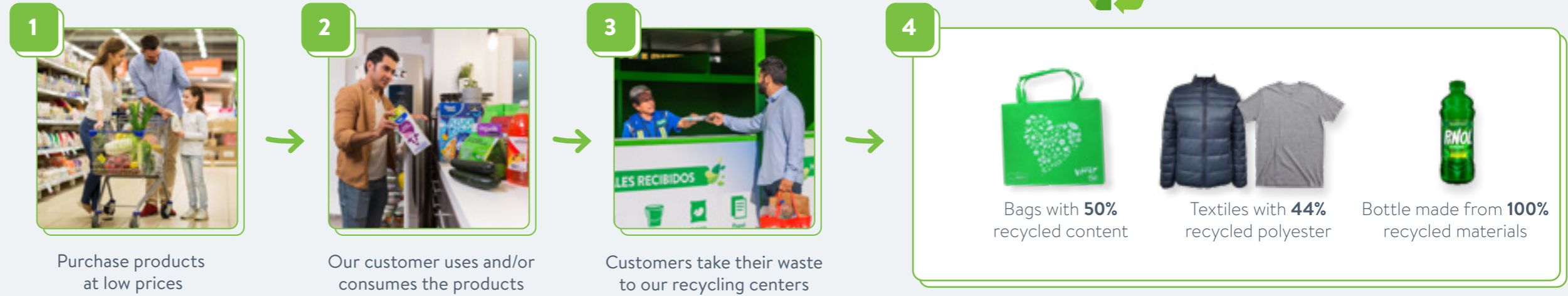




CIRCULAR ECONOMY

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:



<p>Refill and Bulk</p> <p>Implement refill and bulk sales pilots that promote responsible consumption</p>	<p>Use of Virgin Plastic</p> <p>Reduce the consumption of +3,000 tons of virgin plastic from our stores and DCs operations and from Private Brands' products, by 2025</p>	<p>Post-consumer Programs</p> <p>Expand our recycling programs with our strategic allies</p>	<p>Private Brands' Product Packaging</p> <p>SASB: CG-MR-410A.3,FB-FR-430A.4</p> <p>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</p>
	<p>Zero Waste</p> <p>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</p>	<p>Food Waste</p> <p>Reduce food waste by 50% by 2025, compared to 2015</p>	

Zero Waste

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

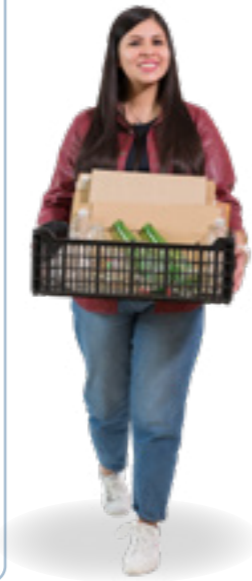
To achieve our Zero Waste goal, we incorporate processes in our operations that improve efficiency in the use of our products, reducing shrinkage and waste, while reducing the amount destined to landfills

Mexico* and Central America** (ton/m²)

Waste intensity
59.42 58.89 Mexico
 62.72 Central America

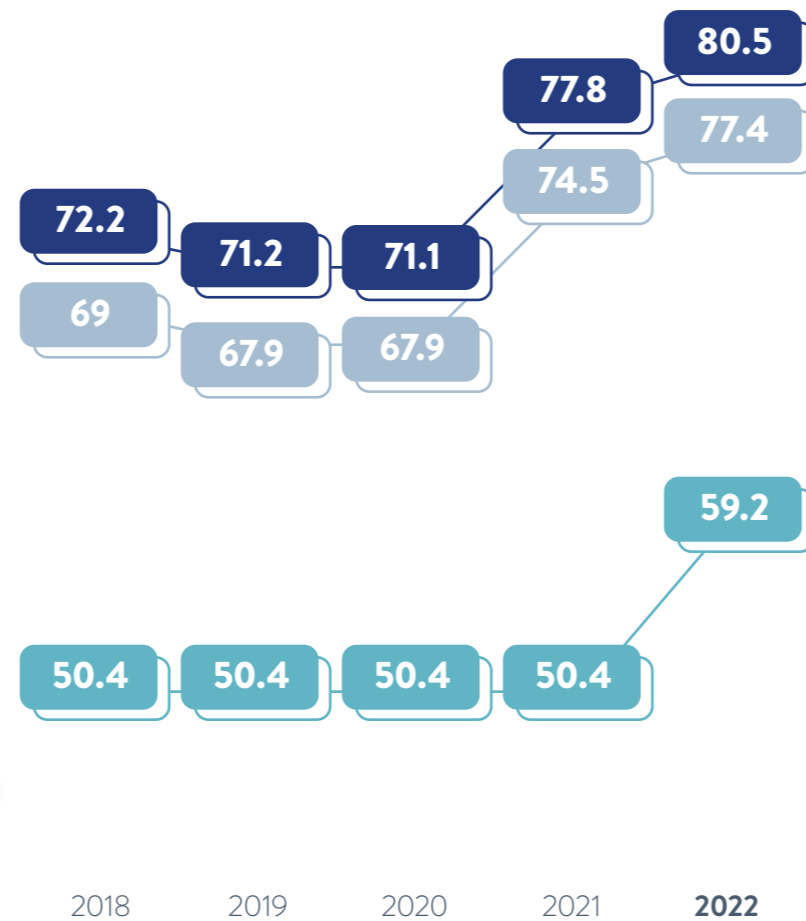
Diverted waste intensity
45.97 47.39 Mexico
 37.15 Central America

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

579,831.10 tons Mexico y Central America

515,195.18 tons Mexico

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 m² 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

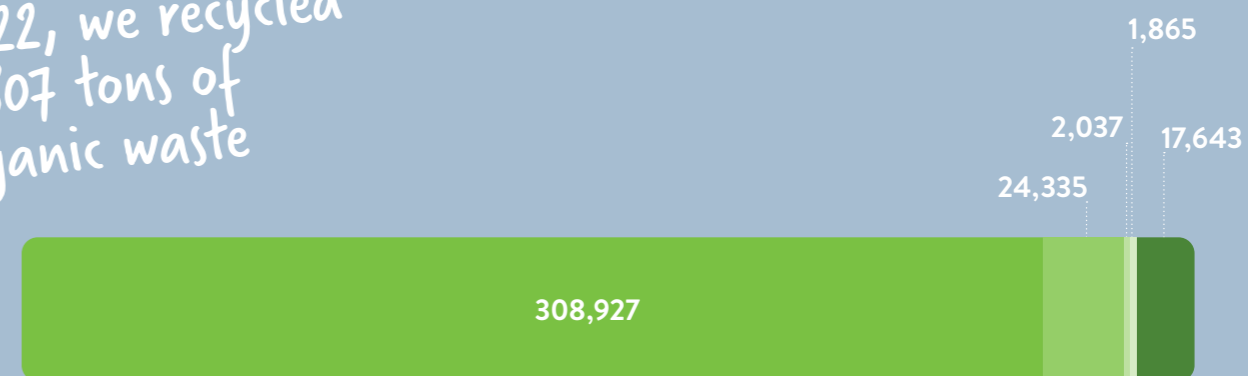


DIVERTED INORGANIC WASTE BY TYPE

Mexico and Central America
Tons

■ Corrugated (Paper and cardboard) ■ Plastics ■ Metals ■ Wood ■ Other

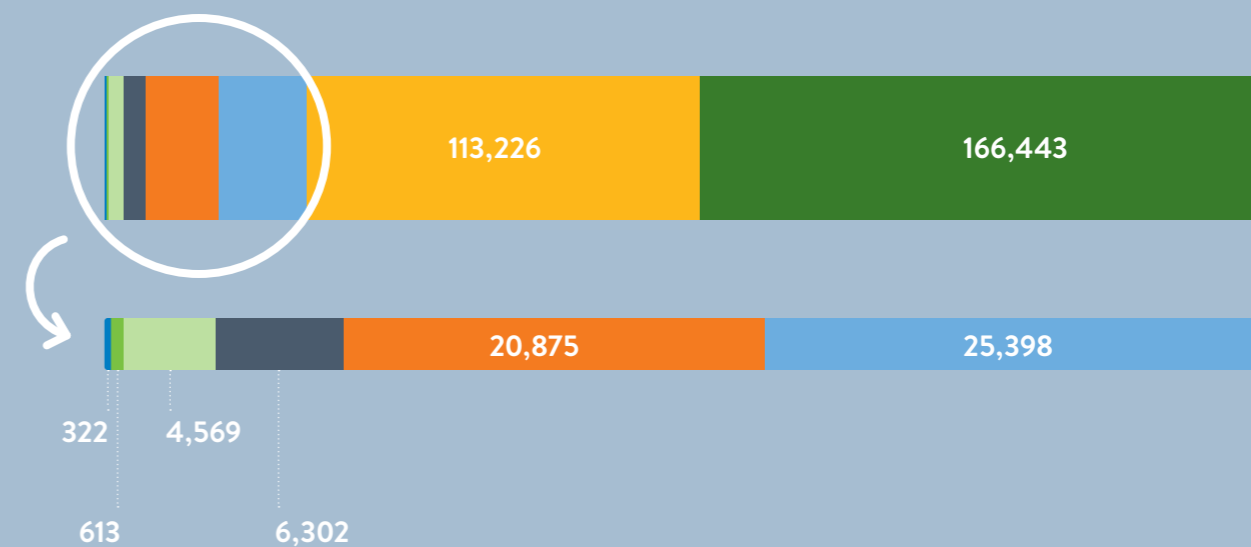
In 2022, we recycled 354,807 tons of inorganic waste



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 Evoluciono

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 Querétaro, 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