

FUTURE-READY



KOF PROCUREMENT

COCA-COLA FEMSA

Sustainable Sourcing
Program and Monitoring



Framework - Sustainable Sourcing

Mision

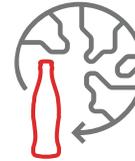


Design and implement ESG projects with our suppliers, considering a cycle of continuous improvement.



To be a center of support, development, and contribution for our stakeholders.

Vision



Global leaders in sustainable sourcing.



To become a benchmark in sustainable procurement.



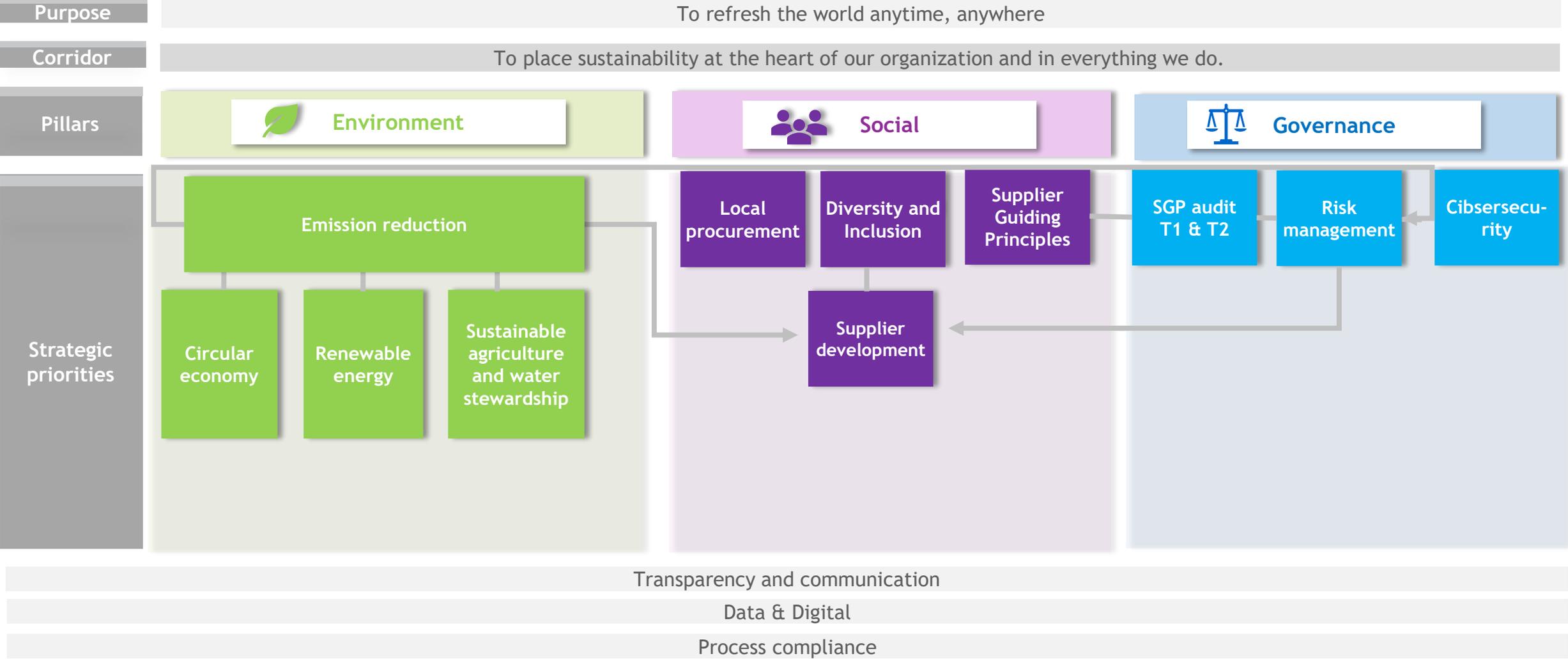
To form strategic partnerships with the aim of streamlining and fulfilling ESG processes.

Our sustainable sourcing strategy and ESG programs for suppliers are overseen by the Director of Procurement, who reports to the CFO of Coca-Cola FEMSA.



**KOF
PROCUREMENT**

The Sustainable Sourcing strategy, focused on ESG, is aligned with corporate priority topics and aspirations.





**KOF
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Supplier screening

FUTURE-READY

Supplier Screening

In our procurement area, we have a taxonomy of categories where all categories negotiated within each area are identified. This helps us understand the significant suppliers for our business model.

The significant categories for Coca-Cola FEMSA are ingredients and primary packaging.

Disclosure	Unit	2021	2022	2023
Sustainable Sourcing				
Supplier information				
Total suppliers	#	14,583	16,589	14,061
Tier 1 suppliers	#	14,408	16,523	13,912
Total significant suppliers (Tier 1)	#	520	570	405
Percentage of total spend on significant suppliers in Tier 1	%	NA	NA	35%
Total number of significant suppliers in non Tier 1	#	175	66	149
Total number of significant suppliers (Tier 1 and non Tier 1)	#	695	636	554

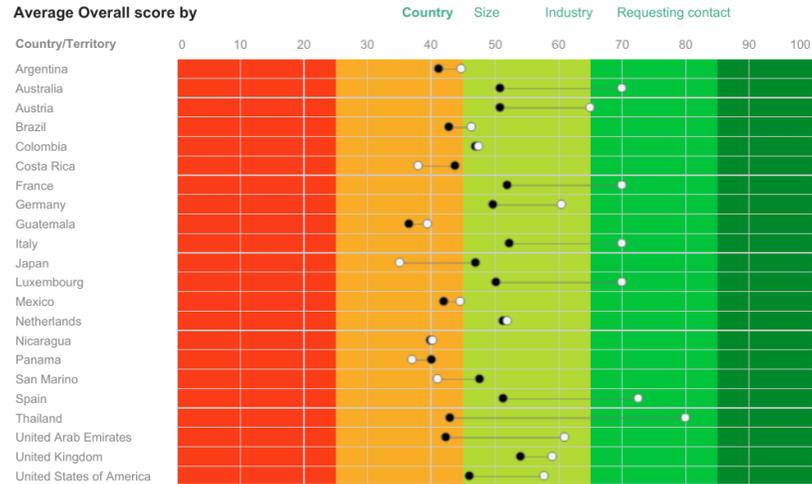


[Coca-Cola FEMSA
Integrated Report](#)

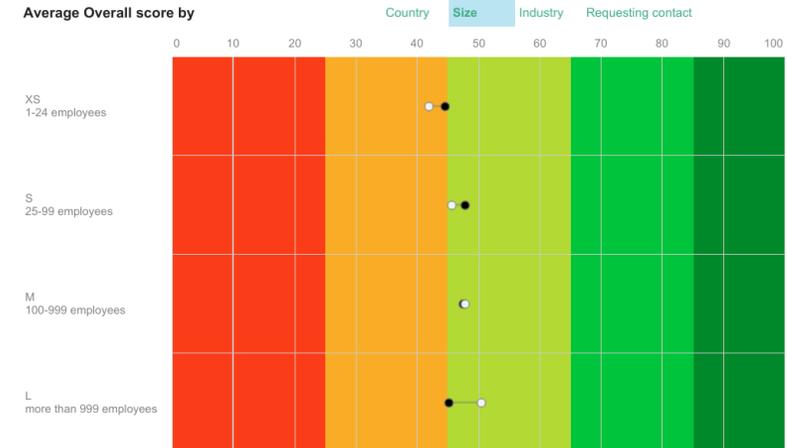
Supplier Screening

We consider environmental, social and business aspects, bearing in mind variants in the risk assessment such as categories, countries, sector and product.

Variants	Risk type	Causes
Categories and/or direct suppliers (significant) of Coca-Cola FEMSA	High risk	ESG & business model
LATAM Countries	High risk	Legislation, technologies, GDP, developing countries
Agricultural activities	High risk	Environmental risk: indiscriminate use of waste and water, high GHG emissions. Social risk: Forced and child labor, human rights.
Activities related to transformation processes of: PET, Aluminum, PE / PP and Glass	High risk	Environmental risk: Extraction, processing and use of fossil fuels, non-renewable energy. Social risk: Forced labor, human rights, Diversity & Inclusion



LATAM countries with low ESG performance



Extra small companies with low ESG performance

To mitigate risks due to relevance or business model, we have a category risk identification matrix, as well as control activities, those responsible and frequency.

Dirección 1	Dirección 2	Dueño de Riesgo (Gerencia 1er Nivel)	ID de Riesgo	Descripción detallada del riesgo	Factores de Riesgo (Fuente y Causa)	Tipo de Riesgo	Categoría de Riesgo	Subcategoría de Riesgo	Área de Enfo
Finanzas	Abastecimientos		R-211	Incremento desmedido en los costos de materia prima no anticipado	Volatilidad de los precios de los commodities Variación de precios de otras materias primas Falta de disponibilidad de commodities en el mercado financiero Factores económicos y naturales que pueden afectar el precio de la materia prima (comodities u otros)	Outside-in	Operativo	Cadena de Suministro	Disponibilidad y P Materia Prim
Finanzas	Abastecimientos		R-212	Restricciones a la cadena de suministro (cliente de plantas, cambios en procesos de proveedores, incrementos de precios debido a temas económicos) por eventos ajenos;	Crisis macroeconómica ocasionando paro de Operación o pérdida de marketshare. Paro de producción de los proveedores, pandemias, paros sindicales, etc.	Outside-in	Operativo	Cadena de Suministro	Abastecimien
Finanzas	Abastecimientos		R-213	Pérdida financiera derivado a incorrecta gestión de datos maestros de proveedores	Bloqueo/ Desbloqueo incorrecto de proveedores No contar con la justificación adecuada para el bloqueo Documentación incompleta/ incorrecta de proveedor	Bottom Up	Operativo		

Example taken from Coca-Cola FEMSA's risk identification matrix.

Supplier Assessment and Development

Supplier Assessment and Development

At Coca-Cola FEMSA we have **2 ESG evaluation (verification)** processes for our suppliers.

 Evaluation	 Supplier category	 Authorized audits
<p>Evaluation of Supplier Guiding Principles The Coca-Cola Company</p>	<p>Direct suppliers, categories such as: raw materials, primary packaging (except label), marketing and refrigerators.</p> <p>Evaluation prior to the bidding process. Annual expenditure >100k USD</p>	    
<p>Evaluation of Supplier Guiding Principles Coca-Cola FEMSA</p>	<p>Indirect suppliers, categories such as: administrative services, construction, logistics, secondary packaging.</p> <p>Evaluation after the bidding process. Annual expense >55k USD</p>	  

We monitor our Suppliers' compliance through third-party audits.

Supplier Assessment and Development

Evaluation of Supplier Guiding Principles The Coca-Cola Company



Supplier Guiding Principles The Coca-Cola Company

The Coca-Cola Company uses independent third parties to evaluate suppliers' compliance with the Guiding Principles. Evaluations include confidential interviews with employees and with on-site outsourced workers and contractors. If a supplier does not comply with any aspect of the requirements of the Guiding Principles, it must implement corrective actions.

The evaluation is carried out at the provider's facilities.

The Guiding Principles help The Coca-Cola Company align its supply chain with the company's values, as well as demonstrate the company's commitment to achieving a supply chain that meets stakeholder expectations.

The process of the evaluation is:



Supplier Assessment and Development

Evaluation of Supplier Guiding Principles The Coca-Cola Company

Follow-up after the evaluation:

Suppliers or Bottlers and The Coca-Cola Company receive a complete and detailed evaluation report within 7 to 10 business days after the evaluation. The provider also receives a results letter with the instructions to follow and the necessary forms, as appropriate, to demonstrate that the corrective action has been implemented. The Assessment Summary Report (ASR) gives you a score that is linked to a color grade. Color grading determines the follow-up action needed:

Color	Follow-up
Green	No action required
Yellow	Generate an Action Plan through a root cause analysis. Implement a correction process to eliminate nonconformities
Orange	Generate an Action Plan through a root cause analysis. Implement a correction process to eliminate nonconformities
Red	Schedule a follow-up evaluation within 6 months of the initial evaluation.

It is the responsibility of the supplier to adopt the methods and practices necessary to comply with the Supplier Guiding Principles.



To be considered an authorized Supplier, it is necessary to share the business ethics of Coca-Cola FEMSA, for which Suppliers must accept the “**Commitment Letter**” that confirms knowledge and compliance with the **Supplier Guiding Principles**.



The term **Supplier** includes natural and legal persons that provide goods, provide services, are distributors, agents, intermediaries, representatives, as well as any third party that acts on behalf and/or on behalf of Coca-Cola FEMSA.

*-The Guiding Principles are of **observance and compliance** for all those who seek to be suppliers and for current suppliers who participate in the various operations of **Coca-Cola FEMSA**-*

The Supplier Guiding Principles were developed based on the Coca-Cola FEMSA Code of Ethics



More details: [Code of Ethics](#)



PRINCIPIOS. Guía para Proveedores



*These principles contain the **minimum expectations** around managing ESG aspects for our suppliers.*

Supplier Guiding Principles



Human Rights

- Respect for human dignity
- Nondiscrimination



Information management and security

- Privileged and confidential information



Relationship with third parties

- Competition
- Government and authorities



Fundamental principles and rights at work

- No to forced labor or child labor
- Freedom of association and union freedom
- Labor Relations
- Health and Safety at Work
- Development and well-being of human capital
- Reporting/complaint mechanisms



Commitment to the Community

- Community development



- Regulatory compliance
- Tax compliance
- Anti-corruption
- Anti-money laundering
- Conflict of interest
- Gifts, hospitality and entertainment
- Information updates
- Corrective measures



Environment

- Environmental impacts and compliance.



Intellectual property

- Intellectual property
- Personal information
- Security of the information

Verification and Compliance with the Supplier Guiding Principles

ecovadis



IKUS SOLUTIONS
— EVOLVING TO CREATE VALUE —

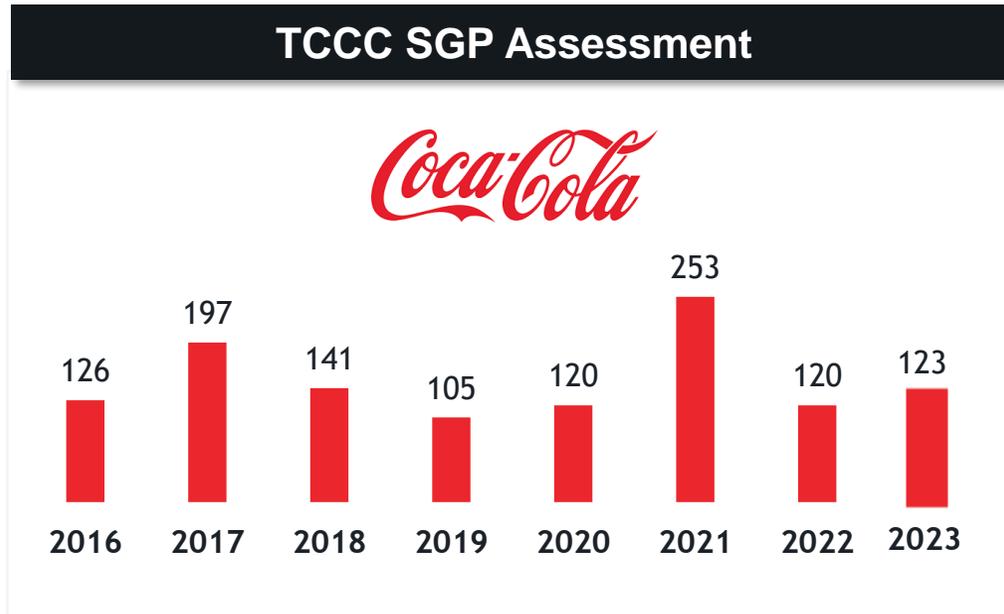


At the request of Coca-Cola FEMSA, our suppliers must receive evaluations through **authorized auditing third-parties** to carry out verifications of compliance with the Supplier Guiding Principles.

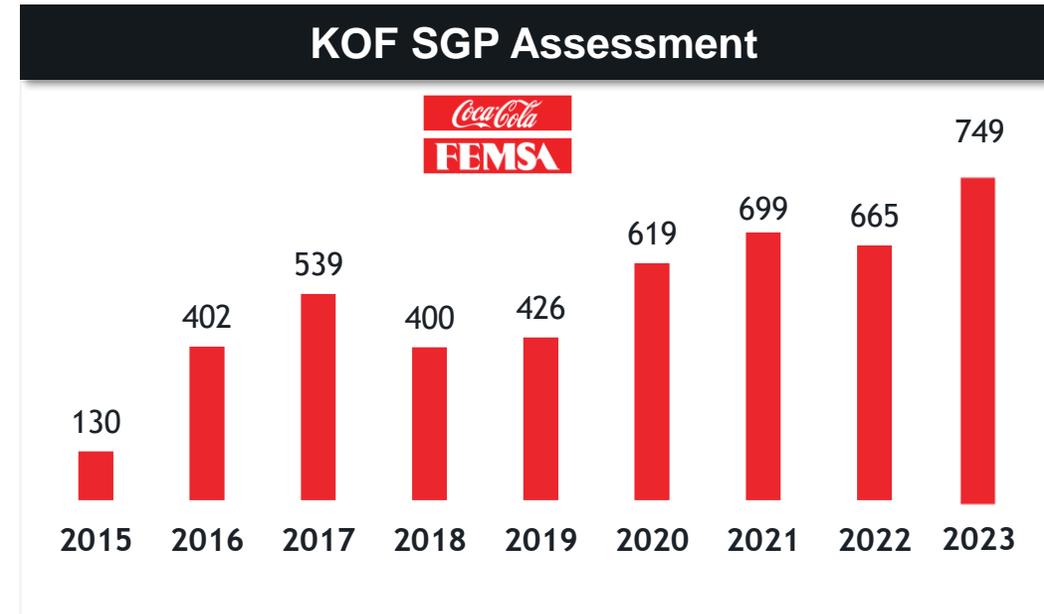
Supplier Assessment Program Coca-Cola FEMSA Progress



[Coca-Cola FEMSA Integrated Report](#)

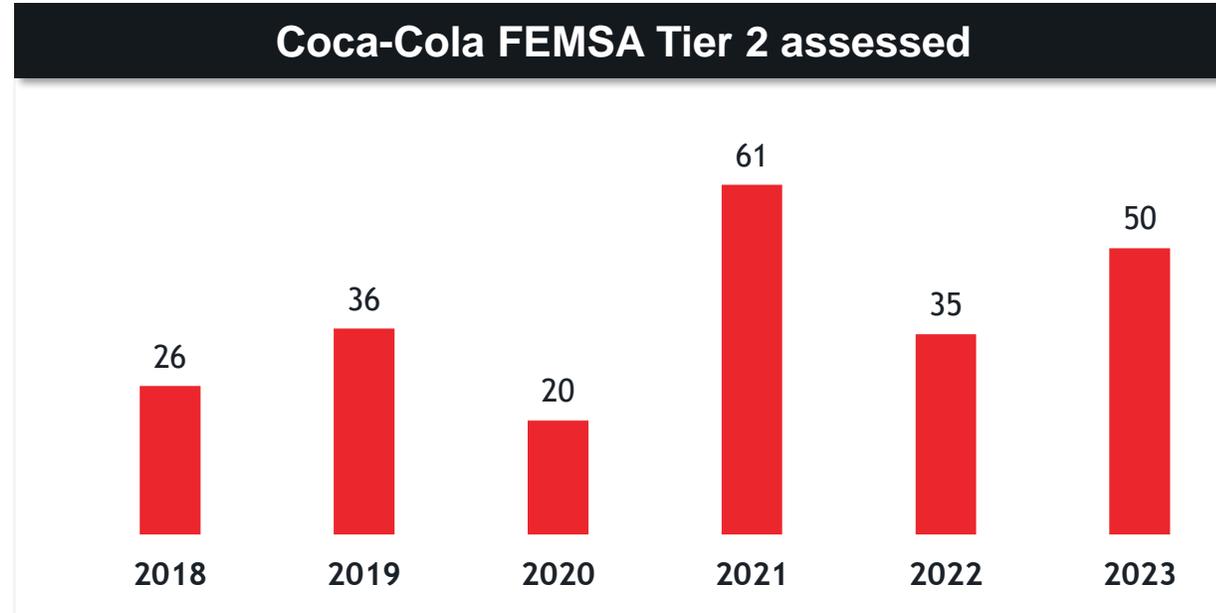


- On-site evaluation



- On-site and online evaluation

Supplier Assessment Program – Progress Tier 2



These evaluations seek continuous improvement of our supply chain.

It is important to carry out the reevaluation once its effective date has arrived.



Example of correlation between % of compliance and years for reevaluation.

There may be cases where the initial Diagnostic evaluation does not show high performance. This is why the **Improvement and Reevaluation Plan** exists, so that areas of opportunity can be gradually implemented.

Action Plan for Low compliance, Critical findings and refusal to be evaluated.

- A** If there is no critical finding, the supplier will be requested to carry out their **Improvement Plan** based on the identified areas of opportunity, so they can work on developing the findings.
- B** In case of non-compliance with the Guiding Principles or any critical finding, the supplier will be required to conduct an **on-site audit**. The case will be evaluated to determine whether the supplier is deregistered, partially or permanently blocked.
- C** If the supplier falls into the **red category after two or more evaluations**, they will be evaluated exclusively by Ikus Solutions in their next assessment. An **on-site audit** will be requested, and the case will be assessed to determine whether the supplier is deregistered, partially or permanently blocked.

Critical findings and on-site audits

If the assigned rating falls within the red category and/or critical findings are detected indicating non-compliance with the Guiding Principles, the supplier must evaluate itself only with Ikus Solutions in its next evaluation and enter the on-site audit process.*



For this audit, the supplier will be asked to schedule an on-site visit by the audit house to its facilities.

On-site visit phases

*The on-site audit will have no additional cost for the supplier..



- 1 Site tour of facilities
- 2 Documents review
- 3 Interviews to employees

**Authorized evaluation
agency
“EcoVadis”**

ECOVADIS

Evaluation methodology

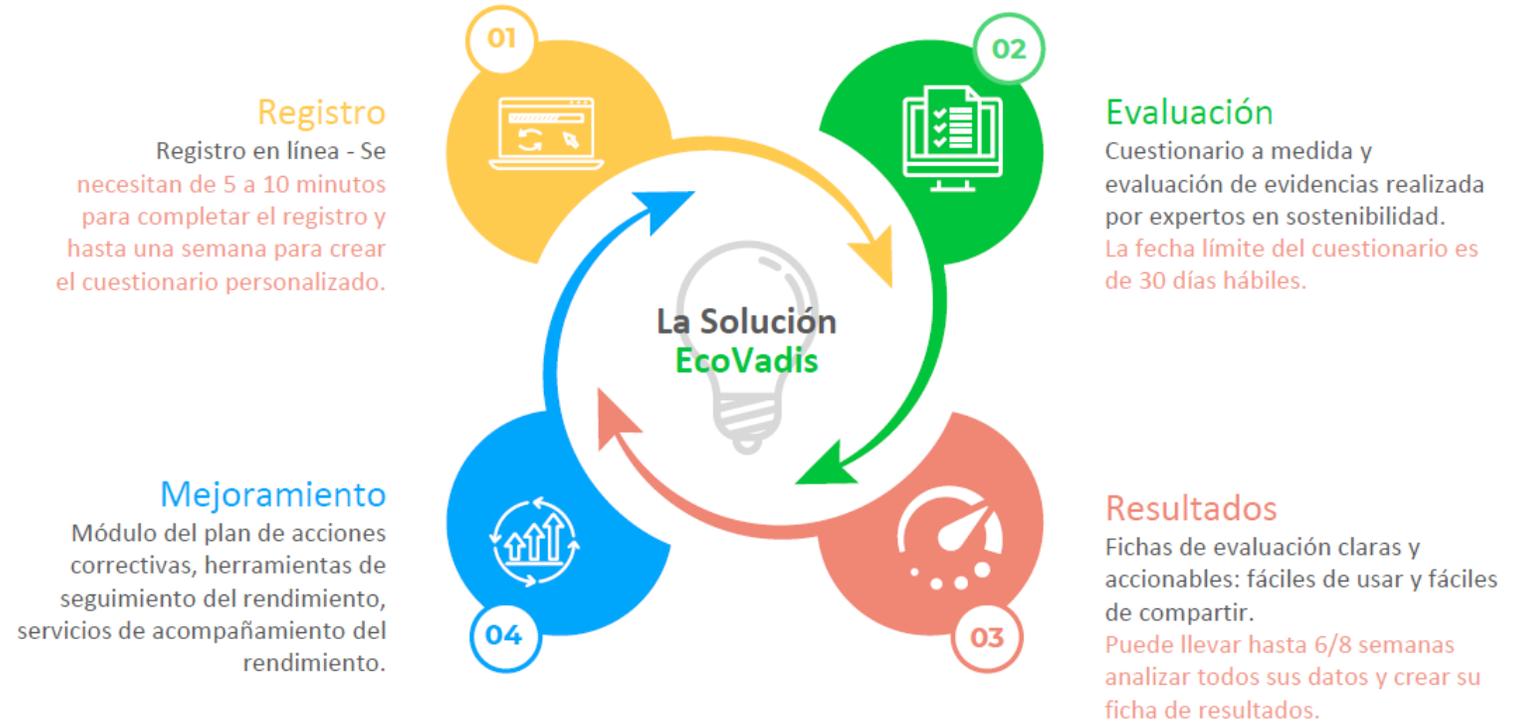
Tailor-made questionnaires for each company, considering:

- Industrial sector
- Country
- Size

Evaluation criteria:



Model of an online evaluation in the Ecovadis platform



Methodology bases on international standards:



ECOVADIS

Scoring criteria

 MEDIO AMBIENTE	 PRÁCTICAS LABORALES Y DERECHOS HUMANOS	 ÉTICA	 COMPRAS SOSTENIBLES
Operaciones <ul style="list-style-type: none"> Consumo de energía y GEI Agua Biodiversidad Contaminación local y accidental Materiales, productos químicos y residuos Productos <ul style="list-style-type: none"> Uso del producto Fin de vida útil del producto Seguridad y salud del consumidor Servicios ambientales y abogacía 	Recursos humanos <ul style="list-style-type: none"> Seguridad y salud del empleado Condiciones laborales Diálogo social Formación y desarrollo profesional Derechos humanos <ul style="list-style-type: none"> Trabajo infantil, trabajo forzado & tráfico de personas Diversidad, discriminación y acoso Derechos humanos de terceros 	<ul style="list-style-type: none"> Corrupción Prácticas anticompetitivas Gestión responsable de la información 	<ul style="list-style-type: none"> Prácticas medioambientales de proveedores Prácticas sociales de proveedores

Topics for scoring criteria: Environment, Labor Practices and Human Rights, Ethics, and Sustainable Sourcing.

Policies



Commitments, principles, objectives and policies issued by the company, as well as external support documents for sustainability initiatives

Actions



Procedures, training. Certifications such as ISOs, Communication of measures and actions

Results



KPIs, reports, metrics progress, 360° Findings



Example: Evaluation form

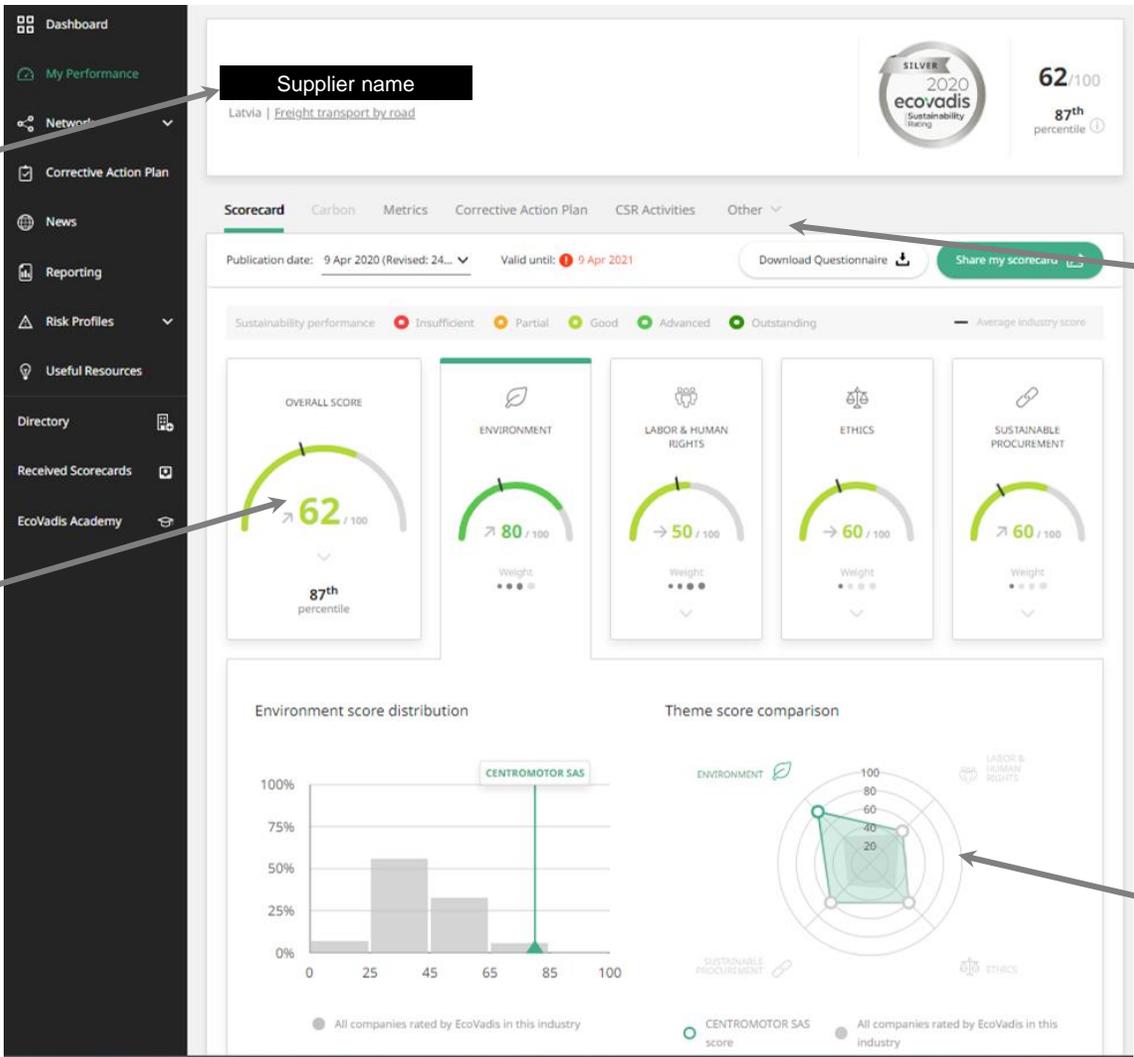
Company details and the link to its sector risk profile

Trend arrow (your performance compared to the industry benchmark)

Scores by topic and overall score

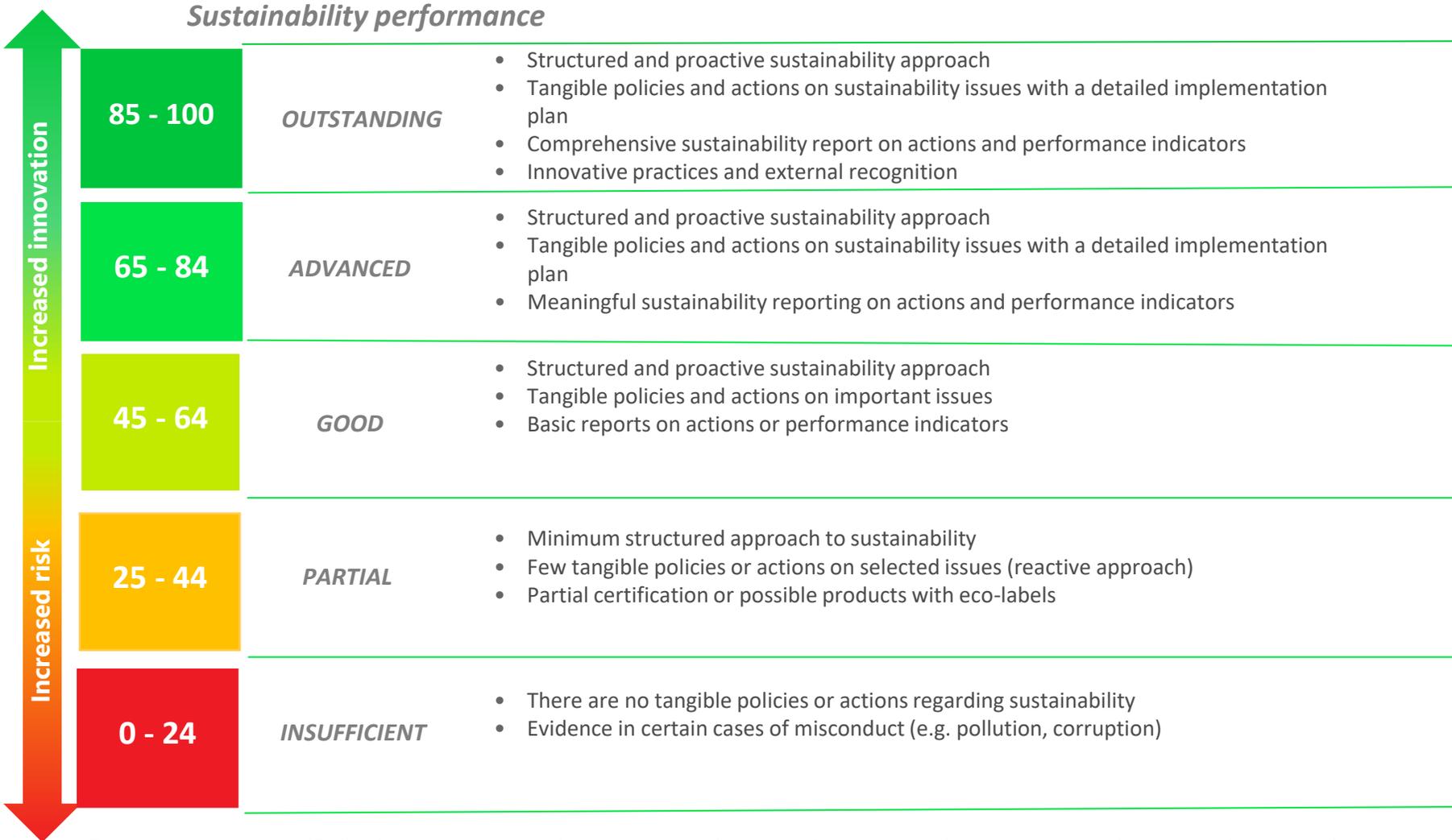
Information about the performance in specific tabs: Evaluation sheet, Carbon, Metrics, Corrective action plan, CSR activities

Performance benchmark with companies in the same sector.



Valid for 1 year since its publication

Rating scale




At Coca-Cola FEMSA we seek to evaluate and develop our suppliers in ESG.

We promote “Good” compliance scale as the minimum score.

For scores lower than 45, it will be necessary to increase the performance in the score of the next evaluation, otherwise corrective measures will be taken internally.

Continuous improvement: Corrective action plan

Within the evaluation process, an online improvement plan will be developed, which the supplier must attend to.

It is necessary for the supplier to communicate to Coca-Cola FEMSA the corrective actions planned and carried out.

Coca-Cola FEMSA will be reviewing the progress of the action plan, providing the corresponding comments.

The dashboard displays the following data for 5 suppliers:

Company name	Scorecard publication date	Overall score	Corrective actions	Requested by my...	Status
Supplier 1	7 Feb 2023	30/100	58	0	Completed
Supplier 2	28 Feb 2024	42/100	56	0	In progress
Supplier 3	31 Mar 2024	36/100	36	0	Completed
Supplier 4	30 Apr 2024	44/100	25	0	In progress
Supplier 5	23 Feb 2023	44/100	22	0	In progress

Recurring seminars

Navegar por idioma:

- Inglés
- Español
- Portugués
- 中文 (中国)
- 日本語
- ไทย
- 한국어
- Alemán
- Polonia
- العربية
- Francés
- Italiano

 <p>Cómo comenzar con su evaluación EcoVadis: 25 de abril a las 2:00 p. m., Londres</p> <p>Regístrese en nuestro</p> <p>Regístrate ahora →</p>	 <p>Cómo comenzar con su evaluación EcoVadis: 7 de mayo a las 2 p. m. EST</p> <p>Regístrese en nuestro seminario web para aprender todo lo que necesita saber</p> <p>Regístrate ahora →</p>	 <p>Cómo comenzar con su evaluación EcoVadis: 22 de mayo a las 10 a. m. EST</p> <p>Regístrese en nuestro seminario web para aprender todo lo que necesita saber</p> <p>Regístrate ahora →</p>
 <p>Cómo comenzar con su evaluación EcoVadis: 30 de mayo a las 2:00 p. m.,</p>	 <p>开始进行EcoVadis评估 - 21 de mayo a las 10:00 a. m. HKT</p>	 <p>Legen Sie los mit Ihrer EcoVadis Bewertung - 9 de mayo a las 11 a.m.</p>

[Link EcoVadis seminars](#)

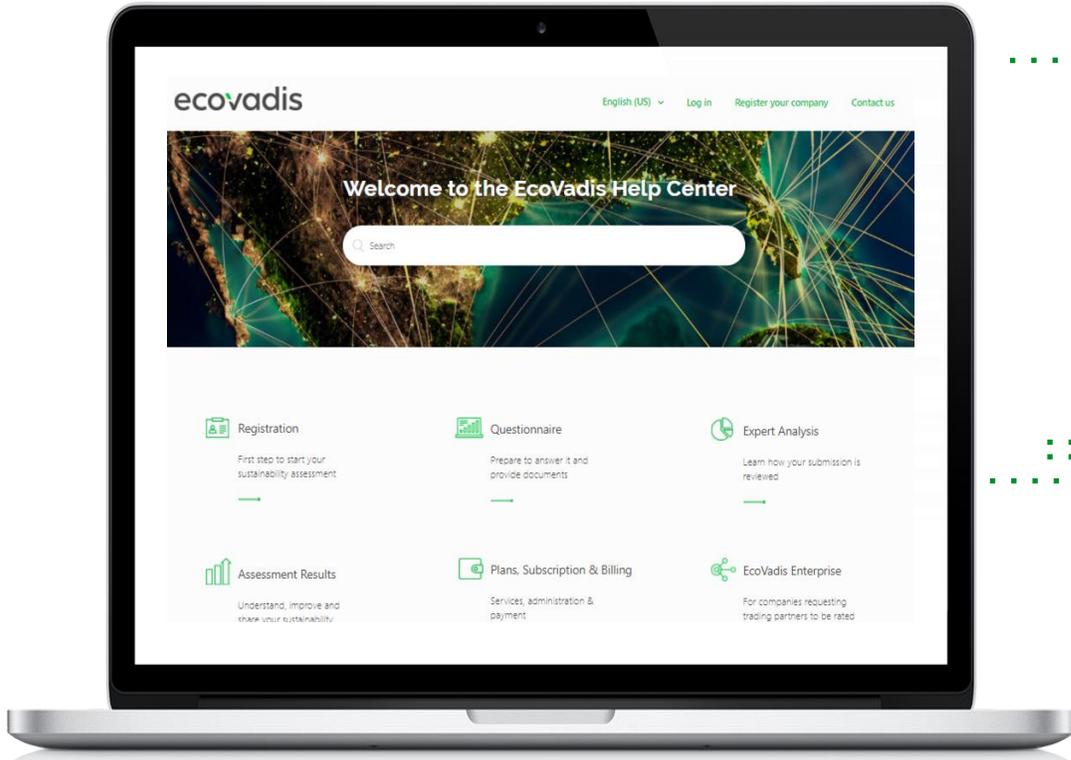


These seminars are a training tool for supplier to know and better understands the ESG evaluation process.

Objective: Explain in detail the ESG evaluation process with EcoVadis.

Resources for suppliers

There are 5 different ways for providers to get the help they need



Help Center

<https://support.ecovadis.com>

Platform support and review sheet with SSO (single sign-on) and detailed articles available in 14 languages



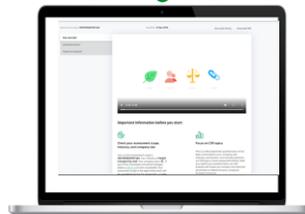
Help Center of evaluated companies

- Process Overview
- Document guide
- Methodology



EcoVadis Academy

- Sustainability courses in different languages



Supplier Onboarding Webinars

- Co-presented by a company client
- Available with a minimum of 40 suppliers



Internal platform support

- Submit a request
- Chat in your preferred language
- Request an appointment for telephone support

**Authorized evaluation
agency
“Ikus Solutions”**

IKUS SOLUTIONS

General information

PRESENCE

Mexican company.

Presence: Mexico, Guatemala, Costa Rica, Panama, Nicaragua, Colombia, Argentina, Uruguay and Brazil.

+3,500 companies evaluated
60% SMEs

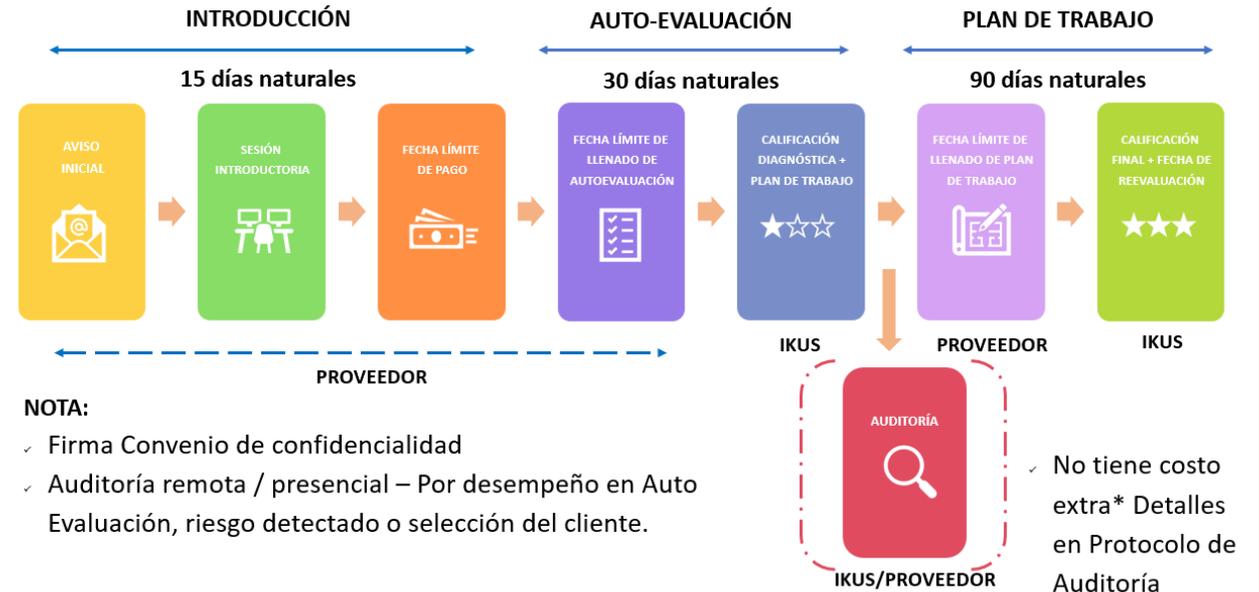
SUPPORT AND PLATFORM LANGUAGES

Spanish and Portuguese

EVALUATION

Evaluation criteria:

- Social
- Environmental
- Ethics
- Community



Example of IKUS online evaluation

IKUS SOLUTIONS

Included services

SERVICES

Evaluation

Courses

Portal access

Review and feedback
Self-assessment

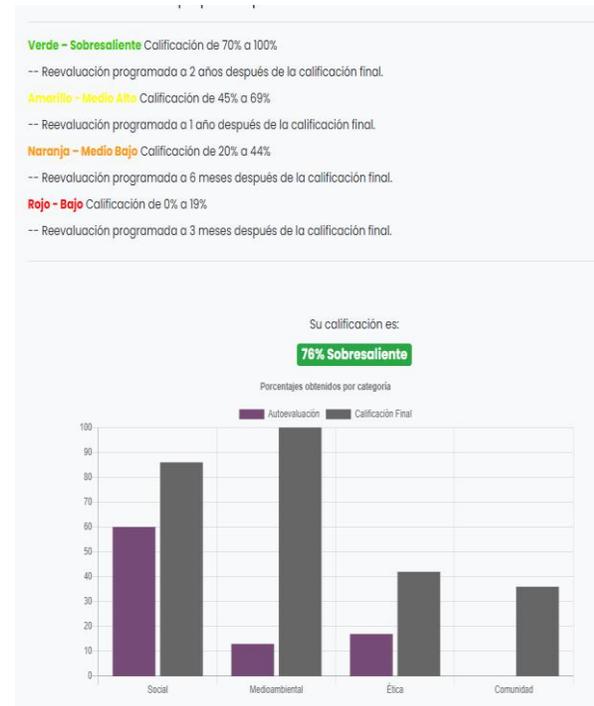
Advisory

Work plan review

Ikus free sessions / cost of
sustainability topics

Workshop catalog

REPORT TYPES



Social
TABLAO DEPARTES (189)
¿La empresa cuenta con alguna política/procedimiento que prohíba el uso del trabajo infantil en sus instalaciones y con sus proveedores?
--SU RESPUESTA: NO

—OBSERVACIONES
Es requisito seguir los pasos del Plan de Trabajo para lograr un mayor desarrollo, generar una política debidamente formalizada conteniendo nombre de quien elabora y fecha de emisión. Es requisito que se compartan esta prácticas con proveedores mediante contratos o cartas informativas, donde se informe que de encontrar trabajo infantil puede significar el fin de la relación comercial.

TAREAS A REALIZAR	RESPONSABLE	F. COMPROMISO	EVIDENCIAS
PASO 1. Incluir políticas en contra del trabajo infantil en procedimientos de reclutamiento y selección.	Nombre Completo	2020-08-25	+
PASO 2. Incluir en contratos con los proveedores que en caso de haber trabajo infantil significará una terminación de la relación.	Nombre Completo	2020-08-25	+

Social
TABLAO FORJADO (201)
¿La empresa retiene identificaciones o documentos oficiales originales del personal?
--SU RESPUESTA: NO

—OBSERVACIONES
Es requisito presentar de 6 a 7 evidencias formalizadas que demuestren la información declarada, siguiendo los pasos del Plan de Trabajo aquí propuestos.

TAREAS A REALIZAR	RESPONSABLE	F. COMPROMISO	EVIDENCIAS
PASO 1. Generar una lista de documentos solicitados señalando en todo momento que se requieren copias de dichos documentos.	Nombre Completo	2020-08-27	+
PASO 2. Incluir dentro de cada expediente de los colaboradores la firma de un documento que exprese Entregué solamente copias de...	Nombre Completo	2020-08-27	+

Social
DEPARTAMENTO DE CAPITAL HUMANO (227)
¿La empresa considera dentro de su presupuesto el contar con un programa de capacitación definido por medio de la identificación de necesidades de capacitación (DNC)?
--SU RESPUESTA: NO

—OBSERVACIONES
Es requisito seguir los pasos del Plan de Trabajo aquí propuestos para lograr un mayor desarrollo. Todo documento debe estar debidamente formalizado, demostrar pertenencia a la empresa, colocar nombre de quien elabora así como fecha de elaboración.

TAREAS A REALIZAR	RESPONSABLE	F. COMPROMISO	EVIDENCIAS
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Example of a report. Valid only for Coca-Cola FEMSA.

Equivalent evaluations

Option 1

Supplier Guiding Principles evaluation The Coca-Cola Company



The Coca-Cola Company



The Coca-Cola Company



Facility Name	Facility ID	Site	Headquarters	Parent Code	Region	Country
Facility Contact Name	Facility Phone	Facility Email	Facility Address	Facility Status	Facility Type	Facility Category
Assessment Date	Assessment Type	Assessment Scope	Assessment Team	Assessment Lead	Assessment Status	Assessment Score
Score	Rating	Follow Up	Notes	Comments	Next Steps	Responsible Party

*The supplier must share its results report with its negotiator, local supply team and sustainable sourcing to confirm its validity and equivalence.

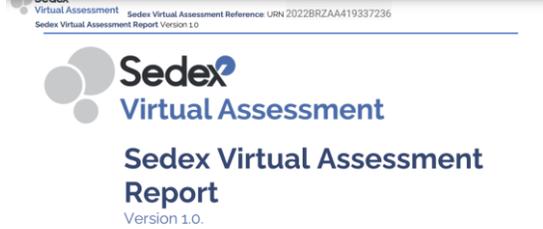
Option 2

Sedex SMETA 4 pillars



Sedex Members Ethical Trade Audit Report

Version 6.1



If our supplier has one of these evaluations (in force and locally), it can be considered equivalent* and this requirement is considered fulfilled.

Buyers and Suppliers Training

Continuous learning: EcoVadis Academy

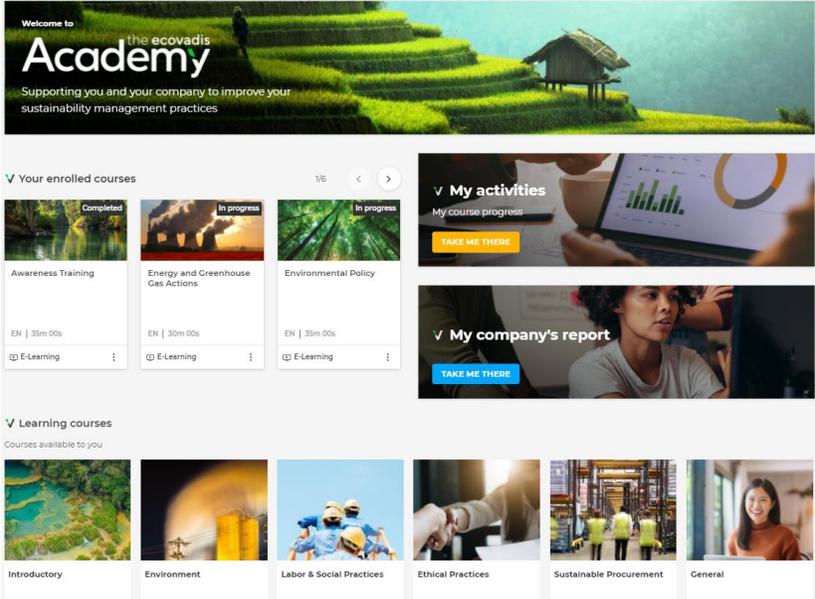


Support buyers and suppliers with guided virtual learning courses to develop their sustainable management practices and improve environmental and social outcomes.

Learning platform
Launched in november 2021

Training portal
Single signature from the Ratings Platform

Courses linked to improvement



1	Introduction to sustainability
2	Sustainability management systems
3	Environmental policy
4	Environmental reports
5	Labor practices and Human Rights policy
6	Labor practices and Human Rights reports
7	Ethics policy
8	Ethics reports
9	Sustainable sourcing policy
10	Sustainable sourcing reporting system

Additional ESG training for suppliers

IKUS SESSIONS



Free sessions taught by expert on specific topics of Corporate Social Responsibility (CSR).

Examples of IKUS sessions: “How to be a company responsible with the environment and mitigate risks”

Additional ESG training for suppliers

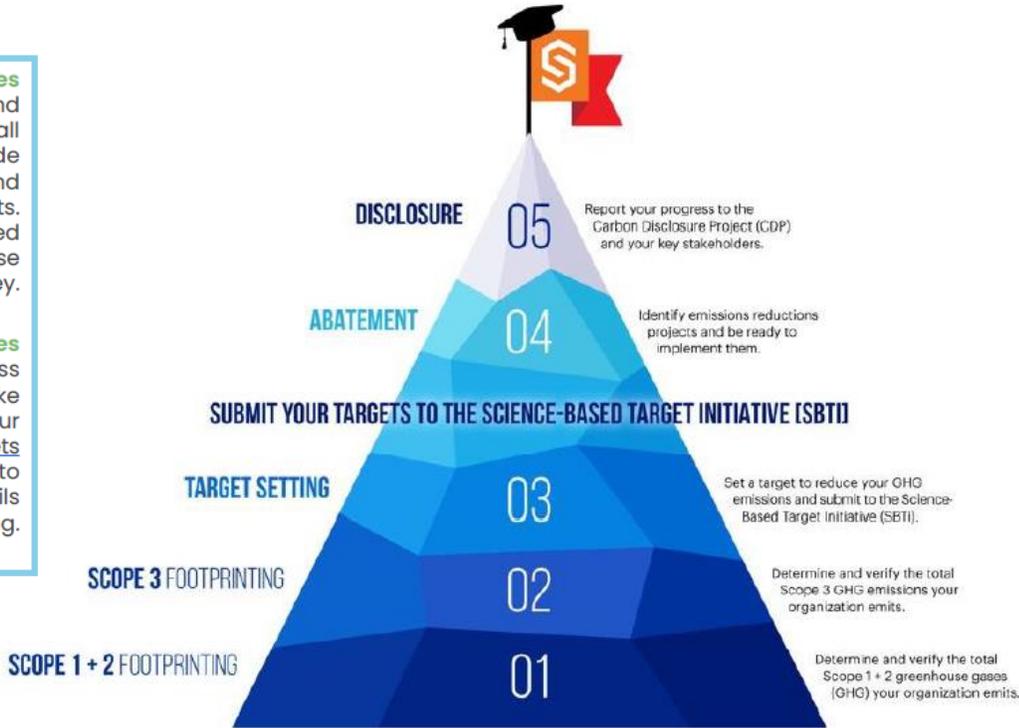


SUPPLIER LEADERSHIP ON CLIMATE TRANSITION

Supplier Leadership on Climate Transition (Supplier LoCT) is an online learning collaborative designed to support the net-zero journey of the world's leading suppliers, co-created by the brands they bring to life and Guidehouse, global sustainability experts with over 30 years of experience.

Course Completion Certificates are provided to the entire team at the end of each course following completion of all course requirements, which include viewing all seminar sessions and completing homework assignments. Course requirements must be completed before you can enroll in the next course within the journey.

Supplier LOCT Badges are awarded to recognize supplier progress based on major milestones, like committing, developing, submitting your targets to the [Science-Based Targets Initiative](#) and disclosing your progress to the [Carbon Disclosure Project](#). More details to come upon joining.



Join the Supplier LoCT community of global suppliers, brands & sustainability experts dedicated to driving change through EDUCATION + ACTION

Steps towards enrolling in Supplier LoCT begins with:

- **Committing** to establishing Science-Based Targets
- **Establishing** a Supplier LoCT Team of 1 to 5 representatives to:
 - Attend six, one-hour webinars, monthly, for six consecutive months
 - Complete course assignments (Four assignments, each requiring 2-4 hours per assignment)
 - Pave the way for your company to achieve greenhouse gas reductions!
- **Understanding** the Supplier LoCT Journey, the course curriculum & what's required for course completion
- **Completing** the Spring 2022 Supplier LoCT Enrollment Form & **Staying Tuned** for Enrollment Confirmation

Total Cost: FREE – courses are brand sponsored*

* Supplier LoCT sponsorship from season to season is at the discretion of sponsoring brands.

SLOcT is a program in which direct category suppliers are participating. This type of suppliers are those who represent the largest amount of GHG emissions.

ESG training for buyers

Supplier ESG evaluation



KOF PROCUREMENT
Convirtiéndonos en el socio *estratégico* y de *Innovación* para KOF

Evaluación ESG a proveedores
COCA-COLA FEMSA

ecovadis
Procurement Classification: EcoVadis Restricted Use (Factor: 75, 6.8/8)

Decarbonization



The role of procurement to achieve our emission reduction targets.

Local buying



FEMSA

TRANSFORMAR POSITIVAMENTE NUESTRAS COMUNIDADES

NUESTRA COMUNIDAD

NUESTRA GENTE

NUESTRO PLANETA

NUESTRA ÉTICA Y VALORES

Gobierno Corporativo

Propósito del enfoque: Reconocemos nuestro compromiso para *contribuir al desarrollo económico y social de las comunidades donde operamos*, así como *minimizar el impacto ambiental del transporte de mercancías*.

Pronunciamento: *Fomentamos las compras a proveedores locales.*

Meta pública 2030: Lograr y mantener un porcentaje de compras locales, (aplica a todas las BU de FEMSA)

>90%
en todos los países donde operamos

Temas prioritarios: Fomento Económico, Desarrollo mipymes y Compras Locales

Cybersecurity



Gestión de Riesgos de Seguridad de la Información (SI) con Terceros

Abril 2024

Coca-Cola FEMSA

Suppliers with good ESG performance

For those suppliers with good compliance with ESG evaluations, we seek to have a long-term business relationship.

However, the Sustainability pillar is only one item that must be met by suppliers, since more aspects are qualified such as: price, delivery times, quality, safety, among others.

We recognize our suppliers at “comprehensive awards events.” One of the categories to be awarded is related to ESG evaluations.

Evaluation

Award categories

1st Evaluation to Sustainable Suppliers

Suppliers with the best compliance in Sustainability evaluation: Ikus Solutions & Ecovadis.

- Criteria:
- Labor practices and Human Rights
 - Ethics
 - Environment
 - Sustainable sourcing
 - Community shared-value

2nd Performance evaluation

Suppliers with the best compliance in performance evaluation of each operation.

- Criteria:
- Occupational Health and Safety
 - Quality
 - Safety
 - Environment
 - Service
 - Deliverables

3rd Suppliers aligned with Coca-Cola FEMSA's environmental objectives

Suppliers with initiatives aligned with Coca-Cola FEMSA's Environmental Sustainability strategy.

Climate action
Adaptación y Mitigación de riesgos del cambio climático para nuestras operaciones
SCIENCE BASED TARGETS

Water management
Uso eficiente de los recursos hídricos y seguridad hídrica en los territorios donde operamos

Circular economy
Gestión de Residuos y Reciclaje de botellas PET

