Diversity Committee, co-led by the Chairman of the Board and the Corporate Director, was launched in 2021 and is comprised of the Director-level representatives of each business unit at FEMSA. The Committee meets quarterly to consolidate the diverse sustainability efforts across the organization and to strengthen the line of accountability for ESG management. Agenda items of the Sustainability, Inclusion & Diversity Committee during 2023 included the process for securing science based targets by business unit, as well as continuing our ongoing preparations of our climate-related financial disclosures.

FEMSA's sustainability team is responsible for formulating, developing and integrating specific sustainability considerations, policies and processes across all FEMSA business units. The team also advises on and supervises sustainability performance and progress against targets, as well as leads FEMSA's sustainability reporting and disclosures.

For more information, please see Appendix: Sustainability Governance and Climate-related risks and opportunities, **page 120**.

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

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

Watch the video **here**

Ethical & Socially Responsible Behavior

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

As a publicly listed company in the Mexican Stock Exchange and the New York Stock Exchange, we comply with all applicable standards, rules and regulations in Mexico and the United States, including the Mexican Securities Market Law and the U.S. Sarbanes-Oxley Act, as applicable for foreign issuers, as well as with the laws of all countries where we operate.

Ethical System

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

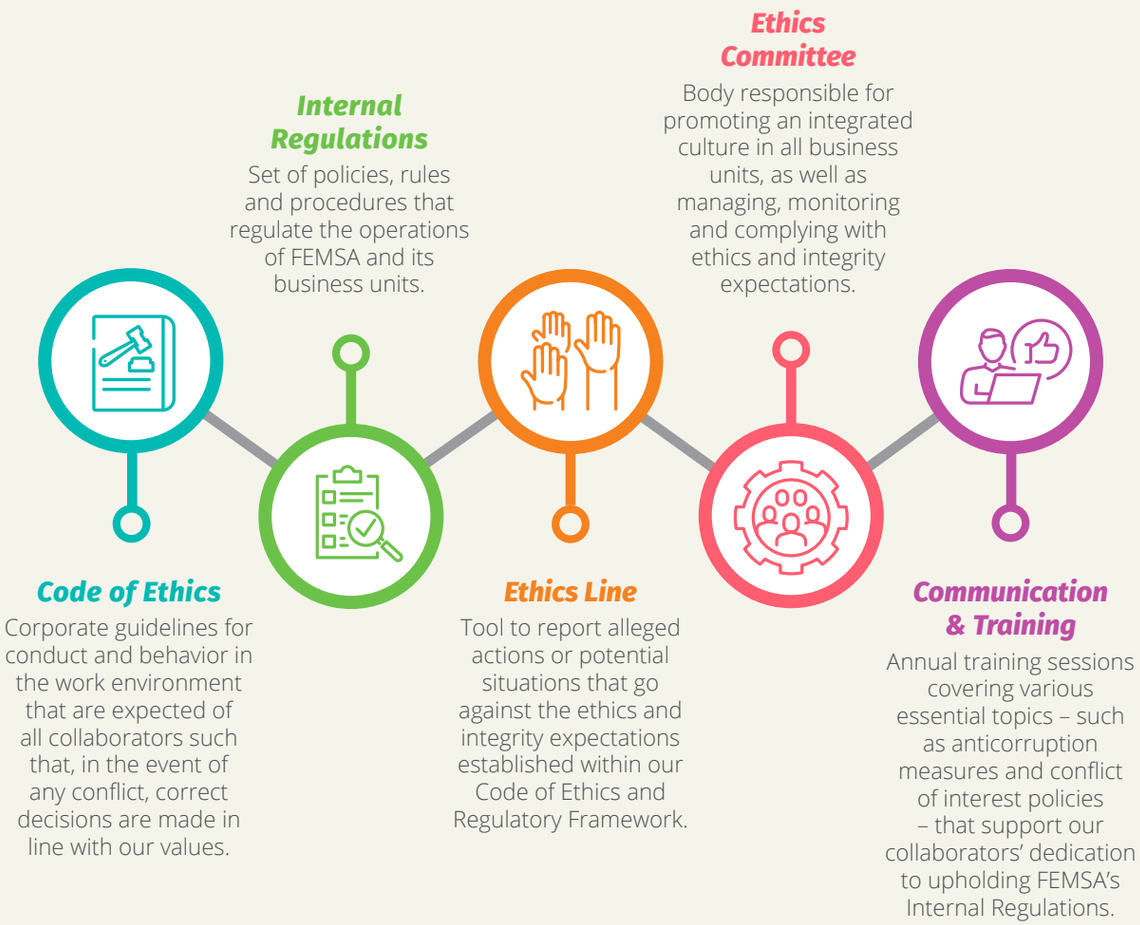
- **Preventing** risks through guidelines that promote honest and transparent behavior;
- **Monitoring** compliance of business units through the FEMSA Ethics Committee;
- **Investigating** any suspicious conduct in accordance with our established guidelines;
- **Feedback** on the effectiveness of our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

Code of Ethics

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

The Code establishes the fundamental principles and standards that guide our ethical behavior in relation to our shareholders, customers, suppliers, authorities, civil society organizations, the environment, communities and everyone who interacts with FEMSA. It also indicates the steps to follow for reporting any breach, conduct or practice that does not comply with the Code and the rest of our Internal Regulations.

FEMSA Ethical System



Internal Regulations & Supplier Guiding Principles

FEMSA's **Supplier Guiding Principles** contain the minimum expectations that we require of our suppliers in the areas of human and labor rights, sustainability, culture of lawfulness and information security. It is the supplier's responsibility, in its relationship with FEMSA, to adopt the necessary methods and practices to comply with our Supplier Guiding Principles.

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

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

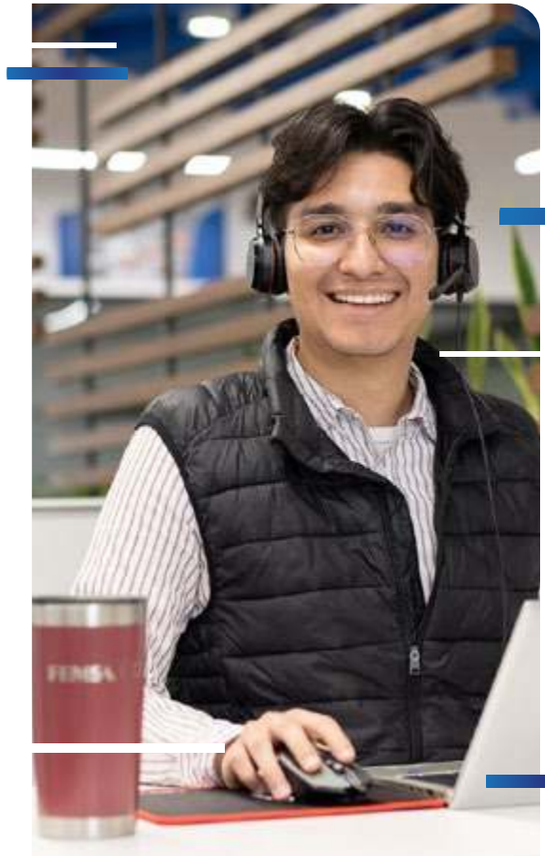
Ethics Line

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

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

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

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



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

"What happens when I make a Report?"

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

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

Over the last two years, we have carried out significant efforts in awareness and communication of the FEMSA Ethics Line, encouraging people to know the institutional means to report non-compliances with our Code of Ethics or any of our Corporate Policies and regulations. At the same time, we have developed accompanying campaigns to increase the level of trust in the comprehensive Ethical System and our related investigations and due resolution processes.

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

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

Ethics Committee

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

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

Communication & Training

Every two years, our collaborators reaffirm their dedication to upholding FEMSA's Internal Regulations, which includes adherence to our Code of Ethics. Additionally, we conduct annual training sessions covering various essential topics such as anticorruption measures, anti-money laundering protocols, data protection guidelines, and conflict of interest policies.

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

2023 Participations in training

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

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

Risk Management

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

We utilize risk matrices and other tools and processes to identify and manage economic, environmental and social risks to which our businesses and brands may be exposed. We have also set up processes, forums and governing bodies dedicated to defining, managing and promoting the FEMSA Sustainability Strategy.

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

Climate-Related Risks & Opportunities

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

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

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

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

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

Please see **page 131** for our Independent Limited Assurance Report – Non-Financial Information

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

We utilize risk matrices and other tools and processes to identify and manage economic, environmental and social risks to which our businesses and brands may be exposed.

Protection of Information & Cybersecurity

At FEMSA, we recognize the importance of maintaining a robust cybersecurity system that guarantees data privacy and the protection of our companies' and customers' information. At the top of FEMSA's information security governance model is our Executive Team, who assumes responsibility for cybersecurity as a critical management issue. Our Chief Information Security Officer (CISO) is responsible for overseeing FEMSA's information security program (based on the U.S. National Institute of Standards and Technology Framework for Improving Critical Infrastructure Cybersecurity). The CISO advises the Executive Team, Audit Committee and leads the Information Security Council (comprised of C-suite and CISO representatives from FEMSA's business units) on critical matters and liaises regularly with business unit-level CISOs and information security committees.

Our investment on the implementation of security controls and countermeasures is based on our risk management and external assessments results and prioritization, as well as internal and externals audits. We prioritize threat deterrence, detection, response planning and recovery processes to preemptively protect against any risks. In 2023, we did not experience any information security incidents or breaches of personal data.

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

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

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

Financial Highlights

Millions of pesos	Million of dollars 2023[1]	2023	2022	% Change	2021	% Change
Total revenues	**41,580**	702,692	597,008	17.7	505,460	18.1
Income from operations[2]	**3,490**	58,985	63,870	-7.6	53,770	18.8
Operating margin		8.4%	10.7%		10.6%	
Consolidated net income	**4,536**	76,677	34,743	120.7	37,678	-7.8
Controlling interest net income[3]	**3,886**	65,689	23,909	174.7	28,495	-16.1
Controlling interest earnings per BD unit[4]	**1.1**	18.4	6.7	174.6	8.0	-16.3
Controlling interest earnings per ADS[5]	**10.9**	183.6	66.8	174.9	79.6	-16.1
EBITDA	**5,672**	95,864	94,491	1.5	82,422	14.6
EBITDA margin		13.6%	15.8%		16.3%	
Total assets	**47,687**	805,856	798,815	0.9	737,500	8.3
Total liabilities	**25,295**	427,487	461,014	-7.3	402,383	14.6
Total equity	**22,392**	378,369	337,801	12.0	335,117	0.8
Capital expenditures	**2,305**	38,958	32,854	18.6	24,055	36.6
Total cash and cash equivalents[6]	**9,770**	165,112	83,439	97.9	97,407	-14.3
Short-term debt	**500**	8,451	18,341	-53.9	4,640	295.3
Long-term debt	**7,596**	128,373	173,400	-26.0	185,945	-6.7
Headcount[7]		392,968	354,344	10.9	320,618	10.5

1 U.S. dollar figures are converted from Mexican pesos using the noon-buying rate published by U.S. Federal Reserve Board, which was Ps. 16.8998 per US$1.00 as of December 31, 2023.
2 Company's key performance indicator.
3 Represent the net income that is assigned to the controling shareholders of the entity.
4 "BD" units each of which represents one series "B" share, two series "D-B" shares and two series "D-L" shares. Data based on outstanding 2,161,177,770 BD units and 1,417,048,500 B units.
5 American Depositary Shares, a U.S. dollar-denominated equity share of a foreing-based company available for purchase on an American stock exchange.
6 Cash consists of non-interest bearing bank deposits and cash equivalents consist principally of short-term bank deposits and fixed rate investments.
7 Includes headcount from Coca-Cola FEMSA, Proximity, Fuel and Health Division, and Other Business of FEMSA.

Financial Summary

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

Income Statement	2023	2022	2021	2020	2019
Net sales	**Ps. 699,640**	Ps. 595,543	Ps. 504,122	Ps. 490,425	Ps. 504,059
Total revenues	**702,692**	597,008	505,460	492,966	506,711
Cost of goods sold	**423,185**	355,490	299,276	303,313	315,230
Gross profit	**279,507**	241,518	206,184	189,653	191,481
Operating expenses	**220,522**	177,648	152,414	148,150	144,329
Income from operations[1]	**58,985**	63,870	53,770	41,503	47,152
Other non-operating expenses (income), net	**(6,568)**	1,227	(2,263)	7,656	1,573
Financing expenses, net	**7,502**	15,955	13,043	14,911	13,492
Income before income taxes and share of the profit of equity accounted investees	**58,051**	46,688	42,990	18,936	32,087
Income taxes	**12,971**	13,275	13,566	14,819	10,476
Share of the profit of equity accounted investees, net of taxes	**(641)**	(93)	(10)	(361)	6,437
Net income from continuing operations	**44,439**	33,320	29,414	3,756	28,048
Net income from discontinuing operations	**32,238**	1,423	8,264	-	-
Consolidated net income	**76,677**	34,743	37,678	3,756	28,048
Controlling interest	**65,689**	23,909	28,495	(1,930)	20,699
Non-controlling Interest	**10,988**	10,834	8,264	5,686	7,349
Financial ratios (%)					
Gross margin	**39.8%**	40.5%	40.8%	38.5%	37.8%
Operating margin	**8.4%**	10.7%	10.6%	8.4%	9.3%
Consolidated net income	**6.3%**	5.6%	5.8%	0.8%	5.5%
Other information					
Depreciation	**31,378**	26,109	25,294	25,006	23,344
Amortization and other non cash charges to income from operations	**5,502**	4,512	5,134	5,464	4,944
Operative Cash Flow (EBITDA)	**95,864**	94,491	82,422	71,973	75,440
Capital expenditures[2]	**38,958**	32,854	24,055	20,893	25,579

Financial Summary

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

Balance Sheet	2023	2022	2021	2020	2019
Assets					
Current assets	**Ps. 356,159**	Ps. 226,449	Ps. 230,718	Ps. 201,269	Ps. 172,579
Equity accounted investees	**26,247**	103,669	107,299	98,270	97,470
Property, plant and equipment, net[3]	**141,530**	134,001	115,147	113,106	114,513
Intangible assets,net	**143,218**	190,772	158,138	155,501	146,562
Right-of-use asset	**87,941**	83,966	56,994	54,747	52,684
Other assets, net	**50,761**	59,958	69,204	61,955	54,227
Total assets	**805,856**	798,815	737,500	684,848	638,035
Liabilities					
Short-term bank loans and current portion of long-term bank loans and notes payable	**8,451**	18,341	4,640	8,801	16,204
Current portion of leases	**12,236**	12,095	7,306	6,772	7,387
Other current liabilities	**161,694**	146,486	124,777	102,840	112,943
Long-term bank loans and notes payable	**128,373**	173,400	185,945	179,864	101,747
Long-term lease liabilities	**83,837**	81,222	55,049	51,536	47,292
Employee benefits	**6,920**	7,048	7,600	7,253	6,347
Deferred tax liabilities	**7,371**	6,823	6,042	6,033	7,440
Other non-current liabilities	**18,605**	15,599	11,024	14,562	12,924
Total liabilites	**427,487**	461,014	402,383	377,661	312,284
Total equity	**378,369**	337,801	335,117	307,187	325,751
Controlling interest	**303,860**	262,604	262,601	237,743	251,989
Non-controlling interest	**74,509**	75,197	72,516	69,444	73,762

Financial Summary

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

Balance Sheet	2023	2022	2021	2020	2019
Financial ratios (%)					
Liquidity	**2.093**	1.374	1.783	1.803	1.336
Leverage	**1.127**	1.365	1.201	1.229	0.959
Capitalization	**0.27**	0.38	0.37	0.39	0.28
Data per share					
Controlling interest book value[4]	**16.984**	14.678	14.678	13.288	14.085
Net controlling interest income[5]	**3.672**	1.336	1.593	(0.108)	1.157
Dividends paid6					
Series B shares	**0.566**	0.383	0.517	0.517	0.483
Series D shares	**0.709**	0.479	0.646	0.646	0.604
Number of employees[7]	**354,344**	320,808	320,618	(2,924)	314,656
Number of outstanding shares[8]	**17,891.13**	17,891.13	17,891.13	17,891.13	17,891.13

1 Company's key performance indicator.
2 Includes investments in property, plant and equipment, as well as deferred charges and intangible assets.
3 Includes bottles and cases.
4 Controlling interest divided by the total number of shares outstanding at the end of each period.
5 Net controlling interest income divided by the total number of shares outstanding at the end of the each period.
6 Expressed in nominal pesos of each period.
7 Includes incremental employees resulting from mergers & acquisitions made during the period.
8 Total number of shares outstanding at the end of each period expressed in millions.

Management Discussion & Analysis

Audited Financial Results for the twelve months ended December 31, 2023. Compared to the twelve months ended December 31, 2022.

Fomento Económico Mexicano, S.A.B. de C.V. ("FEMSA") is a Mexican holding company. Set forth below is certain audited financial information for FEMSA and its subsidiaries (the "Company" or "FEMSA Consolidated") (NYSE: FMX; BMV: FEMSA UBD, FEMSA BD). The principal activities of the Company are grouped mainly under the following subholding companies (the "Subholding Companies"): Coca-Cola FEMSA, S.A.B de C.V. ("Coca-Cola FEMSA" or "KOF"), (NYSE: KOF, BMV: KOFL) which engages in the production, distribution and marketing of beverages, a Proximity Division operating OXXO, a small-format store chain, OXXO Gas, a chain of retail service stations, and Valora, an operator of convenience and foodvenience formats present in 5 countries in Europe. It also operates a Health Division, which includes all drugstores and related operations and Digital@FEMSA, which includes Spin by OXXO and OXXO PREMIA, among other loyalty and digital financial services initiatives. The consolidated financial information included in this annual report was prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The 2023 and 2022 results are stated in nominal Mexican pesos ("pesos" or "Ps."). Translations of pesos into US dollars ("US$") are included solely for the convenience of the reader and are determined using the noon buying rate for pesos as published by the U.S. Federal Reserve Board in its H.10 Weekly Release of Foreign Exchange Rates as of December 31, 2023, which was 16.8998 pesos per US dollar. This report may contain certain forward-looking statements concerning the Company's future performance that should be considered good faith estimates made by the Company. These forward-looking statements reflect management expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, which could materially impact the Company's actual performance.

FEMSA Consolidated

2023 amounts in millions of Mexican pesos	Total Revenues	% Growth vs'**22**	Gross Profit	% Growth vs'**22**
FEMSA Consolidated	702,692	17.7	279,507	15.7
Coca-Cola FEMSA	245,088	8.1	110,860	10.5
FEMSA Proximity Americas	278,520	19.0	117,062	20.0
FEMSA Proximity Europe	43,552	NA	18,622	NA
Fuel	58,499	12.9	7,344	12.0
FEMSA Health	75,358	0.7	22,499	2.3

FEMSA's consolidated total revenues increased 17.7% to Ps. 702,692 million in 2023 compared to Ps. 597,008 million in 2022 reflecting growth across all our business units. On an organic[27] basis, total revenues grew 17.4%. Coca-Cola FEMSA's total revenues increased 8.1% to Ps. 245,088 million, mainly as a result of volume growth, revenue management initiatives, and favorable price-mix effects. FEMSA Proximity Americas Division's revenues increased 19.0% to Ps. 278,520 million, driven by an average increase of 14.2% in OXXO's same-store sales and the addition of 1,408 net new stores during 2023. Proximity Europe Division's revenues amounted to Ps. 43,552 million, for the consolidated period of 2023. FEMSA Health Division's revenues increased 0.7% to Ps. 75,358 million, reflecting the addition of 379 net locations across territories, reflecting an increase of 6.1% in same-store sales. The Fuel Division's revenues increased 12.9% to Ps. 58,499 million in 2023, driven by 7.8% increase in same-station sales.

Consolidated gross profit increased 15.7% to Ps. 279,507 million in 2023 compared to Ps. 241,518 million in 2022. Gross margin decreased 70 basis points to 39.8% of total revenues compared to 2022, reflecting gross margin contraction at Fuel, as well as the consolidation of Proximity Europe.

Consolidated operating expenses increased 24.1% to Ps. 220,522 million in 2023 compared to Ps. 177,648 million in 2022. As a percentage of total revenues, consolidated operating expenses increased from 29.8% in 2022 to 31.4% in 2023.

Consolidated administrative expenses increased 15.1% to Ps. 32,307 million in 2023 compared to Ps. 28,077 million in 2022. As a percentage of total revenues, consolidated administrative expenses decreased 10 basis points, from 4.7% in 2022 to 4.6% in 2023.

Consolidated selling expenses increased 26.5% to Ps. 188,732 million in 2023 as compared to Ps. 149,145 million in 2022. As a percentage of total revenues, selling expenses increased 190 basis points, from 25.0% in 2022 to 26.9% in 2023.

Consolidated income from operations decreased 7.6% to Ps. 58,985 million in 2023 as compared to Ps. 63,870 million in 2022. On an organic[26] basis, consolidated income from operations decreased 7.6%. As a percentage of total revenues, operating margin decreased 230 basis points, from 10.7% in 2022 to 8.4% in 2023, reflecting margin expansion at Coca-Cola FEMSA, flat margin in FEMSA's Fuel Division, offset by margin contractions in Proximity Americas and Health Divisions, as well as by the consolidation of Proximity Europe Division.

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

Net financing expenses decreased to Ps. 7,502 million from Ps. 15,995 million in 2022, reflecting a decrease in interest expenses, offset by a Ps. 9,849 non-cash, foreign exchange loss, related to FEMSA's U.S. dollar-denominated cash position as impacted by the appreciation of the Mexican peso.

Our accounting provision for income taxes in 2023 was Ps. 12,971 million, as compared to Ps. 13,275 million in 2022, resulting in an effective tax rate of 22.3% in 2023 as compared to 28.4% in 2022.

Consolidated net income was Ps. 76,677 million in 2023 compared to Ps. 34,743 million in 2022, reflecting: i) higher net income from discontinued operations, mostly reflecting the accounting re-measurement from historical cost to fair value of FEMSA's investment in HEINEKEN, and the Solistica and Alpunto businesses, ii) higher other non-operating income, mainly related to the divestment of FEMSA's minority stake in Jetro Restaurant Depot, and iii) a non-cash financial product, that mostly reflects the repurchase of US$ 1.7 billion of FEMSA's outstanding debt at favorable price levels during 1Q23. These were partially offset by a Ps. 9,849 non-cash foreign exchange loss, related to FEMSA's U.S. dollar-denominated cash position as impacted by the appreciation of the Mexican peso.

Controlling interest income amounted to Ps. 65,689 million in 2023 compared to Ps. 23,909 million in 2022. Controlling interest income in 2023 per FEMSA Unit[28] was Ps. 18.36 (US$ 10.86 per ADS).

Coca-Cola FEMSA

Coca-Cola FEMSA total revenues increased 8.1% to Ps. 245,088 million in 2023 compared to Ps. 226,740 million in 2022, mainly as a result of volume

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

28 FEMSA Units consist of FEMSA BD Units and FEMSA B Units. Each FEMSA BD Unit is comprised of one Series B Share, two Series D-B Shares and two Series D-L Shares. Each FEMSA B Unit is comprised of five Series B Shares. The number of FEMSA Units outstanding as of December 31, 2023, was 3,578,226,270, equivalent to the total number of FEMSA Shares outstanding as of the same date, divided by 5.

growth, revenue management initiatives, and favorable price-mix effects. These effects were partially offset by an unfavorable currency translation effect from most of its operating currencies into Mexican pesos.

Total sales volume increased by 7.8% to 4.0 billion unit cases in 2023 as compared to 2022, driven mainly by growth in all of our territories, including a strong performance in Mexico, Brazil, Colombia and Guatemala in 2023.

Coca-Cola FEMSA gross profit increased 10.5% to Ps. 110,860 million in 2023, compared to Ps. 100,300 million in 2022, with a gross margin increase of 100 basis points as compared to 2022 to reach 45.2%. This gross margin increase was mainly driven by top-line growth, declining packaging costs, and favorable raw material hedging initiatives. These effects were partially offset by higher sweetener costs across territories.

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

Operating expenses increased by 10.3% to Ps. 76,098 million in 2023 compared to Ps. 68,981 million in 2022. Administrative and selling expenses as a percentage of total revenues increased by 60 basis points to 31.0% in 2023 as compared to 2022, mainly driven by increased marketing, maintenance, and labor expenses. These effects were partially offset by an operating foreign exchange gain in Mexico as a result of the appreciation of the Mexican Peso. In 2023, Coca-Cola FEMSA continued investing across territories to support marketplace execution, increase cooler coverage, and production capacity.

Income from operations increased 10.8% to Ps. 34,180 million in 2023 compared to Ps. 30,838 million in 2022.

FEMSA Proximity Americas

Proximity Americas total revenues increased 19.0% to Ps. 278,520 million in 2023 compared to Ps. 233,958 million in 2022, reflecting an average increase in same-store sales of 14.2%. As of December 31, 2023, there was a total of 22,866 OXXO stores. As referenced above, OXXO same-store sales increased an average of 14.2% compared to 2022, driven by a 8.0% increase in average customer ticket, and by a 5.8% increase in store traffic.

Cost of goods sold increased 18.4% to Ps. 161,458 million in 2023 compared to Ps. 136,372 million in 2022. Gross margin increased 30 basis points to reach 42.0% of total revenues. This increase reflects higher income from financial services, and a healthy commercial income dynamic. As a result, gross profit increased 20.0% to Ps. 117,062 million in 2023 compared to 2022.

Operating expenses increased 22.6% to Ps. 90,791 million in 2023 compared to Ps. 74,073 million in 2022. The increase in operating expenses was driven by higher labor expenses resulting from labor reforms implemented in Mexico during this year.

Administrative expenses increased 7.4% to Ps. 6,514 million in 2023 compared to Ps. 6,066 million in 2022; as a percentage of sales, administrative expenses decreased to 2.3% in 2023.

Selling expenses increased 24.5% to Ps. 84,493 million in 2023 compared with Ps. 67,842 million in 2022; as a percentage of sales, they reached 30.4% in 2023.

Income from operations increased 11.7% to Ps. 26,271 million in 2023 compared to Ps. 23,513 million in 2022, resulting in an operating margin dilution of 70 basis points to 9.4% as a percentage of total revenues for the year, compared with 10.1% in 2022.

FEMSA Proximity Europe

Proximity Europe total revenues amounted to Ps. 43,552 million in 2023, reflecting sustained growth of foodvenience sales and the positive effect of vertical integration, particularly through the B2B pretzel business. As of the end of the period Proximity Europe had 2,808 points of sale.

Cost of goods sold increased amounted to Ps. 24,930 million in 2023. Gross margin amounted to 42.8% of total revenues, reflecting a positive performance of the foodvenience category, which has a structurally higher margin as well as higher promotional income. As a result, gross profit amounted to Ps. 18,622 million in 2022.

Operating expenses amounted to Ps. 17,223 million in 2023.

Administrative expenses amounted to Ps. 3,231 million in 2023; as a percentage of sales, administrative expenses amounted to 7.4% in 2023.

Selling expenses amounted to Ps. 14,371 million in 2023; as a percentage of sales, they reached 33.1%.

Income from operations amounted to Ps. 1,399 million in 2023, resulting in an operating margin of 3.2% as a percentage of total revenues, driven by an increase in labor expenses which was partially offset by lower administrative expenses.

Fuel

Fuel total revenues increased 12.9% to Ps. 58,499 million in 2023 compared to Ps. 51,813 in 2022, reflecting a 7.8% average increase in same-station sales. As of December 31, 2023, there were a total of 571 OXXO GAS service stations. As referenced above, same-station sales increased an average of 7.8% compared to 2022, reflecting a 3.5% increase in the average price per liter, coupled with a 4.1% increase in average volume.

Cost of goods sold increased 13.0% to Ps. 51,155 million in 2023 compared with Ps. 45,253 million in 2022. Gross margin decreased 10 basis points to 12.6% of total revenues. Gross profit increased 12.0% to Ps. 7,344 million in 2023 compared with 2022.

Operating expenses increased 12.4% to Ps. 4,846 million in 2023 compared with Ps. 4,310 million in 2022. This increase was driven by OXXO GAS organic growth partially offset by tight expense control and operational efficiencies.

Administrative expenses increased 31.7% to Ps. 299 million in 2023 compared with Ps. 227 million in 2022; as a percentage of sales, administrative expenses increased to 0.5%. Selling expenses increased 11.4% to Ps. 4,548 million in 2023 compared with Ps. 4,084 million in 2022; as a percentage of sales, selling expenses decreased 20 basis points to 7.8% in 2023.

Income from operations increased 11.0% to Ps. 2,498 million in 2023 compared with Ps. 2,250 million in 2022, resulting in an operating margin of 4.3% as a percentage of total revenues for the year.

FEMSA Health

FEMSA – Health total revenues increased 0.7% to Ps. 75,358 million in 2023 compared to Ps. 74,800 million in 2022, driven by an average increase of 6.1% in same-store sales for drugstores, reflecting positive trends in most of our territories in local currency, the addition of 379 net new drugstores during the period, which was offset by a challenging macroeconomic environment in Colombia and Ecuador. As of December 31, 2023, the Health Division had a total of 4,474 drugstores across its geographies.

Cost of goods sold increased 0.1% to Ps. 52,859 million in 2023, compared with Ps. 52,817 million in 2022. Gross margin increased 50 basis points to 29.9% of total revenues largely reflecting efficiencies and more effective collaboration and execution with key suppliers, which was partially offset by a negative price-mix effect resulting from an increase in the contribution of our institutional sales channel in Colombia. Gross profit increased 2.3% to Ps. 22,499 million in 2023 compared with 2022.

Operating expenses increased 6.2% to Ps. 19,170 million in 2023 compared with Ps. 18,045 million in 2022. This increase was driven by organic growth, which was partially offset by cost efficiencies and tight expense control throughout our territories.

Administrative expenses decreased 4.5% to Ps. 2,788 million in 2023 compared with Ps. 2,918 million in 2022; as a percentage of sales, they reached 3.7% in 2023. Selling expenses increased 8.3% to Ps. 16,402 million in 2023 compared with Ps. 15,139 million in 2022; as a percentage of sales, they reached 21.8% in 2023.

Income from operations decreased 15.5% to Ps. 3,329 million in 2023 compared with Ps. 3,938 million in 2022, resulting in an operating margin dilution of 90 basis points to 4.4% as a percentage of total revenues for the year, compared with 5.3% in 2022.

Key Events during 2023

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

FEMSA signs agreement with Volaris to become the initial partner of FEMSA's new coalition loyalty program

On January 23, 2023, FEMSA announced that it signed, an agreement with Concesionaria Vuela Compañía de Aviación, S.A.P.I. de C.V. ("Volaris"), the ultra-low-cost carrier serving Mexico, the United States, Central, and South America to become the first third-party partner of FEMSA's coalition loyalty program (the "Program"). This Program will offer exclusive benefits for its users, allowing them to accrue and redeem reward points with OXXO, Volaris and future allies.

FEMSA Forward: Announcing results of strategic review

On February 15, 2023, FEMSA announced that its Board of Directors had approved a new long-range plan to maximize value creation, as well as a series of decisions resulting from its strategic review process.

During 2022 FEMSA carried out a thorough strategic review of its business platform, including the bottom-up definition of long-range plans for each business unit, as well as the top-down analysis of the optimal corporate and capital structure, to

ensure full alignment between the Board and management as to how to pursue and maximize value creation. Consistent with this vision, FEMSA determined that the best path to maximize long term value creation is by focusing on its core business verticals which have the highest strategic relevance, growth potential, and financial and competitive strength:

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

FEMSA announces the pricing of the offering of shares of HEINEKEN N.V. and HEINEKEN Holding N.V. and the concurrent offering of exchangeable bonds exchangeable into shares of HEINEKEN Holding N.V.

On February 17, 2023, FEMSA announced the pricing of the sale by its wholly-owned subsidiary CB Equity LLP of existing issued ordinary shares (the "Shares") of both HEINEKEN N.V. and HEINEKEN Holding N.V. (together, the "HEINEKEN Group") in the total amount of EUR 3.2 billion (approximately 7% of the combined interest in the HEINEKEN Group) (the "Equity Offering"). The Company also announced the pricing of an offering of senior unsecured exchangeable bonds in the aggregate principal amount of EUR 500 million (the "Bonds"), exchangeable into Shares of HEINEKEN Holding N.V. (the "Exchangeable Offering" and together with the Equity Offering, the "Offering").

FEMSA Announces commencement of tender offer

On February 17, 2023, FEMSA announced that it had commenced offers to purchase for cash FEMSA's outstanding debt issuances for an aggregate purchase price, excluding Accrued Interest and Additional Amounts, if any, of up to US$ 2.0 billion.

For more information, please see **here**.

Coca-Cola FEMSA included for the third consecutive year in the S&P Global Sustainability Yearbook 2023

On February 28, 2023, Coca-Cola FEMSA announced its inclusion for the third consecutive year in the 2023 edition of S&P Global Sustainability Yearbook, due to its strong performance on S&P Global Corporate Sustainability Assessment.

This year, a record number of more than 7 thousand companies were evaluated, and just 59 were included from the global beverage sector, with Coca-Cola FEMSA being one of the two Mexican companies in this sector selected for the 2023 edition of S&P Global Sustainability Yearbook. Additionally, the Company ranked in the top 15% of the global beverage sector, complying with the highest standards of environmental, social, and corporate governance (ESG) dimensions of S&P Global evaluation criteria.

Coca-Cola FEMSA's deep commitment to sustainability is highlighted by its industry-leading ambitions and initiatives. These include the Company's public commitments to make all consumer packaging 100% recyclable by 2030, reach an industry benchmark water use ratio of 1.26 liters of water per liter of beverage produced by 2026, and achieve 100% renewable energy for its bottling operations by 2030.

In addition, Coca-Cola FEMSA continues making history in sustainable financing by becoming the first company in the consumer sector in the Americas and the first in the Coca-Cola system to successfully issue social bonds, highlighting the Company's profound commitment to the communities it serves.

FEMSA Announces final tender results and acceptance of notes for its previously announced tender offers

On March 17, 2023, FEMSA announced the final tender results and acceptance for its previously announced offers to purchase for cash FEMSA's notes for an aggregate purchase price, excluding accrued and unpaid interest and additional amounts, if any of up to US$ 2.0 billion, from registered holders of the notes. The offers were made pursuant to the terms and subject to the conditions set forth in the amended and restated offer to purchase dated February 17, 2023. As of the end of the offer, FEMSA retired US$ 1.7 billion of outstanding debt.

For more information on this, please see **here**.

FEMSA successfully finalizes the acquisition of Net Pay

On April 3, 2023, FEMSA announced that it had successfully closed the acquisition of the remaining 85.18% shares of NET PAY S.A.P.I DE C.V. ("Net Pay"), a merchant aggregator that offers several payment services and solutions to micro, small and medium-sized businesses in Mexico, as previously announced on November 7, 2022, after receiving the necessary regulatory approvals.

FEMSA announces an offering of shares of HEINEKEN N.V. and HEINEKEN Holding N.V. and a Concurrent Tap issuance of FEMSA's existing Exchangeable Bonds due 2026 exchangeable into shares of HEINEKEN Holding N.V.

On May 30, 2023, FEMSA announced the offering by the Company and its wholly-owned subsidiaries Compañía Internacional de Bebidas, S.A. de C.V. and Grupo Industrial Emprex, S. de R.L. de C.V. of existing issued ordinary shares of both HEINEKEN N.V. and HEINEKEN Holding N.V. (together, the "HEINEKEN Group") in the total amount of approximately EUR 3.3 billion (approximately 5.9% of the combined interest in the HEINEKEN Group) (the "Equity Offering"). The Company also announced a tap issuance of euro denominated senior unsecured bonds in the aggregate principal amount of up to EUR 250 million (the "New Bonds"), exchangeable into ordinary shares of HEINEKEN Holding N.V. (the "Exchangeable Offering" and together with the Equity Offering, the "Offering"). The New Bonds will be consolidated and form a single series with the Company's EUR 500 million 2.625% senior unsecured Exchangeable Bonds due 2026, originally issued on 24 February 2023 (the "Original Bonds" and together with the New Bonds, the "Bonds") with effect from on or about 18 July 2023 (the "Consolidation Date").

FEMSA announces the pricing of the offering of shares of HEINEKEN N.V. and HEINEKEN Holding N.V.

On May 31, 2023, FEMSA announced the pricing of the sale by the Company and its wholly-owned subsidiaries Compañía Internacional de Bebidas, S.A. de C.V. and Grupo Industrial Emprex, S. de R.L. de C.V. of its entire holding of existing issued ordinary shares of both HEINEKEN N.V. and HEINEKEN Holding N.V. (together, the "HEINEKEN Group") by way of an accelerated book build of shares in the total amount of EUR 3.3 billion (approximately 6.0% of the combined interest in the HEINEKEN Group) (the "Equity Offering") as well as a bilateral sale of additional shares to HEINEKEN N.V., except for any shares retained underlying FEMSA's outstanding EUR 500 million 2.625% senior unsecured Exchangeable Bonds due 2026 (the "Bonds"), exchangeable into ordinary shares of HEINEKEN Holding N.V. Given the strength of demand seen for the Equity Offering, the Company has decided not to proceed with the concurrent tap issuance of its outstanding Bonds announced on May 30, 2023.

FEMSA announces the divestment of FEMSA's minority position in Jetro Restaurant Depot

On May 31, 2023, FEMSA announced that consistent with its FEMSA Forward strategy as communicated on February 15, 2023, it has entered into a definitive agreement to divest its minority investment in Jetro Restaurant Depot and related entities ("JRD"). Subject to customary closing conditions, FEMSA will receive total cash consideration of US $1,400 million, with approximately US $467 million payable on closing in the second quarter of 2023, and the remainder payable over two years.

FEMSA statement regarding its CEO

On July 10, 2023, FEMSA announced that Daniel Rodríguez Cofré, after consulting with his family and doctors, would step down from his role as CEO, to focus on his health and treatment of a previously announced colon cancer diagnosis. Until a replacement is appointed, José Antonio Fernández Carbajal, Executive Chairman and former CEO of FEMSA, will serve as acting Chief Executive Officer on an interim basis, with the continued support of FEMSA's senior leadership team and the CEOs of the business units.

BradyIFS and Envoy Solutions come together to create a compelling new platfrm

On August 29, 2023, FEMSA announced that it entered into definitive agreements with BradyIFS to create a new platform within the facility care, foodservice disposables, and packaging distribution industries in the United States. The combined platform will bring together Envoy Solutions LLC and BradyIFS in a highly complementary combination, positioned to serve and provide value to its customers and suppliers effectively and efficiently across the country. The transaction is subject to customary conditions and regulatory approvals.

Upon closing, FEMSA will receive approximately US$ 1.7 billion in cash and retain an ownership stake of approximately 37% in the combined entity, which is expected to have pro-forma revenues approaching US$ 5 billion.

For the purposes of this transaction, the Envoy Solutions valuation implies an unlevered double-digit annualized rate of return on the accumulated capital invested by FEMSA since entering this business in 2020.

Approximately 63% of the combined entity will be owned by existing BradyIFS equity holders led by Kelso & Company and its affiliate funds and including BradyIFS management; by funds managed by Warburg Pincus LLC; and by the current minority shareholders of Envoy Solutions.

Evolving FEMSA's organizational structure and senior leadership team to drive FEMSA Forward

On September 22, 2023, FEMSA announced changes to its organizational structure that bring it into full alignment with the FEMSA

Forward strategy and its three core business verticals: Retail, Coca-Cola FEMSA, and Digital. The Company also announced movements within its senior leadership team, involving internal and newly attracted talent. These changes will enable the organization to operate with maximum focus, positioning FEMSA to pursue and capture its considerable and compelling opportunities for long-term profitable growth.

The Retail business vertical will be led by Jose Antonio Fernández Garza-Lagüera. Jose Antonio is currently CEO of Digital@FEMSA, where he nurtured FEMSA's digital ecosystem from its early days and has helped Spin become the prominent fintech and loyalty platform in Mexico. Before Digital, Jose Antonio held leadership roles at every one of FEMSA's major business units for over a decade, including as Head of Strategic Planning at OXXO and FEMSA Comercio. Jose Antonio will be supported in his new role by a world-class operational team: Carlos Arenas (Proximity OXXO Mexico), Constantino Spas (Proximity Americas and Fuel), Michael Mueller (Proximity Europe), Jacobo Caller (Proximity Multiformat), and Daniel Belaúnde (FEMSA Health).

Juan Carlos Guillermety is joining the Company as CEO of Digital@FEMSA. Juan Carlos comes to FEMSA from Nubank, where he held various senior leadership positions since 2019, after a long tenure at Visa International. Juan Carlos will lead the rapidly growing talent pool that is shaping the future of FEMSA's digital ecosystem.

There is no change at Coca-Cola FEMSA. Ian Craig will continue to lead this key business vertical as its CEO. Other operations outside of FEMSA's core verticals, including those that are in the active process of being divested, will report to the Corporate Office led by Francisco Camacho. These changes to FEMSA's organizational structure and senior leadership team were designed in conjunction with the FEMSA Forward strategy as announced in February of this year, consistent with FEMSA's leadership succession and talent development process. The new appointments have been approved by FEMSA's Board of Directors and will become effective on.

FEMSA Envoy Solutions and BradyIFS successfully complete transaction

On October 31, 2023, FEMSA announced that the transaction bringing together BradyIFS and Envoy Solutions had closed successfully, after receiving the necessary regulatory approvals. The transaction combines the strengths and complementary footprints of Envoy Solutions and BradyIFS to create a strong customer-focused platform to effectively provide its customers with high-value solutions, and its supplier partners with excellent market reach, delivering more products and solutions in more locations across the United States. With this transaction, FEMSA continues to deliver on its FEMSA Forward strategy.

FEMSA announces final results of its previously announced tender offer for its outstanding notes due 2043

On November 9, 2023, FEMSA announced the final results of its previously announced offer (the "Tender Offer") to purchase for cash any and all of its outstanding US$ 552,830,000 principal amount of 4.375% Senior Notes due 2043 (CUSIP/ISIN: 344419 AB2 / US344419AB20) (the "Securities") on the terms and subject to the conditions set forth in the offer to purchase, dated October 31, 2023 (the "Offer to Purchase") and the related notice of guaranteed delivery (the "Notice of Guaranteed Delivery" and, together with the Offer to Purchase, the "Offer Documents").

The Tender Offer expired on November 6, 2023, at 5:00 p.m. (New York City time) (the "Expiration Date") and settled on November 9, 2023 (the "Settlement Date"). No Notice of Guaranteed Delivery was received by FEMSA prior to the Expiration Date. The aggregate amount paid by FEMSA to Holders whose Securities were accepted for purchase, including Accrued Interest and Additional Amounts, was approximately US$ 117 million.

FEMSA and its Business Units advance their support to communities affected by Hurricane Otis in Guerrero

On November 14, 2023, FEMSA announced that in order to meet the needs of the populations affected by Otis, FEMSA through Coca-Cola FEMSA, OXXO, OXXO GAS, Farmacias Yza, Spin by OXXO, Fundación FEMSA, and Solistica continue to add support for the prompt recovery of Acapulco.

- With the commissioning of two "Ven por Agua" water treatment vehicles, as of November 13, Coca-Cola FEMSA has filled 5,323 bottles (20L) of drinking water.
- The Spin Premia loyalty coalition program adds to the fundraising efforts. From November 6 to December 6, users of the program could contribute their points to a fund that was transformed into support through the collaboration between FEMSA Foundation and World Vision Mexico (More than 3.6 million pesos).
- Among the actions that OXXO implemented as a priority were the delivery of 7,600 food pantries for employees and the community and the delivery of 6,000 hydration products in the most affected areas and 5,520 bottles of water.

About this Report

The content of this report is based on FEMSA's business strategy and our sustainability strategy, including our 2030 sustainability goals and the FEMSA Sustainability-Linked Bond. It was developed through an in-depth consultation process with relevant experts on these matters across the organization and structured according to our sustainability framework's pillars and priority topics. The report was then reviewed by representatives from each business unit, whose feedback was considered during the process, prior to final approval from senior management in advance of its publication.

Regarding non-financial content, GRI (Global Reporting Initiative) indicators were included in the Sustainability Performance Data Appendix to better identify sections where these indicators were being answered or referenced.

Labels referring to the United Nation's SDGs (Sustainable Development Goals) and United Nations Global Compact Principles (UNGC) that FEMSA impacted during its 2023 activities were added too. These can also be found in the "SDGs & United Nations Global Compact contribution Appendix", seeking to specifically indicate the correlation between these various standards, initiatives, and frameworks' contents.

Since 2022, FEMSA published its operations' financial and non-financial (economic, social, environmental, and corporate governance) results in a single integrated report. This reflects how we strive to improve the transparency and completeness of our annual disclosures every year.

We are pleased to continue taking additional steps toward more formally presenting an integrated picture of our information. This approach is intended to provide a balanced view of our strategy and operational performance, which leverages our value creation over the short-, medium- and long-term.

Standards and Frameworks

Our report is presented in alignment with the following widely accepted disclosure frameworks:

- **GRI:** The Global Reporting Initiative is an independent standards organization that helps businesses understand and communicate the economic, environmental, and social impacts related to their business performance.
- **SASB:** The Sustainability Accounting Standards Board is an independent, nonprofit organization with a mission to develop and disseminate sustainability accounting standards that help public corporations disclose material, decision-useful information to investors. FEMSA participates in a variety of industries such as retail, beverages, financial services, logistics and distribution, manufacturing, among others. Therefore, with the objective of strengthening the disclosure, transparency, and comparability of each of our businesses in their respective industries, we are improving efforts so that each of our business monitors and communicates within Integrated Reports, Sustainability Reports, Web page, or under specific request, metrics aligned to SASB standards.
- **UNGC:** We have been a United Nations Global Compact signatory since 2005, and as such, we work to align our company's operations and strategies with its 10 principles.
  - This 2023 Integrated Annual Report serves as our annual UNGC Communication on Progress (CoP).

This report should be read in conjunction with our financial filings, available at **https://femsa.gcs-web.com/**. Previous years' annual reports are available at: **https://femsa.gcs-web.com/financial-reports/annual-reports.**

Brief FEMSA's Sustainability Highlights

WE SUPPORT
UN GLOBAL COMPACT

2005
FEMSA became a signatory of the United Nations Global Compact (UNGC) and published its first Sustainability Report.

2008
Started reporting under GRI standards

2010
Included in the BMV's Green Index

2015
FEMSA included in the FTSE4GOOD index

FTSE4Good

2017
FEMSA was included and keeps its inclusion in the Dow Jones Sustainability MILA Pacific Alliance Index

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

2020
Included in the S&P/BMV Total Mexico ESG Index

EMPRESA SUSTENTABLE

2021
Started reporting under the Sustainability Accounting Standards Board (SASB)

2021 & 2022
FEMSA issued its first and second Sustainability-Linked Bond, the largest issued by a company in Latin America.

2022
FEMSA included in the Bloomberg Gender Equality Index (GEI)

2022
Started reporting following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

2023
Became supporters of the Task Force on Climate-related Financial Disclosures (TCFD)

2024
FEMSA is included For the first time in the SP Global Sustainability Yearbook 2024

2024
FEMSA will participate in the CDP Assessment

CDP
DISCLOSURE INSIGHT ACTION

Scope and boundaries of non-financial information

In preparation for this report, we consolidated information from all our operations considering the performance period from 1 January 2023 to 31 December 2023. Unless otherwise indicated, the information provided in this report is for the company as a whole. It includes our:

- **Proximity & Health Division**, comprised of Proximity Americas Division operating OXXO, a small-format store chain, and other related retail formats, and Proximity Europe which includes Valora, our European retail unit which operates convenience and foodvenience formats. In the retail industry we also participate through a Health Division, which includes drug stores and related activities in 4 countries, and in the Fuel activities, trough OXXO GAS, la cual cuenta con retail service stations in Mexico that sell gasoline and diesel,
- **Coca-Cola FEMSA**, the largest franchise bottler of Coca-Cola products in the world by volume,
- **Digital@FEMSA**, which includes Spin by OXXO and Spin Premia, among other digital financial services initiatives,
- **Strategic Business Unit**, which considers logistics and distribution services, point-of-sale refrigeration, plastic solutions, among others.

We have clearly marked each indicator if we have a different scope or restated certain data sets from previous years. Due to the information came from several sources, including internal management systems, performance databases, annual surveys, we strive to enhance the clarity and thoroughness of every report we generate, streamlining both our processes and the way we convey information.

We include a limited assurance statement from Valora Sostenibilidad e Innovación S.A. de C.V. as the independent entity to verify select non-financial information in this report associated with energy consumption, CO_2 emissions, health and safety, circular economy, water, among others.

Materiality

We use non-financial environmental, social, and corporate governance (ESG) materiality assessments to identify, prioritize, and inform our sustainability priorities and disclosures, as validated by our internal and external stakeholders. To learn more about the process by which we identify FEMSA's ESG risks and opportunities, please see our website.

We began a full materiality assessment in 2020 that was completed in 2021. The following steps were considered for each Business Unit within the global context:

1. **Identification:** We defined an integrated process to conduct this assessment by selecting the premises, topics, and/or criterion to include. 24 total stakeholder groups were consulted.

2. **Prioritization:** The materiality assessment yielded a set of material findings and topics that became FEMSA's Strategic Sustainability Framework, described in detail in the section "FEMSA's Priority Topics".

3. **Validation:** We shared the analyses' results, final strategy, and roadmap with corporate and business unit managers, external sustainability experts, and our employees to ensure their agreement and conviction with this framework. Going forward, in line with our internal corporate governance and sustainability strategy, we plan to update our comprehensive materiality assessment every four to five years.

With the integration of the Sustainability Strategy into FEMSA's daily operations, we can continue to develop competitive advantages that will allow us to outperform the market.

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

Our strategy's 9 Priority Topics & 30 Focus Areas are the result of our materiality analysis. To see the detail of each Focus area please see our **Web page**.

Our People	Our Community	Our Planet
Human and Labor Rights	***Community Wellbeing***	***Climate Action***
› Ensuring Adequate Compensation › Ensuring Decent, Optimal and Safe Working Conditions › Prohibiting Child and Forced Labor › Respectful and Collaborative Work Environments	› Promoting Healthy Lifestyles › Contributing to the Safety of the Surroundings › Clean Communities › Engaging Local Communities	› Reducing CO_2e Emissions › Using Renewable Energy › Sustainable Mobility › Developing Sustainable Products and Services
Diversity, Equity and Inclusion	***Economic Development***	***Water Management***
› Fostering Inclusive Work Environments › Encouraging Diversity › Promoting Gender Equality	› Economic, Labor, Financial and Digital Inclusion › Development of SMEs and Local Purchases › Encouraging Entrepreneurship	› Optimizing Water Efficiency › Contributing to Water Accessibility, Sanitation and Hygiene (WASH) › Contributing to Water Security
Integral Wellbeing	***Sustainable Sourcing***	***Circular Economy***
› Fostering a Savings Culture & Financial Education › Promoting Mental Health and Psychological Well-being › Protecting Physical Health and Promoting Healthy Habits › Encouraging an Inclusive, Constructive and Healthy Work Environment › Facilitating the development of Significant Interpersonal Relationships, promoting Values & Civic Awareness	› Sustainable Sourcing	› Reducing and Eliminating Operational Waste › Sustainable Packaging › Circularity of Products and Services

Sustainability Performance Data

We consolidated information from all our operations considering the performance period from 1 January 2023 to 31 December 2023. Unless otherwise indicated, the information provided in this report is for the company as a whole.

Our People

Disclosure	2023	2022	2021	GRI
Investment ($ Ps. Millions)				
Our People[1]	3,397	4,100	ND	
Collaborators				2-7
Total (No.)	**392,932**	**354,346**	**320,808**	
Internal	323,789	290,312	254,766	
External	69,147	64,034	66,042	
By gender (%)[2]				
Women	43.5	41	40	
Men	56.5	59	60	
By age group (%)[3]				
Under 30 years old	41	58	62	
30 to 39 years old	31	ND	ND	
40 to 49 years old	18	ND	ND	
50 to 59 years old	8	16	14	
60 and over	2	1	1	
By country (No.)[4]				
México	284,066	252,250	241,835	
Brazil	41,890	37,566	30,563	
Colombia	24,734	22,820	17,238	
Chile	14,450	13,141	12,263	
Ecuador	4,512	4,519	4,329	
Argentina	4,365	4,222	2,305	
Guatemala	4,184	3,805	3,542	
Costa Rica	2,284	2,001	1,802	
Uruguay	1,718	1,686	894	
Panama	1,711	1,614	1,672	
Nicaragua	1,621	1,214	1,303	

Our People

Disclosure	2023	2022	2021	GRI
Collaborators				
By country (No.)[4]				
Peru	1,105	588	480	
United States of America	221	3,996	2,526	
Germany	4,097	3,294	NA	
Switzerland	1,663	1,498	NA	
Austria	91	71	NA	
Luxembourg	45	13	NA	
Netherlands	151	13	NA	
Others[5]	24	ND	ND	
By nationality (%)[6]				
Mexican	72	71	ND	
Brazilian	11	11	ND	
Colombian	6	6	ND	
Chilean	4	4	ND	
Ecuadorean	1	1	ND	
Others	6	7	ND	
By women (%)				
Total workforce[7]	43.5	41	40	
In Executive positions[8]	30	27	24	
Managers[9]	30	ND	ND	
Directors[10]	21	ND	ND	
In top management positions reporting directly to the CEO	11	ND	ND	
In senior management positions (maximum two levels away from the CEO)[11]	19	16	ND	
By minority groups and those in vulnerable situations (No.)				**405-1**
60 and over	5,046	4,700	3,000	
With disabilities	2,994	2,000	1,800	
Refugees	730	1,500	475	
By Unionized Employees (Collective Agreements)[12]				**2-30**
Number (No.)	224,631	214,434	186,324	
Percentage (%)	69	74	73	
Covered by a contract, pact or collective agreement (%)	100	100	100	

Our People

Disclosure	2023	2022	2021	GRI
Occupational Health and Safety[13]				
Investment				
Total ($ Ps. Millions)	2,831	1,758	ND	
Collaborators covered by an occupational health and safety management system (%)				
Direct collaborators	100	100	100	
Indirect collaborators (external)	100	100	100	
Injuries and fatalities due to work accidents				**403-9**
Lost Time Injury Frequency Rate (LTIFR) per 1,000,000 worked hours				
Direct collaborators	6.4	5.38	6.03	
Contractors (third parties)[14]	2.90	3.75	ND	
Lost Time Injury Frequency Rate (LTIFR) per 100 collaborators				
Direct collaborators	1.62	1.34	1.53	
Contractors (third parties)[14]	0.73	0.70	ND	
Fatalities attributable to the company (No.)				
Direct collaborators	9	2	1	
Contractors (third parties)	4	8	3	
Occupational illness				**403-10**
Employee Occupational Illness Frequency Rate				
Per 1,000,000 worked hours	0.10	0.08	0.05	
Per 100 collaborators	0.02	0.02	0.01	
Maternity or paternity leave[15]				**401-3**
Total (No.)	5,257	4,251	9,449	
Women	4,596	3,210	ND	
Men	661	1,041	ND	
Total returned to work after parental leave ended (%)	82	86	78	
Women	80	84	ND	
Men	95	93	ND	

Our People

Disclosure	2023	2022	2021	GRI
Training and Education[16]				
Total investment ($ Ps. Millions)	353	293	268	
Training hours (No.)	9,787,020	7,011,819	10,833,617	
Average training hours				
By collaborator (No.)	25	20	34	
By gender (%)				**404-1**
Women	45	ND	ND	
Men	55	ND	ND	
Training hours				**404-1**
By job category (No. of hours)				
Direction	10,143	5,606	ND	
Management	65,776	74,312	ND	
Collaborators	2,093,751	1,323,783	ND	
Unionized	6,380,218	3,646,240	ND	
Others	1,237,132	1,961,878	ND	
By topic (No. of hours)				
Human Rights	74,878	72,910	ND	
Culture and Leadership	875,004	305,595	ND	
Technical Knowledge	6,980,771	5,972,715	ND	
Health and Safety	485,941	645,626	ND	
Sustainability	91,246	14,974	ND	
Saving culture	15,584	ND	ND	
Others	1,263,796	ND	ND	
Participations of collaborators				
By topic (No.)				
Human Rights	122,569	32,585	ND	
Culture and Leadership	181,881	95,811	ND	
Technical Knowledge	696,198	530,360	ND	
Health and Safety	152,865	171,390	ND	
Sustainability	33,474	7,866	ND	
Code of Conduct	127,927	ND	ND	
Non-discrimination, Non-harassment	39,013	ND	ND	
Anticorruption	29,666	ND	ND	
IT Security / Cybersecurity	26,001	ND	ND	
Climate Change	11,866	ND	ND	

Our People

Disclosure	2023	2022	2021	GRI
Training and Education[16]				
Performance evaluations and professional development[17]				**404-3**
Periodic reviews completed (No.)				
360°	5,754	ND	ND	
9-Box	17,478	ND	ND	
Completed forms of the total subject to evaluation (%)				
360°	98	ND	ND	
9-Box	94	ND	ND	
Integral Wellbeing (%)[18]				
Integral Wellbeing investment				
Total ($ Ps. Millions)	232	ND	ND	
Total de Activities (No.)	7,235	5,312	5,057	
Social connections	2,321	1,767	1,335	
Healthy body	1,828	1,136	2,242	
Work Life	2,058	1,485	907	
Financial wellbeing	440	434	257	
Psychological wellbeing	588	490	316	
Participants in activities of Integral Wellbeing (No.)				
Total participants	1,461,335	296,964	405,664	
External participants	49,619	36,988	58,248	
Volunteers (No.)				
Volunteer activities	2,517	2,679	2,979	
Volunteer collaborators	121,806	100,743	104,810	
Volunteer hours	355,652	735,570	360,173	
Integral Wellbeing Survey[19]				
Wellbeing / Happiness	84	ND	ND	
Purpose	86	ND	ND	

Our People

Disclosure	2023	2022	2021	GRI
Organizational climate evaluation				
Participation rate (%)	90	70	ND	
Components and results of the evaluation (% favorability)				
Commitment	88	87	ND	
Pride (Job Satisfaction)	91	91	ND	
Intrinsic Motivation (Purpose)	82	87	ND	
Intention of permanence[20]	89	81	ND	
Company recommendation[20]	88	90	ND	
Stress	46	69	ND	
Employee enablement[21]	80	ND	ND	
Human Rights				
Work centers evaluated for occupational risks. Includes Human Rights. (No.)				**412-1**
Total	0	52	272	
Cumulative total	561	561	509	
Training collaborators on Human Rights policies or procedures				**412-2**
Total hours (No.)	74,878	72,910	ND	
Participants (No.)	122,569	32,585	ND	
Non-discrimination				
Discrimination cases and corrective actions taken (No.)				**406-1**
Total reports received for discrimination	149	88	ND	
Total reports received for harassment[22]	1,790	1,417	ND	

Our Community[23]

Disclosure	2023	2022	2021	GRI
Investment ($ Ps. Millions)				
Our Community	1,223	833	NA	
Local communities				
Operations with local community participation, impact evaluations and development programs (%)	100	100	100	**413-2**
Community Wellbeing initiatives				
Total initiatives (No.)	1,039	690	876	
Total investment ($ Ps. Millions)	380	260	245	
Direct beneficiaries (No.)	2,861,280	3,702,343	2,976,818	
Accumulated direct beneficiaries since 2021 (No.)	9,540,441	6,679,161	2,976,818	

Our Community[23]				
Disclosure	**2023**	**2022**	**2021**	**GRI**
Practices with Suppliers[24]				
Suppliers				
Total suppliers by country (No.)	27,569	ND	ND	
Argentina	1,108	ND	ND	
Brazil	4,222	ND	ND	
Chile	3,315	ND	ND	
Colombia	3,921	ND	ND	
Costa Rica	841	ND	ND	
Ecuador	501	ND	ND	
Guatemala	965	ND	ND	
México	10,184	ND	ND	
Nicaragua	388	ND	ND	
Panamá	458	ND	ND	
Perú	0	ND	ND	
Estados Unidos	0	ND	ND	
Uruguay	747	ND	ND	
Number of local suppliers	26,675	ND	ND	
Local suppliers (%)	97	ND	ND	
Spent				**204-1**
% of purchases from local suppliers	69	67	64	

Our Planet[25]				
Disclosures	**2023**	**2022**	**2021**	**GRI**
Investment ($ Ps. Millions)				
Our Planet[26]	727	7,166	673	
Materials used (tonnes)				**301-1**
Total[27]	609,564	593,122	548,516	**301-2**
Of virgin origin	383,647	438,239	399,129	
Of recycled origin	225,917	154,883	149,387	
Of virgin origin in products	56,602	40,405	75,649	
Of recycled origin in products	57,080	46,262	42,886	
Of virgin origin in packaging	327,045	397,834	323,480	
Of recycled origin in packaging	168,837	108,621	106,500	

Our Planet[25]

Disclosures	2023	2022	2021	GRI
Main packaging materials				
Wood/paper fiber				
Total (tonnes)	15,658	6,671	3,376	
Recycled origin (%)	8	25	21	
Aluminum or steel				
Total (tonnes)	38,991	33,608	33,780	
Recycled origin (%)	69	63	66	
Glass[28]				
Total (tonnes)	105,511	135,711	85,295	
Recycled origin (%)	28	30	ND	
Plastic				
Total (tonnes)	331,851	329,344	306,844	
Of recycled origin (tonnes)	110,618	85,686	83,455	
Recycled origin (%)	33	26	27	
Recyclable (tonnes)	327,313	329,029	276,008	
Recyclable (%)	99	99	90	
Energy consumption (GJ)				
Total energy consumed	21,132,119	22,892,310	21,186,268	**302-1**
From renewable sources	7,282,100	6,303,486	6,044,978	
From non-renewable sources	13,850,019	16,588,824	15,141,290	
Indirect energy	11,550,578	10,795,014	9,893,049	
From renewable sources	7,209,385	6,259,078	6,021,761	
From non-renewable sources	4,341,193	4,535,936	3,871,288	
Sustainability-Linked bond: **KPI 2: Percentage of total electricity consumption coming from renewable energy sources (%)**[29]	62.4	58	60.9	
Direct energy (GJ)[30]	9,581,541	12,097,296	11,293,219	
Direct fixed source energy				
From renewable sources	41,700	20,312	22,198	
From non-renewable sources	1,715,644	1,399,317	1,342,793	
Direct mobile source energy				
From renewable sources	31,015	24,096	1,019	
From non-renewable sources	7,793,183	10,635,570	9,927,209	
Energy intensity				**302-3**
GJ / $ Ps. Millions[30]	30	34	38	

Our Planet[25]

Disclosures	2023	2022	2021	GRI
Water consumption (1,000 m³)				
Total water withdrawn from all sources	39,217	37,210	34,298	**303-1**
Underground	21,251	19,399	18,413	
Third parties	17,356	16,164	14,261	
Superficial	603	1,637	1,624	
Produced by	7	10	NA	
CO_2 emissions (Tonnes CO_2equivalent)				
Total CO_2 emissions	1,474,689	1,732,708	1,539,449	
Scope 1 (direct)	1,017,510	1,258,178	1,133,191	**305-1**
Fixed source	445,129	475,572	441,639	
Mobile source[30]	572,381	782,606	691,552	
Scope 2 (indirect)				**305-2**
Market-based	457,180	474,530	406,258	
Location-based	1,218,807	1,153,774	ND	
Emission intensity (tonnes of CO_2 / $ Ps. Millions)[30]	2.1	2.5	2.7	**305-4**
Waste (Tonnes)				
Total waste	308,768	289,692	285,948	**306-3**
Hazardous waste	12,096	8,992	4,621	
Non-hazardous waste	296,672	280,700	281,327	
Non-hazardous waste diverted from the landfill	217,821	192,949	150,733	**306-4**
Sustainability-Linked bond: **KPI 1: Percentage of total operational waste diverted from landfills (%)**[29]	73.4	68.7	53	
Total hazardous and non-hazardous waste (tonnes)				
Recycled or reused	198,091	172,699	153,156	
Landfills	78,942	87,751	130,595	
Incinerated (with energy recovery)	21,356	21,335	NA	
Incinerated (without energy recovery)	1,194	304	NA	
Total hazardous waste with special handling	9,186	7,604	2,198	
Management of significant impacts related to waste (%)				
Coca-Cola FEMSA Bottling plants certified as zero waste to landfill	84	77	46	
Coca-Cola FEMSA Distribution centers certified as zero waste to landfill	1	0	0	

Corporate Governance

Disclosures	2023	2022	2021	GRI
Anticorruption				
Training				**205-2**
Members of the corporate governance body who received information on anti-corruption policies and procedures				
Percentage	100	100	100	
Memberships and affiliations				**2-28**
Total (No.)	280	766	475	
Code of Ethics - Complaint System[31]				
Reports received for alleged violations of the Code of Ethics				
Total (No.)	6,571	3,927	4,410	
Investigated, resolved and closed				
Number	5,215	3,014	3,597	
Percentage	79	77	81	
That remain under investigation				
Number	1,358	913	813	
Percentage	21	23	18	
Anonymous or non-anonymous reports (%)				
Anonymous	71	72	NA	
Non-anonymous	29	28	NA	
By category (No.)				
Work environment[32]	5,515	3,183	3,562	
Operations[33]	920	568	830	
Financial information	99	135	18	
Doubts and guidance	37	41	NA	

Corporate Governance

Disclosures	2023	2022	2021	GRI
Code of Ethics - Complaint System[31]				
Reports received for alleged violations of the Code of Ethics				
Corrective measures taken from closed cases (No.)				
Administrative actions	389	247	NA	
Feedback	1,844	999	NA	
No action required	1465	857	NA	
Review of policies and/or processes	120	147	NA	
Suspension	13	9	NA	
Dismissal	596	407	NA	
Training	153	64	NA	
Others	635	284	NA	

Notes:

1 Excluding Valora.
2 Consider only internal collaborators.
3 Consider only internal collaborators. The breakdown of age ranges was modified compared to that included in the 2022 Integrated Annual Report. To see the complete detail for 2022, please refer to that document.
4 Includes internal and external collaborators and Valora collaborators in Europe. No longer includes Envoy collaborators in the US.
5 Includes the countries Bolivia, Dominican Republic and Paraguay. Does not include collaborators from Venezuela. Since December 31, 2017, as an unconsolidated operation, Venezuela is reported as an investment in shares.
6 Includes internal and external collaborators.
7 Includes internal collaborators.
8 Goal. 40% of Women in executive positions by 2030 (Managements and Directorates).
9 Excluding Valora.
10 Excluding Valora.
11 A maximum of two levels below the General Director or comparable positions (as a % of total senior management positions).
12 Consider only internal collaborators.
13 Excluding Valora.
14 Includes suppliers of Coca-Cola FEMSA and FEMSA Salud.
15 Includes Proximity Retail and Health, Food Service, PTM, and Solistica.
16 Excluding Valora.
17 Some performance evaluation processes are carried out every two years.
18 In 2022, it referred to Social Development.
19 The first survey was carried out in 2023.
20 Factor closely related to the level of happiness of employees.
21 Additional question incorporated into our 2023 Organizational Climate diagnosis.
22 Includes workplace harassment and sexual harassment. The measures adopted are detailed in GRI 406-1.
23 Excluding Valora.
24 The total number of suppliers may differ from the total detailed by country since the same supplier may be in several countries.
25 The Our Planet section does not include Valora data.
26 The high investment in Our Planet in 2022 was mainly due to the use of the majority of the Coca-Cola FEMSA Green Bond funds.
27 An in-depth analysis was carried out and the Tonnes of Materials figure was updated. materials used (Virgin and recycled plastic) consumed in 2022. The 2022 materials figures already include this update.
28 The decrease in glass consumption is mainly due to the variation in Coca-Cola FEMSA's consumption caused by new product launches during 2022.
29 See Annex "Sustainability-Linked Bond - Sustainability Performance Targets (SPTs)".
30 The decrease in direct energy consumption is mainly due to the outsourcing of operations in our Solistica business.
31 Does not include Valora.
32 For example: Harassment, discrimination, conflict of interest with collaborators, among others.
33 For example: Excessive expenses, non-compliance with contracts, corruption, complaints from clients or suppliers.

ND: Not Available NA: Not Applicable

GRI content index

GRI Standard	Disclosure	Reference, answer in table, and/or omission	PAGE	SDG	UNGC
FEMSA has prepared the report in accordance with the GRI Standards for the period from January 1 to December 31, 2023.					
GRI 1: FOUNDATION 2021					
GRI 2: GENERAL DISCLOSURES 2021					
1. Organizational details					
1. The organization and its reporting practices					
2-1	Organizational details	See "Management Discussion & Analysis" Section.	79		
2-2	Entities included in the organization's sustainability reporting	See "Scope and boundaries of non-financial information" Appendix.	88		
2-3	Reporting period, frequency and contact point	The report contains information from January 1st to December 31st, 2023, and is reported on an annual basis.			
2-4	Restatements of information	An in-depth analysis was carried out and the Tonnes of Materials figure was updated. Materials used (Virgin and recycled plastic) consumed in 2022. The 2022 materials figures already include this update.			
2-5	External assurance	See "Independent Limited Assurance Report – Non-Financial Information" Appendix.	131		
2. Activities and workers					
2-6	Activities, value chain and other business relationships	See "Operational Performance" and "Sustainable Sourcing" Section. See "Sustainability performance data" Appendix.	15, 47, 90		6
2-7	Employees	See "2023 at a Glance" and "Justice, Equity, Diversity & Inclusion (JEDI)" Section. See "Sustainability performance data" Appendix.	9, 35, 90		6
2-8	Workers who are not employees	See "Sustainability performance data" Appendix.	90		
3. Governance					
2-9	Governance structure and composition	See web sites: **https://femsa.gcs-web.com/corporate-governance/board-of-directors** **https://femsa.gcs-web.com/corporate-governance/committees** IT Security/ Cybersecurity Governance. Audit Committee is the committee which oversees cybersecurity strategy.			
2-10	Nomination and selection of the highest governance body	See "Our Board of Directors & Committees" Section.	60		
2-11	Chair of the highest governance body	See "Our Board of Directors & Committees" Section.	60		

GRI Standard	Disclosure	Reference, answer in table, and/or omission	PAGE	SDG	UNGC
2-12	Role of the highest governance body in overseeing the management of impacts	See "Our Board of Directors & Committees" Section. See "Sustainability Governance and Climate-related risks and opportunities" Appendix. See web sites: **https://femsa.gcs-web.com/corporate-governance/board-of-directors** **https://femsa.gcs-web.com/corporate-governance/committees"**	60, 120		
2-13	Delegation of responsibility for managing impacts	See "Operational Performance" and "Sustainable Sourcing" Section. See "Sustainability Governance and Climate-related risks and opportunities" Appendix.	15, 47, 120		
2-14	Role of the highest governance body in sustainability reporting	FEMSA's Sustainability Team, chaired by the Chief Corporate Officer of FEMSA, who reports directly to the Executive Chairman of the Board of Directors and acting Chief Executive Officer, supervises the integration of Sustainability in FEMSA's Business Units through policies and processes, and oversees Sustainability performance and goals. This team is responsible for formulating, developing, implementing, monitoring, and reporting on Sustainability policy. See "Sustainability Governance and Climate-related risks and opportunities" Appendix.	120		
2-15	Conflicts of interest	See "Operational Performance" and "Sustainable Sourcing" Section. Plase see Web Page: **https://femsa.gcs-web.com/corporate-governance/code-of-ethics**	14, 47		
2-16	Communication of critical concerns	See "Sustainability performance data" Appendix.	90		
2-17	Collective knowledge of the highest governance body	See "Corporate Governance Updates" Section. See **"https://femsa.gcs-web.com/corporate-governance/board-of-directors"**	59		
2-18	Evaluation of the performance of the highest governance body	See "Our Board of Directors & Committees" Section.	60		
2-19	Remuneration policies	See **"https://femsa.gcs-web.com/es/financial-reports/20fs" Web page.**			
2-20	Process to determine remuneration	See **"https://femsa.gcs-web.com/es/financial-reports/20fs" Web page.**			
2-21	Annual total compensation ratio	Not disclosed.			
4. Strategy, policies and practices					
2-22	Statement on sustainable development strategy	See "Strategy", "Business Model for Value Creation", "Sustainability Performance" Sections.	11, 12, 27		
2-23	Policy commitments	See "Sustainability Performance", "Sustainability Governance", "Climate-related risks and opportunities", "Sustainability-Linked Bond - Sustainability Performance Targets (SPTs)" Sections.	27, 120, 127		10
2-24	Embedding policy commitments	See "Sustainability Performance", "Sustainability Governance" Sections.	27, 120		

GRI Standard	Disclosure	Reference, answer in table, and/or omission	PAGE	SDG	UNGC
2-25	Processes to remediate negative impacts	See "Ethical & Socially Responsible Behavior" Section. See "Sustainability performance data"" Appendix.	70, 90		
2-26	Mechanisms for seeking advice and raising concerns	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 employees and our stakeholders, through four different, confidential, and anonymous channels: telephone, website, e-mail and chat. See Ethics Line web site: **https://secure.ethicspoint.com/domain/media/en/gui/80470/index.html** See Code of Ethics: **https://femsa.gcs-web.com/corporate-governance/code-of-ethics**			10
2-27	Compliance with laws and regulations	FEMSA has not identified that it has received no significant fines or sanctions for non-compliance with laws/regulations in 2023, including social, economic, or environmental issues. By "significant", we mean the fine/penalty individually costs more than US$10,000 (or equivalent in Mexican Pesos, by "minor", we mean the fine/penalty individually costs less than US$10,000". 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.	NA		
2-28	Membership associations	See "Sustainability Performance", "Our People", "Our Community", "Our Planet", sections. See "Sustainability performance data" Appendix.	27, 31, 39, 49, 90		
5. Stakeholder engagement					
2-29	Approach to stakeholder engagement	At FEMSA, we engage with a number of stakeholders and maintain constant communication with them. These include: non-profit organizations, investors, industry players, specialized institutions, government, consumers and customers, suppliers, employees, society, and the media. See web site: **https://www.femsa.com/en/sustainability/sustainability-strategy/estrategy**			
2-30	Collective bargaining agreements	100% of our unionized employees are covered by a contract, pact, or collective bargaining agreement. See "Sustainability performance data" Appendix.	90		
Material Topics					
3-1	Process to determine material topics	Our strategy's 30 priority issues are the result of our materiality analysis. See web site: **https://www.femsa.com/en/sustainability/sustainability-strategy/materiality/** See "Materiality" Appendix.	89		

GRI Standard	Disclosure	Reference, answer in table, and/or omission	PAGE	SDG	UNGC
3-2	List of material topics	Our strategy's 30 priority issues are the result of our materiality analysis. See web site: **https://www.femsa.com/en/sustainability/sustainability-strategy/materiality/** See "Materiality" Appendix.	89		
3-3	Management of material topics	Our strategy's 30 priority issues are the result of our materiality analysis. See web site: **https://www.femsa.com/en/sustainability/sustainability-strategy/materiality/** See "Materiality" Appendix.	89		
Our Planet					
Climate action					
Material Topics 2021					
3-3	Management of material topics	See "Climate action", "Science Based Targets", "Renewable Energy", "Sustainable Mobility" sections. section. Our strategy's 30 priority issues are the result of our materiality analysis. See web site: **https://www.femsa.com/en/sustainability/sustainability-strategy/materiality/** See "Materiality" Appendix.	50, 51, 52, 89		
Energy 2016					
302-1	Energy consumption within the organization	See "Sustainability performance data" Appendix.	90	7.1	7,8,9
302-3	Energy intensity	See "Sustainability performance data" Appendix.	90	7.3	7.8
302-4	Reduction of energy consumption	See "Sustainability performance data" Appendix.	90	7.a	
302-5	Reductions in energy requirements of products and services	See "Renewable Energy", "Sustainable Mobility" sections. See "Sustainability performance data" Appendix. See web site: **http://energia.femsa.com**	51, 52, 90		7,8,9
Emissions 2016					
305-1	Direct (Scope 1) GHG emissions	See "Sustainability performance data" Appendix.	90	13.2	7.8
305-2	Energy indirect (Scope 2) GHG emissions	See "Sustainability performance data" Appendix.	90	13.2	7.8
305-3	Other indirect (Scope 3) GHG emissions	The data for total Scope 3 emissions published in 2023 is still in progress, given the complexity of its calculation due to the different sectors and countries our business units operate in, and the interaction of various multidisciplinary teams. We follow the GHG Protocol's average data method for Scope 3 categories 1 to 15.			
305-4	GHG emissions intensity	See "Sustainability performance data" Appendix.	90	13.2	8

GRI Standard	Disclosure	Reference, answer in table, and/or omission	PAGE	SDG	UNGC
305-5	Reduction of GHG emissions	See "Science Based Targets", "Renewable Energy", "Sustainable Mobility" sections. See "Sustainability performance data" Appendix. See web site: **http://energia.femsa.com** Solistica made significant changes during 2023 to reduce its emissions. On one hand, it began outsourcing part of its fleet, while on the other, in Colombia, it switched to using natural gas fuel in transport trucks, which previously used gasoline."	51, 52, 90	13.2	8.9
Water management					
Material Topics 2021					
3-3	Management of material topics	See "Water Management", "Replenishment", "Efficiency", sections. Our strategy's 30 priority issues are the result of our materiality analysis. See web site: **https://www.femsa.com/en/sustainability/sustainability-strategy/materiality/** See "Materiality" Appendix.	53, 54, 89		
Water and Effluents 2018					
303-1	Interactions with water as a shared resource	See "Water Management", "Replenishment", "Efficiency", sections. See "Sustainability performance data" Appendix.	53, 54, 90	6.1, 6.2	7,8,9
303-2	Management of water discharge- related impacts	See "Water Management", "Replenishment", "Efficiency", sections. See "Sustainability performance data" Appendix.	53, 54, 90	6.3	7,8,9
303-3	Water withdrawal	See "Water Management", "Replenishment", "Efficiency", sections. See "Sustainability performance data" Appendix.	53, 54, 90		7,8,9
303-4	Water discharge	See "Water Management", "Replenishment", "Efficiency", sections. See "Sustainability performance data" Appendix.	53, 54, 90	6.6 ,14.1	7,8,9
303-5	Water consumption	Given that water is an indispensable element for the socioeconomic development of communities and fundamental to their well-being, we are committed to its efficient use and preservation. In 2023, through our water treatment plants, we returned 8.5 thousand m3 of water with a quality similar or superior to that of the raw water extracted from subterranean or surface waters. This total amount does not include the volume of third-party water withdrawn and discharged.	NA	6.4	7,8,9
Circular economy					
Material Topics 2021					
3-3	Management of material topics	See "Circular Economy" Section. Our strategy's 30 priority issues are the result of our materiality analysis. See web site: **https://www.femsa.com/en/sustainability/sustainability-strategy/materiality/** See "Materiality" Appendix.	56, 89		

GRI Standard	Disclosure	Reference, answer in table, and/or omission	PAGE	SDG	UNGC
Materials 2016					
301-1	Materials used by weight or volume	See "Sustainability performance data" Appendix. In 2023 we used 105,511 tonnes of glass for packaging, of these, 28% were from recycled origin.	90	12.2, 12.5	7,8,9
301-2	Recycled input materials used	See "Sustainability performance data" Appendix.	90	12.5	7,8,9
301-3	Reclaimed products and their packaging materials	See "Sustainability performance data" Appendix.	90	12.5	7,8,9
Waste 2020					
306-1	Waste generation and significant waste-related impacts	See "Circular Economy", "Reducing & Eliminating Operational Waste", "Business Unit Spotlight: Coca-Cola FEMSA", "Following the Golden Rule", sections. See "Sustainability performance data" Appendix.	56, 57, 90		7,8,9
306-2	Management of significant waste- related impacts	See "Circular Economy", "Reducing & Eliminating Operational Waste", "Business Unit Spotlight: Coca-Cola FEMSA", "Following the Golden Rule", sections. See "Sustainability performance data" Appendix.	56, 57, 90		7,8,9
306-3	Waste generated	See "Sustainability performance data" Appendix. Non-hazardous operational waste sent to landfill: 78,851 tonnes.	90		7,8,9
306-4	Waste diverted from disposal	See "Sustainability performance data" Appendix.	90	12.5	7,8,9
306-5	Waste directed to disposal	See "Sustainability performance data" Appendix.	90	12.6	7,8,9
Other relevant contents					
Environmental Compliance 2016					
307-1	Non-compliance with environmental laws and regulations	FEMSA has not identified that it has received no significant fines or sanctions for non-compliance with laws/regulations in 2023, including social, economic, or environmental issues. By "significant", we mean the fine/penalty individually costs more than $10,000 USD (or equivalent in Mexican Pesos, by "minor", we mean the fine/penalty individually costs less than $10,000 USD". 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 2016					
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, "Guiding Principles for Suppliers", and we seek to ensure that they are all aware of them.			7,8,9

GRI Standard	Disclosure	Reference, answer in table, and/or omission	PAGE	SDG	UNGC
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, "Guiding Principles for Suppliers", and we seek to ensure that they are all aware of them.			7,8,9
Our Community					
Community welfare					
Material Topics 2021					
3-3	Management of material topics	See "Our Community" Section. Our strategy's 30 priority issues are the result of our materiality analysis. See web site: **https://www.femsa.com/en/sustainability/sustainability-strategy/materiality/** See "Materiality" Appendix.	39, 89		
Market Presence 2016					
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Not disclosed.			
202-2	Proportion of senior management hired from the local community	Not disclosed.			
Rights of Indigenous Peoples 2016					
411-1	Incidents of violations involving rights of indigenous peoples	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 employees and our stakeholders, through four different, confidential and anonymous channels: telephone, website, e-mail and chat. Ethics Line web site: **https://secure.ethicspoint.com/domain/media/en/gui/80470/index.html** See Code of Ethics: **https://www.femsa.com/wp-content/uploads/2022/10/FEMSA-Code_of_Ethics.pdf**		2.3	1
Local Communities 2016					
413-1	Operations with local community engagement, impact assessments, and development programs	See "Our Community", "Community Wellbeing" Sections.	39, 40	11.a	1
413-2	Operations with significant actual and potential negative impacts on local communities	See "MARRCO" Section. 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.	41		1

GRI Standard	Disclosure	Reference, answer in table, and/or omission	PAGE	SDG	UNGC
Customer Health and Safety 2016					
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 each of our operations' local standards, as well as with those of other regulatory agencies.			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not available.			
Marketing and Labeling 2016					
417-1	Requirements for product and service information and labeling	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.		12.8	
417-2	Incidents of non-compliance concerning product and service information and labeling	Not available.			
417-3	Incidents of non-compliance concerning marketing communications	Not available.			
Customer Privacy 2016					
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not available.			
Socioeconomic Compliance 2016					
419-1	Non-compliance with laws and regulations in the social and economic area	FEMSA has not identified that it has received no significant fines or sanctions for non-compliance with laws/regulations in 2023, including social, economic, or environmental issues. By "significant", we mean the fine/penalty individually costs more than $10,000 USD (or equivalent in Mexican Pesos, by "minor", we mean the fine/penalty individually costs less than $10,000 USD". 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.			
Economic development					
Material Topics 2021					
3-3	Management of material topics	See "Economic Development" section.	45		
Economic Performance 2016					
201-1	Direct economic value generated and distributed	See "Economic Development" section.	45	11.a	

GRI Standard	Disclosure	Reference, answer in table, and/or omission	PAGE	SDG	UNGC
201-2	Financial implications and other risks and opportunities due to climate change	See "Sustainability Governance and Climate-related risks and opportunities" Appendix.	120	13.1	
201-3	Defined benefit plan obligations and other retirement plans	FEMSA and its Business Units have a benefits plan that exceeds those stipulated by the Mexican legislation. 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.		8.3, 8.5	
201-4	Financial assistance received from government	Not available.			
Indirect Economic Impacts 2016					
203-1	Infrastructure investments and services supported	See "Our Community", "Community Wellbeing" Sections. See "Sustainability performance data" Appendix.	39, 40, 90	9.1, 9.5,11.2	9
203-2	Significant indirect economic impacts	See "Our Community", "Community Wellbeing" Sections. See "Sustainability performance data" Appendix.	39, 40, 90	1.2, 3.8, 8.2, 8.3, 8.5	
Sustainable supply					
Material Topics 2021					
3-3	Management of material topics	See "Our Community", "Sustainable Sourcing" Sections. Our strategy's 30 priority issues are the result of our materiality analysis. See web site: **https://www.femsa.com/en/sustainability/sustainability-strategy/materiality/** See "Materiality" Appendix. In addition to the principles included in the "Guiding Principles for Suppliers" document, all FEMSA suppliers are also expected to comply, through their operations, with the "Pollution Prevention and Waste Management (Circular Economy)" and with the "Caring for biodiversity, not deforestation or land conservation." Our C-suite level Sustainability, Inclusion & Diversity Committee, co-led by the Chairman of the Board and the Corporate Director, oversight the implementation of the supplier ESG program.	39, 47, 89		

GRI Standard	Disclosure	Reference, answer in table, and/or omission	PAGE	SDG	UNGC
204-1	Proportion of spending on local suppliers	See "Our Community", "Sustainable Sourcing" Sections. See "Sustainability performance data" Appendix. Purchasing practices towards suppliers are continuously reviewed to ensure alignment with the "FEMSA's Suppliers Guiding Principles" (Supplier Code of Conduct) and to avoid potential conflicts with ESG requirements. For example, Since 2021 year, we have developed and shared internally the "Sustainable Purchasing Guides", aimed at all positions or specialists responsible for the supply process of FEMSA and its Business Units, with the purpose of providing them with an internal consultation tool where they are shared sustainability characteristics to consider when purchasing each of the categories that are part of the inventory defined by the company. It also manages to be a list of recommendations when evaluating products, as well as being a guide to consider in the acquisition/bidding/ competitive process of the product or service. We trained company's buyers and/or internal stakeholders on their roles through "FEMSA's Supplier Guiding Principles" and "Sustainable Purchasing Guides".	39, 47, 90	8.3	
Supplier Social Assessment 2016					
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 "Guiding Principles for Suppliers" and we seek to ensure that they are all aware of them.		8.8, 16.1	2, 6
414-2	Negative social impacts in the supply chain and actions taken			5.2, 8.8, 16.1	2
Our People					
Human and labor rights					
Material Topics 2021					
3-3	Management of material topics	See "Our People" Section. Our strategy's 30 priority issues are the result of our materiality analysis. See web site: **https://www.femsa.com/en/sustainability/sustainability-strategy/materiality/** See "Materiality" Appendix.	31, 89		
Employment 2016					
401-1	New employee hires and employee turnover	Not disclosed.			
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. Example of benefits for FEMSA employees: Christmas bonus, vacation bonus, supplementary compensation, pension plan, retirement savings plan, annual medical exam, savings account, life insurance, cafeteria service, scholarships.		8.5	
401-3	Parental leave	See "Sustainability performance data" Appendix.	90		

GRI Standard	Disclosure	Reference, answer in table, and/or omission	PAGE	SDG	UNGC
Freedom of Association and Collective Bargaining 2016					
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 work center with respect to different human rights issues such as child labor, working hours, discrimination, among others. 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.		8.8	3
Child Labor 2016					
408-1	Operations and suppliers at significant risk for incidents of child labor	See 407-1.		8.7, 16.2	5
Forced or Compulsory Labor 2016					
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	See 407-1.		8.7	4
Security Practices 2016					
410-1	Security personnel trained in human rights policies or procedures	Not disclosed.			
Human Rights Assessment 2016					
412-1	Operations that have been subject to human rights reviews or impact assessments	See 407-1.		8.8	
412-2	Employee training on human rights policies or procedures	See "Sustainability performance data" Appendix.	90	8.8	
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 Guiding Principles for Suppliers in the various interactions we have, whether through purchase orders, contracts, etc. See web site: **https://www.femsa.com/en/press-room/documents/suppliers-guiding-principles/**			

GRI Standard	Disclosure	Reference, answer in table, and/or omission	PAGE	SDG	UNGC
Diversity, equity and inclusion					
Material Topics 2021					
3-3	Management of material topics	See "Justice, Equity, Diversity & Inclusion (JEDI)" section.	35		
Diversity and Equal Opportunity 2016					
405-1	Diversity of governance bodies and employees	See "Members of the Board of Directors & Committees" section. See "Sustainability performance data" Appendix.	64, 90	5.5, 8.5	6
Non-discrimination 2016					
406-1	Incidents of discrimination and corrective actions taken	See "Sustainability performance data" Appendix.	90	5.1, 8.8	6
Integral wellbeing					
Material Topics 2021					
3-3	Management of material topics	See "Integral Wellbeing" section. At FEMSA we have a system in place to determine and administer the compensation and benefits that our collaborators receive for their work. We established fair and competitive pay structures, providing incentives, and managing employee benefits and bonuses. The Annual Results Bonus for our employees is calculated by considering multiple factors, including the individual's performance and their adherence to the organization's core values in their daily actions, these values represent 10% of the annual result bonus. We believe that an employee's contributions go beyond mere job performance, extending to the embodiment of our values and ethical principles in their work. By considering both performance and values in the calculation, we aim to recognize and reward employees who not only excel in their tasks but also consistently exhibit behaviors that align with our shared principles. We believe that this holistic approach to assessing employee contributions fosters a culture of excellence, integrity, and a strong sense of shared purpose within our organization.	37		
Occupational Health and Safety 2018					
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 work spaces and healthy lifestyles.			

GRI Standard	Disclosure	Reference, answer in table, and/or omission	PAGE	SDG	UNGC
403-2	Hazard identification, risk assessment, and incident investigation	All of FEMSA's Business Units have certified professionals in charge of the administration of the Occupational Health and Safety Management Systems, such as: - Compliance with applicable regulations according to its 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 employees, customers and third parties can report activities or conditions and/or unsafe acts at work. - Management of internal and corporate evaluations to monitor compliance with management systems.			6
403-3	Occupational health services	At FEMSA we have medical care services that contribute to the supervision and surveillance of our employees' health in a preventive manner, such as the early detection of illnesses associated with working conditions, as well as providing quality medical care to employees who experience 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.		3.8, 8.8	6
403-4	Worker participation, consultation, and communication on occupational health and safety	FEMSA has Industrial Safety and Occupational Health Committees made up of representatives from all the Business Units, through which different topics are addressed, such as: - Updates in Health and Safety programs. - KPIs (Indicators of Absenteeism, Risk Premium, Fatalities). - Update of policies and guidelines. - Communication of relevant health and safety information. We have tools, like the Organizational Climate Surveys, that allow us to understand our employees' perceptions regarding management systems, work environment, their relationships with their bosses, processes, and assigned tasks.			

GRI Standard	Disclosure	Reference, answer in table, and/or omission	PAGE	SDG	UNGC
403-5	Worker training on occupational health and safety	See "Sustainability performance data" Appendix.	90		
403-6	Promotion of worker health	"FEMSA promotes different health care programs internally and in collaboration with public and private institutions, such as: - Vaccination campaigns. - Nutritional consultations. - Psychosocial support consultations. - Workshops oriented to romoting mental. - 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.)."		3.8	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	FEMSA seeks to create safe work spaces and healthy lifestyles in all its work centers, 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 professionals as a fundamental tool in Occupational Health and Occupational Risk Prevention.			
403-8	Workers covered by an occupational health and safety management system	See "Sustainability performance data" Appendix.	90		
403-9	Work-related injuries	See "Sustainability performance data" Appendix.	90	8.8	
403-10	Work-related ill health	See "Sustainability performance data" Appendix.	90		
Training and Education 2016					
404-1	Average hours of training per year per employee	See "Career Development and Continuous Learning" Section. Average amount spent per collaborator on training and development: Ps. $915 / Collaborator. (Excluding Valora).	38	4.4, 4.5, 8.2, 8.5, 8.6	6
404-2	Programs for upgrading employee skills and transition assistance programs	**FEMSA Mentoring Program** designed to facilitate the growth of employees with executive-level potential. The objective is to support mentees in their professional development by providing them with new perspectives, guidance, and skills related to leadership challenges. To ensure the success of this program, we carefully select a small number of senior executives as mentors. **In 2023,** 0.1% of our total workforce participates in this program, as we aim to provide personalized attention and support focused on each participant. **Grow with OXXO is a program** to ensure continuous basic training aligned to the business strategy in our operational collaborators that will allow them to find their career path to grow within the company through development programs; We enable skills such as Communication, Customer Service, Effective Decisions, Organization and continuous improvement, Collaboration, Talent Development, Achievement of Results, among others, and this contributes to your personal and professional growth. **In 2023 we manage to award 1,163 high school scholarships, 19,770 assistants grew to store managers, 3,444 managers grew to store leaders.** In 2023, 6% of our total workforce participates in this program.		8.2, 8.3, 8.5	

GRI Standard	Disclosure	Reference, answer in table, and/or omission	PAGE	SDG	UNGC
404-3	Percentage of employees receiving regular performance and career development reviews	See "Sustainability performance data" Appendix. Performance Management at FEMSA allows us to ensure strategic alignment, boost employee performance, enhance their development, and promote culture and values in the organization. Our collaborators are evaluated using different methodologies depending on the Business Unit they are part of, or according to the organizational level they occupy. Assessment is done through setting success goals and managing behaviors to achieve compliance. The performance appraisals include individual and/or team-based management performance by objectives and agile conversations, with a frequency ranging from at least once a year to evaluations with less than a quarter frequencies. To ensure compliance with objectives, periodic performance reviews are carried out, our collaborators are evaluated according to the fulfillment of the goal defined under the following criteria: Low performance, Performance with opportunity, Satisfactory performance, Extraordinary performance, Transformational performance.	90	5.1, 8.5, 10.3	6
Corporate Governance					
Other relevant topics					
Anti-corruption 2016					
205-1	Operations assessed for risks related to corruption	As is the case every year, we carried out the process of reviewing, updating, and communicating our Code of Ethics to all employees. In addition, we deployed the online certification of the Code of Ethics, which was taken by employees in some of our Business Units.		16.5	10
205-2	Communication and training about anti-corruption policies and procedures	See "Ethical & Socially Responsible Behavior". See "Sustainability performance data"" Appendix.	70, 90	16.5	10
205-3	Confirmed incidents of corruption and actions taken	See "Sustainability performance data" Appendix.	90	16.5	10
Anti-competitive Behavior 2016					
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	See our 20-F Form.		16.6	

Notes:

1) The information contained in this document is provided in good faith and is intended to enhance understanding of the non-financial performance of the organization. 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 in this document.

SDGs & UN Global Compact contribution

We are committed to contributing to the United Nations Sustainable Development Goals. Joining the efforts of the 2030 Global Agenda means that we contribute to promoting prosperity, improving the quality of life and wellbeing of people and ensuring the conservation, restoration and sustainable use of ecosystems. Through our business units, we generate synergies and collaborations to multiply efforts in favor of Our People, Our Community and Our Planet. This approach allows us to contribute significantly to the SDGs through our sustainability strategy.

SDG's where believe we have the greatest positive impact.

SDGs	SDG Associated Targets	UNGC Associated Principles	FEMSA Contribution Examples	2023 Impact	FEMSA Priority Topics
No Poverty	1.2, 1.4, 1.a	1, 2, 3	**Corporate Goal.** 20 million beneficiaries of our Community Wellbeing initiatives by 2030.	**+2.8 million** (9.7 million accumulated since 2021)	› Community Wellbeing
Zero Hunger	2.1, 2.2	1, 2	**Food donation (OXXO)** It has different actions focused on delivering food products through the Food Banks to the community. Includes: Donation of rice, beans, oil and milk, among others.	**25,600 Kg** (25.6 Ton)	› Human and & Labor Rights › Community Wellbeing › Economic Development
Good Health and Wellbeing	3.6, 3.8	1, 2	**Corporate Goal.** 100% employees with access to a psychosocial support system by 2030.	**81%**	› Human & Labor Rights › Integral Wellbeing
Quality Education	4.1, 4.2, 4.5	1, 2	**Fundación FEMSA** Systemic education programs for preschools that seek to develop the social-emotional skills and well-being of teachers and principals. In this way, they can create safe learning environments and serve as role models for their preschools students. **https://huella.fundacionfemsa.org/proyecto/educar-para-el-bienestar/**	**56,225** beneficiaries	› Community Wellbeing
Gender Equality	5.1, 5.5	1, 2,	**Corporate Goal:** Reach 40% of women in executive positions by 2030.	**30%**	› Community Wellbeing

SDGs	SDG Associated Targets	UNGC Associated Principles	FEMSA Contribution Examples	2023 Impact	FEMSA Priority Topics
Clean Water and Sanitation	6.1, 6.2, 6.3, 6.4, 6.6, 6.a, 6.b	1, 2	**Corporate Goal:** Achieve a neutral water balance in all our operations by 2030.	**81%**	› Water Management
Affordable and Clean Energy	7.1, 7.2, 7.a.	1, 2	**Corporate Goal:** 85% renewable electricity use across all our operations by 2030.	**62.4%**	› Climate Action
Decent Work and Economic Growth	8.2, 8.3, 8.4, 8.5, 8.8	1, 2	**Corporate Goal:** Over 90% of our employees engaged by 2030.	**88%**	› Human & Labor Rights › Integral Wellbeing › Diversity Equity & Inclusion
Industry, Innovation and Infrastructure	9.1, 9.2	1, 2	**Coca-Cola FEMSA** Project to encourage consumers to recycle their PET bottles through machines located in shopping centers, supermarkets and universi-ties. Anyone can deposit plastic containers and receive coupons with some incentive.	**15,253** Beneficiaries (registered people)	› Community Wellbeing › Economic Development › Sustainable Sourcing
Reduced Inequalities	10.2, 10.7	1, 2	**Refugees and Migrants program** We continued our refugee and migrant inclusion program in collaboration with the UN High Commissioner for Refugees. Thanks to the above, FEMSA has employed refugees and migrants trough the last years in Mexico in 2023 through OXXO work centers and Distribution Centers, as well as in OXXO GAS, and in Brazil through Solistica.	**1,378** refugees hired (3,490 Refugees employed since 2019)	› Human & Labor Rights › Diversity Equity & Inclusion › Community Wellbeing › Economic Development
Sustainable Cities and Communities	11.4, 11.6, 11.7	1, 2	**Corporate Goal:** 90% of procurement purchases from local suppliers in all business units by 2030. **Coca-Cola FEMSA, Emergency Relief: Hurricane Otis** Two "Ven Por Agua" disaster response water treatment vehicles were activated, each of which can process a high quantity of liters of water per day.	**69%** **243,964** beneficiaries	› Community Wellbeing

SDGs	SDG Associated Targets	UNGC Associated Principles	FEMSA Contribution Examples	2023 Impact	FEMSA Priority Topics
Responsible Consumption and Production	12.2, 12.3, 12.5, 12.6, 12.8	7, 8, 9	**Corporate Goal:** Zero operational waste to landfill by 2030.	**73.4%** of total operational waste diverted from landfills.	› Circular Economy › Sustainable Sourcing
Climate Action	13.1, 13.3	7, 8, 9	**Science Based Target Initiative** FEMSA is currently working to establish SBTi-approved emissions reduction targets for all FEMSA business units individually. Until date, we have SBTi approved for Coca-Cola FEMSA and FEMSA Salud, wich together represent almost 25% of the total FEMSA's emisions scope 1, 2 and 3.	**25%** of FEMSA's Scope 1, 2 and 3 emissions are under SBTi approved targets.	› Climate Action › Water Management › Circular Economy › Sustainable Sourcing
Life on Land	15.1, 15.2, 15.b	7, 8, 9	**Community Wellbeing Initiatives** FEMSA support this SDG with a high quantity of Community Wellbeing Activities. For Example: with beach cleaning, park rehabilitation, paint application, tree planting activities, improving the community environment and the well-being of ocean species.	**+10,800** beneficiaries	› Community Wellbeing › Climate Action › Water Management › Circular Economy
Peace, Justice, and Strong Institutions	16.3, 16.5	1, 2, 3, 4, 5, 6,10	**Training** We trained our collaborators on diverse topics to strengthen our sustainability strategy.	Employee's participations: › **127,927** on Code of Ethics; › **122,569** on Human and Labor Rights policies; › **39,013** on Discrimination and harassment and how to prevent it; › **29,666** on anticorruption	› Ethical & Socially Responsible Behavior › Corporate Responsibility › Fiduciary Responsibility
Partnerships for the Goals	17.16, 17.17	1, 2,	**Community Wellbeing Initiatives**	› **65%** of the **1,039** Community Wellbeing Initiatives completed were in partnership with external partners. › **2.8 million** direct beneficiaries. › **+356,000** corporative volunteering hours	› Community Wellbeing › Economic Development › Sustainable Sourcing › Climate Action › Water Management › Circular Economy

Sustainability Governance and Climate-related Risks and Opportunities

In 2023, as 2022, we have been working on identifying and quantifying the main risks and opportunities related to climate change, as well as their potential financial impact over the short, medium, and long term, following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). This exercise allows us to adapt and be ready in our operations to mitigate climate-related risks and prepare FEMSA for future climate-related challenges.

Governance
FEMSA's corporate governance has been strengthened over time to be able to respond to the risks and opportunities brought on by climate change. We understand that a robust governance structure is vital to ensure our businesses' responsible conduct and operations, as well as to generate long-term value. Through active leadership and the use of best corporate governance practices, at FEMSA we are paving the way for the future we want. We integrate Sustainability from the Board of Directors onwards as part of our vision.

a. Board of Directors. Describe the board's oversight of climate-related risks and opportunities.

The Board is responsible for determining FEMSA's corporate strategy. This includes defining and overseeing the implementation of its vision, values, and Sustainability Strategy. We recognize that the individuals and structures that conform the Company's governance bodies have a decisive influence on the oversight quality and decisions made to create economic and social value.

The Board of Directors monitors the updates made to FEMSA's Code of Ethics, as well as the system to enforce its observance and compliance. It determines the use of good corporate governance practices and identifies economic, environmental, and social risks. It also structures mechanisms to encourage the achievement of corporate sustainability goals. It oversees the well-being, dignified work, and support of our people, as well as the development and well-being within the communities where we operate. It also oversees the sustainable use of natural resources in the company's operations.

Our chairman of the Board provides the leadership that supports the company to effectively carry out its sustainability commitments. In addition, he oversees, and monitors issues related to the generation of social value, including inclusion and diversity, climate change, water management, and human rights. To do this, he relies on the C-suite level Sustainability, Inclusion & Diversity Committee, of which he is a Member, with the objective of communicating the strategic vision, level of ambition, external context, and strategic positioning of the company. Since 2023, the Board of Directors has included a review of sustainability topics on the agenda of each of its meetings. These topics include the progress of key performance indicators and public goals, risks and opportunities related to climate change, results in ESG Global ratings, among others. Additionally, these topics are also included and reviewed within our Operations and Strategy Committee.

b. Management Role. Describe management's role in assessing and managing climate-related risks and opportunities.

Sustainability, Inclusion & Diversity Committee C-suite level
The Corporate Sustainability, Diversity and Inclusion Committee was created in 2021 and is represented by executives from all Business Units, as well as executives from the corporate functional areas, aiming to have a diversified representation of the different businesses, genders, and functionalities that exist in our organization.

Its purpose is to support the Board of Directors in the integration of Sustainability principles to the management processes, encouraging industry best practices in all its activities, and thus creating long-term value.

It meets quarterly to guide, update, and monitor the implementation of the Sustainability Strategy, and is responsible for:

1. Strengthening Sustainability strategy on an ongoing basis.
2. Ensure that the sustainability strategy is updated, including material topics under the best practices for this.
3. Establish and monitor the goals of the material topics.
4. Monitor ESG risks and risk management strategy (Our People, Our Planet and Our Community).
5. Prepare and share a report on progress and challenges in sustainability for the FEMSA Board of Directors.
6. Ensure the existence and updating of ESG policies based on best practices and internal and external requirements.
7. Be a link between the global vision and the context of our business.
8. Guiding the organization through key focus areas.
9. Enable agility in key strategic definitions.
10. Ensure internal accountability in our efforts to achieve our goals.
11. Monitor and follow up on climate-related issues (risks and opportunities) and the mitigation and adaptation strategy
12. Follow up on the commitments acquired by the company such as Sustainable Development Goals, UN Global Compact, Science Based Targets initiative, Sustainability-Linked Bonds, Consumer Goods Forum, among others.
13. Ensure the existence and updating of guidelines for suppliers based on best practices and internal and external requirements.

The composition of the Committee, can be found in the following matrix:

Composition of the Sustainability, Inclusion and Diversity Committee		
	Executive Position	***Role within the committee***
Permanent members	FEMSA Corporate Director and Chairman of the Sustainability, Inclusion & Diversity Committee	› Steering committees toward reaching conclusions, establishing agreements, making commitments, and formulating decisions. › Aligning strategic direction and long-term goals with sustainability priorities.
	FEMSA Chief Executive Officer & Executive Chairman of the Board	› Conveying strategic vision, ambition level, external influences, and strategic positioning.
	FEMSA Director of Corporate Affairs Coca-Cola FEMSA Supply Chain Director FEMSA Director of Human Resources, Labor and Wellness Coca-Cola FEMSA Director of Corporate Affairs Proximity Director Corporate Affairs Proximity CEO FEMSA Director Social Impact FEMSA Social Investment Director / Fundación FEMSA Director Valora Compliance & ESG / Sustainability Manager	› Serve as representatives for their divisions, offering insights from their operational experience. › Ensure the timely communication of challenges, complexities, impacts, risks, and prospects related to operations. › Align the strategic vision and long-term aims of the division with priorities in sustainability. › Evaluate strategic decisions concerning sustainability. › Direct and prioritize sustainability initiatives within the organization.
Secretaries (and Members)	FEMSA Director of Energy and Sustainability FEMSA Diversity and Inclusion Manager	› Coordinate the agenda, organization, and operation of the Committee. › Document instruments of meetings, agreements, and consolidate votes when necessary. › Represent interests and priorities of the pillars that coordinate and challenge these issues.
Intermittent Guests (Non-members)	FEMSA Legal Counsel FEMSA Director of Human Resources Proximity Director of Human Resources FEMSA Director of Strategic Supply Proximity Director of Expansion and Infrastructure	› Information, progress, perspectives, issues, and obstacles associated with the core theme.
Operational Secretary (Non-member)	FEMSA Sustainability Manager	› Logistics, documentation of agreements and other related operational tasks, in addition to requesting clarifications or intervening in matters within its competence.

Management Team

The Management Team oversees business growth to generate economic and social value for all stakeholders. Our managers have extensive professional experience in the industries in which we participate. They establish corporate goals and oversee the fulfillment of the strategic objectives. The management team is a crucial part of the planning and execution of the Sustainability Strategy.

FEMSA Sustainability Team

Led by the Energy and Sustainability Director, who reports to the Corporate Director, who reports directly to the Chief Executive Officer & Executive Chairman of the Board, our corporate sustainability team oversees the integration of Sustainability into FEMSA's Business Units through policies and processes. It also monitors Sustainability (and Climate Change) performance and goals.

This team is made up of experts in the various topics that make up Sustainability (and Climate Change). It is responsible for formulating, developing, implementing, monitoring, and reporting on FEMSA's Sustainability policy. One of its main functions is to share the best practices of the industries we participate in with the different Business Units' teams and corporate functional areas. At the same time, it prepares the Sustainability Committee's meetings, where information related to the Strategy is presented and discussed. It follows up on the fulfillment of corporate goals.

Within the team is the Energy and Sustainability Director, to whom the following Corporate Executives report to:

- **Consulting and Projects Manager**
- **Management and Compliance Manager**
- **Energy Manager**

Business Units' Sustainability Team

This functional network is responsible for linking internal with external stakeholders. Internally, it contributes to identifying and prioritizing its operations' material topics, as well as the Climate Change risks and opportunities. It collaborates with corporate areas to incorporate the sustainability agenda into their programs and activities. Externally, it is in charge of being in contact with the communities connected with our operations and understanding their Sustainability expectations. Furthermore, it also oversees the communication efforts for support programs and donations offered by the company.

To read more details about the role FEMSA's Corporate Governance plays in risk management, please see the following sections of the 2023 Integrated Annual Report:

- **Chairman's Letter**
- **Value Creation Model**
- **Sustainability Performance**
- **Sustainability Governance**
- **Ethical and Socially Responsible Behavior**.

Strategy & Risk Management

Strategy: The identification of actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

Risk Management: The processes undergone by the organization to identify, assess, and manage climate-related risks.

FEMSA, together with its Business Units, is aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) and its recommendations on key disclosures. It is focused on the resilience of the organization's strategy under various climate-related scenarios. An initial effort to identify and quantify Coca-Cola FEMSA, OXXO, OXXO GAS, and Solistica's main climate-related risks and opportunities began in 2022. During 2023, the quantification of climate-related risks and opportunities was expanded into the FEMSA Salud businesses. KOF's analysis was also strengthened during the year by incorporating all minor water basins.

Multidisciplinary groups in each business unit (represented by areas such as Sustainability, Strategic Planning, Operations, Real Estate, Marketing, Finance, Corporate Affairs, Supply, etc.), worked together and identified, prioritized, and quantified the main climate-related risks and opportunities.

We analyzed and evaluated physical risk (acute and chronic) and transition risks (current and emerging legislation, technology, legal, market and reputational), and opportunities in line with TCFD recommendations through a:

5-step methodology

1. *Taxonomy of risks and opportunities*
2. *Definition of climate scenarios and time horizons*
3. *Identification of variables associated to climate scenarios*
4. *Estimation of risks and opportunities parameters*
5. *Calculation of climate value at risk*

After a review of recommended scenarios, as well as the multidisciplinary work sessions that were held, we defined three scenarios for our internal analyses (a combination of those presented by the International Energy Agency (IEA), the Intergovernmental Panel on Climate Change (IPCC) and the Network for Greening the Financial System (NGFS). We believe this helps us to assess physical and transition risks and opportunities within various temperatures complying with TCFD's recommendations and aligned with the Paris Agreement:

Selected Climate Scenarios	***Net Zero*** ***SSP1 - 1.9 + NZE*** ***+1.5ºC***			***Moderate Transition*** ***SSP1 - 2.6 + APS*** ***+1.8ºC***			***No Ambition:*** ***SSP2 - 4.5 + STEPS*** ***+2.7ºC***		
Reference Scenarios	**IPCC** **SSP1 - 1.9** Sustainability	**IEA** **NZE** **Net Zero** emissions by 2050	**NGFS** **Net Zero 2050**	**IPCC** **SSP1 - 2.6** Middle of the road	**IEA** **APS** Announced pledges	**NGFS** **Below 2ºC**	**IPCC** **SSP2 - 4.5** Regional rivalry	**IEA** **STEPS** Stated Policies	**NGFS** **Determined contributions**
Resume Reference Scenarios	› **Net zero emissions are assumed in 2050** through international cooperation and social involvement. › **Unprecedented investment in sustainable technologies and high innovation,** accompanied by a **rapid decrease in the use of fossil fuels and high CO_2 prices.** › There is an **increase in global temperature of no more than 1.5ºC,** with a view to 2100.			› **It is assumed that only economies that have the goal of achieving net zero emissions in 2050 will achieve it,** through international cooperation and social involvement. › **Gradual decrease in the use of fossil fuels and their prices,** while CO_2 prices will become more expensive. › There is a temperature increase of no more than **1.8ºC in 2100.**			› Developed economies do **not reach net zero emissions in 2050.** There is no great push from political agents, who **limit themselves to fulfilling the commitments made.** › **Demand for fossil fuels remains high and investment in renewable energy** is being done conservatively. › A temperature increase of no more than **2.7 ºC is assumed in 2100.**		

IPCC: Intergovernmental Panel on Climate Change IEA: International Energy Agency NGFS: Network for Greening the Financial System

Time horizons
We defined three-time horizons to help us understand the potential impact of climate-related risks and opportunities on our business. We chose them due to relatively abundant data available for reference, as well as for their compatibility with our business plans and timelines. They are also aligned with national and international climate change goals and the Task Force on climate-related Financial Disclosures and the European Sustainability Reporting Standards.

Short-term 2030	Medium-term 2040	Long-term 2050
› **2030:** time reference in which FEMSA has set mitigation and adaptation objectives (85% renewable electrical energy and achieving a neutral water balance in all operations and zero operational waste to landfills). Additionally, compliance with the mitigation and adaptation objectives set by the countries in which FEMSA operates is expected, according to their Determined Contributions.	› **2040:** intermediate temporal reference point to evaluate climate R&O.	› **2050:** time reference in which the objectives set by the Paris Agreement and the determined contributions of some countries in which FEMSA operates and that have mitigation objectives in this time horizon are expected to be achieved.

The IPCC and EIA scenarios are recommended by TCFD, with widespread market adoption. The vast majority of physical climate models follow the IPCC Representative Concentration Pathways (RCPs). NGFS scenarios are compatible with the Financial Stability Board and provide comprehensive databases of market variables. The three sets of scenarios are consistent and must be updated frequently.

Each of the three scenarios and time horizons we analyzed presents its own social, political-regulatory, economic, and technological-energy context. This generates important differences and consequences regarding climate change.

Summary of risks and opportunities identified
The next table summarizes the main risks and opportunities that were identified and quantified.

Type	Category	Risk/Opportunity	Impact	Climate scenarios and time horizons with the greatest impact		
Physical Risk	**Chronic**	Decrease in rain	High	No Ambition	**2050**	Main basins will drop their levels dramatically and water scarcity might cause a decrease in production.
		Temperature increase	Medium	No Ambition	**2050**	This risk could generate additional energy costs due to the need to control the temperature of the products in its value chain.
	Acute	Extreme temperatures	Low	No Ambition	**2040**	The increase in temperature will impact on energy consumption of our refrigeration and air conditioning equipment at our sales points.
		Increase in flooding	Low	Net Zero	**2050**	Supply chain and distribution will have significant impacts. Also, the damage on infrastructure will represent some losses.
		Drought periods	Low	No Ambition	**2050**	Periods of drought could lead to water shortages with negative implications for the operational costs of businesses, given the need to supply water to operate and even generate energy.
Transitions Risk	**Reputation**	Concerns of stakeholders	High	Net Zero	**2050**	Inadequate management of climate issues in the business could generate a negative reputational impact, which could be reflected in a decrease in the level of sales.
	Policy	Increase in the price of GHG emissions	High	Net Zero	**2050**	The imposition of carbon taxes would imply significant associated costs for the business, according to the GHG emissions generated.
		Operating limits	High	Net Zero	**2050**	High carbon pricing and limitation on fossil fuels use will represent high costs on production, distribution, and commercialization for most of our businesses.
	Market	Cost increase in raw materials	High	No Ambition	**2050**	The cost increase in key raw materials will increase operational costs. The climatic variations that climate change may bring may result in the yields of sugarcane crops being affected (decrease in supply) and the prices of refined sugar may increase, impacting the production costs of the business.

Type	Category	Risk/Opportunity	Impact	Climate scenarios and time horizons with the greatest impact		
Opportunities	**Energy Sources**	Use of low-emission energy sources	High	Net Zero	**2050**	Using low-emission energy sources could represent a reduction in its associated costs, since in the context of these scenarios, the prices associated with renewable energies would tend to decrease in the medium and long term.
	Services and products	Changes in consumer preferences	High	No Ambition	**2050**	The increase in temperature can be directly related to an increase in demand for certain products.
		Development and/or expansion of low-emission goods and services	Low	Net Zero	**2030**	The business could quickly adapt to new customer preferences.
		Improvement in the efficiency of production facilities and processes	Medium	Net Zero	**2050**	The global energy transition implies the gradual implementation in the energy markets of new low-emission energy sources, meaning new competitors mainly for Retail Service Stations

As part of the project, FEMSA prepared RACI matrices for Coca-Cola FEMSA, OXXO, OXXO GAS, FEMSA Salud, and Solistica. This allows the distribution of responsibilities, gives structured monitoring, and supports annual improvement and alignment to the company's strategy. We strive to continue to improve the identification, prioritization, and quantification of the main climate-related risks and opportunities.

Metrics and Objectives
Please see the 2023 Integrated Annual Report sections:

- **Sustainability Goals & Targets Progress**
- **Sustainability Performance Targets**
- **Climate Action**
- **Water Management**
- **Circular Economy**
- **Appendix: Sustainability Performance Data**
- **Appendix: Sustainability-Linked Bond - Sustainability Performance Targets (SPTs)**
- **Appendix: Independent Limited Assurance Report on Key Indicators of Sustainability Performance**

Sustainability-Linked Bond - Sustainability Performance Targets (SPTs)

The purpose of our Sustainability-Linked Bond since its issuance has been to maximize the impact and synergies between the Company's operational and sustainability strategies. During 2023, we continued to work on several fronts to advance on the Key Sustainability Performance Targets.

About the FEMSA Sustainability-Linked Bond
In 2022 and 2021, FEMSA announced the placement of sustainability-linked notes denominated in Mexican pesos and euros in the Mexican and international capital markets, respectively. The 2022 issuance was of Ps. 9,273,843,400.00. The issued bonds were purchased by 33 institutional investors and the issuance was oversubscribed 1.9x times. The transaction was completed through a dual-tranche format with the tickers FEMSA 22-2L and FEMSA 22L. The first tranche was issued at an annual fixed rate of 9.65% (Mbono+0.45%) for an amount of Ps. 8,446,384,600.00 due in 2032. The second tranche was issued at an annual variable rate of TIIE28 + 0.10% for an amount of Ps. 827,458,800.00 due in 2027.

Pursuant to the terms of both Bonds, they are linked to FEMSA's Sustainability-Linked Bond Framework, which was adopted and published by the Company in connection to the 2021 issuance of its Euro-denominated sustainability linked notes in the international capital markets for €700 million in senior notes due in 2028, and €500 million in senior notes due in 2033. This Framework is aligned with the 2020 Sustainability-Linked Bonds Principles ("SLBP"), as administered by the International Capital Market Association (ICMA[29]), and it includes certain Sustainability Performance Targets of the Company which are aligned with its overall sustainability strategy priorities for 2030. As per the Bonds' terms, the Sustainability Performance Targets' satisfactory completion will be verified by an accredited third party and can be consulted in the following link: **https://femsa.gcs-web.com/es/sustainable-finance/**.

1. Selection of Key Performance Indicators (KPIs)

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

1.1 Zero operational waste to landfill (Circular Economy).

SCOPE
This KPI applies to 100% of FEMSA's Business Units existing at the date of the SLB, including all organic growth over the bond's lifetime[30]. As of 2023, this KPI has a data coverage of 98% of FEMSA's total workplaces[31]. We continue to work on increasing the percentage of workplaces with information. However, some sites of Proximity Americas have not yet been included for the Sustainability Performance Targets (SPT).

METHODOLOGY
This KPI s calculated in compliance with our Corporate Information Policy and our internal consolidation manual for non-financial information. The business units report the total waste generated by type on a quarterly and annual basis (Non-hazardous and Hazardous Waste) and the final disposal method. For Non-Hazardous Waste, the disposal methods consider reuse or recycling (which includes composting or anaerobic digestion, incineration -with and without energy recovery-) and landfill. For Hazardous Waste, the previous disposal methods apply along with special management disposal and confinement, all in accordance with environmental regulations.

- Total operational waste (in tonnes): is the sum of all types of waste, excluding hazardous waste[32].
- Total recycled or reused waste (in tonnes): is the sum of the final disposal of each type of operational waste classified as reused or recycled.

29 **https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-Principles-June-2020-171120.pdf**
30 Inorganic growth, such as Valora, is not included as part of the Sustainability Performance Targets (SPT).
31 A sample of the scope of the information was verified by Valora Consultores as an independent third party.
32 Due to local regulatory requirements, its final disposal methods could include landfill in controlled confinement, among others.

1.2. Renewable energy

SCOPE
This KPI applies to 100% of FEMSA's Business Units existing at the date of the SLB, including all organic growth over the bond's lifetime. By 2030, we expect to have annual electricity consumption of more than 3.7 TWh (a 40% increase over our 2020 consumption of 2.6 TWh). During 2023, this KPI maintains 99% data coverage in all FEMSA workplaces.

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

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 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 FEMSA's electricity consumption.
- Total electricity consumption from renewable energy (in MWh): is the sum of total electricity consumption generated by renewable sources. As of March 2023, FEMSA uses the following generation technologies: wind energy, solar energy and biomass from organic waste[33].

In 2023 FEMSA started to use energy attribute certificates (e.g., renewable energy certificates ("RECs"), or similar. Our strategy to achieve our renewable energy goals will prioritize self-generation and power purchase agreements ("PPAs"). FEMSA may use other methods of sourcing renewable energy in select markets in the future only when self-generation or PPAs are not available or suitable 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.

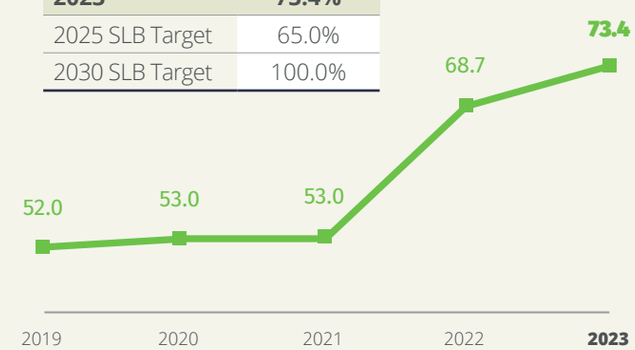
SPT 1.2: Increase the percentage of waste diverted from landfills to 100% by 2030

Baseline
In 2019 we established a plan to commit to achieving 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.

2023 Result
In 2023 we increased the coverage of information to include OXXO Chile Stores, and we worked on the implementation of the circular economy strategy to meet the goal. A reduction in the amount of waste destined for landfills was achieved, thanks to the commitment made by businesses to reach this goal. A prominent example of this effort is the work done by the Proximity division in OXXO stores, which throughout 2023 collaborated closely with its waste collection service providers. This joint effort allowed for the strengthening of processes and the expansion of their service coverage, resulting in an increase of the waste diverted from landfill to reuse or recycle from 5% to 16% in OXXO stores, and 72% to 80% in OXXO distribution centers.

KPI 1: Zero operational waste to sanitary landfills

2019	52.0%
2020	53.0%
2021	53.0%
2022	68.7%
2023	**73.4%**
2025 SLB Target	65.0%
2030 SLB Target	100.0%



Percentage %
OPERATIONAL WASTE DIVERTED FROM LANDFILLS

33 FEMSA may, in the future, utilize other renewable energy sources, such as tidal power, small-scale hydroelectric power (less than 25MW), or biomass from sustainably sourced feedstock that do not compete with food sources. In some geographies, FEMSA may not be able to purchase renewable energy through power purchase agreements or on-site generation or distributed energy. In these contexts, FEMSA may choose to purchase green tariffs or renewable energy credits. We will disclose the sources of renewable energy consumed in our integrated annual report.

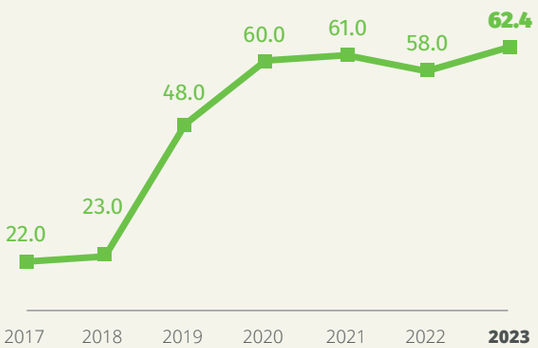
2.2. Renewable energy

SPT 2.1: Increase annual renewable electricity supply to 65% by 2025.

SPT 2.2: Increase annual renewable electricity supply to 85% by 2030.

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

2023 Result
In 2023 we were able to increase our percentage of renewable energy by adding wind energy in Imbera and our KOF operations in Uruguay and Brazil. We also started a distributed generation project by installing solar panels in 80 different sites. Finally, to cover sites in countries where regulations do not allow us to buy renewable energy from the grid, we acquired renewable energy certificates.



Percentage %
TOTAL ELECTRICITY CONSUMPTION
coming from renewable sources

KPI 2: Renewable Energy

2017 Baseline	22%
2018	23%
2019	48%
2020	60%
2021	61%
2022	58%
2023	**62.4%**
2025 SLB Target	65.0%
2030 SLB Target	85.0%

3. Bond Characteristics

Unless otherwise indicated in specific offering documents, FEMSA is not required to use its Sustainability-Linked Bonds' net proceeds 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 Integrated Annual 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.

5. Verification

FEMSA's Sustainability-Linked Bond Framework was 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 diverted from landfills and renewable electricity consumption during 2023 was reviewed by Valora Sostenibilidad e Innovación as an independent third party. For details of Valora Sostenibilidad e Innovación review, please see the Appendix "Independent Limited Assurance Report on Key Indicators of Sustainability Performance" of this Report.

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. 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.

The information and opinions contained in this Framework are provided as of the date of this Framework and are subject to change without notice. Neither FEMSA nor any of its affiliates assumes any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents current FEMSA policy and intent, is subject to change and is not intended to, nor can it be relied on, to create legal relations, rights, or obligations. This Framework is intended to provide non-exhaustive, general information. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by the FEMSA and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the FEMSA as to the fairness, accuracy, reasonableness, or completeness of such information. This Framework may contain statements about future events and expectations that are "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are generally identified through the inclusion of words such as "aim," "anticipate," "believe," "drive," "estimate," "expect," "goal," "intend," "may," "plan," "project," "strategy," "target" and "will" or similar statements or variations of such terms and other similar expressions. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Framework. No representation is made as to the suitability of any Sustainability-Linked Securities to fulfil environmental and sustainability criteria required by prospective investors.

This Framework does not create any legally enforceable obligations against FEMSA; any such legally enforceable obligations relating to any Sustainability-Linked Securities are limited to those expressly set forth in the legal documentation governing each such series of Sustainability-Linked Securities. Therefore, unless expressly set forth in such legal documentation, FEMSA's failure to adhere or comply with any terms of this Framework, including, without limitation, failure to achieve any sustainability targets or goals set forth herein, will not constitute an event of default or breach of contractual obligations under the terms and conditions of any such Sustainability-Linked Securities. Factors that may affect FEMSA's ability to achieve any sustainability goals or targets set forth herein include (but are not limited to) market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, and other challenges.

Independent Limited Assurance Report – Non-Financial Information

VALORA

MADRID - A CORUÑA
AMSTERDAM – LONDRES – PARIS - ISTANBUL
CIUDAD DE MÉXICO – CIUDAD DE PANAMÁ – CIUDAD DE GUATEMALA – QUITO

Independent Limited Assurance Report for Fomento Económico Mexicano, S.A.B. de C.V.

To the Board of Directors of **Fomento Económico Mexicano, S.A.B de C.V.** (hereinafter "FEMSA"),

Scope

According to your request, we have been engaged to provide a limited level of assurance on the performance indicators selected by FEMSA; included in the "Integrated Annual Report 2023" (hereinafter "Integrated Annual Report") and mentioned in **"Annex A"** for the fiscal year from January 1 to December 31, 2023.

FEMSA responsibilities

FEMSA has been responsible for the preparation, content and presentation of the "Integrated Annual Report", taking into consideration the contents (criteria) proposed in the Global Reporting Initiative (GRI) Standards, and the terms of the Bonds linked to FEMSA's Sustainability-Linked Bond framework for reporting non-financial information.

This responsibility includes the establishment, implementation and maintenance of the internal controls considered necessary to allow the information contained in the "Integrated Annual Report" to be free of material misstatement due to fraud or error.

Valora Consultores responsibilities

Our responsibility consisted of expressing an opinion on the presentation of indicators and information listed in **Annex A**, taking into consideration the requirements proposed in the GRI Standards, the Sustainability-Linked Bond principles, and the company's own performance indicators.

Control and Independence

To ensure that the process of independent assurance meets the ethical requirements necessary to ensure the independence of our work as non-financial information auditors, our work was developed according with the ISAE 3000 Standard, *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the *International Auditing and Assurance Standard Board (IAASB)* of the *International Federation of Accountants (IFAC)*.

Procedures performed

The scope of our independent assurance, as well as the evidence gathering procedures performed, was of limited assurance level, which is less than a reasonable security job, thus lowering the level of security being provided. This Independent Assurance Report should in no way be understood as an audit report.

The procedures we perform are described below:

- Selection of information to review based on the materiality and prior knowledge of the company.
- Interviews with employees responsible for generating and providing the information contained in the Report to learn the principles, systems and applied management approaches.
- Review of data collection, internal control and consolidation processes.
- Review of the scope, relevance and integrity of the information included in the Report based on the operations and previously identified material aspects.
- Review of evidence based on a sampling of information according to a risk analysis.
- Review of the application of what required in consideration with the GRI Standards.

Conclusion

Based on our review and the evidence presented by FEMSA, we were not aware of any situation that causes us to believe that the indicators contained in FEMSA's "Integrated Annual Report 2023" have not been reliably obtained, are not fairly presented, have significant deviations or omissions, or have not been prepared in consideration of the proposed contents in the Global Reporting Initiative (GRI) Standards or in compliance with the terms of the Bonds linked to FEMSA's Sustainability-Linked Bond Framework.

Gerardo Gustavo Torres Fernández
Director of Transformation and ESG Impact Mexico
Valora Sostenibilidad e Innovación S.A. de C.V.
March 15, 2024, Mexico City.

FEMSA

Annex A: Performance indicators

Name of disclosure or performance indicator	Scope of information	Reported information	Unit	Scope of compliance with the criteria selected by FEMSA (Subsections)	Performance indicator based on GRI / SLB
Number of reports received for alleged violations of the Code of Ethics	All the businesses of FEMSA	6,571	Number of reports	NA	ID[1]
Result of the organizational climate survey (Employee Commitment)	All the businesses of FEMSA	88	Percentage of committed collaborators	NA	ID[1]
Fatalities attributable to the company	All the businesses of FEMSA	9	Number of fatalities of own collaborators	NA	ID[1]
People directly benefiting from our Community Wellbeing Initiatives	All the businesses of FEMSA	2,861,280	Number of direct beneficiaries	NA	ID[1]
Energy consumption within the organization	All the businesses of FEMSA[2]	9,581,541	Direct energy consumption in GJ	a, b, c, d, e, f	302-1[3]
		11,550,578.40	Indirect energy consumption in GJ		
Renewable electrical energy consumed (SLB FEMSA. SPT KPI2)	All the businesses of FEMSA[2]	62.4	Percentage of renewable electrical energy consumed	NA	ID[4]
Water extraction by source	All the businesses of FEMSA	39,217.3	Total thousands of cubic meters	a, c, d	303-3[3]
		21,250.7	Thousands of cubic meters of groundwater		
		17,355.7	Thousands of cubic meters of water from third parties		
		603.5	Thousands of cubic meters of surface water		
		7.2	Thousands of cubic meters of total extraction of produced water		
Direct GHG emissions (scope 1)	All the businesses of FEMSA[2]	1,017,510	Total emissions for scope 1 in tCO_2e	a, b	305-1[3]
Indirect GHG emissions (scope 2)	All the businesses of FEMSA[2]	457,180	Total emissions for scope 2 in tCO_2e	a, b, c	305-2[3]
Operational waste generation and significant waste-related impacts	All the businesses of FEMSA	308,768.7	Total operational waste generated in tonnes	a	306-3[3]
Non-hazardous operational waste diverted/sent to landfill	All the businesses of FEMSA	217,821.7	Non-hazardous operational waste diverted from landfills in tonnes	a, b, c, d, e	306-4[3]
		78,851	Non-hazardous operational waste sent to landfill in tonnes		

[1] FEMSA's own performance indicator
[2] The scope of the information excludes Valora and Envoy businesses
[3] Indicator based on GRI criteria
[4] Indicator based on the criteria of Progress of the Sustainability Performance Targets (SPTs) of the Sustainability-Linked Bond (SLB). SPT 2: Renewable Energy.

FEMSA

Name of disclosure or performance indicator	Scope of information	Reported information	Unit	Scope of compliance with the criteria selected by FEMSA (Subsections)	Performance indicator based on GRI / SLB
Operational waste diverted from landfill (SLB FEMSA. SPT KPI1)	All the businesses of FEMSA	73.4	Percentage of operational waste diverted from landfills	NA	ID[5]
Lost Time Injury Frequency Rate (LTIFR)	All the businesses of FEMSA	1.62	Lost Time Injury Frequency Rate (LTIFR) per 100 direct employees	a, b, e, g	403-9[3]
		6.4	Lost Time Injury Frequency Rate (LTIFR) per 1,000,000 direct employee hours		
Frequency rate of occupational illnesses of collaborators	All the businesses of FEMSA	0.024	Frequency rate of Occupational Illnesses per 100 direct employees	a, b, c, d, e	403-10[3]
		0.097	Frequency rate of Occupational Illnesses per 1,000,000 direct employee hours		
Training hours	All the businesses of FEMSA	9,787,020	Total training hours	NA	404-1[3]
Female representation in executive management positions	All the businesses of FEMSA	30	Percentage of women in executive positions	NA	405-1[3]

[5] Indicator based on the criteria of Progress of the Sustainability Performance Targets (SPTs) of the Sustainability-Linked Bond (SLB). SPT 1: Zero Operational Waste to Landfill.

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