

# Sustainability

## WHAT DID WE ACHIEVE TOGETHER?

Reduce our emissions, avoid waste generation and use materials in new value cycles.

**3,702**

million pesos invested

**51.2**

million pesos saved

GRI 203-1



I am Lucy  
Sam's Club member

"I am concerned about  
the planet my children  
will grow up on"

## SUSTAINABILITY

Our ambition to become a **Regenerative Company** places **humanity and nature at the center** of our business decisions

We seek to understand and improve our impact in order to contribute to ecosystem stability, biodiversity continuity and collective well-being.



We continue to work on our three priorities:



### CLIMATE CHANGE

By reducing emissions in our operation and in our supply chain.



### CIRCULAR ECONOMY

Reducing the use of natural resources and waste generation, avoiding sending waste to landfills and reintegrating materials into new value cycles.



### NATURAL CAPITAL

Through sustainable sourcing and natural resource protection.



In 2022, we made progress towards our goals and achieved the following results:

**MX:** Mexico **CAM:** Central America **MXCAM:** Mexico and Central America



## CLIMATE CHANGE

### Zero Emissions in our operations by 2040

We aspire to reduce emissions by 18% in our operations in Mexico by 2025, compared to 2015

**-5.4%**

scope 1 and 2 emissions reduction vs. 2021  
MX: **-7.8%** CAM: **13.9%**

**-10.4%**

reduction in energy consumption in CAM,  
**MEXCAM had an increase of 3.8%**

### Renewable energy by 2035

Source our stores with 100% of energy from renewable sources

**54.57%**

of total energy consumption comes from sustainable sources  
MX: **62.4%** CAM: **2.5%**



### Gigaton Project

We work with our suppliers to reduce or avoid GHG emissions equivalent to 1 gigaton in our global supply chains, by 2030

**894**

suppliers participated in Gigaton Project  
MX: **600** CAM: **294**



## CIRCULAR ECONOMY

### Zero Waste to landfill by 2025

Reduce food waste generation by 50%, by 2025

**77.37%**

towards our Zero Waste goal  
MX: **80.46%**  
CAM: **59.24%**

**4,128,475 m³**

of space released in landfill MEXCAM  
MX: **3,668,253 m³**  
CAM: **460,256 m³**

### 100% recyclable packaging by 2025

Avoid using unnecessary or difficult-to-recycle plastics and include at least **20% post-consumer recycled material in our packaging**

**78.73%**

of our packaging is recyclable

**19.81%**

post-consumer material is incorporated in Private Brands' packaging

### Reduction of virgin plastic

Reduce 3,000 tons of virgin plastic from our operations and Private Brands products by 2025, compared to 2020



**2,356**

tons of virgin plastic reduced since 2020, in Mexico

### Responsible consumption

Duplicate the number of recycling centers by 2026 vs. 2021

Implement **refill and bulk pilots** that promote responsible consumption

**25**

recycling centers, +108% vs. 2021

Pilot of bulk sale of seeds and dried foods in three regenerative stores



## NATURAL CAPITAL

### Raw materials from sustainable sources by 2025

By 2025, Private Brands products will use palm oil, paper, pulp and timber **from certified sustainable sources**

**86.8%**

of palm oil and palm oil byproducts used in Private Brands products are RSPO or Rainforest Alliance certified in Mexico  
**100%** in Central America

**95.8%**

of the total volume of paper, pulp and timber we use in Mexico comes from certified sources such as FSC, PEFC and SFI or includes recycled content  
**98.2%** in Central America

### Fish and seafood from sustainable sources by 2025

By 2025, fresh and frozen seafood and canned tuna will be sourced from certified sustainable sources or Fishery Improvement Projects

**89%**

of our fish and seafood are certified as sustainable or come from a Fishery Improvement Project in Mexico  
**69.93%** in Central America

**100%**

of our canned tuna is MSC certified, in Mexico



## CLIMATE CHANGE

In 2020, we committed to becoming a Zero Emissions company by 2040



To achieve this, our goals are:

Source **100% of our energy from renewable sources by 2035**

**Electrify our fleet**, including long-haul trucks, **by 2040**



**Transition to low environmental impact refrigerants** in cooling and heating equipment in our stores, clubs, distribution centers and data centers, **by 2040**

In 2023, our commitment is to set intermediate reduction goals for emissions for 2030 and 2035, to achieve Zero Emissions by 2040



we reduced by

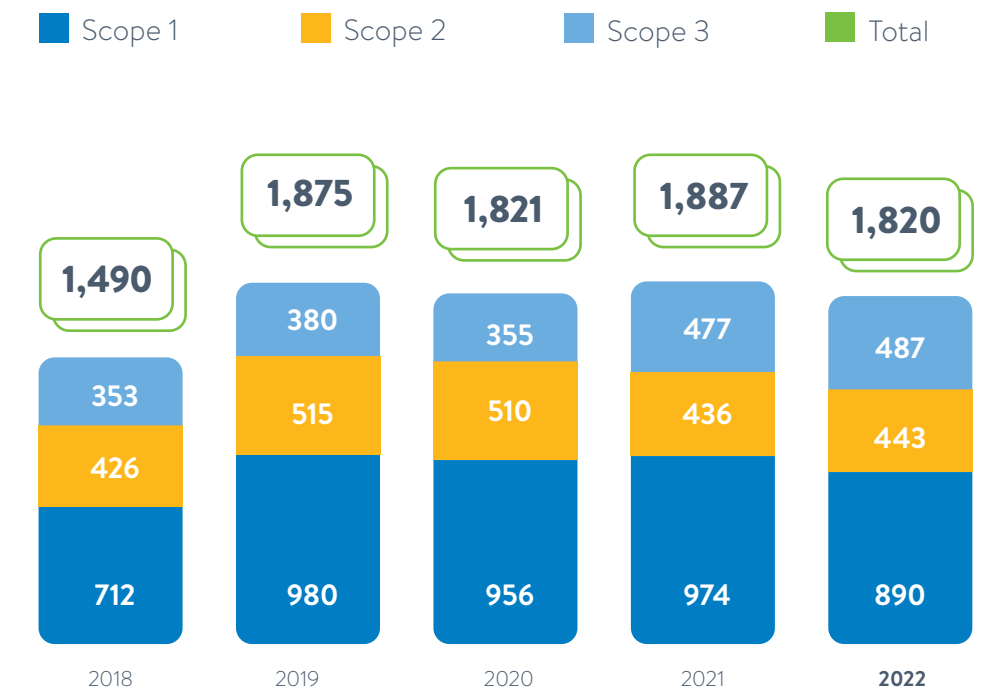
**3.5%**

our total emissions in 2022 vs. 2021

## Emission sources

We measure the amount of GHG emissions associated with our operations and our value chain through scope 1, 2 and 3 carbon footprint analysis. Our main emission sources **for scope 1** are those associated with refrigerants and fuels from stationary sources used in our units and DCs, as well as utility vehicles, with 890,397.62 ton CO<sub>2</sub>e. **For scope 2**, those associated with the percentage of electricity that does not come from renewable sources, accounting for 443,436.41 ton CO<sub>2</sub>e. **For scope 3**, those associated with the fleet we use to transport our products, business travel and travel for associates in company-owned cars, which corresponds to 486,600.92 ton CO<sub>2</sub>e.

MEXICO AND CENTRAL AMERICA'S EMISSIONS BY SCOPE  
kt CO<sub>2</sub>e





## Emissions intensity

GRI 305-4, 305-5

In 2022, we managed to maintain the trend of reducing the intensity of GHG emissions in Mexico and Central America. Together, we have achieved such a reduction since 2019, thanks to energy efficiency, refrigerant changeover and renewable energy initiatives.



We reduced by

**7.7%**

the emissions intensity of scope 1 and 2 in 2022, compared to 2021

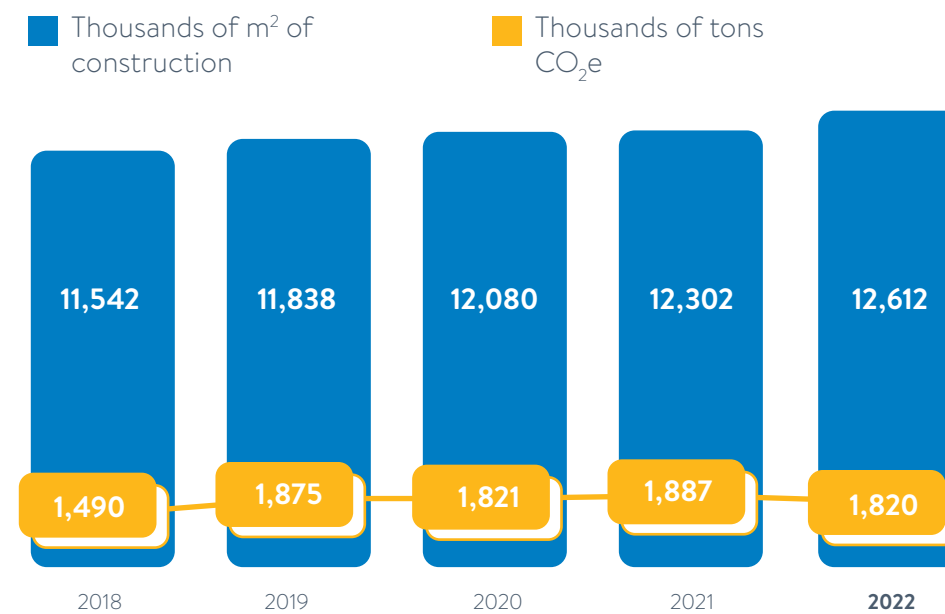
We reduced by

**5.9%**

the intensity of total emissions in 2022, compared to 2021

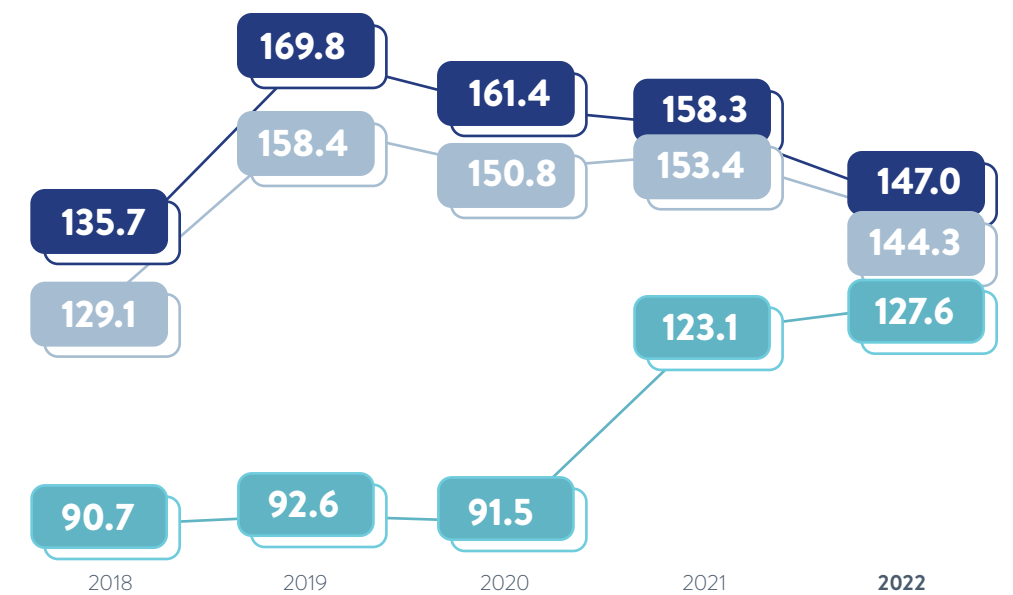
Our business growth continues to be independent from our emissions intensity

TOTAL BOX VS TOTAL EMISSIONS  
Mexico and Central America



EMISSIONS INTENSITY  
Kilograms de CO₂e/m²

■ Mexico ■ Central America ■ Mexico and Central America



## Scope 1 emissions

GRI 305-1

### OUR GOALS

#### Zero Emissions in our operations by 2040

We aspire to reduce emissions by 18% in our operations in Mexico by 2025, compared to 2015

Move to low environmental impact refrigerants in cooling and heating equipment in our stores, clubs, distribution centers and data centers by 2040

### What did we do?

The pilot test we conducted in Tamaulipas, in 2021, to switch to refrigerants with lower global warming potential achieved successful results. That is why, in 2022, in Mexico and Central America we conducted renovations incorporating systems that use R-448A refrigerant gas, which **reduces emissions by 60%**, compared to traditional systems. In addition, we added control and automation initiatives to make efficient use of refrigeration and climate equipment.

### What did we accomplish?

In Mexico, we replaced the refrigerant gas in 17 stores and changed the refrigeration systems in another 6 stores.

In Central America, we opened and remodeled 41 stores with new systems, achieving by the end of 2022 a total of 84 stores with R-448 gas.

With these actions and initiatives, we reduced our scope 1 emissions by 8.6%, equivalent to 84 CO<sub>2</sub>e ktons

### What is next?

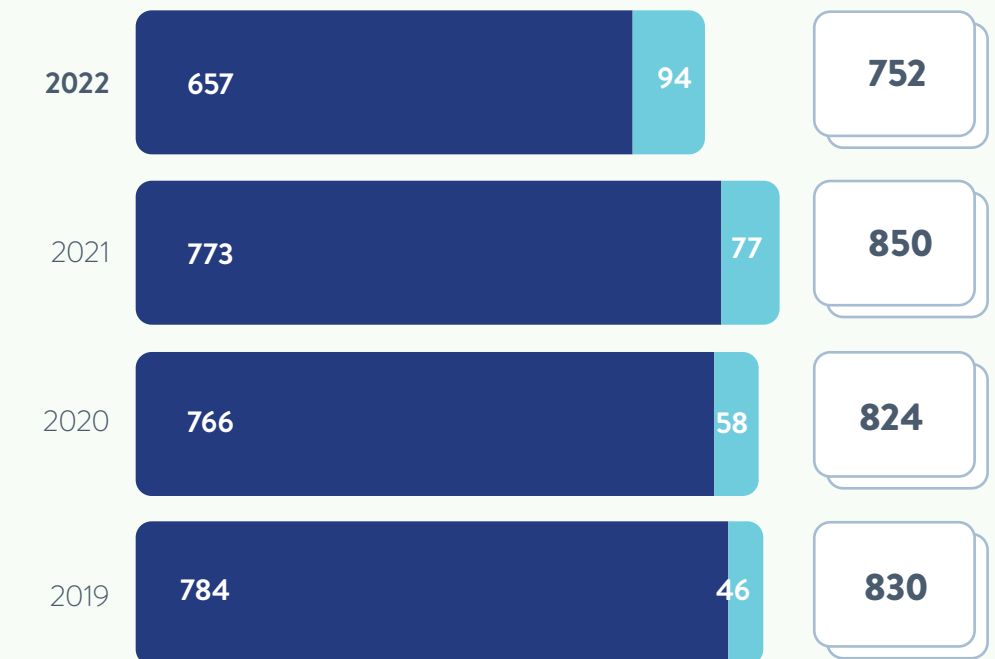
Starting in 2023, in Mexico and Central America, all new and remodeled stores will feature these new refrigerants.



### EMISSIONS OF REFRIGERANTS

ktCO<sub>2</sub>e

■ Mexico ■ Central America ■ Mexico and Central America





## Scope 2 emissions

GRI: 302-1, 302-2, 302-3, 302-4  
SASB CG-MR-130A.1,CG-EC-130A.1,FB-FR-130A.1

### OUR GOAL

Source **100% of our energy from renewable** sources by 2035



### What did we do?

In 2022, we continued to use energy from renewable sources from six wind farms and two hydroelectric plants in Mexico. In addition, we made progress in reducing our electricity consumption thanks to energy efficiency initiatives and we continued to increase our on-site solar energy generation capacity.

### What did we accomplish?

We consumed 9.5 million GJ of electricity, of which 54.6% comes from renewable sources.

We increased the number of solar panels installed, achieving a total of 95 units in Mexico and 46 units in Central America.

In Central America we were able to double our energy capacity from renewable sources, where we also installed anti-fogging stickers in the display cabinets of 359 stores, which allowed to save 3,004 MWh of electricity, equivalent to 45.7 tons of CO<sub>2</sub>e.

In Central America, we acquired 22 new electric utility vehicles, so that at the end of the year we had 55 electric vehicles that traveled 1,298 km, avoiding 235 tons of CO<sub>2</sub>e.

With these actions, we increased our percentage of renewable energy consumption by 2.1 percentage points.

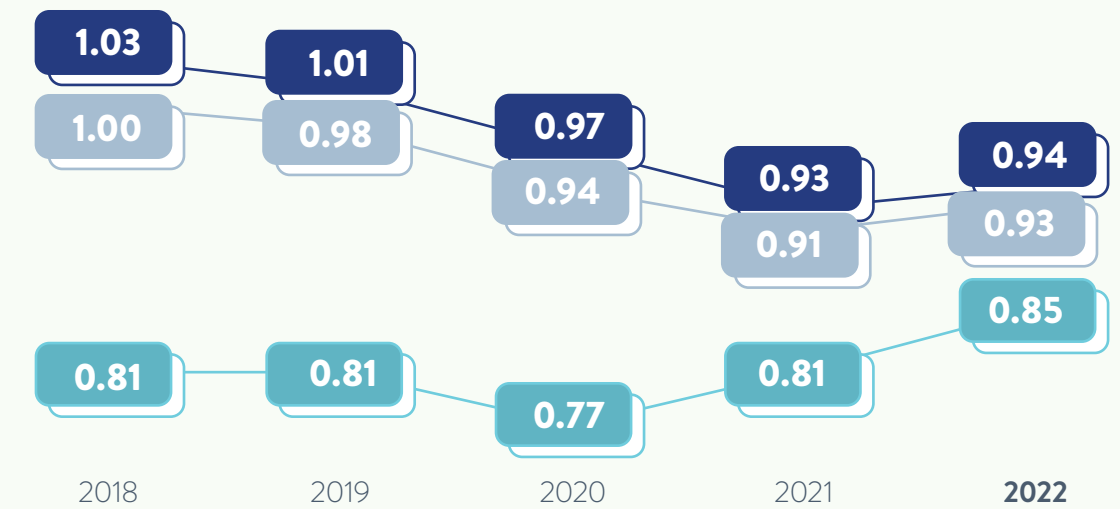
### What is next?

Starting in 2023, all new stores of any format that we open will be powered by solar cells to supply energy for their operation.

### ENERGY INTENSITY

GJ/m<sup>2</sup>

■ Mexico ■ Central America ■ Mexico and Central America



### TOTAL ENERGY CONSUMPTION

(Millions of GJ) Mexico and Central America

■ Fuels ■ Non renewable ■ Renewable ■ Consolidated



Scope 3 emissions

OUR GOALS

Work with our suppliers to reduce or avoid GHG emissions equivalent to 1 gigaton in our global supply chains, by 2030

Electrify our fleet, including long-haul trucks, by 2040



What did we do?

We know that in order to reach our goals and reduce our impact on the atmosphere, we need to join efforts. Therefore, in 2022 we continued to collaborate with our value chain through 1) Our Backhaul strategies to reduce empty trips in our fleet and that of our suppliers (Truckload Optimization or TLO), 2) Reverse Logistics, to facilitate the collection, sorting and recycling of by-products, and 3) our Gigaton Project, where we encourage our suppliers to report their progress in reducing emissions annually and disclose their commitments, so that together we can reach our goal of avoiding the generation of one billion tons of CO<sub>2</sub>e in our value chains by 2030. In addition, we continued our initiatives to reduce fuel use in stores and to electrify and improve the efficiency of our operational and last-mile fleet.

What did we accomplish?

We achieved 894 active suppliers (15.2% vs. 2021), 629 Gigagurus, and 137 Sparking Change in Project Gigaton.

We avoided 507,749 trips, thanks to our Backhaul and Reverse Logistics strategies, equivalent to 60,236.67 tons of CO<sub>2</sub>e in Mexico.

In 2022, we closed the year with 94 electric vehicles that provided Last Mile delivery service to our Bodega Aurrera, Sam's Club, Walmart Express and Walmart Supercenter formats, traveling more than 1.1 million km, avoiding 118 tons of CO<sub>2</sub>e to the atmosphere.

In addition, we installed 40 electric vehicle charging stations in Costa Rica, which are available to associates and customers free of charge when shopping at our stores.

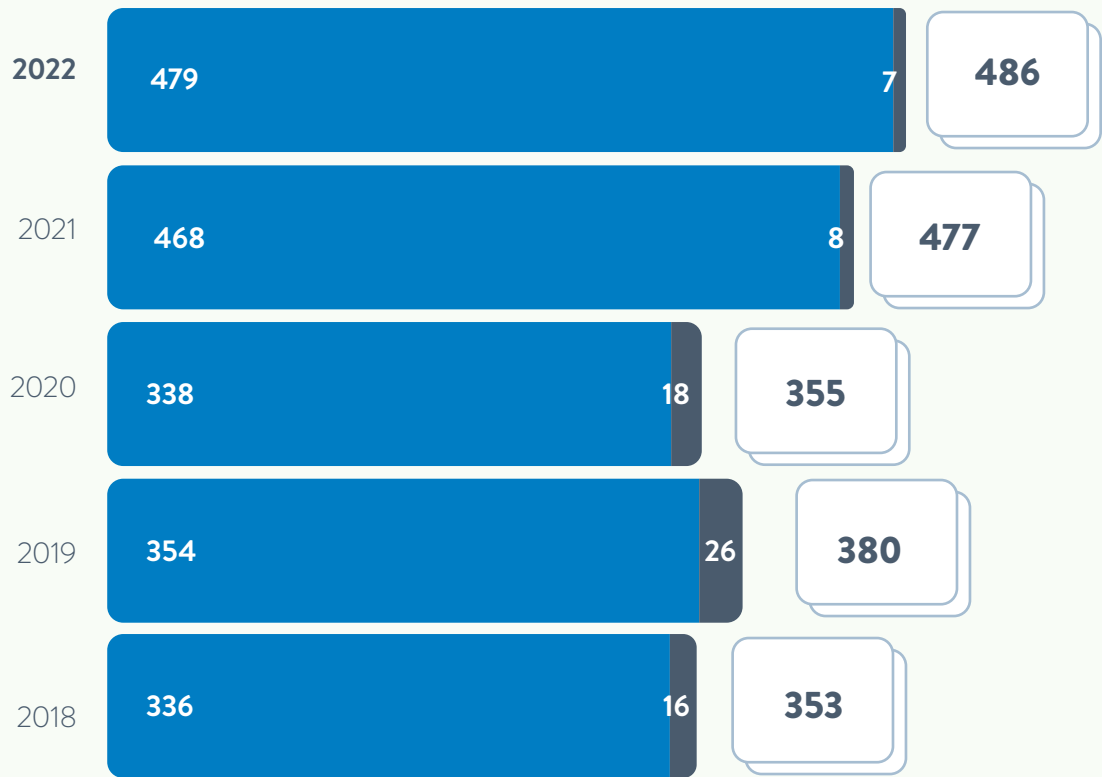
What is next?

Increase electric vehicles of Last Mile's fleet and maintain partnerships with suppliers to develop Backhaul strategies.

SCOPE 3 EMISSIONS

ktCO<sub>2</sub>e

Transportation Business Travel Mexico and Central America



SUPPLY CHAIN EFFICIENCY

Backhaul	Reverse Logistics	Total
26,868,926 km not traveled	23,664,487 km not traveled	50,533,413 km not traveled
34,618 tCO <sub>2</sub> e avoided	25,618 tCO <sub>2</sub> e avoided	60,236 tCO <sub>2</sub> e avoided
310,329 avoided trips	197,420 avoided trips	507,749 avoided trips
11,987,050 L of fuel saved	8,604,976 L of fuel saved	20,592,026 L of fuel saved





**200** suppliers completed the climate change questionnaire. 69% conducted a risk analysis and 74% an opportunity analysis related to climate change

**65%** of our suppliers launched emission reduction initiatives

**B rating in CDP**

**79%** of suppliers have processes in place to identify climate risks and opportunities

**63%** of suppliers have an absolute emission reduction target, intensity target or both

## CLIMATE RISKS AND OPPORTUNITIES

GRI 201-2  
SASB: FB-FR-430A.3, FB-FR-430A.1 CG-MR-410A.1

### CLIMATE CHANGE RISKS IN OUR OPERATION

International agreements



Rising sea levels



Carbon taxes / Carbon market



Changing socio-economic conditions due to natural disasters



Increased demand for water reduced sources of water, worsened water quality



Hurricanes & tropical storms, excessive rainfall and droughts



Changes in customer preferences, choosing products having lower impact on the environment



Decreased crop productivity and harvests



### CLIMATE CHANGE RISKS IN OUR SUPPLY CHAIN

Increase of average temperatures



Increase in raw material costs



Increase in raw material costs



Changes in customers behavior



Concerns or negative comments from stakeholders



Mandatory reports on emissions



Carbon taxes / Carbon market



Changes in rain patterns and extreme weather variability



Regulation of existing products and services



Increase in frequency and intensity of meteorological phenomena



### CLIMATE CHANGE OPPORTUNITIES IN OUR SUPPLY CHAIN

More efficient forms of transportation



Use of recycling



Reducing water use and consumption



Access to new markets



Use of new technologies



Use of energy sources with lower emissions



Change in customer preferences



Use of more efficient production and distribution processes



Development and expansion of low-emission goods and services



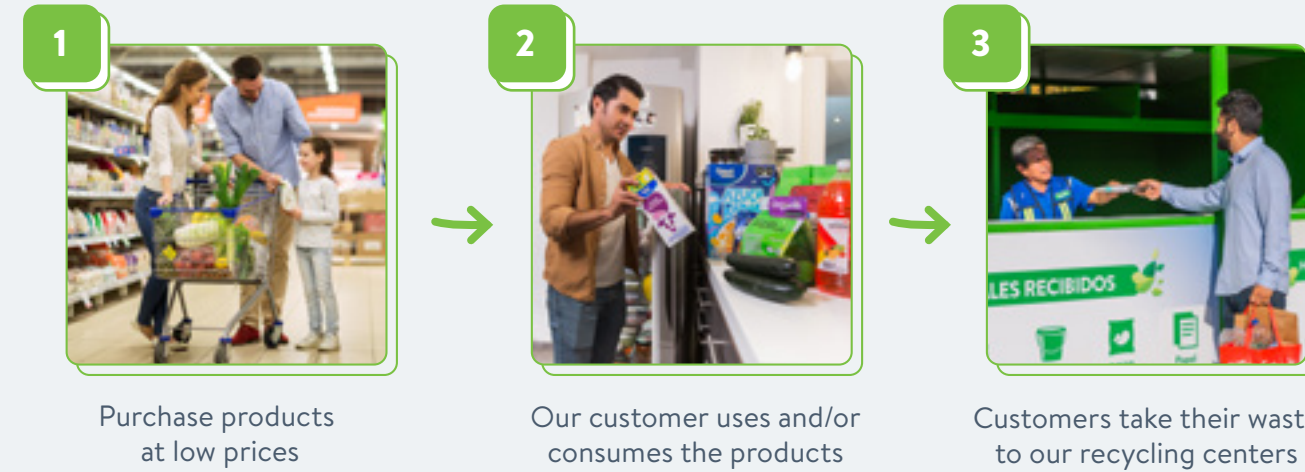
Development of new products or services through R&D and innovation



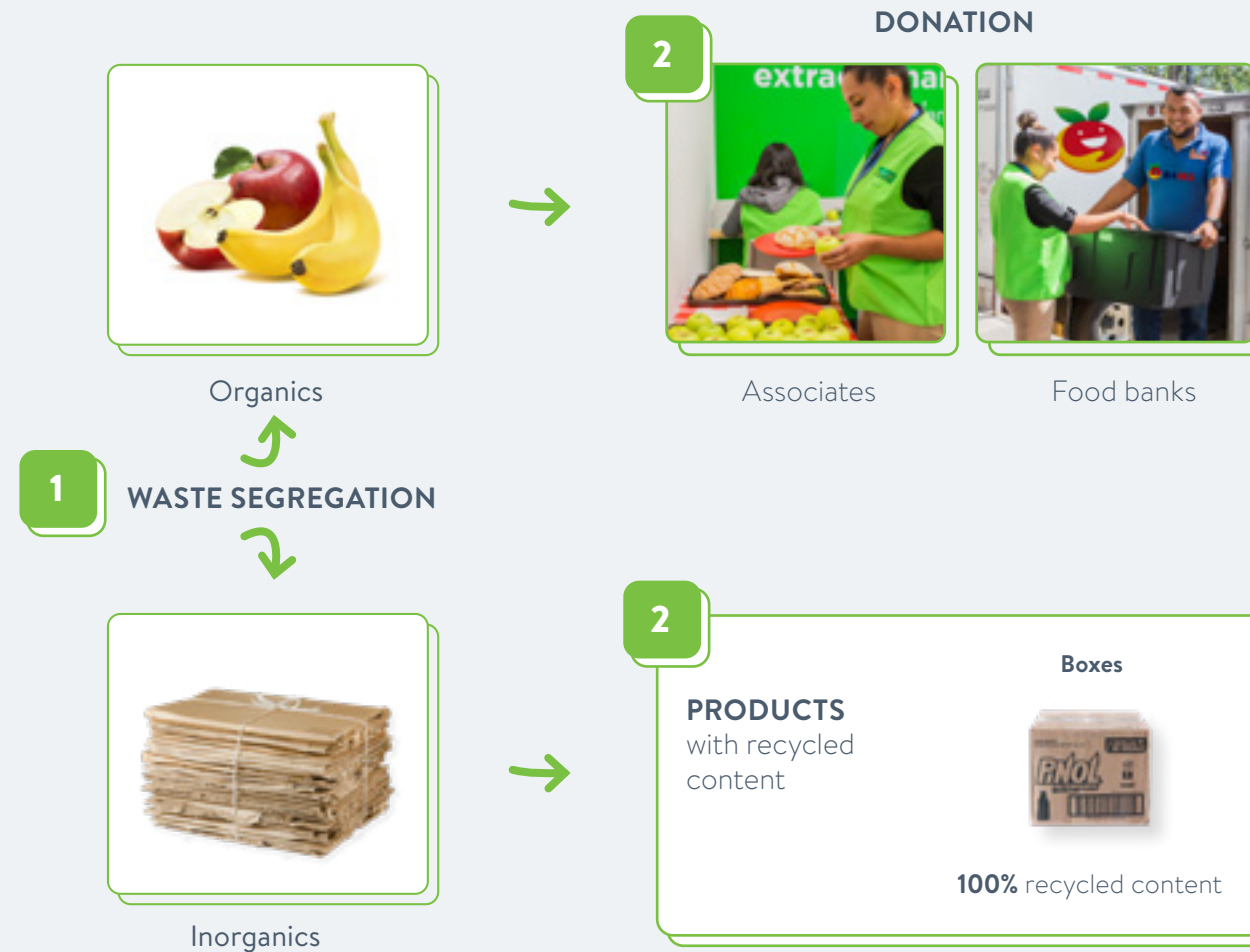
# CIRCULAR ECONOMY



## Customer



## Store





Current linear consumption models have put enormous pressure on the regenerative capacity of our ecosystems. To face this challenge, we contribute to the creation of a circular economy through the following goals:



	<b>Zero Waste</b> Transform our operations to Zero Waste by 2025, aligned with the Zero Waste International Alliance definition, which implies the deviation from landfills of more than 90% of the waste generated	<b>Food Waste</b> Reduce food waste by 50% by 2025, compared to 2015	
<b>Refill and Bulk</b> Implement refill and bulk sales pilots that promote responsible consumption	<b>Use of Virgin Plastic</b> Reduce the consumption of +3,000 tons of virgin plastic from our stores and DCs operations and from Private Brands' products, by 2025	<b>Post-consumer Programs</b> Expand our recycling programs with our strategic allies	
			<b>Private Brands' Product Packaging</b> <small>SASB: CG-MR-410A.3,FB-FR-430A.4</small> Ensure that 100% of Private Brands' product packaging is recyclable, reusable or compostable, and avoid unnecessary or difficult-to-recycle plastic. In addition to using at least 20% post-consumer recycled material in the total amount of packaging by 2025

## Zero Waste

GRI 306-1, 306-2, 306-4

To achieve our Zero Waste goal, we incorporate processes in our operations that improve efficiency in the use of our products, reducing shrinkage and waste, while reducing the amount destined to landfills

Mexico\* and Central America\*\* (ton/m<sup>2</sup>)

Waste intensity

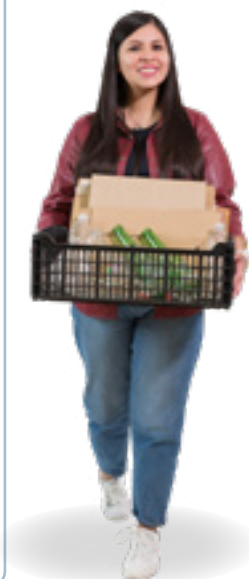
**59.42** 58.89 Mexico  
62.72 Central America

Diverted waste intensity

**45.97** 47.39 Mexico  
37.15 Central America

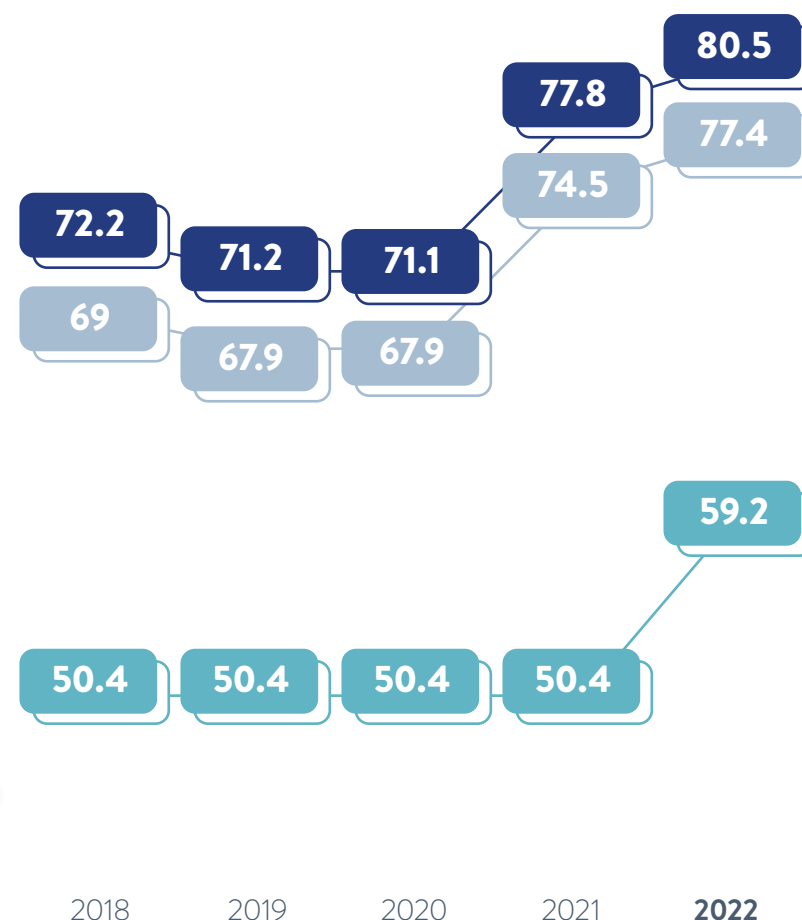
Non-diverted waste intensity

**13.44** 11.51 Mexico  
25.57 Central America



PROGRESS TOWARDS OUR ZERO WASTE GOAL, BY 2025

■ Mexico ■ Central America ■ Mexico and Central America



WASTE DIVERTED FROM LANDFILLS

**515,195.18**  
tons Mexico

**579,831.10**  
tons Mexico y Central America

**64,635.92**  
tons Central America

WASTE GENERATED

**749,397.63**  
tons of waste generated

**1,929.91**  
tons of waste diverted from landfills

**586.82**  
tons of hazardous waste generated

**746,880.90**  
tons of non-hazardous waste generated

Mexico

**640,283.23**  
tons of waste generated

**521.53**  
tons of hazardous waste generated

**637,831.79**  
tons of non-hazardous waste generated

Central America

**109,114.40**  
tons of waste generated

**65.29**  
tons of hazardous waste generated

**109,049.11**  
tons of non-hazardous waste generated

\* As of 2022 we consider the restoration and recycling of pallets within Mexico's waste measurement.

\*\*As of 2022 we consider the processing of waste from our fresh products processing plants for meat, poultry, fruit and vegetables, and DCs in the measurement of waste in Central America.



## Zero Waste Strategy

### PREVENT

More than six million bakery, fruit and vegetable products were saved from waste through the CVP program, which reduces the cost of products that are close to expiration.



### DONATE

Products that are not suitable for sale, but are suitable for consumption, are donated to associates through donation programs or directly to institutions for their use.

**25,398**

tons of food donated to partner institutions

**4,569**

tons donated through our donation programs for associates

### RECYCLE

We enhance our recycling capacity with authorized suppliers to meet our goals. This year in Monterrey, we were able to transform 100 tons of fruits and vegetables into 100 liters of fertilizer that were used to conserve 200 m<sup>2</sup> of green areas at our Monterrey DC.

### DISPOSE

Exceptionally, we send to landfill waste that cannot be reincorporated into a value chain. These are channeled to suppliers that comply with applicable environmental regulations for proper disposal.

### REUSE

We carry out various actions to extend the useful life of our assets. In 2022, we restored wooden pallets in poor conditions in our DCs.

**120,217**

tons of restored wooden pallets

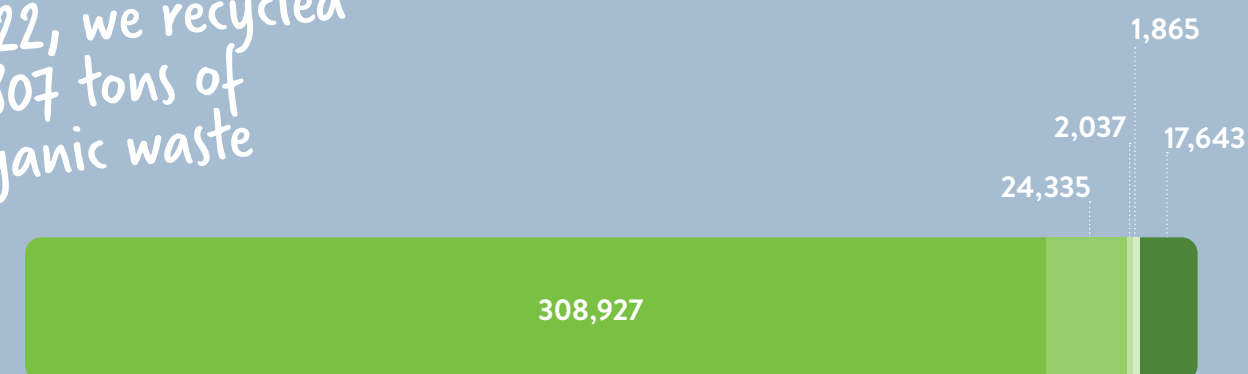


### DIVERTED INORGANIC WASTE BY TYPE

Mexico and Central America  
Tons

Corrugated (Paper and cardboard) Plastics Metals Wood Other

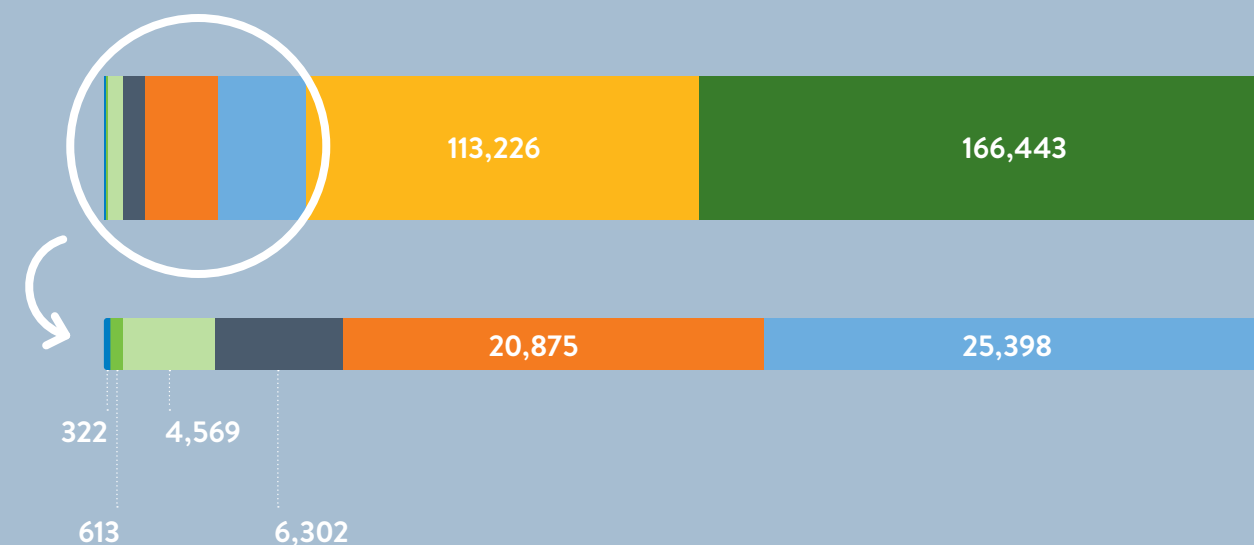
*In 2022, we recycled 354,807 tons of inorganic waste*



### ORGANIC WASTE BY DESTINATION

Toneladas

Biofuel Fertilizers Donated to associates Composted  
Animal feed Donated to organizations Landfills Other recovered waste



## Food Waste

GRI 308



One-third of food destined for human consumption is wasted, and with it, all the resources that were necessary for its production. Therefore, although our store sales are growing year after year, we have managed to keep shrinkage from increasing, thanks to supply chain efficiency strategies, price reductions on some products with expiration dates close to their sell-by dates, and revaluation actions.



**Furthermore, in order to meet our goal of reducing food waste by 50% by 2025, we have different initiatives focused on organic recycling and donations through different programs and institutions**

In 2022, we launched the Imperfect but Good pilot program. Its objective is to revalue and avoid wasting fruits and vegetables that, for climatic or farming reasons, have external aesthetic defects that in no way compromise their nutritional value, by offering them at a preferential price. This program already operates in 11 stores in the State of Mexico, Mexico City and Morelos, and our goal for 2023 is to expand this initiative to 100 of our stores.

**105,080 kg**

sold through Imperfect but Good

## Private Brands' product packaging

### OUR GOALS

**By 2025, all of our Private Brands' product packaging:**

- Will be 100% recyclable, reusable or compostable
- Will avoid unnecessary or difficult to recycle plastic
- Will include at least 20% post-consumer recycled material



We focus on mitigating the environmental impact of our Private Brands' packaging by prioritizing the reduction of material consumption, using recyclable, reusable and compostable materials and, if possible, including post-consumer recycled material.

**This year, in Mexico and Central America, our achievements of Private Brands primary packaging products were:**

**78.7%**

recyclable packaging

**0.3%**

compostable packaging

**19.8%**

post-consumer recycled material in packaging



## Plastic Footprint

GRI-301-1  
SASB: CG-MR-410A.3, FB-FR-430A.4

To mitigate our environmental impact and plastic footprint, we seek to reduce the consumption of virgin plastic in our operations

We reduced 475 tons of virgin plastic compared to 2021, thanks to three main measures:



Elimination of certain products that use virgin plastic from the sales floor



Substitution of virgin plastic with other materials, such as recycled plastic, cardboard or bio-based materials



Changes in Private Brands' product specifications in order to use less amount of material

78.5% progress towards our goal of reducing 3,000 tons of virgin plastic, by 2025

### Success stories:



We continued to incorporate recycled material into our reusable bags this year



In Mexico, we stopped using 18 different virgin plastic containers for the packaging of perishable products, equivalent to 123.9 tons of plastic that were no longer used

We eliminated 34 products made of virgin plastic from the sales floor, equivalent to 95 tons of plastic use in Mexico



Through our *Without Bag Please* campaign, we have avoided the use of approximately 80 million plastic bags in Nicaragua



## Post-consumer programs

Together we advance further. For this reason, in collaboration with strategic allies, we have promoted programs that encourage environmental education in the communities where we have presence and generate spaces for the recovery of materials for future use.

**341,153**

kg of waste recovered through our post-consumer programs with customers in Mexico and Central America



**In alliance with our suppliers,  
we have permanent programs  
for the recovery of materials.  
This year, the results were:**

### Together for a Better Tomorrow

This campaign, in collaboration with Nestlé and Procter & Gamble, seeks to promote recycling in the communities we serve.

**2** new recycling centers

### Partners for the Planet

This initiative, in alliance with Nestlé, Sigma Alimentos and Procter&Gamble, is aimed at raising awareness about environmental care through recycling.

**2** new recycling centers

### Alen Machines

In collaboration with Alen, we have HDPE collection programs in nine units in the state of Nuevo León. The amount collected is managed by Alen, to be reincorporated into new value cycles.

**82,757**

kg of waste recovered

**9**

machines in stores in Nuevo León

### Expired medicines

Collection of expired medicines in alliance with the National System of Waste Management of Medicines Packaging A.C., (SINGREM, by its acronym in Spanish) to ensure proper final disposal.

**17,694**

kg collection of expired medicines in 209 units

### Sabritas Replay

We incorporated BOPP material recovered at our recycling centers into a community soccer field in Iztapalapa, Mexico City.

### Coffee capsules

We installed containers for the recovery and recycling of Nescafé Dolce Gusto capsules. The organic waste is transformed into compost and inorganic waste into plastic wood, that is used in the development of new products in collaboration with Nestlé.

**106**

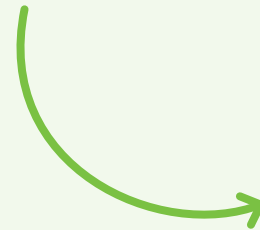
containers in stores

**16,041**

kg of waste recovered, 47% more vs. 2021



## Temporary campaigns



### Let's Nourish a Better Future

In collaboration with Herdez, we promote the recycling of tin cans and carry out environmental education activities through educational experiences in our stores.

**4**  
activations with **527 direct impacts** and **28,660 indirect**



### Tree by Tree, your City Greens Up

We recover Christmas trees in partnership with the Mexico City and Colima Government, to transform them into compost for parks and gardens.

**4,849**  
recovered trees

**27**  
collection centers

### Recycling Machines

In partnership with Nestlé, we established a recycling machine pilot, whereby customers could recycle PET and aluminum and earn rewards for recycling.

**196**  
kg of waste recovered,  
33 kg of aluminum

### Paper Recycling with Tito Papelito

In collaboration with Smurfit Kappa, we launched a paper and archive recycling awareness campaign.

In August, we doubled the amount of paper collected during the campaign vs. the previous month.

### Reciclaleón

In partnership with the municipality of León, Guanajuato, we established a collection point in the state to receive electronic items from our customers. The waste received was recycled through an authorized supplier.

**4,800**  
kg of waste recovered







## Reciclamanía Evolucionata

In order to strengthen the recycling infrastructure in Mexico and provide our customers with a fast and easy recycling experience, we joined forces with different industries to operate permanent recycling centers for customers, located in participating Walmart, Walmart Express, Bodega Aurrera and Sam's Club stores in Mexico City, State of Mexico, Michoacán, Morelos, Oaxaca, Puebla, Querétaro, Quintana Roo and Yucatán.

22

recycling centers for customers in 2022 located in nine states of the Mexican Republic, where **157,242 kg of waste were recovered**

3

recycling centers for associates in Distribution Centers

## Recycle today and save tomorrow

In Central America, in collaboration with Nestlé and Biorem, we installed the first Green Spot Recycling Station. It is located in Walmart Roosevelt, Guatemala, and gives customers the opportunity to deposit and separate waste correctly. This helps to revalue waste and prevent it from polluting applying the principles of Circular Economy.



The slogan **Recycle today and save tomorrow** seeks to promote a culture of waste separation and classification among the population for a subsequent recycling process, contributing to the reduction of the environmental footprint.





## Refill and Bulk

We launched our first bulk sales pilot with products from Private Brands in three units, seeking to reduce the use of single-use packaging.

In this way, customers can buy their favorite products according to the quantity and variety of their needs at the best price. Our bulk dispensers are located at Walmart Express Zibatá in Queretaro, Walmart Petempich in Quintana Roo and Bodega Aurrera, in Temixco, Morelos. In this stores we offer products such as rice, beans, broad beans, other seeds and dry foods.

Participating stores:

**Walmart Express,**  
Zibatá, Querétaro

**Walmart Supercenter,**  
Petempich, Quintana Roo

**Bodega Aurrera,**  
Temixco, Morelos



685

kilograms of bulk products sold





## NATURAL CAPITAL

GRI 304: 308: 308-2  
SASB CG-MR-410A.1, FB-FR-430A.1

The natural capital of the planet comprises the inventory of natural goods and services. It is an essential part of the wealth of nations and provides ecosystem services such as drinking water, plant pollination, clean air and regional temperature regulations that benefit humanity. However, this has decreased due to the intensity and different forms of resource extraction.

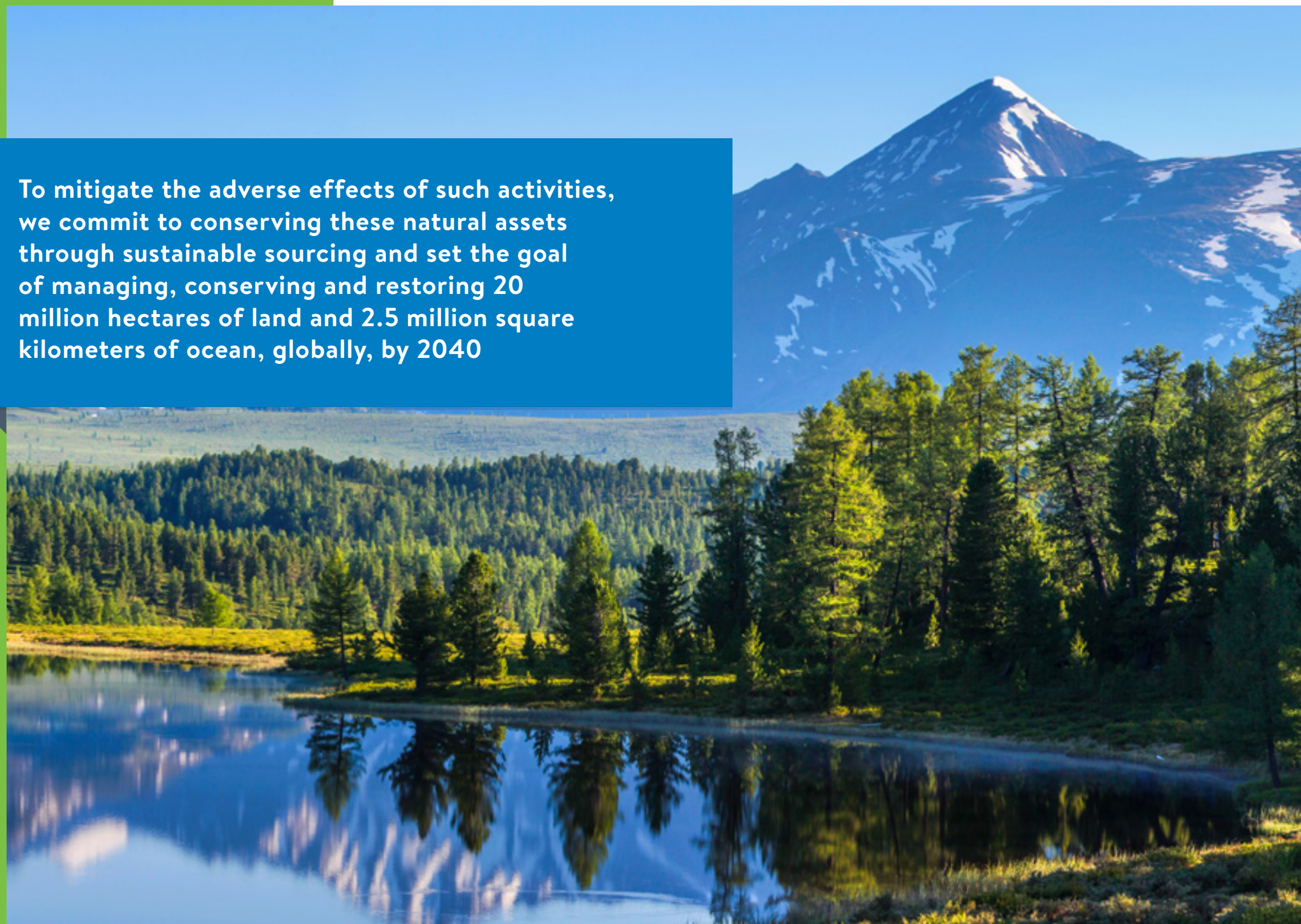
To fulfill this commitment, we focus on the most significant phases of our products' life cycles and on the main commodities with an environmental risk where we can influence to improve their sustainability.

Every day, more and more customers are looking for sustainable products and, more frequently, they rely on certifications to make purchasing decisions, so it is key that we make sure we have an offer that addresses this need, both individually and collectively.

LEARN MORE ABOUT OUR  
NATURAL CAPITAL POLICY



**To mitigate the adverse effects of such activities, we commit to conserving these natural assets through sustainable sourcing and set the goal of managing, conserving and restoring 20 million hectares of land and 2.5 million square kilometers of ocean, globally, by 2040**





## Raw materials

### Palm Oil



It is the main commodity that, given its high demand, may be associated with intensive extractive practices with the risk of damaging soils and biodiversity. For this reason, we have committed that by 2025, 100% of Private Brands' products will use palm oil that comes from sustainable sources and that guarantees its traceability through certifications such as those of the Roundtable on Sustainable Palm Oil (RSPO) or Rainforest Alliance.

**86.8%**

of palm oil is certified from sustainable sources in Mexico, from **58%** of suppliers that reported using this raw material

**100%**

of palm oil is certified from sustainable sources in Central America

### Paper, pulp and timber



Cellulose fibers are the second commodity to be considered for the traceability of certified deforestation-free sources. We have committed that, by 2025, we will use 100% pulp, paper or timber from sustainable sources or with recycled content in Private Brands' products; therefore, our suppliers must have FSC (Forest Stewardship Council), PEFC (Programme for the Endorsement of Forest Certification) or SFI (Sustainable Forestry Initiative) certifications.

**2,857**

tons of greenhouse gas saved by sustainable sourcing of pulp, paper and timber

**95.8%**

of paper, pulp and timber with recycled content or certified sustainable in Mexico, from **39%** of our suppliers that use this raw material

**98.2%**

of paper, pulp and timber with recycled content or certified sustainable in Central America, from **30.23%** of our suppliers that use this raw material

### Sustainable fishing

The fishing activity is at risk of incurring losses due to climate change. Therefore, our goal for 2025 is that 100% of our fish products, fresh, frozen and canned tuna, come from sustainable sources, in accordance with the standards of Best Aquaculture Practices (BAP), Marine Stewardship Council (MSC) or equivalent, or that they have a Fishery Improvement Project (FIP). In 2022 our fishery products:

#### Sustainable sourcing

**89%**

fish and seafood products

**100%**

canned tuna

**69.9%**

fish and seafood products



## Water

GRI 303: 303-1, 303-2, 303-3, 303-4, 303-5, 306-1  
SASB CG-EC-130A.2, CG-EC-130A.2

We recognize that water is an essential resource for our operations and for the lives of millions of families in Mexico and Central America. For this reason, we have a water management strategy focus on:

Reduce the intensity of water consumption per square meter of construction

Collect and recycle water through our treatment plants, especially in areas of high water stress



1,377

Treatment plants in Mexico and Central America  
4,726,481 m<sup>3</sup> of treated wastewater  
1,269,246 m<sup>3</sup> of reused water

885

Treatment plants in Mexico  
3,254,718 m<sup>3</sup> of treated wastewater  
1,232,783 m<sup>3</sup> of reused water

492

Treatment plants in Central America  
1,471,762 m<sup>3</sup> of treated wastewater  
36,464 m<sup>3</sup> of reused water

### WATER WITHDRAWAL



11,346,127 m<sup>3</sup>

8,588,487 m<sup>3</sup>  
Mexico

2,757,641 m<sup>3</sup>  
Central America

83.3%  
municipal supply

5.9%  
tank truck supply

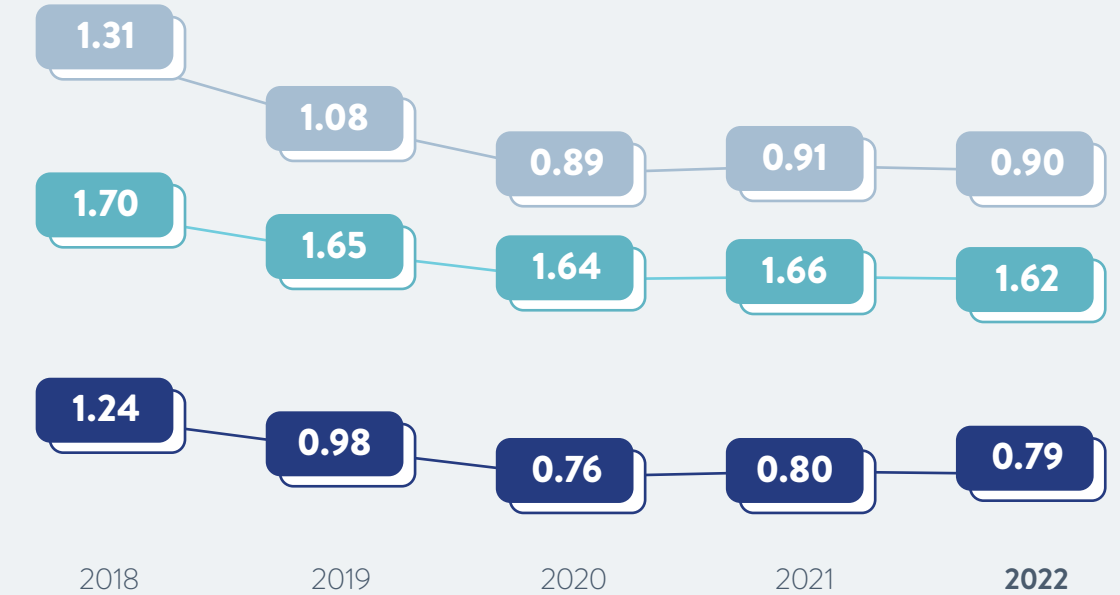
10.7%  
well supply

0.2%  
mall

### WATER WITHDRAWAL INTENSITY

m<sup>3</sup> / m<sup>2</sup>

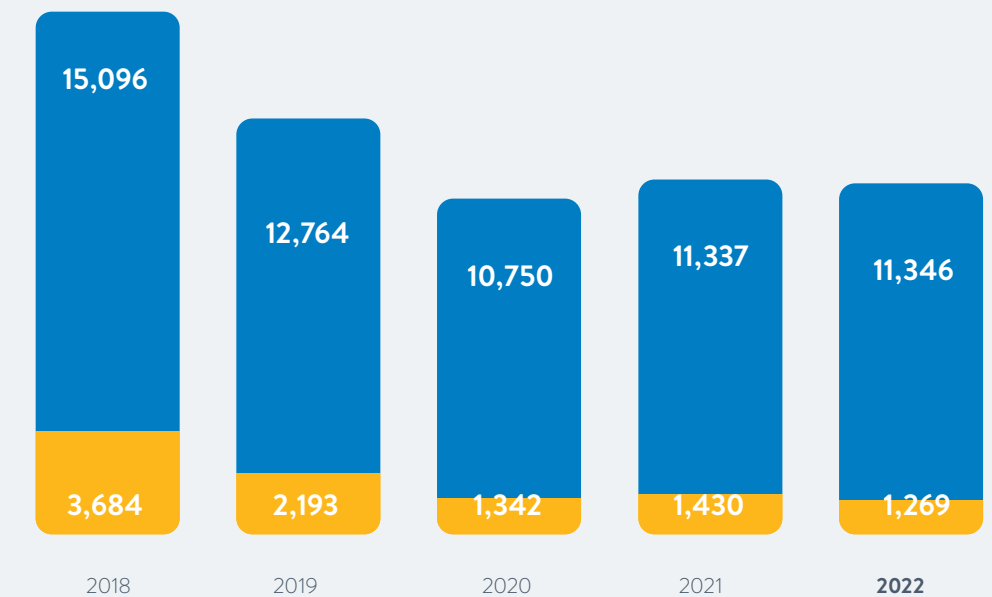
Mexico Central America Mexico and Central America



### WATER WITHDRAWAL AND REUSE

Mexico and Central America (thousands of m<sup>3</sup>)

Total consumption Reuse





## Water-Related Risks and Opportunities

FB-FR-430A.1, CG-MR-410A.1

This year we have taken a step forward to consolidate our commitment to our water footprint by creating a multidisciplinary team to review water issues within our Enterprise Risk Management system. This working group seeks to create action plans to address the problems of water shortages generated mainly by droughts. During the sessions, action plans will be created to reduce water consumption, ensuring that it does not affect our operations, increasing wastewater treatment in the units equipped with Treatment Plants and maximizing its reuse.

### 161 of our suppliers participated and responded the CDP Supply Chain survey

**67.7%**

conducted a risk analysis

**63%**

identified water-related opportunities that are already being implemented

#### WATER-RELATED RISKS IN OUR OPERATIONS

Tighter regulatory standards



Extreme weather events



Floodings



Increase in water prices



Rationing of municipal water supply



Seasonal supply and interannual variability of water supply



Droughts



Declining water quality



Increased water scarcity



Increased water stress



#### WATER SECURITY RISKS IN OUR SUPPLY CHAIN

Limited availability of good-quality water



Regulatory changes affecting water availability and quality



Decrease in quality of water or lack of wastewater treatment in municipalities



Increase of water consumption costs



Public pressure to use water resources for other purposes



Floods or droughts affecting the productivity of agricultural production



Impacts on supply chain and disruptions on products sourcing



#### WATER SECURITY OPPORTUNITIES IN OUR SUPPLY CHAIN

Improved community relationships



Water recovery from wastewater management



Increased brand value



Reduced impact on water resources by product use



Increased supply chain resilience



Increased resilience to climate change impacts



Increased sales of existing products/services



Sales of new products/services



Cost savings



Improved water efficiency in operations



## Products with lower environmental impact in Mexico

CG-MR-410A.3, FB-FR-430A.4, FB-FR-430A.2

We offer items with lower environmental impact such as organic products, products from responsibly managed animals, such as the free-range variety, and those sourced from supplier farms that embrace the five freedoms of animal welfare.

### In April we held an event in Mexico focused on organic products

where customers could find more than 100 products in categories such as fruits, vegetables, groceries and consumables

As a result of the event, sales of organic products increased in double digits during the event.

**2,902**

products with lower environmental impact

### PRODUCTS WITH LOW ENVIRONMENTAL IMPACT CHARACTERISTICS



**1,039**

Organic and hydroponic



**528**

Biodegradable



**79**

Sustainable certified and cage-free



**348**

Water and energy efficient



**294**

With packages with recycled content



**614**

Sustainable textiles



### Sustainable textiles

In 2021, for the first time in Mexico, we incorporated low-impact materials into our textile line. One of the main characteristics of sustainable fashion is the use of textiles that come from responsible production processes such as: organic cotton, the reuse of recyclable materials such as PET for the manufacture of polyester fibers, or the redesign of processes to eliminate water pollution generated from dyeing.

We have a permanent assortment in stores with garments with the Cotton LEADS Seal. This program ensures and provides traceability to sustainable cotton production and sourcing.

**In 2022, we had 614 garment models on the sales floor with the Cotton LEADS Seal, Better Cotton Initiative, Certified Recycled Polyester and Global Recycled Standard**