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%

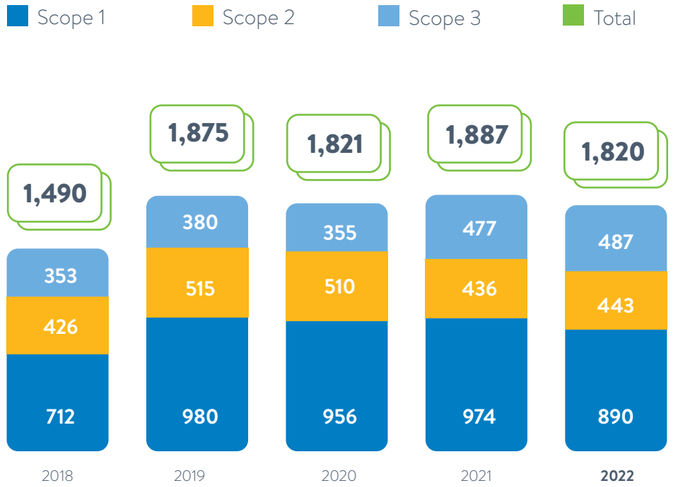
our total emissions in 2022 vs. 2021

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_2e. **For scope 2,** those associated with the percentage of electricity that does not come from renewable sources, accounting for 443,436.41 ton CO_2e. **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_2e.

MEXICO AND CENTRAL AMERICA'S EMISSIONS BY SCOPE

kt CO_2e



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

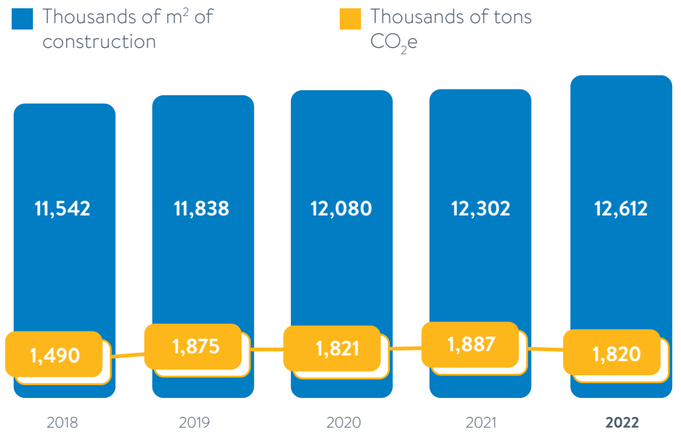
We reduced by

5.9%

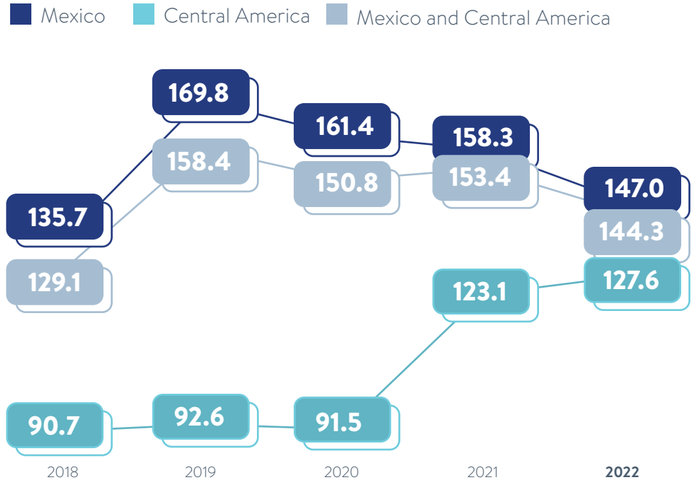
the intensity of total emissions in 2022, compared to 2021

Our business growth continues to be independent from our emissions intensity

TOTAL BOX VS TOTAL EMISSIONS
Mexico and Central America



EMISSIONS INTENSITY
Kilograms de CO_2e/m^2



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.

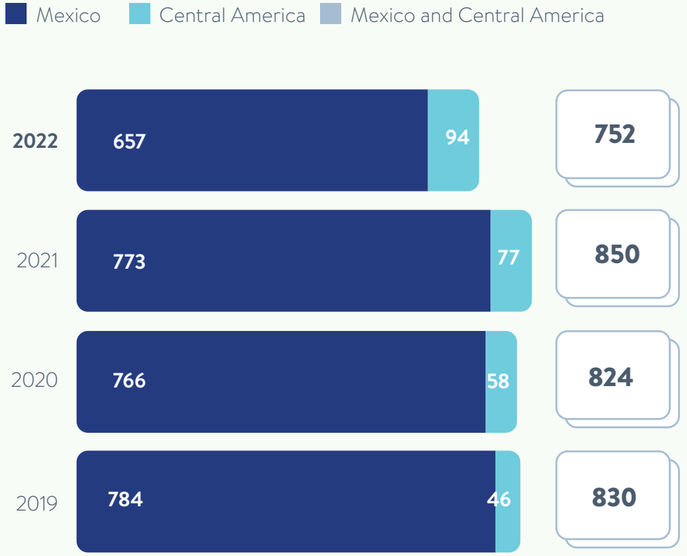
With these actions and initiatives, we reduced our scope 1 emissions by 8.6%, equivalent to 84 CO_2e ktons

What is next?

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

EMISSIONS OF REFRIGERANTS

$ktCO_2e$



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_2e.

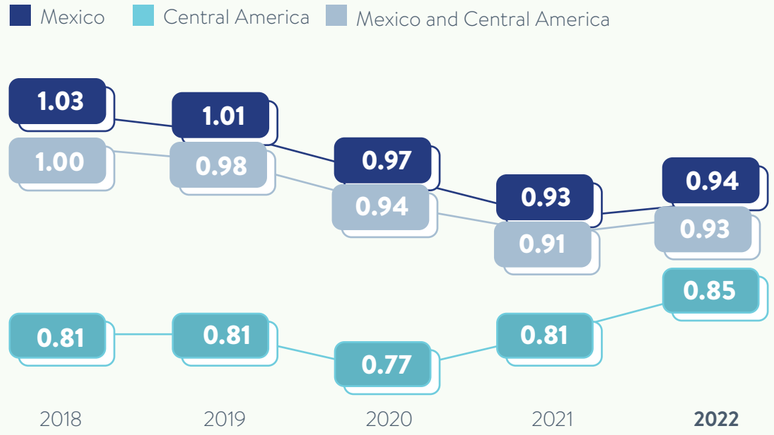
In Central America, we acquired 22 new electric utility vehicles, so that at the end of the year we had 55 electric vehicles that traveled 1,298 km, avoiding 235 tons of CO_2e.

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

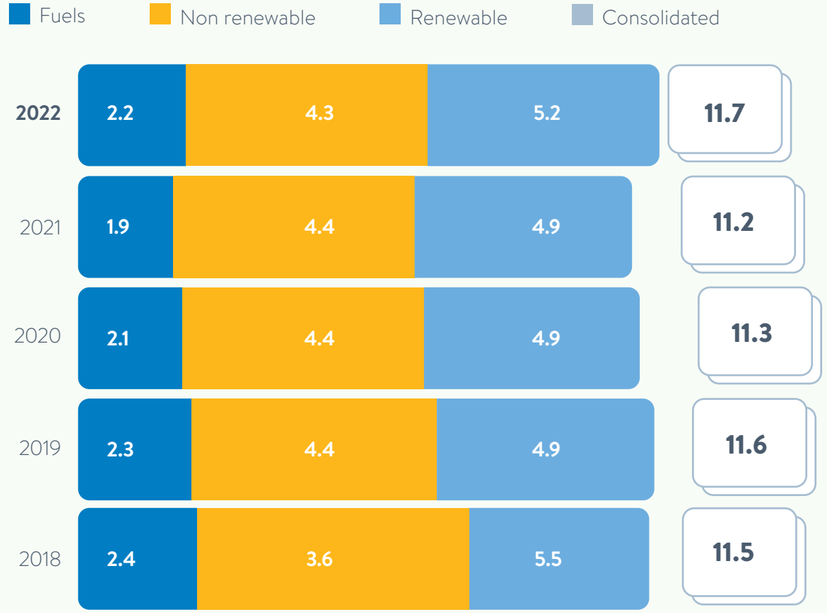
What is next?

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/m²



TOTAL ENERGY CONSUMPTION
(Millions of GJ) Mexico and Central America



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_2e 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 CO2e 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 CO2e to the atmosphere.

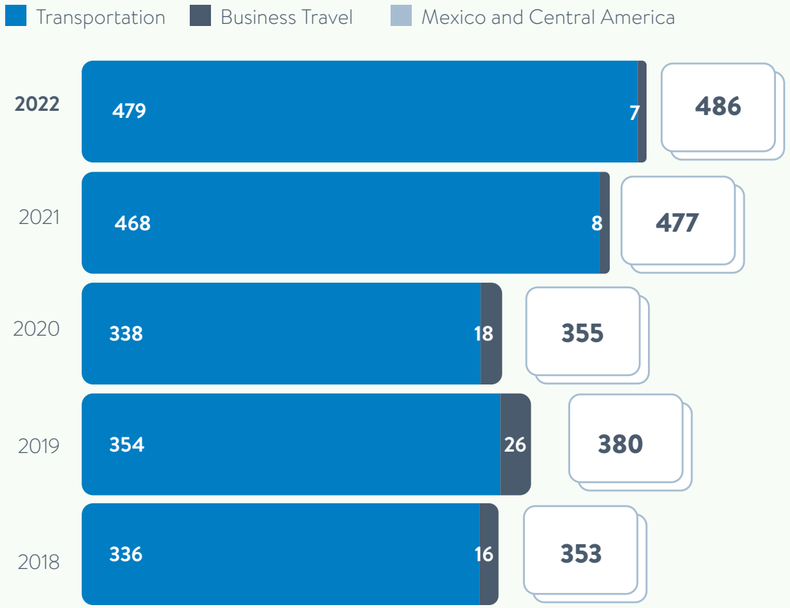
In addition, we installed 40 electric vehicle charging stations in Costa Rica, which are available to associates and customers free of charge when shopping at our stores.

What is next?

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

SCOPE 3 EMISSIONS

$ktCO_2e$



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_2eq avoided	25,618 tCO_2eq avoided	60,236 tCO_2eq 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