



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.

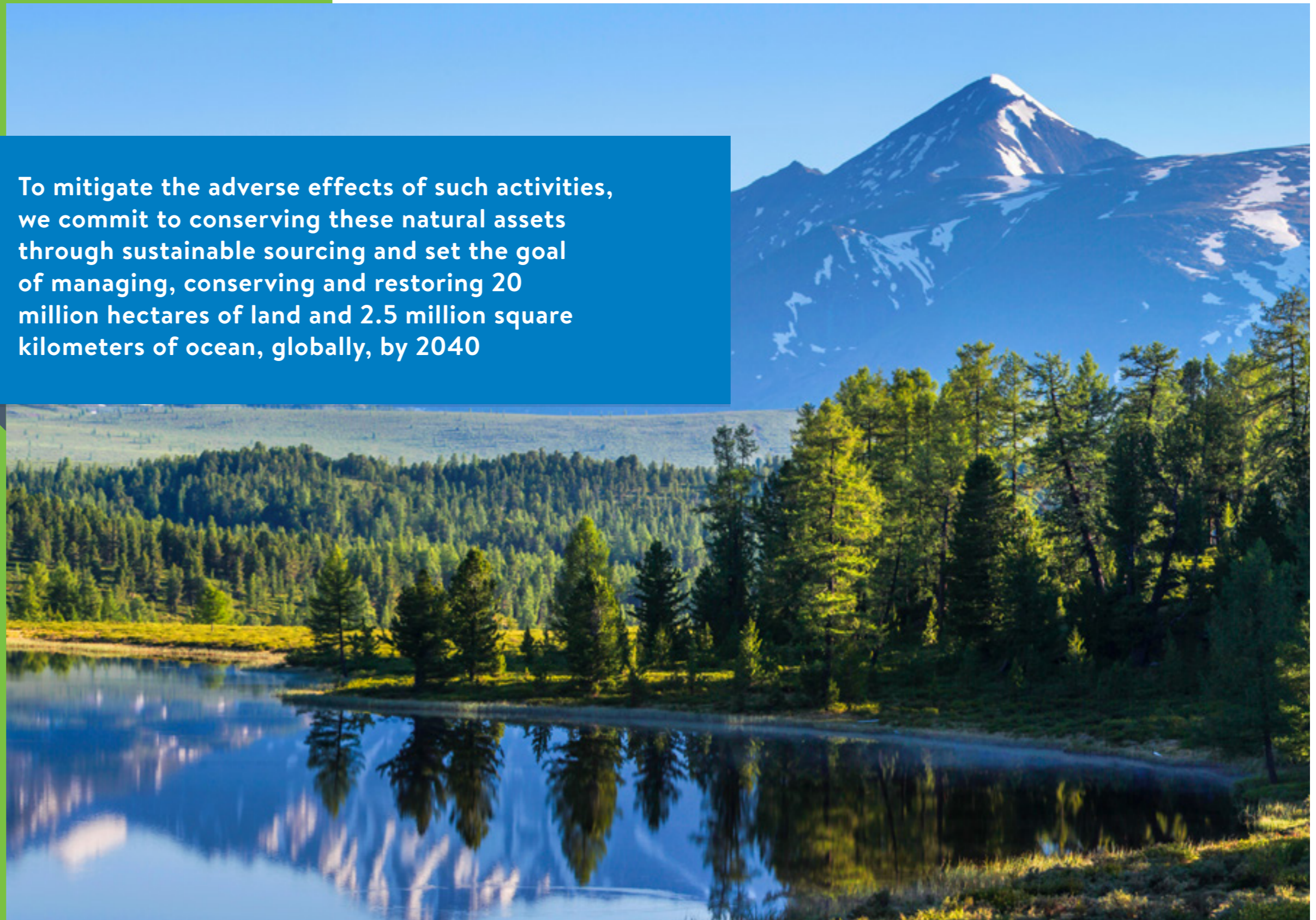
To fulfill this commitment, we focus on the most significant phases of our products' life cycles and on the main commodities with an environmental risk where we can influence to improve their sustainability.

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 m³ of treated wastewater
1,269,246 m³ of reused water

885

Treatment plants in Mexico
3,254,718 m³ of treated wastewater
1,232,783 m³ of reused water

492

Treatment plants in Central America
1,471,762 m³ of treated wastewater
36,464 m³ of reused water

WATER WITHDRAWAL

11,346,127 m³

8,588,487 m³
Mexico

2,757,641 m³
Central America

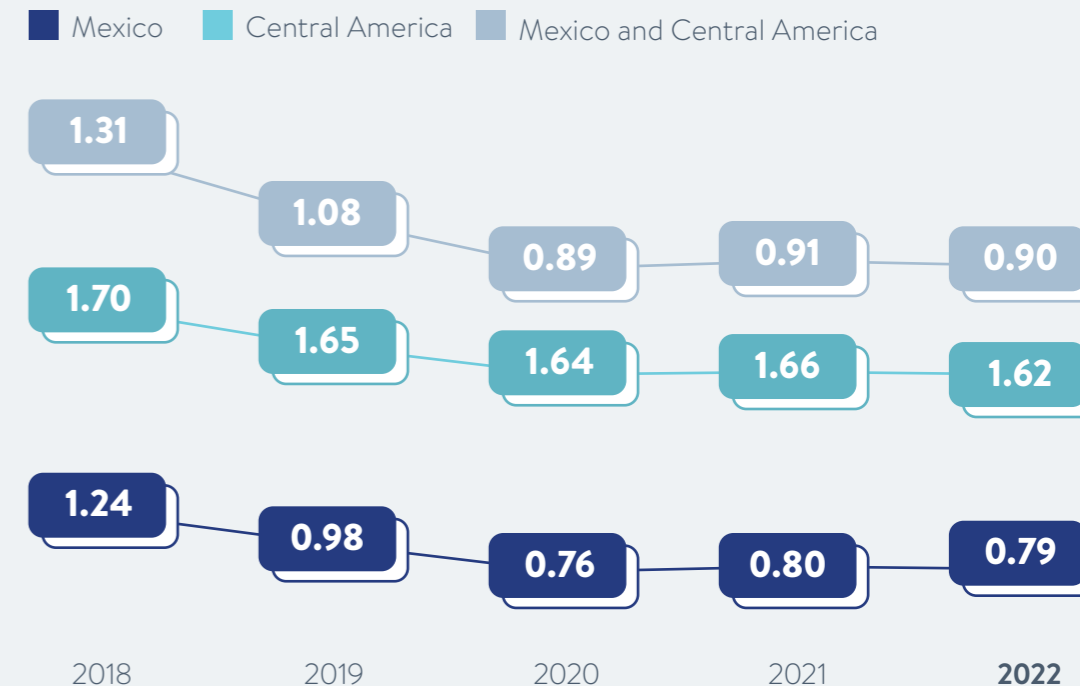
83.3%
municipal supply

10.7%
well supply

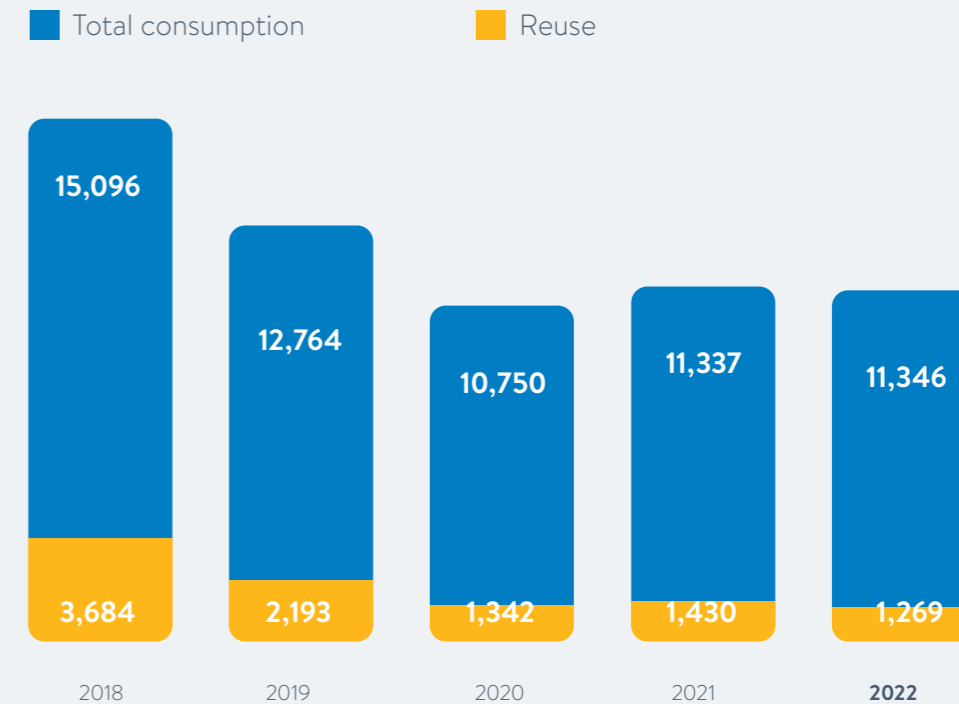
5.9%
tank truck supply

0.2%
mall

WATER WITHDRAWAL INTENSITY m³ / m²



WATER WITHDRAWAL AND REUSE Mexico and Central America (thousands of m³)



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



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