



MORE THAN

COMMITMENT

IT'S

SUSTAINABILITY



2021 REPORT



SUSTAINABILITY

- 2040 Priorities and Results
- Climate Change
- Circular Economy
- Natural Capital

52.5%

of total energy consumption comes from **sustainable** sources

-1,881

tons of **virgin plastic** in our operations and Private Brands products





SUSTAINABILITY

GRI 305: 103-1, 103-2, 103-3
SASB CG-EC-130A.3

We aspire to become a regenerative company where nature and humanity at the center of our business practices. Thus, we will focus on protecting and restoring nature as we comprehend its relevance for the stability of ecosystems, biodiversity conservation and our collective well-being.

189.8 million

pesos invested in sustainable initiatives

126.3 million

pesos saved by implementing sustainable initiatives

2040 PRIORITIES

Our three priorities are:



1. Mitigate climate change by reducing emissions in our operations and in our supply chain.



2. Contribute to the creation of a circular economy by avoiding waste generation, reducing the use of natural resources and reusing materials in new value cycles.



3. Help conserve natural capital through sustainable sourcing.





Our actions in this decade are decisive to reverse the damage caused to the planet and to achieve a sustainable future

Therefore, involving our associates and their families is essential, which is why this year we launched our first Sustainability Week, that allowed us to:

Communicate our strategy and sustainable corporate actions to all staff and operations associates

Invite associates to engage in the company's initiatives

Raise awareness and explain, in a fun and simple way, basic actions they can perform from home, as well as broaden the understanding of concepts such as emissions, climate change and sustainable sourcing through young influencers

SEMANA DE LA SUSTENTABILIDAD
aprenderemos juntos
Contaremos con invitados especiales
¡No te la pierdas!
Del 23 al 27 de agosto / 11:00 AM a 12:00 PM

+3,900
associates and family members engaged



In 2021, we advanced to achieve our goals and obtained the following results:

1 CLIMATE CHANGE

GRI 305: 103-1, 103-2, 103-3

Zero Emissions by 2040

Reduce Greenhouse Gas (GHG) Emissions in **18%** by 2025, compared to 2015

-3.8%

scope 1 and 2 emissions reduction vs 2020

MX: -5.4%

CAM: 11.7%

-1.3%

energy reduction vs 2020

MX: -1.4%

CAM: -0.6%



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

52.5%

of total energy consumption comes from sustainable sources

MX: 60.6%

CAM: 0.6%

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

776

suppliers participated in Project Gigaton

MX: 601

CAM: 175



Goals

Progress

Consolidated

Mexico

Central America



2 CIRCULAR ECONOMY

Zero waste to landfill by 2025

Reduce food waste generation by **50%**, by 2025



68.6%
achievement towards
Zero Waste goal

MX: 71.8%
CAM: 50.4%

3,586,967
m³ of landfill
released

MX: 3,401,396
CAM: 185,571

By 2025, all of Private Brands packaging:

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



45.5%
of our packaging is
recyclable, reusable or
compostable

16%
post-consumer material
is incorporated in Private
Brands' packaging

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

1,881
tons of virgin plastic
reduction vs 2020,
in Mexico



 Goals

 Progress

 Consolidated

 Mexico

 Central America



3 NATURAL CAPITAL

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



97.6%

of palm oil and palm oil by products used in Private Brands are RSPO or Rainforest Alliance certified in Mexico

95.6%

in Central America

99.4%

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

100%

in Central America

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

82%

of our fish and seafood are certified as sustainable or come from a Fishery Improvement Project, in Mexico

76.1%

in Central America

100%

of our canned tuna is MSC certified in Mexico



Goals

Progress

Consolidated

Mexico

Central America



CLIMATE CHANGE

GRI 305: 103-1, 103-2, 103-3, 305-5
SASB CG-EC-410A.2



The first priority of our commitment to sustainability, is to mitigate climate change by reducing emissions in our operations and our supply chains.



Our strategy towards becoming a Zero Emissions company by 2040

In order to avoid the most devastating effects of climate change, the world must act immediately to drastically reduce and eliminate greenhouse gas emissions. Building on our long-standing commitment to climate action, we raised our target level to Zero Emissions by 2040 along our network of operations. Without relying on the use of carbon offsets, our goals are:



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



Electrify the vehicles we use, including long-haul trucks, by 2040



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





These goals are ambitious, and to achieve them, we will need innovation and infrastructure

To achieve Zero Emissions by 2040, we must manage and improve these systems and phase out high-impact refrigerants.

We have committed to decarbonizing our operations and transportation network. Unlike carbon-neutral, Walmart's Zero Emissions goal does not contemplate the purchase of carbon offsets to cover the remainder. In order to achieve Zero Emissions by 2040, we will accelerate the current strategies we have in place and leverage new and emerging technologies.



This year, we reduced **-3.8%** of our Scope 1 and 2 emissions compared to 2020

EMISSIONS REDUCTION

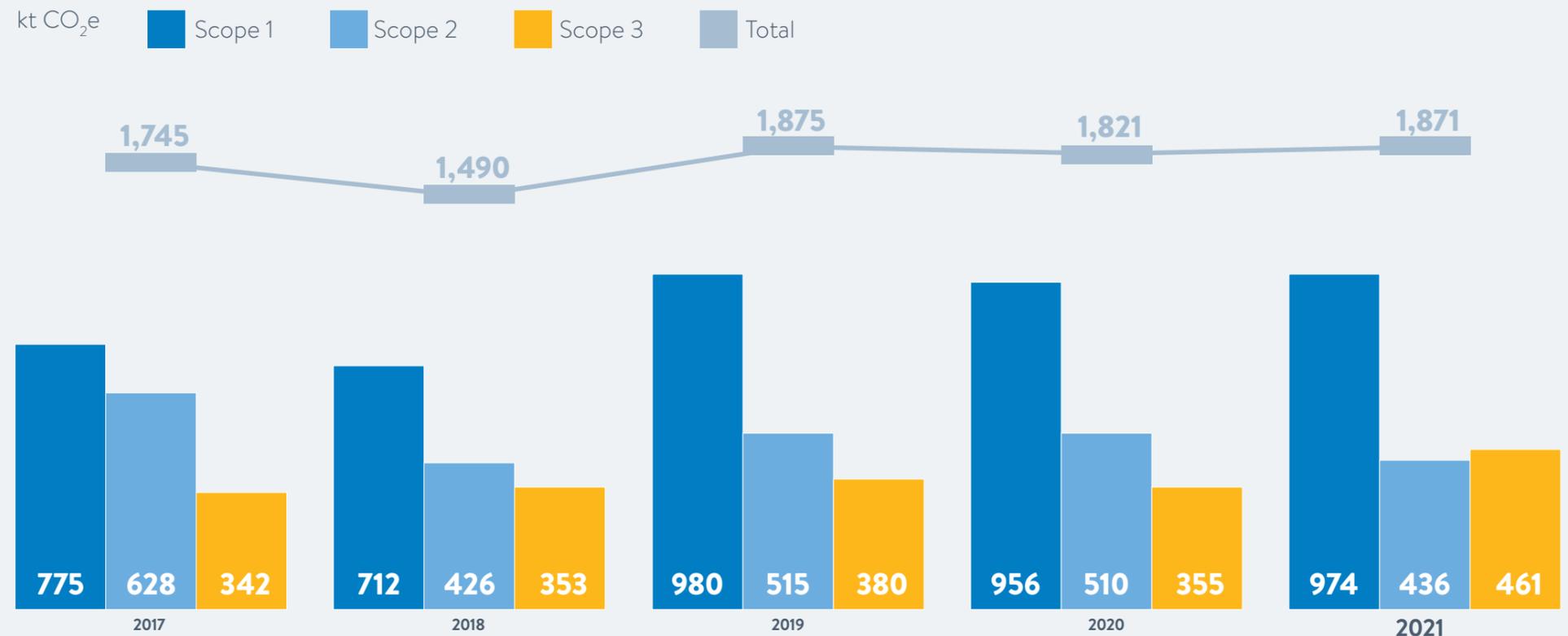
We continue to make progress in our automation and control (IoT) strategy, where we achieve significant energy savings in refrigeration equipment, air conditioning and lighting, thanks to strategies that allow us to reduce electricity consumption without compromising comfort in our stores.

We seek to mitigate our direct scope 1 emissions, which come mainly from refrigerants and fuel consumption, by integrating new technologies that allow greater efficiency and refrigerants with lower calorific potential.

In the case of our energy consumption, we have achieved a significant reduction through renewable sources, which allow us to mitigate our scope 2 carbon footprint.

We also have a energy intensity reduction goal, with which we promote operational efficiency. Finally, we know that due to the nature of our business, it is essential to engage our supply chain in emissions reduction as this is where most of the emissions are concentrated. We understand our role in using our scale as a positive driver for change.

Mexico and Central America's emissions by scope





EMISSIONS INTENSITY

GRI 305-1, 305-2, 305-3, 305-4, 305-6
SASB FB-FR-110B.1
SASB FB-FR-110B.3

In 2021, we maintained the GHG emissions reduction trend. This way, we have the assurance that our emissions are not linked to our business growth.

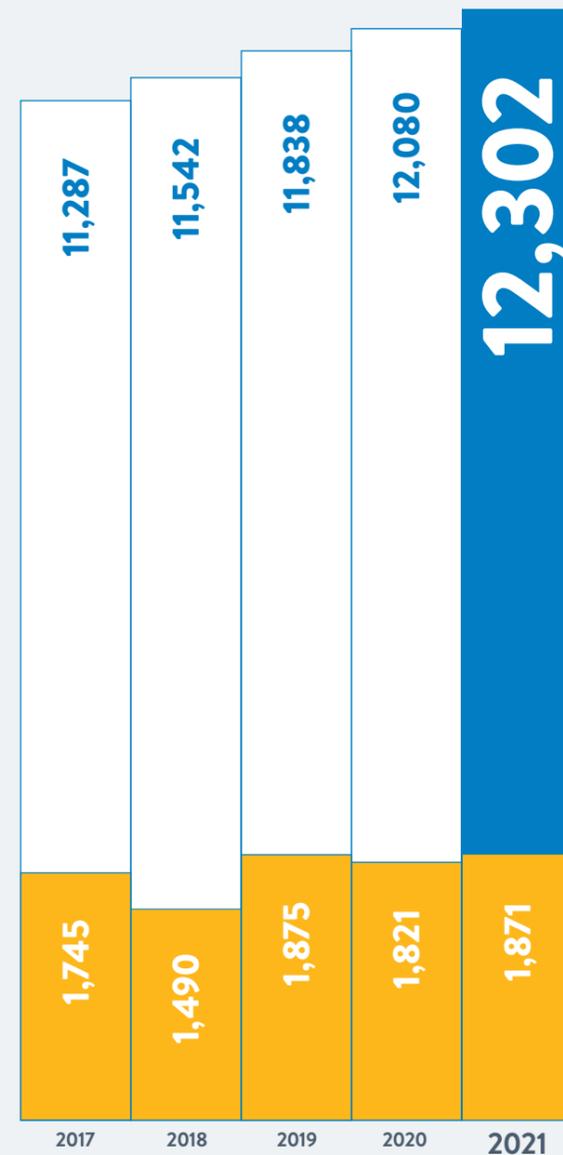
This can be seen more directly when noting the behavior of our emissions intensity, as we have witnessed a constant emissions reduction trend since 2019, generated primarily by operational efficiency and renewable energy initiatives.

Our business growth is independent of our emissions intensity

Total box vs Total de Emisiones

Mexico and Central America

Thousands of m² of construction Thousands of Tons CO₂e



We reduced 5.6% our emissions intensity of scope 1 and 2 in 2021, compared to 2020

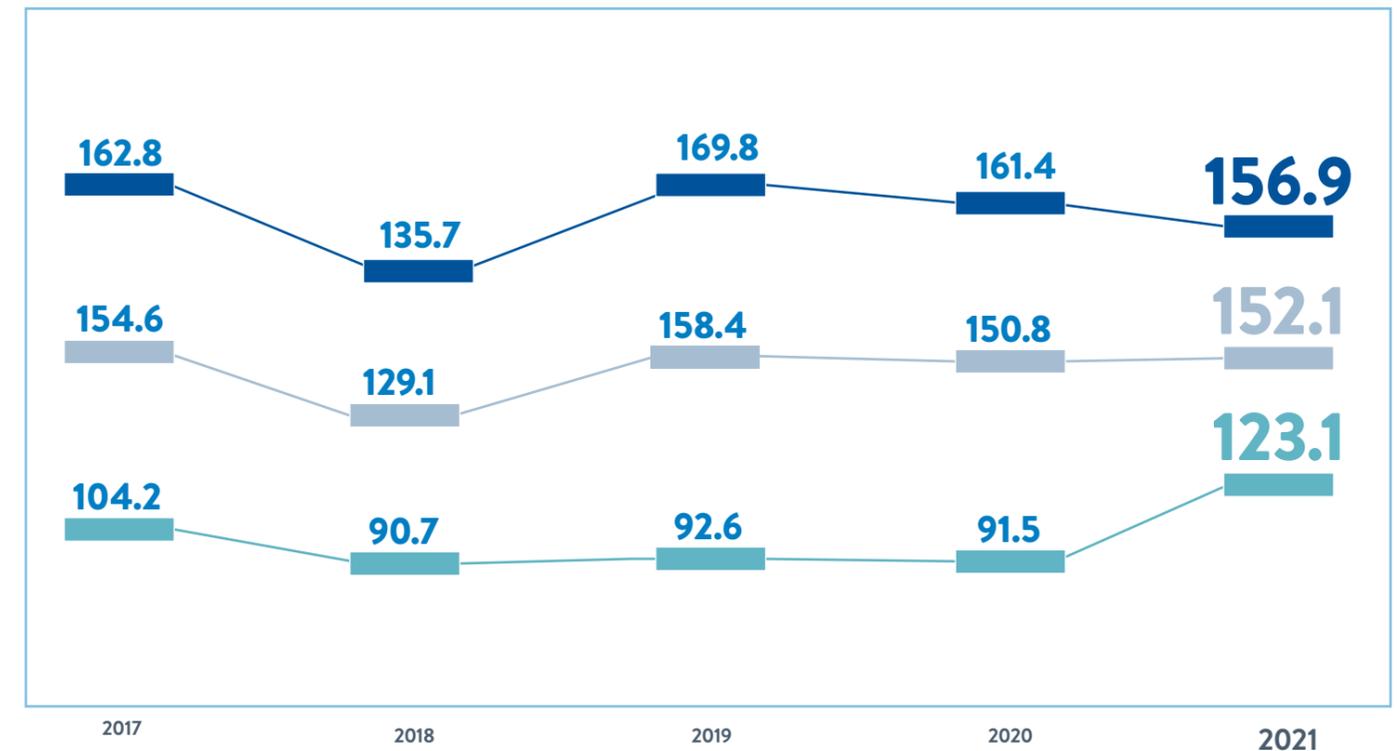
We increased our total emissions intensity by 0.9% in 2021 compared to 2020



Emissions Intensity 2017 - 2021

kilograms CO₂e/m²

Mexico Central America Mexico and Central America





SCOPE 1, 2 AND 3 EMISSIONS SOURCES

GRI 305-1, 305-2, 305-3
SASB FB-FR-110B.1,FB-FR 110B.3,FB-FR-110A.1,CG-EC-410A.1

Our scope 1 emissions correspond mainly to refrigerant gas leaks and to a lesser proportion, stationary and mobile combustion. This stems from the high Global Warming Potential (GWP) found in most conventional refrigerants.

On the other hand, our scope 2 emissions are calculated based on the energy consumed directly from the power grid in each country. This reflects the importance of our energy supply strategy, based on renewable projects allowing us to mitigate these type of emissions.

Finally, our scope 3 GHG emissions are determined by the corporate value chain methodology of the GHG Protocol, which identifies the categories that we must report.

The processing of products sold and their end-of-life disposal has not been included in this scope 3 calculation, although we recognize their importance and are working on a way to integrate them in the future.

Thus, we incorporate the following relevant sources for this scope:



Purchased products or services



Capital goods



Transportation and distribution of products to distribution centers and stores



Travel by associates in company-owned cars



Transportation used for home delivery

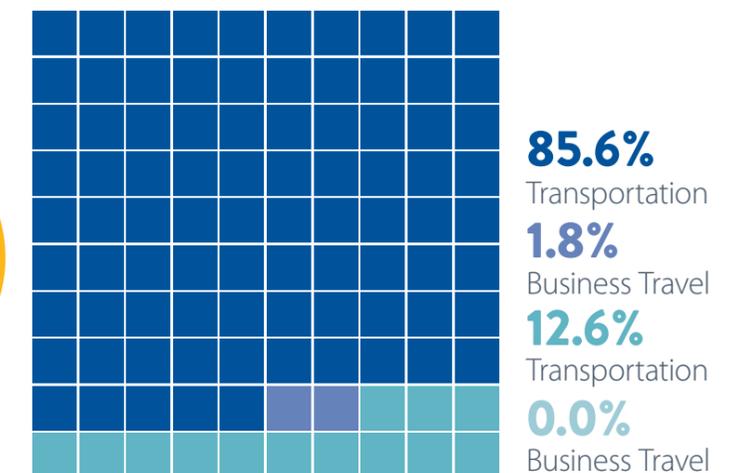
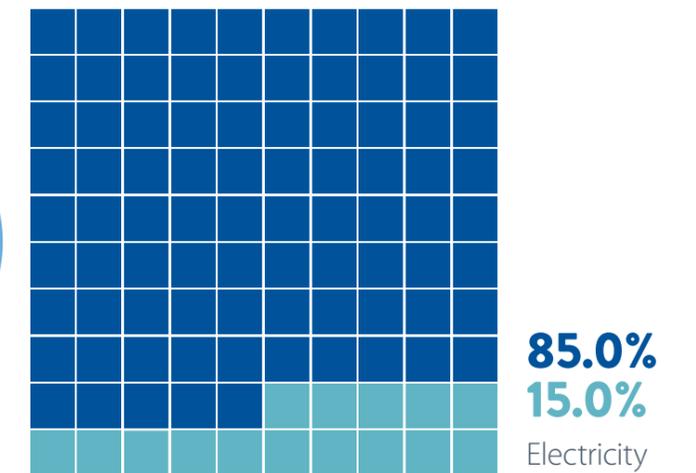
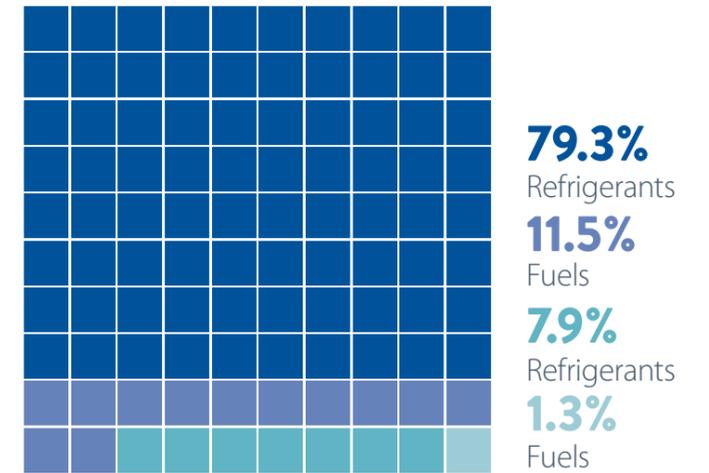


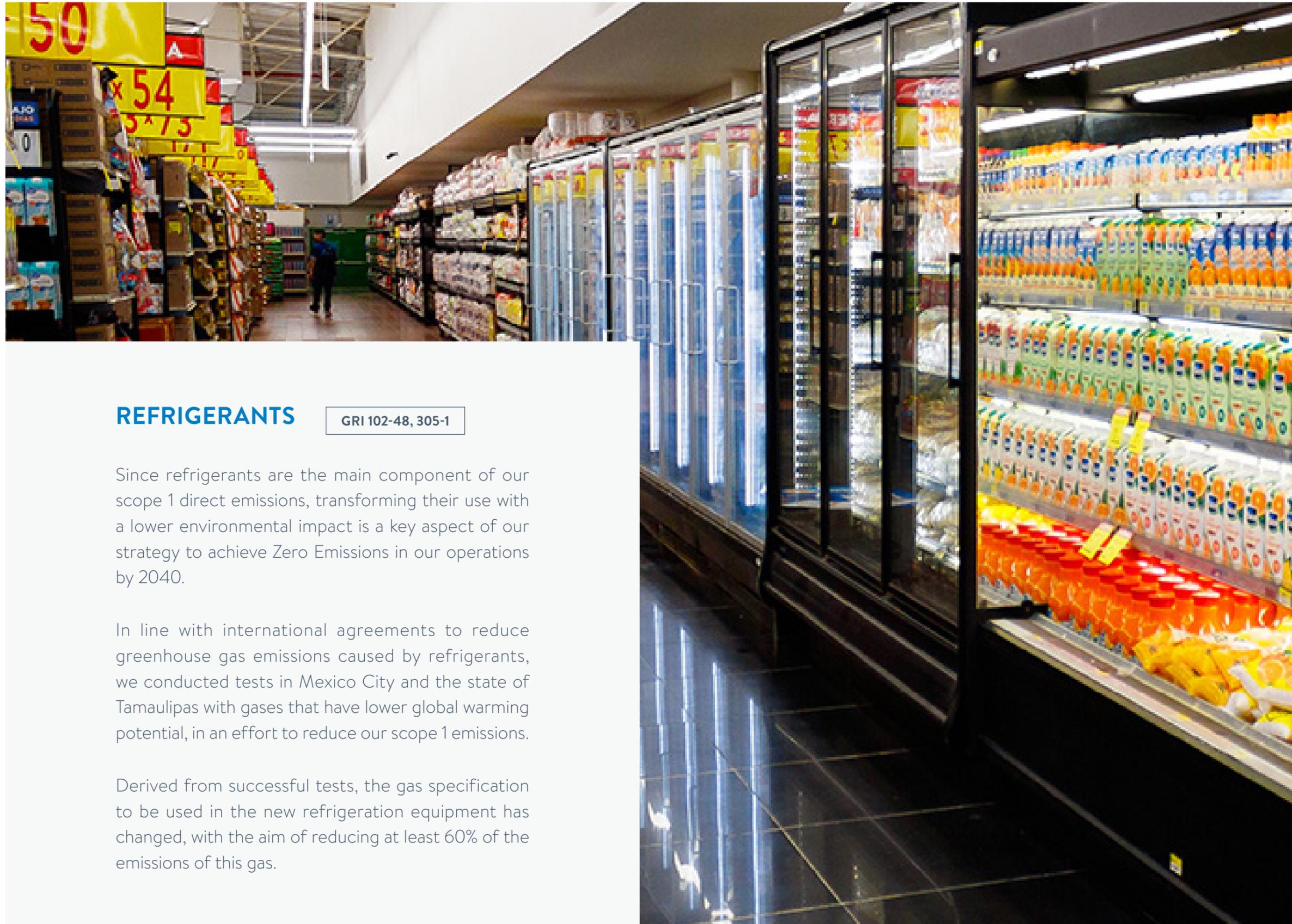
Business travel



Breakdown of total CO₂e emissions by scope

Mexico Central America





REFRIGERANTS

GRI 102-48, 305-1

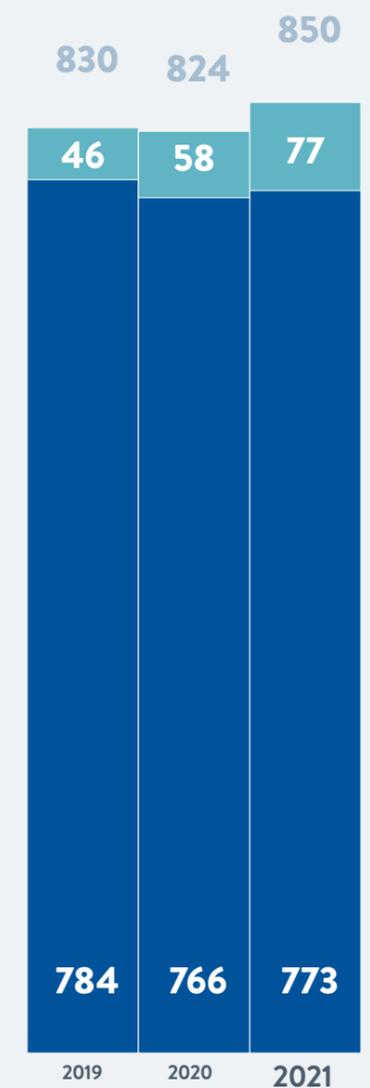
Since refrigerants are the main component of our scope 1 direct emissions, transforming their use with a lower environmental impact is a key aspect of our strategy to achieve Zero Emissions in our operations by 2040.

In line with international agreements to reduce greenhouse gas emissions caused by refrigerants, we conducted tests in Mexico City and the state of Tamaulipas with gases that have lower global warming potential, in an effort to reduce our scope 1 emissions.

Derived from successful tests, the gas specification to be used in the new refrigeration equipment has changed, with the aim of reducing at least 60% of the emissions of this gas.

Emissions by refrigerants ktCO₂e

- Mexico
- Central America
- Mexico and Central America





ENERGY

GRI 302: 103-1, 103-2, 103-3, 302-1, 302-2, 302-3, 302-4
SASB CG-MR-130A.1, CG-EC-130A.1, FB-FR-130A.1



The transition to operations with 100% renewable energy by 2035 is an ambitious goal, but one that we consider essential to mitigating climate change. In addition to having six wind farms and two hydroelectric plants to supply power to our operations, we also have on-site photovoltaic power generation for 74 units.

Energy efficiency has been key to these achievements, which is why we have invested 119.2 million pesos in Mexico and 26.1 million pesos in Central America to continue our transition to LED lighting and photovoltaic cells.

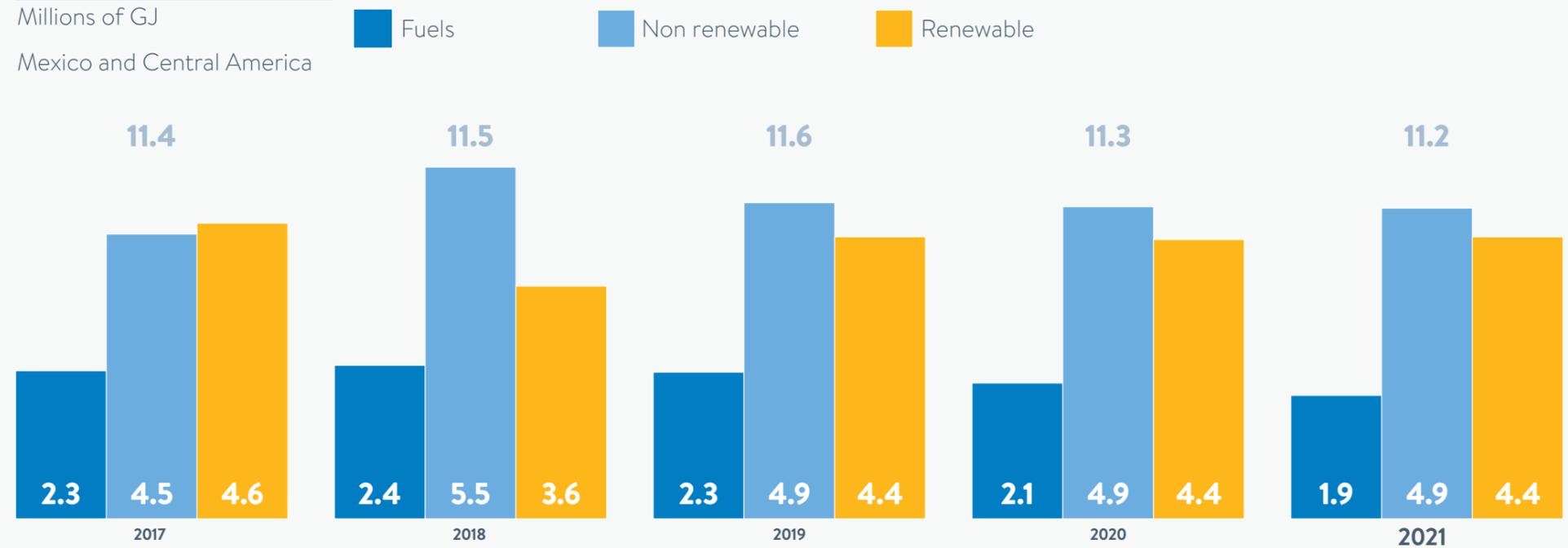
In Central America, we rolled out our first 3.6 megawatts (MWh) solar energy generation project, within the facilities of our business units (distribution centers and stores) with what we managed to produce the first 1,946 MWh (megawatts per hour), equivalent to the average annual consumption of 580 Central American households, thus avoiding the generation of 405 tons of greenhouse gases.

11.2 millions of GJ
of energy consumed

Total energy consumption

Millions of GJ

Mexico and Central America



We **reduced electrical power intensity by 4.4% in Mexico** in 2021, meeting our goal to reduce **energy intensity by 26% compared to 2010.**



In 2021, we **reduced our total energy consumption by -1.3%**, in addition to increasing our consumption of renewable electric energy by **0.7%**. With this, **52.5% of our energy comes from renewable sources.**

Energy intensity

GJ/m²





SCOPE 3 INDIRECT EMISSIONS

GRI 305-3
SASB FB-FR-110A.1, CG-EC-410A.1

In Mexico, we started a project to transition our on-demand fleet to zero emission electric vehicles.

We have 47 electric vehicles in our four business formats (Walmart, Bodega, Sam's Club and Walmart Express), operating in 8 stores.

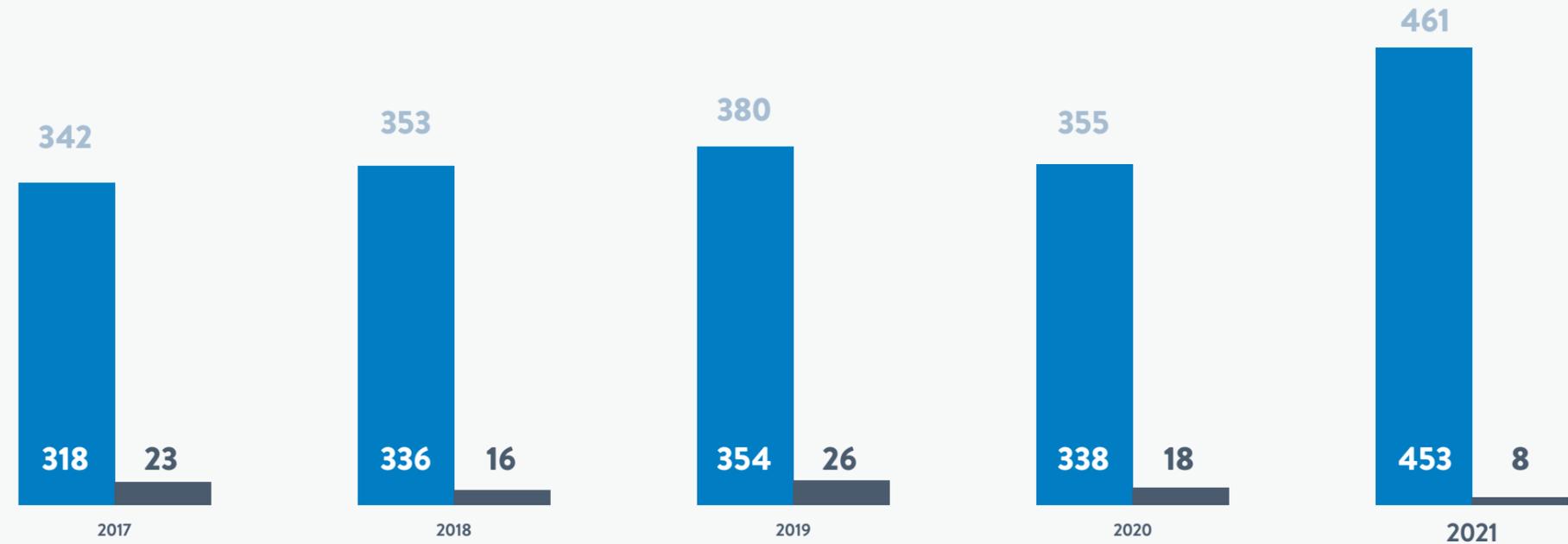
We have traveled more than 280,000 km with these vehicles, reducing more than 28 tons of CO₂.

In Central America, during 2021, we added 34 electric vehicles to our fleet to avoid the consumption of more than 62,300 liters of gasoline in one year, the equivalent of avoiding more than 145 tons of greenhouse gases. By 2022, 47.6% of our light trucks will be sustainable.

In addition, we installed ten semi-fast charging stations that our customers can use to charge their electric vehicles while shopping in our stores.

Scope 3 Emissions Thousand tons CO₂e

■ Transportation ■ Business Travel ■ Mexico and Central America



LOGISTICS EFFICIENCY

Backhaul and reverse logistics initiatives contribute to the reduction of emissions by transporting goods on trips that would otherwise be made on empty trailers. With this, we increase the efficiency of freight transportation.



28,281,010
km not traveled



34,187
tons of CO₂e emissions
avoided by logistics
initiatives



12,067,084
liters of fuel saved





PROJECT GIGATON

Project Gigaton continues to be one of our main strategies to leverage our scale in a positive way in our value chain. Through this project we aim to avoid the generation of one billion tons of CO₂e in our value chains by 2030; so that our suppliers can join the project and set goals based on their activities and projects. Our goal is that all participating suppliers can achieve Gigaguru status, by annually reporting their progress and making their commitments public.

ProjectGigaton™



1. Energy



2. Nature -
New pillar in 2021!



3. Waste



4. Packaging



5. Transport -
New pillar in 2021!



6. Product use
and design



7. Enterprise
Level



We invite suppliers to establish emission reduction SMART goals in one or more of the project's seven pillars

This program has been very well accepted by our suppliers, as follows:

776
active suppliers
(450% vs 2020)

352
Gigagurus

136
Sparking
Change



CDP

Derived from the response to CDP, the results are as follows:

B

CDP rating

229

suppliers participated in the CDP Supply Chain Climate Change

56%

of our suppliers launched initiatives to reduce emissions

59%

of suppliers set an absolute, intensity reduction goal, or both



74%

of suppliers have processes to identify risks and climate opportunities

366,415 million

pesos is the cost associated with supply chain climate change risk management

527,800 million

pesos is the cost to materialize climate change opportunities in the supply chain



Our suppliers are linked to us through the CDP Supply Chain initiatives, where they report their environmental performance regarding climate change and water security



CLIMATE RISKS AND OPPORTUNITIES

GRI 102-11, 102-15, 201-2

Climate change has increased disruptions and the risks that are materializing more frequently. According to the World Economic Forum, extreme weather events and human-caused damage to the environment- bothe related to climate change- are two of the top ten current risks. They are also directly linked to three existential risks in the next ten years: biodiversity loss, natural resource crisis and the possibility of failure in climate action strategies.

These risks imply that the possibility of having disruptions in the value chain are greater, in addition to the high-impact consequences that could be generated in the lives of our customers, the communities where we operate, our associates and the planet. Climate change risks are especially acute in sectors such as agriculture, as well as some others with intensive use of resources, such as manufacturing and the food sector. Therefore, identifying the specific risks and opportunities arising from climate change is fundamental for our company's future strategic vision.

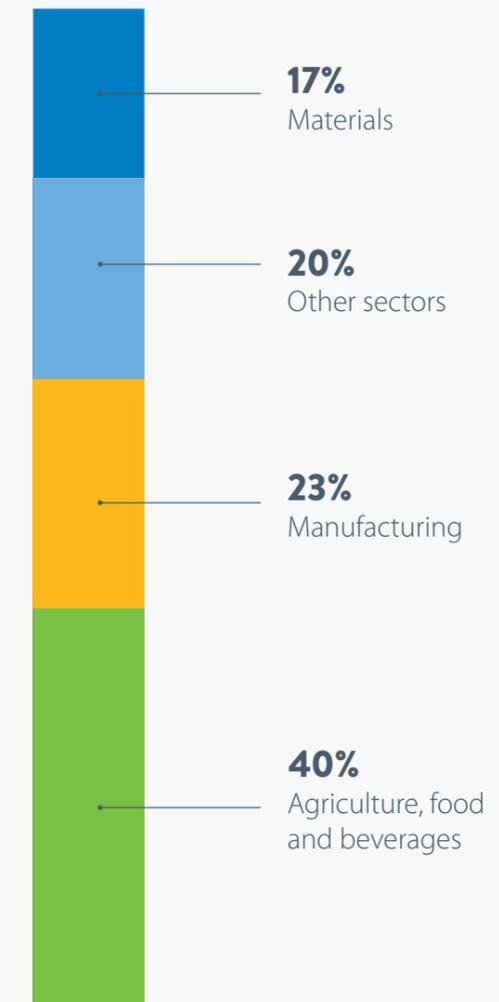


In 2021, **229** suppliers completed the climate change questionnaire. **62%** performed a risk analysis and **60%** an analysis of opportunities related to climate change.

To assess these risks, we first consider a wide range of material issues and potential consequences related to climate change from specialized sources, investors, consultants and international climate change organizations. We update our risk analysis every two years, the last being in 2019. Thus, we have the possibility to link our future and strategic vision to the specific impacts for the company.

In the case of existing risks in our supply chain, as previously mentioned, we focus on the key participants and suppliers that may have higher risk. In order to have an update on risks and opportunities and their possible financial impacts, we rely on the CDP to have visibility at the supply chain level and understand how these key suppliers identify their risks, in what timeframe and with what impacts.

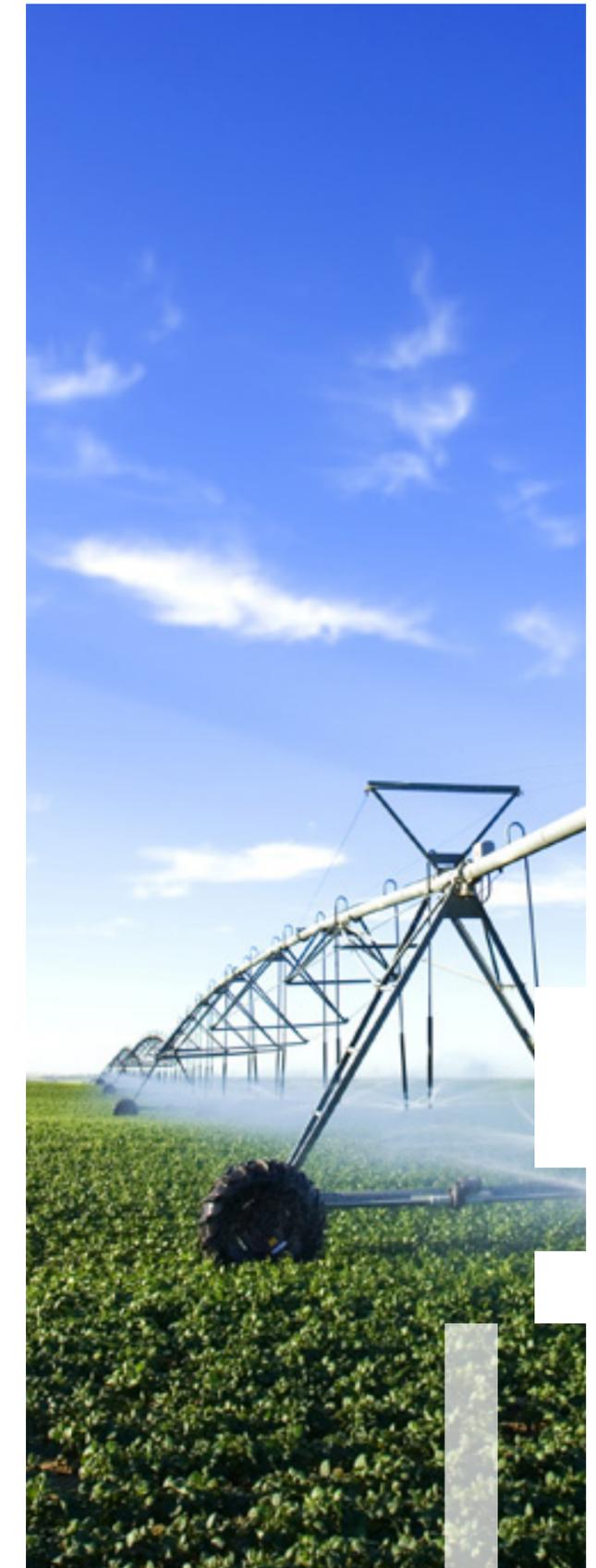
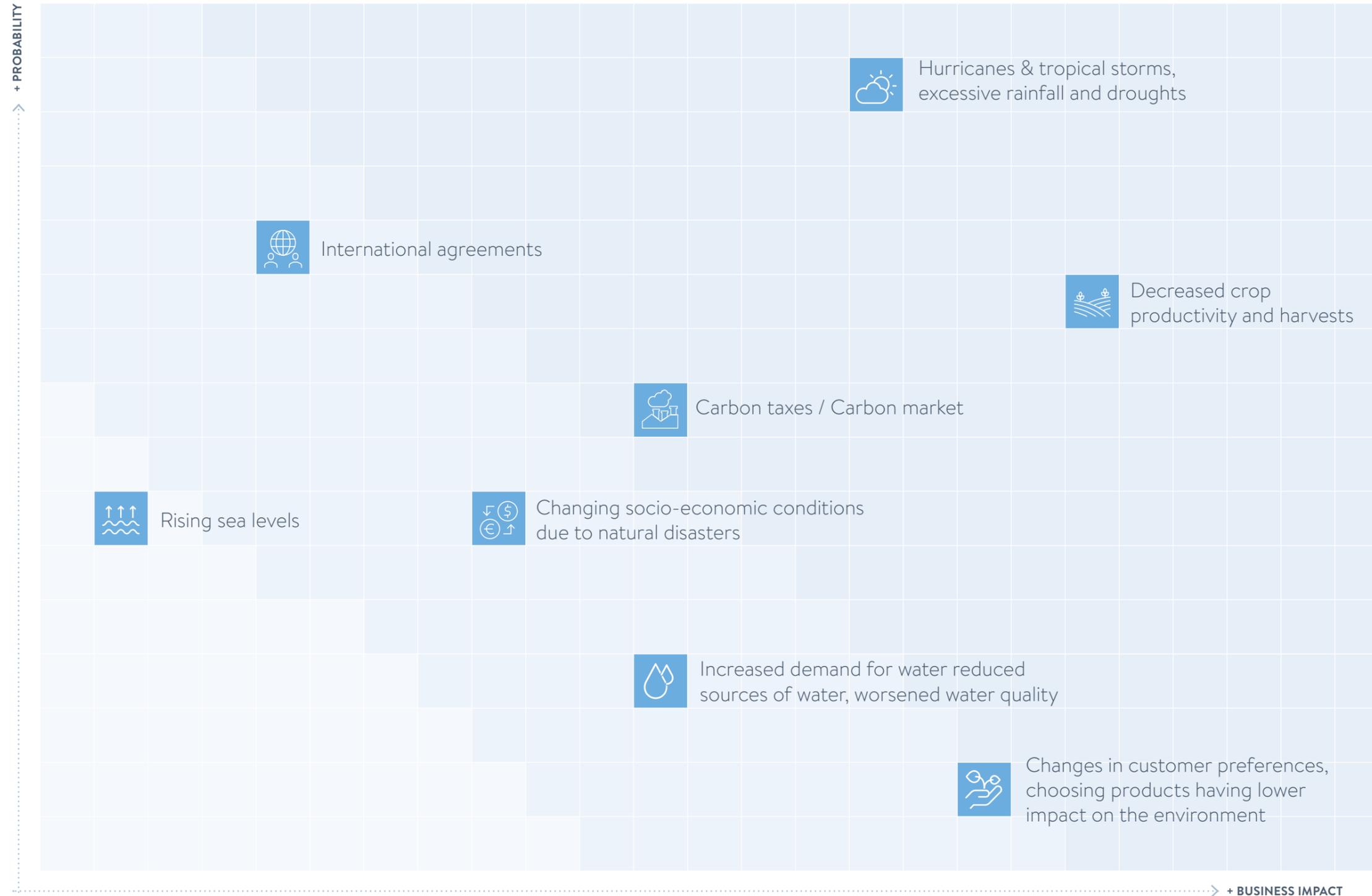
Supplier participation in CDP by industry type





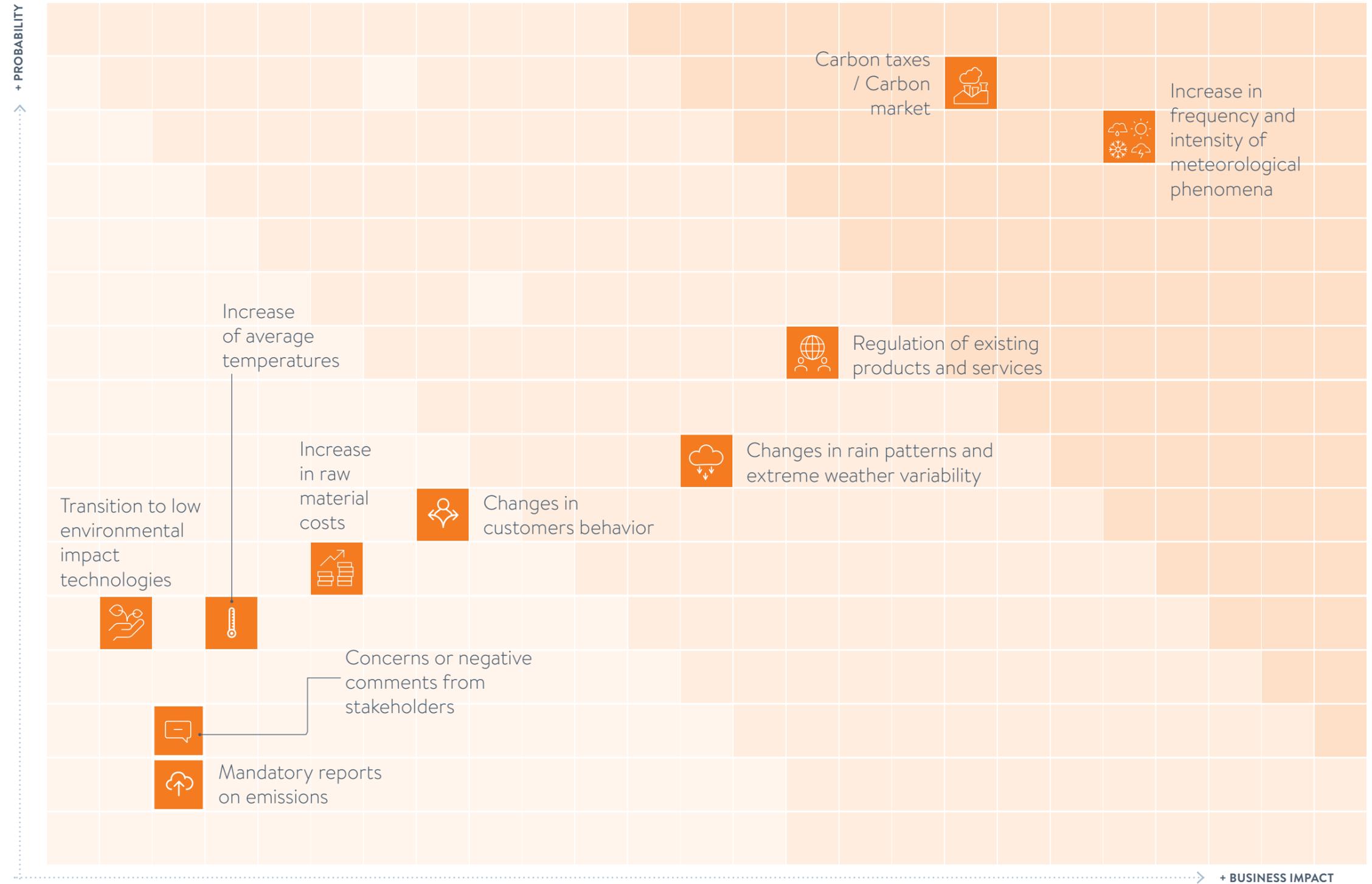
CLIMATE CHANGE RISK MAP

SASB FB-FR-430A.3



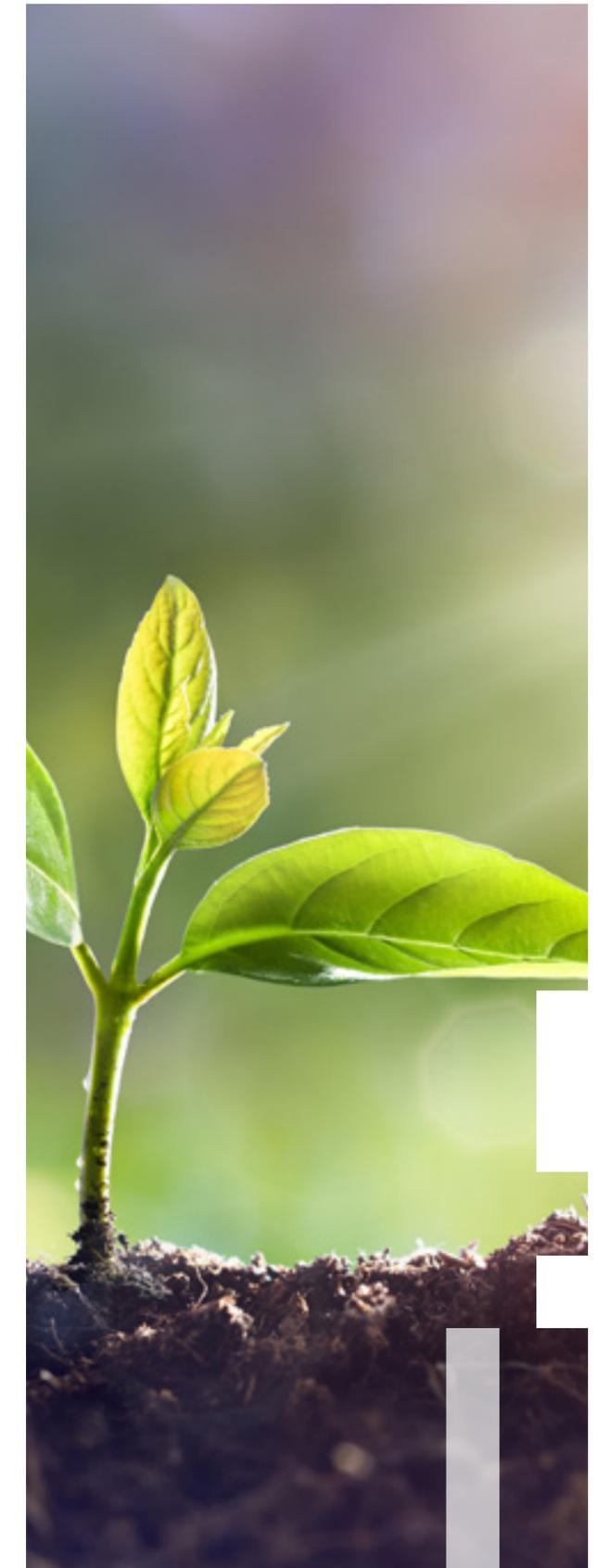
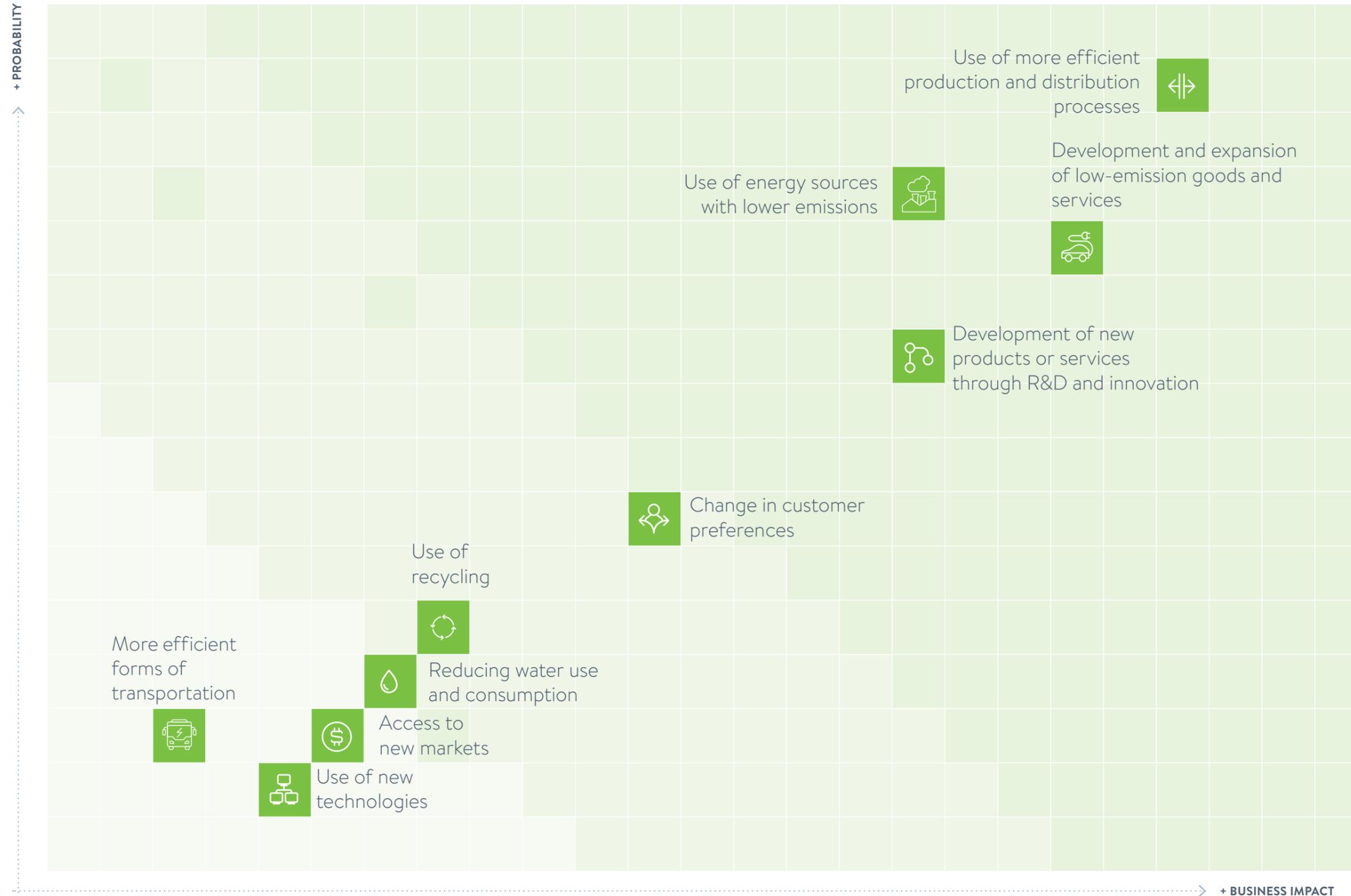


CLIMATE CHANGE-RELATED RISKS TO OUR SUPPLY CHAIN





CLIMATE CHANGE-RELATED OPPORTUNITIES FOR OUR SUPPLY CHAIN





CIRCULAR ECONOMY

GRI 301: 103-1, 103-2, 103-3, 306: 103-1, 103-2, 103-3, 308: 103-1, 103-2, 103-3

The second priority of our commitment to sustainability is to contribute to the creation of a circular economy, where we avoid waste generation, reduce the use of natural resources and reuse materials in new value cycles.





Circular Economy

WASTE

- Inorganic: Plastic
- Inorganic: Cardboard
- Organic



We understand the role we have in promoting circular economy, since we have a supply chain of more than 86,000 suppliers and, on the other hand, we are the point of contact with more than 5 million customers. In this chart illustrates some examples of how we have advanced toward circular economy.



ZERO WASTE

GRI 306-2, 306-4

Our core commitment is to transform our operations to Zero Waste to landfill by 2025, as defined by the Zero Waste International Alliance. .

At Walmart, we have a Zero Waste Strategy centered on waste reduction, outfitting our stores and distribution centers with the infrastructure required to ensure the correct separation of ullage or waste, donating products that are not suitable for sale but are suitable for consumption to associates or institutions, or channeling waste for recycling and incorporation into new value creation cycles.

To ensure the fulfillment of our strategy, we created the Zero Waste working group made up of Operations, Walmart Foundation, Real Estate , Compliance, Utilities and Sustainability team members.

As part of the activities we conducted this year, we generated an analysis in a sample of our stores to identify the waste we are not currently leveraging and create action plans for 2022.

Zero Waste strategy

Greatly preferable

- **Prevent**
Reduce waste in the distribution chain
- **Separate**
Provide the necessary infrastructure and separate waste properly
- **Innovate**
Innovate and implement unconventional solutions to avoid sending waste to landfills
- **Donate**
Donate products suitable for consumption, but not for sale, to associates or institutions
- **Recycle**
Increase recycling of organic and inorganic waste
- **Disposal**
Work with third parties to dispose of the waste that cannot be channeled to donation or recycling

Less preferable



Achievement towards our Zero Waste goal, by 2025:

68.6%

Mexico and Central America

71.8%
Mexico

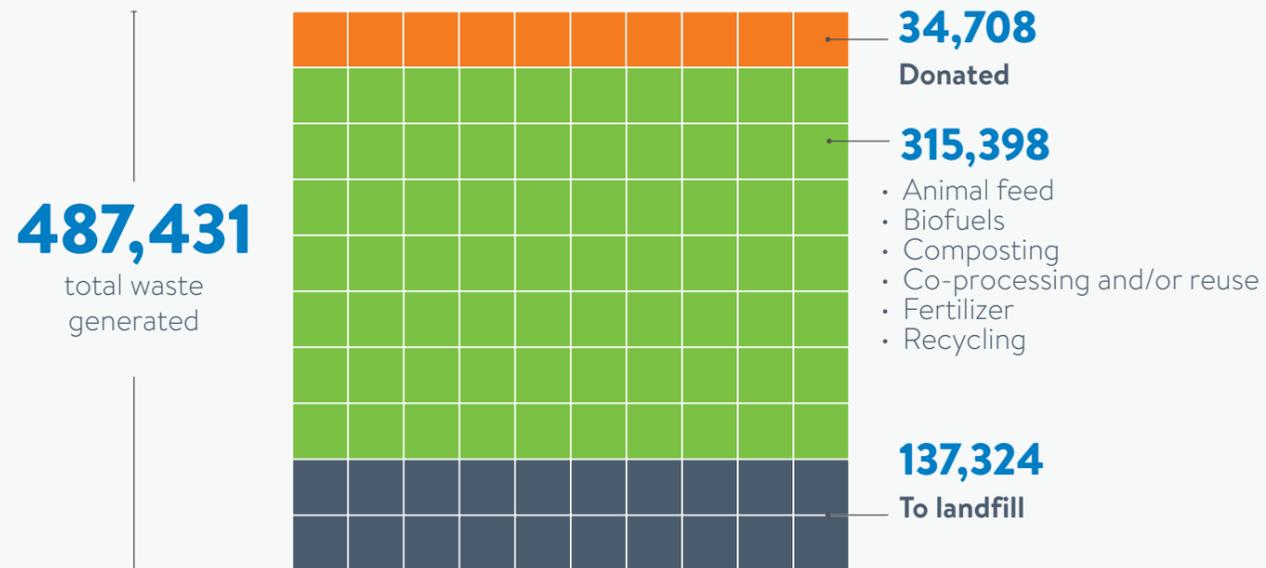
50.4%
Central America



As a result of the implementation of our strategy, in 2021 we diverted from landfill **71.8%** of our operation waste in Mexico

Mexico final destination of Waste Generated in 2021

Tons



To manage our waste responsibly, we have recoverable waste recovery programs in place.

GRI 306-3, 306-5

574,812

tons of waste generated

358

tons of hazardous waste generated

574,454

tons of non-hazardous waste generated

394,243

tons of waste diverted from sanitary landfills

Mexico and Central America



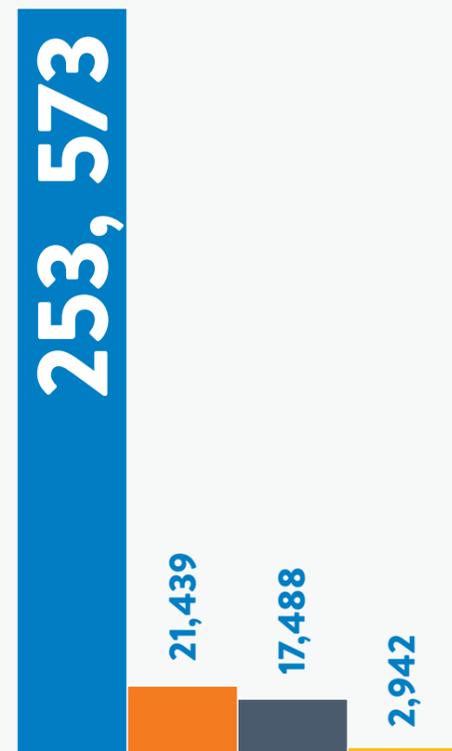
INORGANIC RECYCLING

At Walmart, we are aware of the impact we generate using cardboard, paper, and sandpaper, primarily in the distribution packing and packaging processes. Hence, we use our logistics as a platform to achieve a circular economy. It allows us to reincorporate these materials into new value creation cycles by sending them to suppliers specializing in recycling them.

Inorganic recycled waste in Mexico

Tons

■ Corrugated ■ Rigid plastics ■ Playo ■ Other



In 2021, we recycled more than 295,000 tons of inorganic waste

ORGANIC RECYCLING

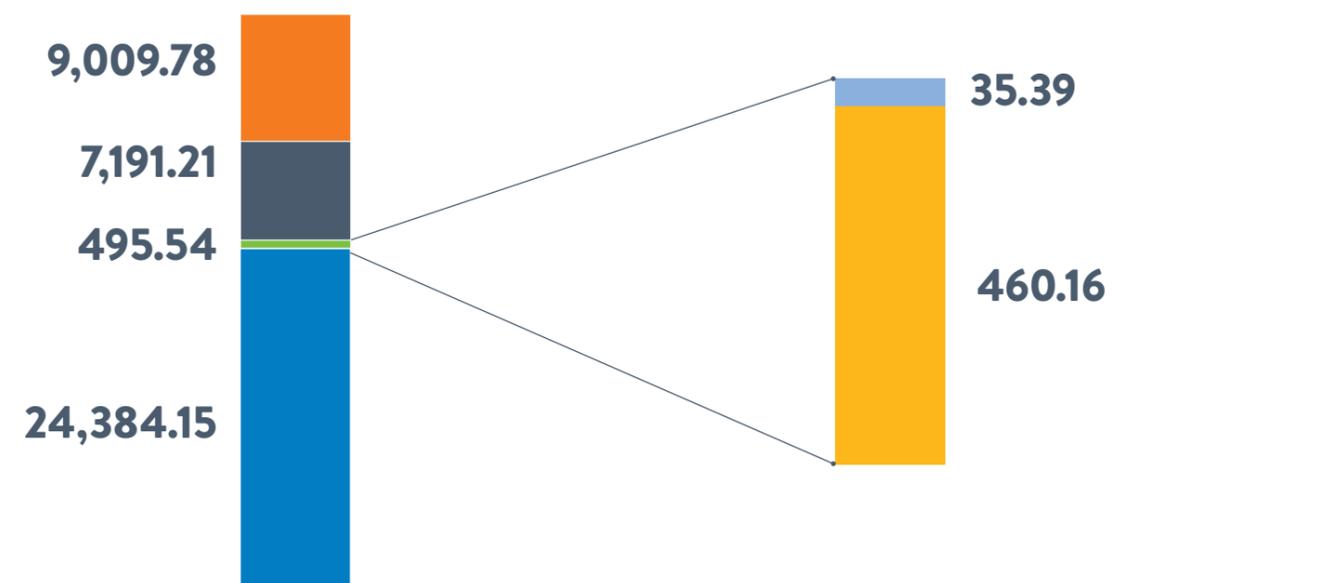
Our operation also generates organic waste, such as burned vegetable oil and meat waste in the production processes or surplus fruit, vegetables or bread in stores.

Organic products not suitable for donation are channeled to recycling. In 2021, we channeled part of the organic waste we generated to authorized suppliers for use in new value creation cycles to promote and contribute to circularity.

Final Destination of Organic Waste in Mexico

Tons

■ Donation to associates and food banks ■ Animal feed production ■ Compost production ■ Production of fertilizers ■ Biofuel production

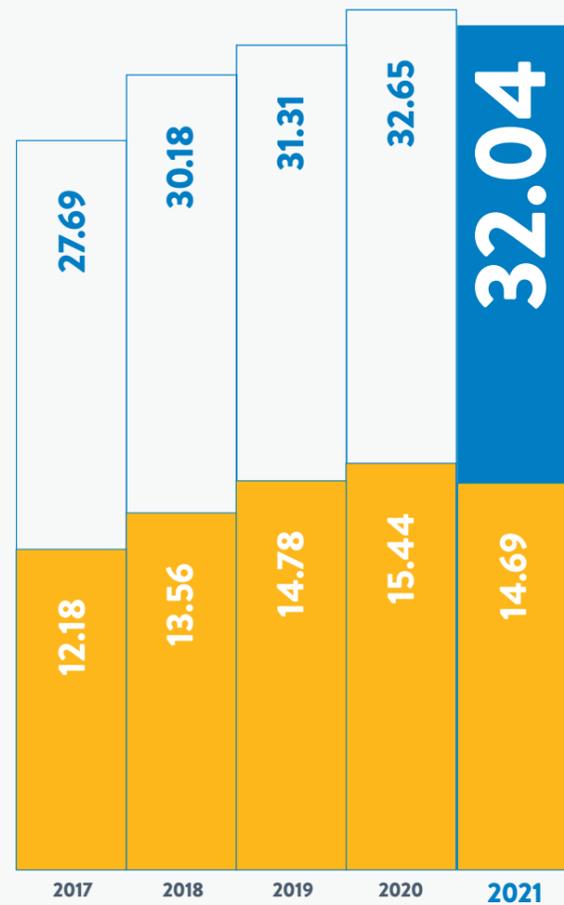




Waste intensity (kg/m²)

Mexico and Central America

■ Sent to landfill ■ Recycled



In order to manage our waste responsibly, we have a program for recovering recoverable waste

In 2021, we maintained our reduction trend in the intensity of waste sent to landfills. This is due primarily to the reduction in the volume of food waste generated, thanks to the Waste Committee and the operational discipline in our units, as well as to the increase in the volumes of waste that could be used through recycling, donation, compost, animal feed or resale.





Use of recycled materials in the elaboration of elements of our stores

Use of recycled materials in the elaboration of elements of our stores.

In 2021, we incorporated elements such as bicycle racks, bumpers, rain protection grilles, and benches made with recycled materials into our stores, thus promoting circularity.



238 tons

total plastic waste recycled



Equivalent to:

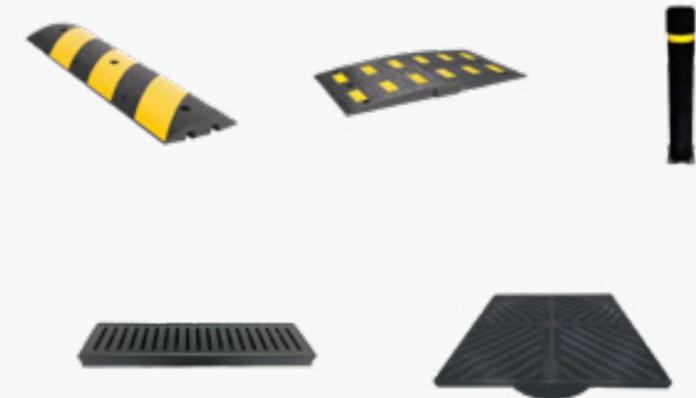


19 million bags

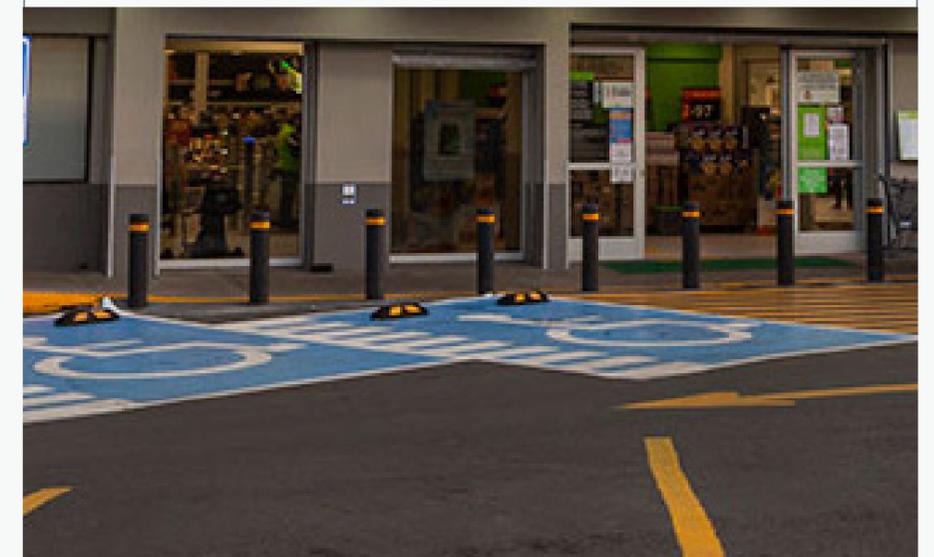


2 million shampoo bottles (500ml)

Transforming this waste plastic into:



Give a second useful life to single-use plastics, thus preventing them from ending up in garbage dumps or contaminating our soils, seas and rivers.





FOOD WASTE

GRI 308: 103-1, 103-2, 103-3



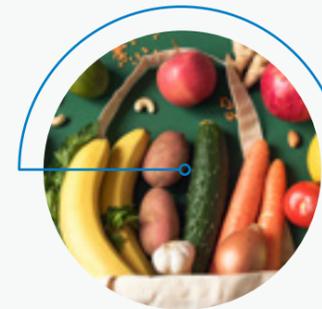
We contribute to Sustainable Development Goals 12.3, aligned by reducing our food waste in half. To achieve this, we focus on improving our inventories and maintaining our freshness promise.

We goal is to reduce food waste generation by 50% by 2025, compared to 2015

In the case that food is not sold, we seek to ensure its consumption. This year we expanded our program across the company to lower the price of certain products with expiration dates about to become effective, informing customers that the consumption must be on the same day of purchase. Likewise, we have an Associates Fruit and Bread Program through which we donate these items in the store so that our associates can complement their meals.

Our strategy to reduce food waste graphic

+36,000 donated to food banks in 2021



Prevent waste generation of fresh products



Food donation



Compost



Livestock food



Biodigestion

The next stage is to **ally with food banks through Walmart Mexico Foundation.**

In the case of food that is not fit for human consumption, once ullaged, there are two possible uses: compost, which can be used as a soil conditioner and animal feed. Lastly, in Central America, there are biodigester options that biologically process waste to break it down into gray water and biomass, avoiding its disposal in landfills.



SUSTAINABLE PACKAGING

GRI 301: 103-1, 103-2, 103-3, 301-3
SASB FB-FR-430A.4, CG-MR-410A.3

We continue to work on our ambition to operate with the least environmental impact caused by our plastics consumption and packaging. To achieve this, we work hand in hand with our suppliers, the authorities, and customers to integrate innovations to eliminate single-use plastics.



We work together with authorities at different levels of government to develop standards on the use of plastics towards a circular economy

In the case of Mexico City, we are part of the working group for the drafting of the environmental standard PROY-NADF-010-AMBT-2019 on the criteria for compostable and reusable products in response to the prohibition of single-use plastics, which was submitted to a public consultation process prior to its entry into force in 2021.

In this approach, standards have been developed for the transition to biodegradable, compostable, reusable options and the reincorporation of post-consumer recycled content.

The Plastics Committee meets once a week, and is comprised by the Operations, Marketing, Sustainability and Commercial divisions, to take action on issues relevant to the management of plastics within the company.





PACKAGING OF PRIVATE BRANDS PRODUCTS

By 2025, we have the goal to achieve that all products of Private Brands:

Have packaging 100% recyclable, reusable or compostable

Include at least 20% post-consumer recycled content in packaging

Eliminate non-recyclable packaging content

In 2022, we will conduct a study to identify the content specifications of primary, secondary and tertiary packaging of 100% of Private Brands products catalog.

This project will mark a divide for the management of packaging in Mexico, resulting in an integral strategy that will allow us to meet the goals we set for 2025.



45.49% of Private Brands products' packaging are recyclable, reusable and compostable



16% of post-consumer recycled content in Private Brands products' packaging



PLASTIC FOOTPRINT

Mexico

This year we set a new goal: reduce 3,000 tons of virgin plastic from our operations, eCommerce and Private Brands products by 2025, and we made great achievements:

We reduced 1,881 tons of virgin plastic compared to 2020

GRI 301-3

thanks to three main measures:



1. Elimination of some products that use virgin plastic from the sales floor.



2. Substitution of virgin plastic with other materials, for example, recycled plastic, cardboard or biobased.



3. Changes in packaging specifications in products of Private Brands, to use less material.



62.7% achievement towards our 2025 goal

Some of our success stories are:



900 ml oil bottle, Aurrera

Measure implemented

Reduction of the bottle weight from 25 grams to 18 grams

Virgin plastic saved in 2021

229.1 tons



White thermal tray 2

Measure implemented

Substituted by 2PET tray with 99.96% recycled content reciclado

Virgin plastic saved in 2021

123.74 tons



Round dishwashing brush, polypropylene based

Measure implemented

Substituted by Great Value Terra round dishwashing brush made with 49% poly agave fibers

Virgin plastic saved in 2021

0.7 tons



Polystyrene forks

Measure implemented

Substituted by a compostable fork made with recycled polystyrene and agave fibers

Virgin plastic saved in 2021

3.74 tons

Primary packaging of Private Brands products:

Tons in Mexico



16,815 tons

recyclable packaging



20,069 tons

plastic packaging



337 tons

post-consumer recycled content in plastic packaging



6,211 tons

post-consumer recycled content in packaging



WE ENCOURAGE OUR CUSTOMERS TO PRACTICE RESPONSIBLE CONSUMPTION

We are convinced that we have a responsibility to promote responsible consumption among our customers and members. We focus on developing different initiatives to reduce the use of single-use containers through refill or bulk sales, as well as different programs to promote the recycling culture.



COLGATE REFILL STATIONS

This year, in alliance with Colgate, we launched refill stations for its Suavitel fabric softener, with the purpose of testing customer behavior in this new way of offering their preferred products in our Bodega Aurrera and Walmart Supercenter formats.



Thanks to this pilot project, we sold **1,531 liters** of Suavitel and eliminated the use of **204 bottles**

WE PROMOTE THE RECYCLING CULTURE

Our customers are fundamental to contributing to a responsible environmental impact. Through strategic alliances with suppliers, we have promoted programs that encourage environmental education and create spaces for the recovery of materials for sustainable use.

253.6

tons of waste recovered through our post-consumer programs with customers in Mexico



RECICLAMANÍA EVOLUCIONA

With the aim of developing the country's recycling infrastructure, as well as making recycling an agile and simple experience, companies from different industries join efforts to keep in operation 12 permanent recycling centers located in different self-service stores in Mexico City, State of Mexico, Morelos, Oaxaca, Puebla and Querétaro, which were installed in 2020.

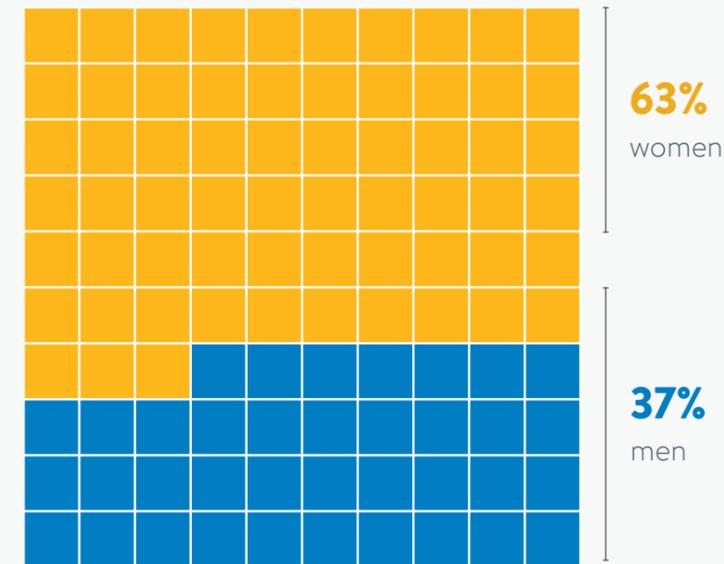


12 recycling centers in 2021 located in 6 states that recovered 109.3 tons of waste

Participating customers

10,572

participating customers



In the next five years, our goal is to double the number of recycling centers to have a presence in more states across Mexico



In addition, we have initiatives in place to recover different materials in partnership with our suppliers.

The 2021 results are as follows:

Recycle the can

Description

Installation of machines in a alliance with Grupo Herdez to recycle tin cans, which are then reused in wind turbines (wind energy devices) to benefit the community.

3

tons of waste recovered, 114,810 tin cans

20

machines in store

Tree by Tree, your City Becomes Green

Description

Christmas tree collection in alliance with Mexico City and Colima's governments. The trees collected are then transformed into compost for parks, gardens and forests.

4,849

recovered trees

32

recovering centers



For the first time, we developed two pilot projects to recover used vegetable oil and school uniforms from our customers, with Capullo and Vanish, respectively

Recycle to Win

Description

Installation of machines in alliance with AIEn del Norte to recycle PET and HDPE containers, which are processed to produce containers used by the same company.

87.2

tons of waste recovered, -9% vs 2020

18

machines in stores in Nuevo León

Expired medicines

Description

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.

17.6

tons of waste recovered, -9% vs 2020

641

containers in 12 states

Reverse vending machines

Description

Installation of machines to recycle PET and aluminum containers in alliance with BioBox. In exchange, our customers receive a bonus through an App to pay for various services.

3.5

tons of waste Recovered, 157,788 containers

8

machines in stores

Coffee capsules

Description

Installation of containers to recover and recycle Nescafé Dolce Gusto coffee capsules. Organic waste is transformed into compost, and inorganic waste is transformed into plastic wood that will be used to develop new products in collaboration with Nestlé.

10.9

tons of waste recovered, +65% vs 2020

58

containers in stores and clubs

Glass recycling

Description

Installation of containers to recycle food-grade glass to make new bottles in collaboration with Grupo Modelo.

22.1

tons of waste recovered, +198% vs 2020

14

containers in stores



NATURAL CAPITAL

GRI 304: 103-1,103-2,103-3, 308: 103-1, 103-2, 103-3, 308-2
SASB CG-MR-410A.1, FB-FR-430A.1



The third priority of our commitment to sustainability is to help conserve natural capital through sustainable sourcing.

Nature provides enormous environmental, economic and social benefits to living beings. The world's stocks of natural assets, including geology, water, soil, air and biodiversity, among others, is known as Natural Capital.



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Humans obtain a wide range of services- known as ecosystem services- from natural capital, ranging from the food we eat and the water we drink, to the plants and their derivatives that we use for fuel, medicine, and construction materials.

There are also other ecosystem services that are vital for life on the planet, such as regulation of climate change and natural barriers provided by forests and jungles against floods, the billions of tons of carbon stored by swamps, crop insect pollination, among others.

Faced with the risk of overexploitation of our natural resources, which can result in biodiversity loss and vulnerability to natural disasters such as floods, droughts and hurricanes, which in turn cause famine, resource scarcity and population displacement, it is imperative that government and society take action in an efficient and coordinated way.



The size of our company carries an enormous responsibility while also allowing us to use our scale for good



As part of our aspiration to be a regenerative company by 2040, one of our goals is to help **manage, preserve and restore 20 million hectares of land and two and a half million square kilometers of ocean, globally.**

We work in our operations and supply chain to develop responsible and sustainable sourcing that reduces the environmental impact of products in the life-cycle phases where they are most significant.

We have also set commitments defining the main commodities that could face environmental risks and where we can directly influence promoting their sustainability.



PALM OIL

GRI 308-2

Palm oil is one of the most relevant commodities regarding traceability on how deforestation is avoided. Given the high demand for this commodity, palm oil plantations can often be associated with changes in land use of jungles and forests, which can lead to erosion.

To avoid this, we are committed to sourcing 100% sustainable palm oil and palm oil by-products certified by the Roundtable on Sustainable Palm Oil (RSPO) or the Rainforest Alliance. This certification ensures the traceability of this resource throughout its entire chain of custody, from the plantation through the manufacture of the final product.



We have committed that by 2025, Private Brands products will use 100% palm oil or palm oil by-products certified from sustainable sources



97.6%

of palm oil is certified from sustainable sources in Mexico, from **9.3%** of the suppliers that use this raw material

95.6%

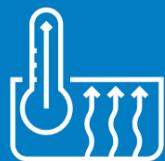
of palm oil is certified from sustainable sources in Central America, from 55.6% of the suppliers that use this raw material



PULP, PAPER AND TIMBER

Cellulose fibers are the second commodity to be considered for the traceability of sources certified as deforestation-free. Therefore, our suppliers must have certifications from the FSC (Forest Stewardship Council), PEFC (Programme for the Endorsement of Forest Certification) or SFI (Sustainable Forestry Initiative). Another option we promote is the incorporation of recycled content, which we also consider to be in compliance to achieve 100% sustainable sourcing.

Expanding our ambition in this area, we have set a new goal for 2025 to use 100% certified pulp, paper or timber from sustainable sources or with recycled content in Private Brands.



7,169.6 tons

of greenhouse gas savings from the sustainable sourcing of pulp, paper and timber, equivalent to the emissions avoided from 305,063 recycled waste bags, diverted from landfill



In 2021, we keep compliance with our goal by achieving **99.4%** of paper, pulp and timber with recycled content or certified sustainable in Mexico, from **27.9%** of the suppliers that use this raw material, and **100%** in Central America, of the **40%** who use it



SUSTAINABLE FISHERIES

Fish and seafood is one of the most susceptible chains to climate change risks and biodiversity loss. In particular, the challenges this category faces in the region and at a species level, make the effects that could occur at a local level impact in the global chain.

Therefore, our goal for 2025 is to ensure that 100% of our fresh and frozen fish and seafood products and canned tuna come from sustainable certified sources by Best Aquaculture Practices (BAP), Marine Stewardship Council (MSC) or equivalents, or with a Fishery Improvement Project (FIP).

In 2021, our fish and seafood products:

Mexico

82.2%

is certified by:

63.4%

Best Aquaculture Practices

0.2%

Marine Stewardship Council

35.1%

Aquaculture Stewardship Council

1.2%

Global GAP

Or have a Fishery Improvement Project:

0.2% is engaged in a Fishery Improvement Project (FIP)



13% comes from wild fishing, and the remaining 87% from aquaculture



26% comes from domestic fishing and 74% from international



100% of canned tuna is MSC certified

Central America

76.1%

is certified by:

83.3%

Best Aquaculture Practices y Aquaculture Stewardship Council

1.7%

Marine Stewardship Council

9.5%

Global GAP

0.7%

Otros

Or have a Fishery Improvement Project:

4.7% is engaged in a Fishery Improvement Project (FIP)



13% comes from wild fishing, and the remaining 87% from aquaculture



32% comes from domestic fishing and 68% from international



MEAT

In line with our goal to become a regenerative company, we are transitioning the meat category towards its sustainable sourcing. Together with the World Wildlife Foundation (WWF), we conducted a diagnosis to understand the main material issues, risks, and stakeholders for Mexico and Central America. This represents a priority given the potential contribution of this industry, at a global level, in the reduction of emissions by driving sustainable practices and will allow us to establish a strategy in 2022.





PRODUCTS WITH LOWER ENVIRONMENTAL IMPACT



Our link-up with suppliers and their strategies to reduce the environmental impact of products is also part of the value proposition for our customers

In the case of the organic category, we consider that this is a valuable strategy to bring products with sustainable processes as an option for our customers. Our offer includes products that went through responsible animal production methods. Such is the case of our free-range eggs and pork, where suppliers have adopted the five freedoms of animal welfare on their farms.

Our suppliers identify the products with the least environmental impact—covering the categories of organic and hydroponic, biodegradable, water or energy efficient, or with recycled content—from their communications and labeling.

366

products with recycled content packaging

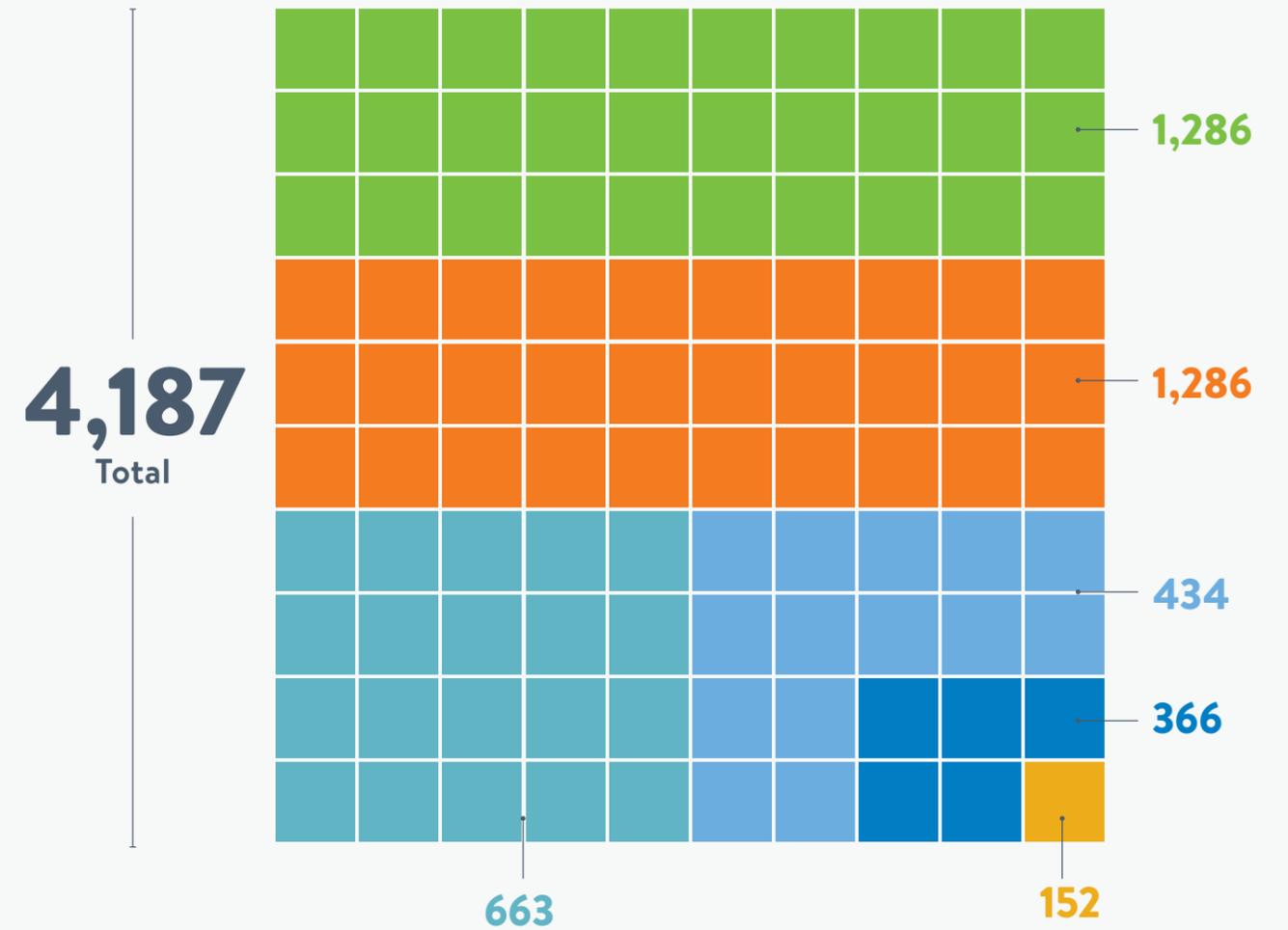
4,187

products with lower environmental impact



Products with low environmental impact characteristics

- Organic and hydroponic
- Biodegradable and non-pollutant
- Other
- Water and energy efficient
- With recycled content
- Sustainable certified and cage-free





SUSTAINABLE TEXTILES

TEXTILES WITH RECYCLED POLYESTER

This year we developed our first project in Mexico related to the incorporation of materials with lower environmental impact in our textile products. We included fibers with recycled polyester in the composition of six models of George brand jackets for the winter season in 2021, with 44% recycled polyester.



163,850

PET bottles were used to made jackets

3,000kg

of CO₂e were avoided



By 2022, we will have in our sales floor swimsuits for men and backpacks made with recycled polyester



COTTON LEADS

As of November 2021, we have a permanent catalog in stores with garments with Cotton LEADSSM Label. This program ensures and provides traceability of the production and sustainable sourcing of cotton throughout the chain of custody.



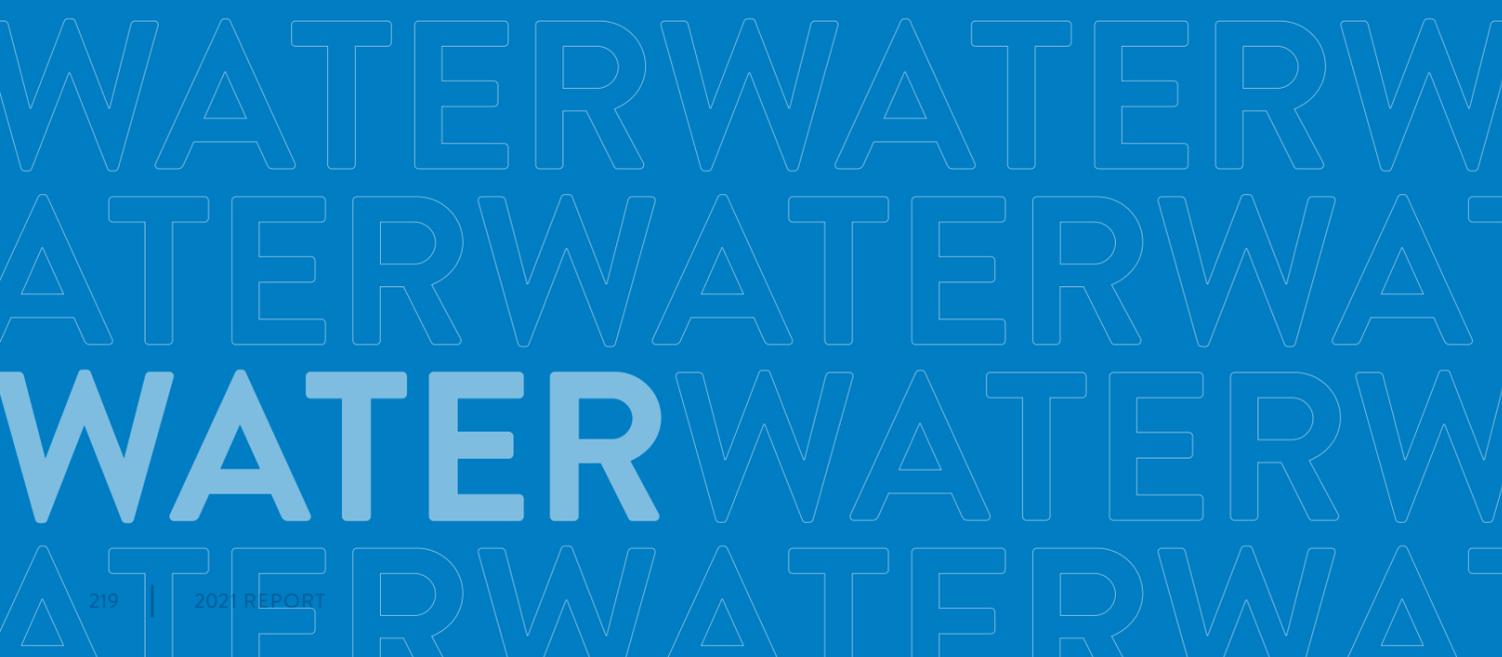
We have 48 garment models on the sales floor with Cotton LEADSSM Labels



WATER

GRI 303: 103-1, 103-2, 103-3, 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 a fundamental resource for our operation. Therefore, managing it efficiently in a context like the one we face in Mexico and Central America is becoming increasingly relevant. It is estimated that by 2030, water stress derived from changing ecosystems and the effects of climate change could generate significant disruptions in supply chains, such as agricultural and manufacturing products.



TOTAL WATER CONSUMPTION

11,227,039
m³

8.24%
well supply

88.02%
municipal supply

3.51%
piping supply

0.23%
municipal supply in Central America

1,334
treatment plants

1,430,210
m³ of water reused



Mexico
856
treatment plants

1,391,028m³



Central America
478
treatment plants

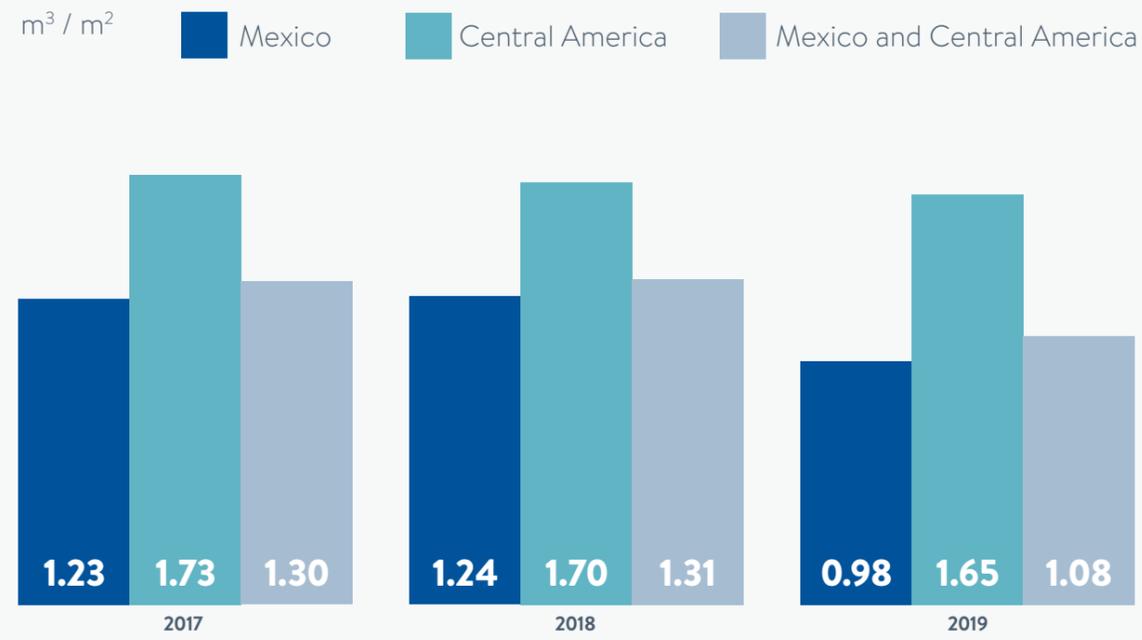
39,182m³



Our water management strategy is based on two elements. First, reduce the intensity of water consumption per m² of construction, separating our growth as a company from total consumption. Second, recover and recycle water through our treatment plants, especially in areas with a higher risk of water stress.

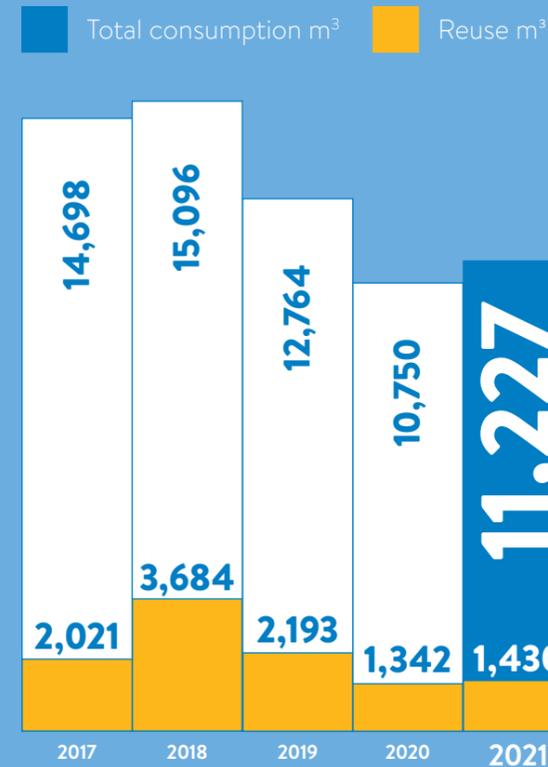
●●● All this, with a focus on operational efficiency, that allow us to continue reducing our environmental footprint in the communities where we operate

Water consumption intensity



Water consumption and reuse

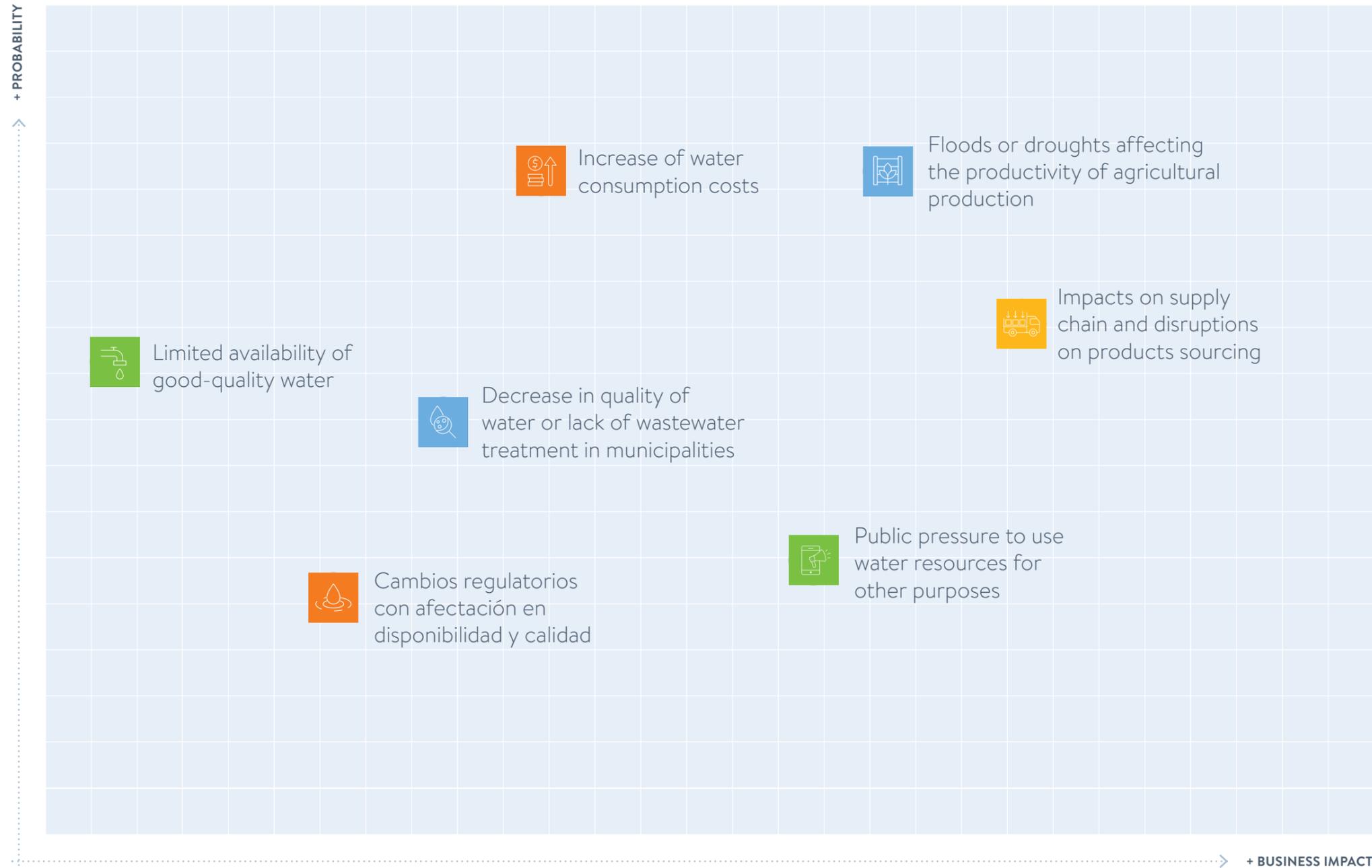
Mexico and Central America (thousands)





WATER-RELATED RISKS IN OUR OPERATIONS

GRI 102-11, 102-15



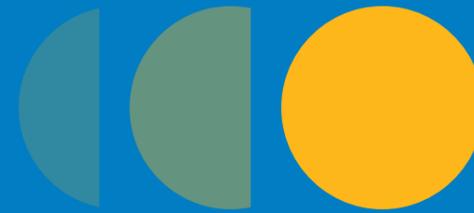
Water security risks are also relevant to our operation as they can have significant impacts in our ability to continue delivering value to our customers



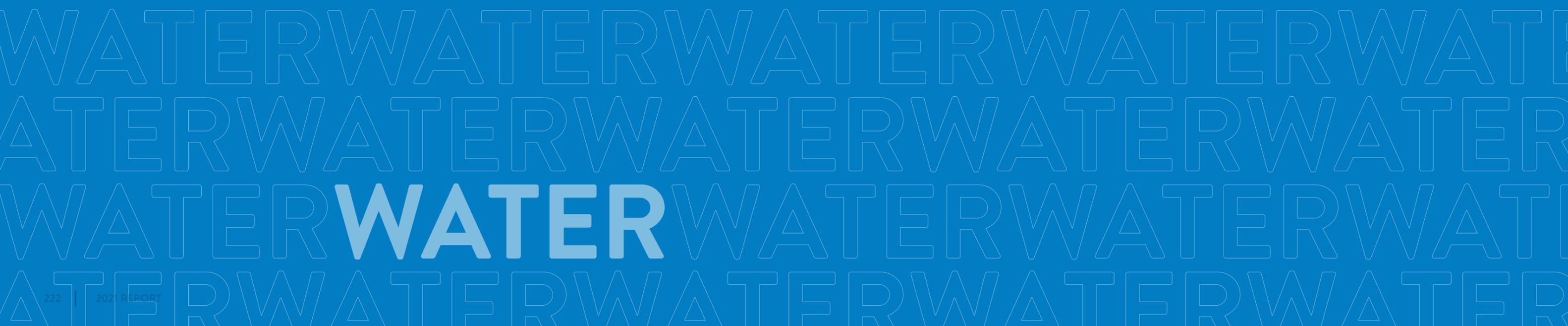
WATER-SECURITY IN OUR SUPPLY CHAIN

As our supply chain has the main impact on water security, we invite our suppliers in Mexico to report through CDP Supply Chain on this issue.

In 2021, 181 suppliers participated completing this information. 66% performed a risk analysis and 60% an opportunities analysis related to water.



143,112 million pesos in costs associated with water risks in the supply chain

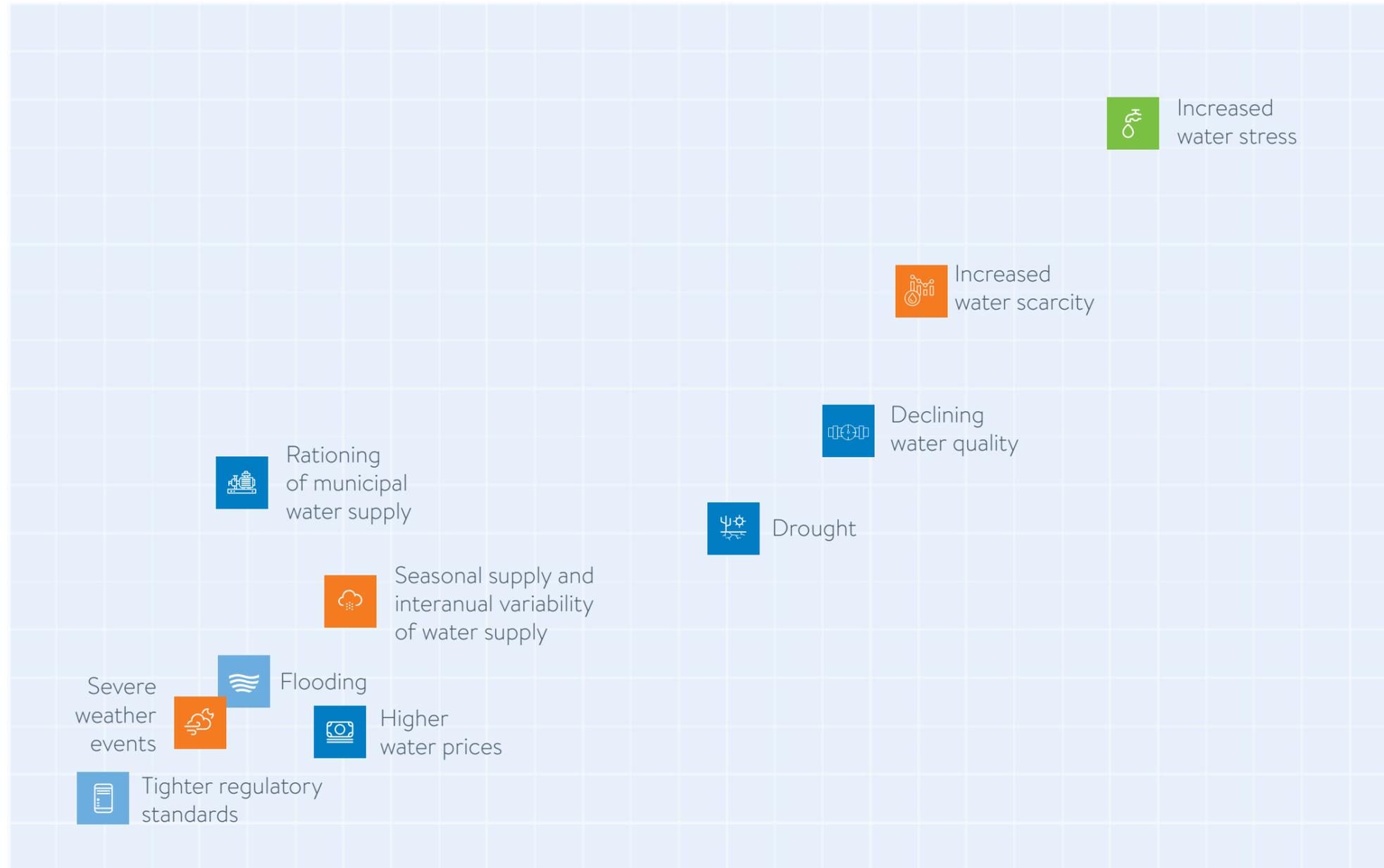




Water security risks in our supply chain

GRI 102-11
SASB FB-FR-430A.3

+ PROBABILITY



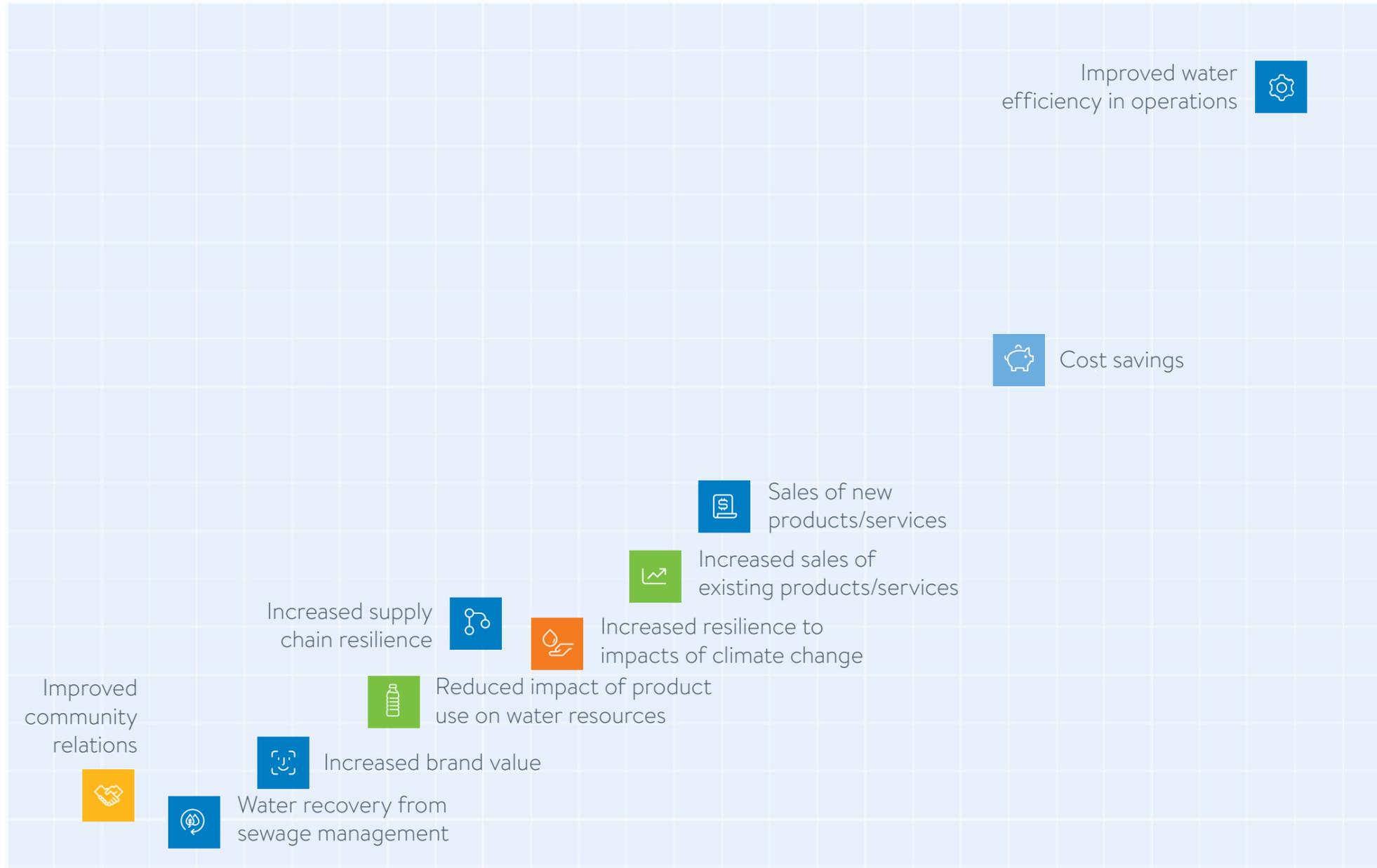
+ BUSINESS IMPACT





Water security opportunities in our supply chain

+ PROBABILITY



+ BUSINESS IMPACT





UNITED FOR MEXICAN BEACHES

Mexico is one of the top 14 countries with the longest coastlines and one of the four countries with the largest area of mangroves in the world. The current situation of coastlines is critical due to pollution, destruction of ecosystems, loss of environmental services, colonization and disorderly urbanization.

Therefore, to go further and generate a specific impact in the country, in alliance with Garnier and the World Resources Institute (WRI), during September we launched in our stores an activity with the aim of raising funds for beach cleanups in the community of Ventanilla, Oaxaca, donating \$1 peso for each purchase of a skin care, hair, coloring or deodorant product of Garnier.



With these actions, it was projected to contribute to mitigating the impact of climate change by:

Reducing plastic pollution on Mexican coastlines.

Promoting nature conservation values in communities.

Adaptation by increasing resilience to climate impacts.

The cleanup goals were:



5 kilometers of clean beaches in Ventanilla, Oaxaca



300 habitantes Ventanilla inhabitants benefited



100kg of plastic collected and recycled



The people living in the area will benefit from promoting business growth with companies supporting sustainability while also creating sustainable jobs