

FUTURE-READY



COCA-COLA FEMSA

2022 INTEGRATED REPORT

At Coca-Cola FEMSA, we are building a **future-ready organization** to become our customers' preferred commercial platform.

Aligned with our vision, we are advancing on all of our strategic fronts—from our profound cultural transformation to our winning multi-category portfolio and industry-leading sustainable business development.

Fueled by these advances, we are not only escalating our transformation into a digitalized company—adopting technology and digital capabilities across our value chain—but also accelerating our growth into an omnichannel, multi-category player.

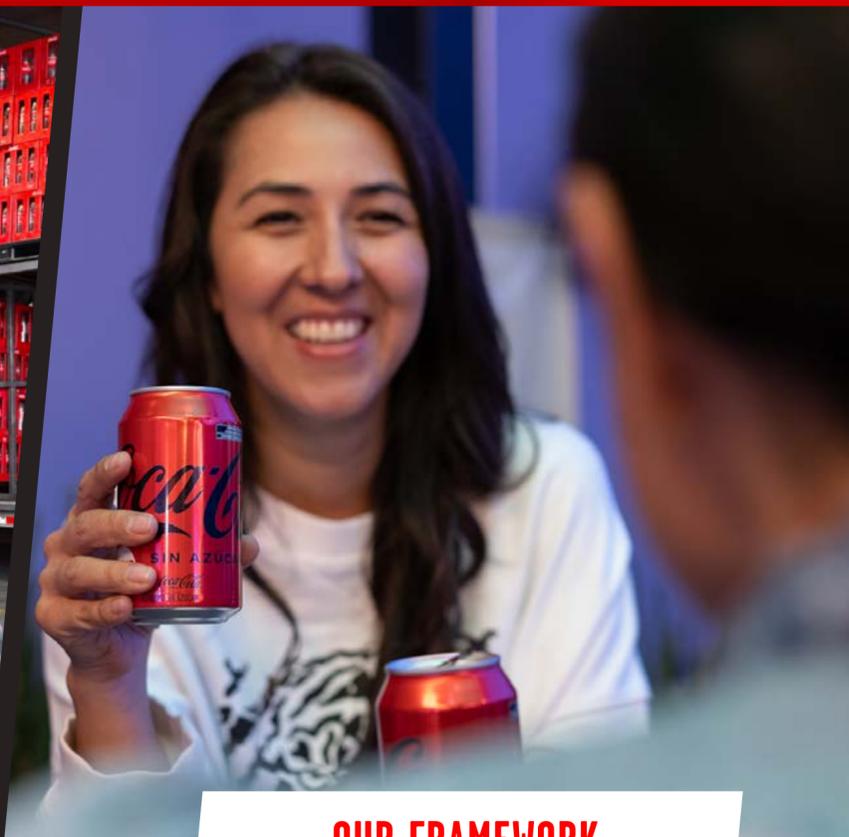


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OVERVIEW



CHAIRMAN'S AND CEO'S LETTER TO STAKEHOLDERS

DEAR FELLOW STAKEHOLDERS

This year we consistently advanced on all of our strategic fronts—from our digital transformation to our winning multi-category portfolio and sustainable business development. These advances fueled our momentum and a very positive year for our company.

Fundamentally, we built on the strength of our enhanced cooperation framework with The Coca-Cola Company to align and execute ambitious growth plans and investments, while advancing our digital strategy and accelerating our transformation into an omnichannel, multi-category platform.

STRATEGIC PROGRESS AND ACHIEVEMENTS FOR 2022

During the year, we continued developing a consumer-centric portfolio, focused on affordability, innovation, and mix enhancement. Through our initiatives, we grew our single-serve mix, non-carbonated beverage volumes, and zero- and low-sugar portfolio. Notably, the new formula of Coca-Cola Zero Sugar outperformed the sparkling beverage category across our markets, achieving 27% and 11% growth in Brazil and Mexico, respectively. In terms of mix enhancement, we leveraged our multipacks, increased cooler coverage, and execution to grow our single-serve mix across our territories.

This year we consistently advanced on all of our strategic fronts—from our digital transformation to our winning multi-category portfolio and sustainable business development.



IAN CRAIG
CHIEF EXECUTIVE OFFICER

**JOSÉ ANTONIO
FERNÁNDEZ CARBAJAL**
CHAIRMAN OF THE BOARD

Aligned with our enhanced cooperation framework with The Coca-Cola Company—along with our omnichannel platforms' digital order-taking capabilities—we continued exploring new revenue streams to complement our multi-category portfolio through pilot programs and distribution agreements with strategic partners across adjacent categories in certain markets.

Importantly, we expanded our B2B and D2C commercial platforms, enabling our customers to interact with us whenever, wherever, and whichever way they want. Currently, we serve over 800 thousand monthly active purchasers on Juntos+, our B2B omnichannel platform, up almost threefold over the past year. We also carried on with the expansion of our D2C home delivery model, rolling out 400 new routes—reaching close to 1,650 routes serving approximately 600 thousand Mexican households.

Importantly, we underscored our company's commitment to sustainability. This year, we continued making history in sustainable financing, becoming the first company in the consumer sector in the Americas and the first in the Coca-Cola System to successfully issue social bonds. Indeed, for the third consecutive year, our sustainability (ESG) performance enabled us to be included in the S&P Global Sustainability Yearbook 2023.

Environmentally, we continued focusing on making a difference on climate action, circular economy, and water efficiency. We began construction of PLANETA, a food-grade recycling plant in Tabasco, Mexico, with the capacity to process approximately 50,000 tons of post-consumer PET bottles annually. This new plant—coupled with new collection centers in the southeast region—will help us to expand our PET collection and close the recycling loop towards our objective of including at least 50% recycled content in our packaging by 2030. We improved our water use ratio to 1.46 liters of water per liter of beverage produced—an industry benchmark. We also look to decrease

our scope 1 and 2 emissions by 50% and to reduce 20% of our entire value chain emissions by 2030.

Socially, we are focusing on our neighboring communities, value chain, and talent diversity. We are increasing the representation of women in leadership positions; and we have a robust plan to achieve our ambition of 40% of women in leadership and management positions by 2030. Notably, this is the fifth consecutive year that our company is part of the Bloomberg Gender-Equality Index.

Finally, as part of our focus on value-enhancing acquisitions, we integrated CVI in record time during the year with synergies above expectations, marking an important step in the consolidation of our Brazilian footprint.

FINANCIAL & OPERATING HIGHLIGHTS

As we navigated an uncertain inflationary environment, our focus on affordability and relentless point-of-sale execution enabled us to deliver 8.6% year-over-year volume growth—12.1% ahead of our 2019-baseline year. For the year, total revenues increased 16.4% to Ps. 226.7 billion. Operating income improved 12.5% to Ps. 30.8 billion. Operating cash flow increased 10.7% to Ps. 43.0 billion. Controlling net income rose 21.2% to Ps. 19.0 billion to achieve earnings per share of Ps. 1.13 and per unit of Ps. 9.06 (Ps. 90.60 per ADS).

Notably, our return on invested capital (ROIC) improved for the fifth consecutive year. Moreover, our net-debt-to-EBITDA ratio ended the year at 0.9 times—while our cash position was more than Ps. 40 billion—reflecting our strong balance sheet, while putting us in a great position to grow.

For the year, our consolidated volumes increased significantly, driven mainly by strong growth in Argentina, Brazil, Colombia, Guatemala, and Mexico. Today, all of our territories' volumes are ahead of pre-pandemic levels, evidencing positive momentum across our territories.

All of our beverage categories drove growth, with our non carbonated beverages and bottled water categories growing double digits. Driven by our portfolio initiatives and point-of-sale execution, we continued gaining share across key markets and categories.

Our solid volumes and revenue growth management capabilities drove double-digit top-line growth. On the profitability front, we mitigated the impact of inflation by leveraging our top-line growth, hedging initiatives, and cost and expense efficiency strategies throughout the year.

UNIQUELY POSITIONED FOR GROWTH

To achieve our ambition of building our customer's preferred commercial platform, we are convinced that we have unmatched rights to win.

- First, **we have the largest B2B user base in Latin America**, serving more than 2 million clients with whom we have developed a relationship of trust over the years through our consistent customer focus. This is a user base that we grow every year, and we deliver to on average 1.8 times a week.
- Second, **we have an unmatched scale and distribution capabilities with leading-edge enablers**. This gives us the capacity not only to reach the most remote place in our territories, but also to do it profitably, while delivering a differentiated customer service level.
- Third, **we carry and deliver our customer's and consumers' preferred brands—leveraging the strength of The Coca-Cola Company portfolio**. This gives us relevance at the point of sale and opens the door to serve our user base.
- Fourth, **we have a talented team**, who enjoy a growth mindset and are used to winning in the market.
- Fifth, **we have in FEMSA and The Coca-Cola Company two shareholders who have a growth bias, a long-term vision, and a commitment to invest behind our business**.



- And finally, we have a **strong culture focused on generating economic, social, and environmental value** for our shareholders, our communities, and our people.

We are confident that we are uniquely positioned for growth by leveraging these strengths, our positive momentum, and by focusing on the following six strategic priorities as our guiding principles:

- **Grow the core.** We see more runway to grow our core business by a focus on capturing the fair share of the Coca-Cola trademark across all markets and channels; accelerating the growth of Coca-Cola Zero Sugar across our territories; developing the growth opportunities in low per-capita markets; and achieving the full potential of profitable non-carbonated beverage categories.
- **Become our customer's preferred omnichannel commercial platform.** We will work to grow our total and digital client base across our markets. We will continue to enhance our value proposition, leveraging a curated portfolio of our customers' and consumers' favorite brands together with The Coca-Cola Company and our multi-category partners. This will enable us to continue generating network effects, further strengthening our platform.
- **De-bottleneck our infrastructure and digitize the enterprise.** We aim to unlock growth by increasing manufacturing and distribution capacity, while ensuring we implement best-in-class logistics and distribution enablers. Additionally, as part of the digitization of our company, we will be undergoing the migration from our legacy infrastructure-as-a-service ERP systems into the SAP S/4 HANA cloud-based platform-as-a-service.
- **Make a difference in ESG.** We aim not only to reinforce our industry-leading environmental initiatives, but also to bolster our social and governance

agenda, including community development programs and diversity and inclusion.

- **Strengthen our customer-centric culture and reorganize the way we work.** We will promote a growth mindset, building a multiplier leadership style, empowering leaders to develop our people, and foster a workplace that provides psychological safety within our teams. We will redesign our structure into a more insights driven, agile, and effective organization.
- **Strategic M&A.** By leveraging our disciplined approach, we will focus on value-enhancing, synergistic acquisitions as a priority, while strengthening our commercial platform capabilities.

As we continue advancing along these priorities, we will continue to strengthen the relationship we have with The Coca-Cola Company, pursuing joint opportunities to accelerate our growth.

On behalf of our employees, we thank you for your continued confidence in our ability to deliver economic value and to generate social and environmental wellbeing for you all.

JOSÉ ANTONIO FERNÁNDEZ CARBAJAL

CHAIRMAN OF THE BOARD

IAN CRAIG

CHIEF EXECUTIVE OFFICER

MANAGEMENT TRANSITION

Effective January 1, 2023, Coca-Cola FEMSA's Board of Directors appointed Ian Craig as Chief Executive Officer, succeeding John Santa María, who retired from his position as Chief Executive Officer.

Working together with a talented team of professionals, John dedicated himself 24/7 and guided Coca-Cola FEMSA through challenging times, including the COVID-19 pandemic. John leaves the Company operating with positive momentum.

Ian has proved an outstanding member of the FEMSA team for 28 years, with increasing responsibilities at Coca-Cola FEMSA over the past two decades. Ian served as CEO of Coca-Cola FEMSA Brazil since 2016, leading the company's digital transformation towards a B2B platform.

Ian's appointment and the composition of Coca-Cola FEMSA's leadership team is a testament to the depth of talent across the organization. We are confident that his vision and drive will translate into a new chapter of growth and sustainable value creation for our stakeholders.



INTERVIEW WITH OUR CFO

GERARDO CRUZ CELAYA
CHIEF FINANCIAL OFFICER



Gerardo Cruz, our company's Chief Financial Officer, reflects on our ability to navigate a dynamic global environment. He also discusses the ways in which we are leveraging our enhanced cooperation framework with The Coca-Cola Company, exploring complementary revenue streams, the issuance of milestone social and sustainability-linked bonds, his previous experience within the company, and his key financial priorities for the coming years.

Q) Gerardo, how would you reflect on the company's performance for the year in the face of what proved a volatile global industry environment?

A) The company has demonstrated the ability to work in volatile, ambiguous, and inflationary environments, much like the one we faced this year.

Despite these headwinds, we were able to adapt quickly and continue strengthening our business by executing the right strategies locally, driving a solid top- and bottom-line performance.

As we enter 2023, we are monitoring inflationary pressures to continue taking appropriate actions to mitigate their impact.

With that mindset, we are leveraging three key strengths to continue growing our business:

First, we enjoy a strong market position with share of sales leadership in almost every segment in all beverage categories we serve across our markets. Currently, we serve a client large base of over 2.0 million customers across our territories. This gives us an edge particularly in the traditional trade, which at the end of the day is the base of Latin America's economic model.

Second, KOF has an unmatched distribution network and point of sale execution. Throughout the years, we have developed a close relationship with those 2.0 million customers, which is a key driver of both per capita and market share growth, as well as giving us credibility to be able to continue growing our Juntos+ B2B digital platform.

Third, we are committed to maintaining solid financial indicators. Despite volatile environments, we have

continually proven our financial resilience and cash flow generation capacity. As of December 31, 2022, our net debt-to-EBITDA ratio closed below 1.0 time, while we ended the year with a cash position of more than Ps. 40 billion.

Q) Could you elaborate on the significance of the enhanced cooperation framework with The Coca-Cola Company and its strategic importance?

A) The enhanced cooperation framework effectively aligns both companies on pursuing profitable growth. This year, we continued leveraging the enhanced cooperation framework with The Coca-Cola Company to execute ambitious growth plans and investments in the market, explore and open new revenue streams, and significantly advance the rollout of our digital strategy. Together, we continued exploring new revenue streams to complement our multi-category portfolio, with new pilot programs and distribution agreements that expand our growing network of strategic partnerships—from spirits companies and, brewers, to personal care and consumer goods.

We are also exploring new ventures, particularly digitally. Working closely with The Coca-Cola Company, we are coming to understand how much value we can create through data capabilities and other products and services in the digital world—which is enabling us to accelerate our digital strategy.

We further enjoy a healthy and active collaboration network across the Coca-Cola

System on many fronts, including digital. Thanks to this collaborative environment, we have identified significant opportunities to standardize, optimize, design, and implement digital platforms through knowledge exchanged not only within the region, but also across different regions in the Coca-Cola system.

Q) Could you update us on the company's strategic progress?

A) We continue to develop a winning consumer-centric portfolio, enabling us to improve our price-mix, provide affordability, and expand our refillable capacity, which both serves an affordability role, as well as an important sustainability tool, that is actually a competitive advantage. Thanks to our portfolio initiatives, we significantly grew our single-serve mix, still beverage volumes, and zero- and low-sugar portfolio. Throughout a challenging year, our revenue growth management capabilities further enabled us to grow our top-line and generate savings by optimizing discounts and promotions.

Also, we have made substantial progress building out our B2B and D2C omnichannel commercial platforms. Notably, we now serve over 1.3 million registered clients on our B2B platform, including more than 800 thousand active digital purchasers monthly, and we reached more than US\$1.2 billion in digital revenues this year.

Our people and culture are keys to our strategic success. Accordingly, we continue to accelerate the development of the capabil-

ities that our company needs to drive our vision, ensuring that we have an agile and digital mindset. To this end, we carried on implementing collaborative models and new ways of working, ensuring digital inclusion and up-skilling not only in finance, but also across the whole organization.

On the sustainability front, we continue to make important progress throughout our company, transforming our environmental, social, and governance (ESG) framework to be at the forefront of market, regulatory, and consumer trends. Notably, we achieved another important milestone in sustainable financing this year, becoming the first company in the consumer sector in all of the Americas to issue social bonds, as well as the first in the Coca-Cola System to issue such bonds. We also became the first company in Mexico's consumer sector to issue sustainability bonds. This issuance complements our green bond placed in 2020 and sustainability-linked bonds issued in 2021, while reinforcing our company's commitment to generating social and environmental value for our stakeholders.

Additionally, we have made significant efforts to continue digitizing our operations, enabling and empowering our digital transformation journey. Initially, we transformed into a digitalized bottler, adopting digital technology and capabilities across our value chain. Now, we are becoming an omnichannel and multi-category player, with a clear ambition of becoming a full commercial ecosystem into the future.

On the sustainability front, we continue to make tremendous progress throughout our company, transforming our environmental, social, and governance (ESG) framework to be at the forefront of market, regulatory, and consumer trends.





We issued social and sustainability bonds for an amount of Ps. 6.0 billion. This issuance represents the first social bonds in the consumer sector in the Americas and the first social bonds for the Coca-Cola System.

Finally, this year we completed and integrated our acquisition of CVI in Brazil with synergies well above expectations, marking an important step in the consolidation of our Brazilian footprint.

Q) Could you expand on the company's exploration of complementary revenue streams, particularly in light of its two recent distribution agreements with Campari Group and Grupo Perfetti Van Melle in Brazil?

- A) Consistent with our vision and aligned with our enhanced cooperation framework with The Coca-Cola Company, we continue to explore new revenue streams with strategic partners.

Our omnichannel platforms' digital order-taking capabilities are enabling us to enhance our portfolio beyond our core Coca-Cola products. To this end, we are strengthening our multi-category platform through distribution agreements and pilot programs with strategic partners in certain markets across adjacent categories, prioritizing leading beer, spirits, alcoholic ready-to-drink (ARTD) beverages, snacks, and consumer packaged goods brands.

These pilots aim to prove the distribution and selling capacity of Coca-Cola FEMSA to strengthen our partner's products presence in the traditional trade channel, enabling more customers and consumers access to a broader portfolio while always putting their satisfaction at the center of everything we do. We expect that these pilots will enable us to not only expand our customers' value proposition, but also obtain necessary learnings and insights to continue advancing towards potential strategic

alliances in the future. Indeed, these pilots have already proven quite successful, with us transitioning from pilot programs into long-term distribution agreements in some cases.

On April 19, we announced a new distribution agreement with Campari Group in Brazil, marking an important step to strengthen and consolidate our multi-category platform with a high-potential spirits brand. Similarly, on July 14, we announced a non-exclusive distribution agreement with Grupo Perfetti Van Melle—one of the world's largest manufacturers of sweet confectionary snacks and chewing gum with global brands such as Mentos and Fruit-tella. These two recent agreements build on last year's agreement to distribute leading Spanish brewer Estrella Galicia's beer portfolio with the Coca-Cola System in Brazil.

Q) Could you briefly discuss the initiatives taken to strengthen the company's balance sheet and financial position in what was a very dynamic environment?

- A) In this volatile environment, we proactively undertook strategies to strengthen the company's balance sheet and overall financial position.

Under our liability management strategy, we repurchased part of our US-dollar-denominated Yankee bonds, and we refinanced them in the Mexican market through an issuance of the first social bonds for a consumer sector company in the Americas. This enabled us to not only generate interest expense savings, but also finance important social projects.

Furthermore, in light of volatile market conditions, we continued with our disciplined hedging policy, enabling us to maintain a net debt of Ps. 38 billion, low net leverage of 0.9 times EBITDA, and comfortable cash liquidity.

Q) In light of their strategic significance to our sustainable financing strategy, could you elaborate further on the company's successful issuance of social and sustainability bonds in the Mexican market?

- A) As a company, we are committed to generating economic, social, and environmental value for all of our stakeholders and for the communities we serve. Aligned with this commitment and consistent with our financial discipline, strong credit profile, and commitment to sustainability, we issued social and sustainability bonds for an amount of Ps. 6.0 billion. This issuance represents the first social bonds in the consumer sector in the Americas and the first social bonds for the Coca-Cola System. We also became the first company in the consumer sector in Mexico to issue sustainability bonds.

This transaction was completed in two tranches: The first tranche was priced at a fixed rate of 9.95% (Mbono+0.30%) for an amount of Ps. 5.5 billion due in 7 years. The second tranche was priced at a variable rate of TIIE + 0.05% for an amount of Ps. 500 million due in 4 years.

The proceeds from these bonds will be used to fund projects focused on the social and economic development of our communities and respond to their local needs. Specifically, the goal of this latest issuance is to support underrepresented and traditionally excluded social groups

in our communities with programs relating to empowerment, entrepreneurship, and self-employment, financial support to mom & pop store owners, and sustainable community development, including water replenishment and access projects.

I am proud of our leadership in sustainable financing and the progress our company has made to become a benchmark in this increasingly important area: From the issuance of our first Green Bond in 2020—at the time the largest for a Latin American company and a first for the Coca-Cola system—to our 2021 issuance of the first-ever sustainability-linked bonds in the Mexican market, and now our 2022 issuance of the first social bonds by a non-financial corporate in Mexico and the first for the Coca-Cola System.

Q) Could you talk about your experience before becoming Coca-Cola FEMSA's Chief Financial Officer?

A) My financial experience spans almost 20 years, since I joined our company in 2003, including my most recent role as CFO for our operation in Colombia,

I began my career within the corporate finance and treasury function, overseeing financing, risk management, and treasury, eventually taking the role of Corporate Finance and Treasury Director in 2013. I held this position until my appointment as Planning and Finance Director for the Latin America Division in 2017, where my team and I oversaw the finance

We will continue prioritizing financial discipline, underscoring our focus on an efficient financial position and our commitment to shareholder return.

and planning function for Argentina, Central America, Colombia, and Uruguay.

Throughout my career, I have been a strong advocate for inclusion and diversity serving as President of our company's Inclusion & Diversity Advisory Board over the past two years, while contributing to our efforts to make the organization a better place for everyone to work in.

Q) Could you briefly discuss your key financial strategies for the coming years?

A) We are committed to creating long-term value for our stakeholders through sound financial strategies. In the coming years we will focus on the following financial strategies:

First, we will continue prioritizing financial discipline, underscoring our focus on an efficient financial position and our commitment to shareholder return. We will continue focusing on generating strong cash flow, maintaining a disciplined approach to capital allocation and managing operational risks by continuing to implement disciplined currency and commodity hedging strategies to provide stability for our operations to be able to generate shareholder value.



Second, we will double down on productivity and efficiencies across our P&L. We will continue focusing on improving our operational efficiency to mitigate inflationary impacts. This includes investing behind our supply chain optimization and digitalization to drive operating efficiencies.

Third, we will allocate capital towards organic growth. Our capex for 2022 amounted to Ps. 19.7 billion. Given the out-performance of our top-line, we must accelerate investments to better serve our markets, customers, and consumers. We expect to maintain a similar level of Capex for 2023, as we continue to invest behind this positive momentum, prioritizing investments that are aligned with our return objectives.

These key financial strategies will guide our decision-making in the coming years as we work together to achieve our long-term goals.

MANAGEMENT TRANSITION

Effective January 1, 2023, the Board of Directors elected Gerardo Cruz to serve as CFO for Coca-Cola FEMSA. Gerardo's financial experience spans almost 20 years, since he joined the company in 2003, including his most recent role as CFO for our operation in Colombia. He previously served in several senior management positions including Corporate Finance and Treasury Director and Planning and Finance Director for the Latin America Division.

As of the same date, Constantino Spas, our former CFO, was appointed to become CEO of FEMSA Strategic Businesses. We acknowledge Constantino's contribution, dedication and leadership during his tenure as CFO of Coca-Cola FEMSA.

OUR FOOTPRINT

We have the privilege to serve 270 million people through 2.1 million points of sale in 9 markets of Latin America with a wide portfolio of leading brands.



270 million people served



2.1 million points of sale



56 plants



249 distribution centers²



1) As of December 31, 2017, Venezuela is reported as an investment in shares, as a non-consolidated operation.
 2) For purposes of this table, we have considered owned and third-party distribution centers managed by us.



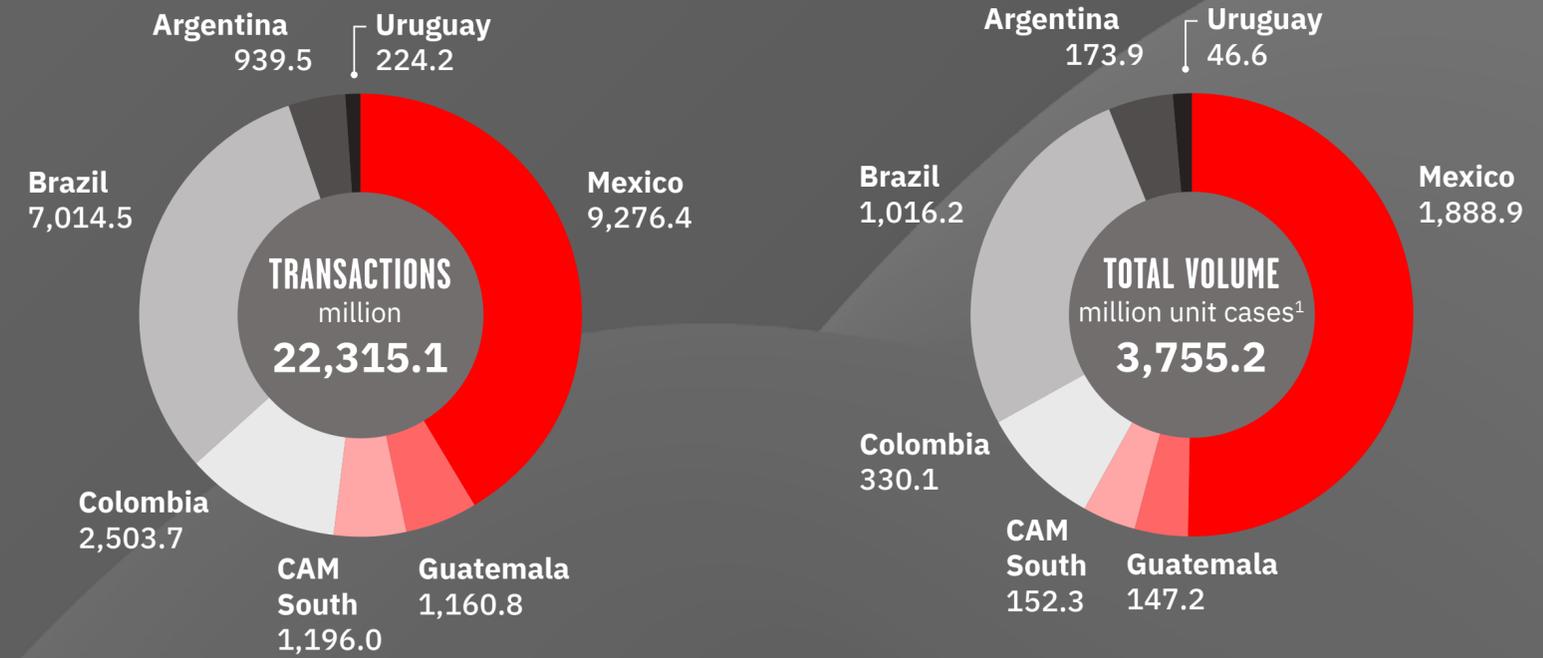
SPARKLING BEVERAGES
2,895 Volume¹
17,731 Transactions



WATER AND BULK WATER
566 Volume¹
1,896 Transactions



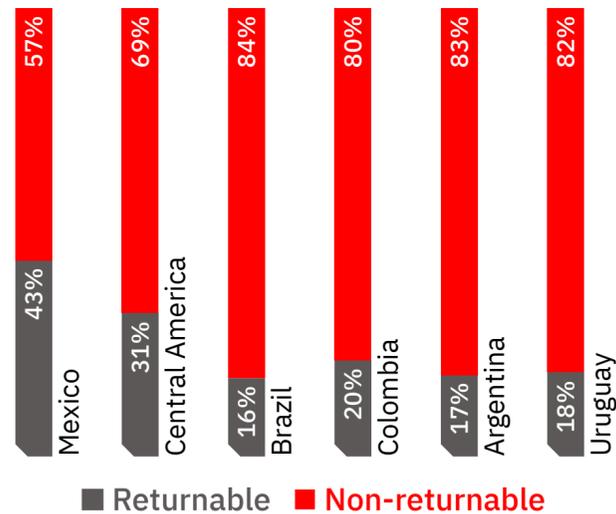
STILL BEVERAGES
294 Volume¹
2,688 Transactions



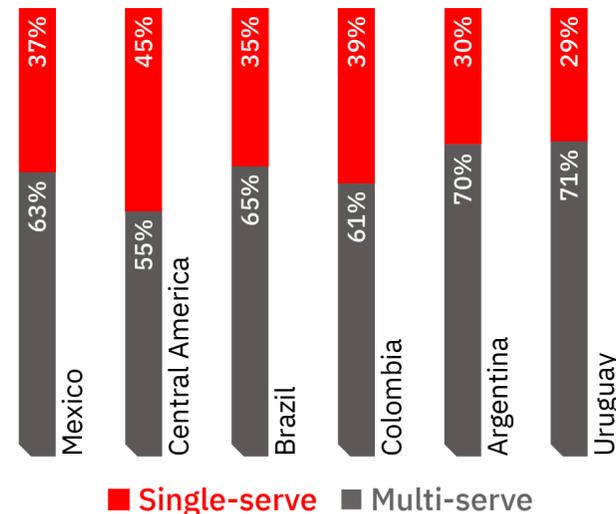
1) Volume is measured in million unit cases

1) Unit case is a unit of measurement that equals 24 eight-ounce servings of finished beverage.

PRODUCT MIX BY PACKAGE



PRODUCT MIX BY SIZE



PRODUCT MIX BY CATEGORY

% of volume of total beverages	Sparkling	Bottled Water ¹	Bulk Water ²	Still
Mexico	71.4%	5.5%	15.9%	7.2%
Central America	86.1%	3.7%	0.2%	9.9%
Colombia	77.1%	10.3%	3.8%	8.8%
Brazil	84.1%	6.5%	1.1%	8.3%
Argentina	80.2%	9.2%	2.2%	8.4%
Uruguay	84.2%	12.3%	—	3.5%

1) Excludes still bottled water in presentations of 5.0 Lt. or larger. Includes flavored water.
2) Bulk water - still water in presentations of 5.0 Lt. or larger. Includes flavored water.

FINANCIAL HIGHLIGHTS

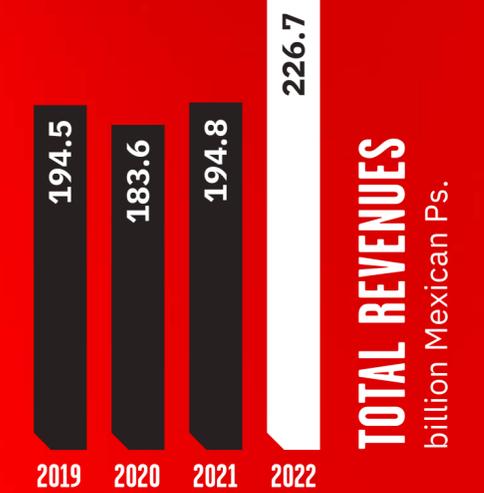
	2022 USD ¹	2022 MXN	2021 MXN	% Change
Sales Volume (million unit cases)	3,755.2	3,755.2	3,457.9	8.6%
Total Revenues	11,630	226,740	194,804	16.4%
Operating Income	1,582	30,838	27,402	12.5%
Controlling Interest Net Income ²	976	19,034	15,708	21.2%
Total Assets	14,259	277,995	271,567	2.4%
Long-term bank loans and notes payable	3,598	70,146	83,329	-15.8%
Controlling Interest	6,431	125,384	121,550	3.2%
Capital Expenditures	1,009	19,665	13,865	41.8%
Earnings Per Share ²	0.06	1.13	0.93	21.2%

Millions of Mexican pesos and U.S. dollars as of December 31, 2022 (except volume and per share data).
Results under International Financial Reporting Standards.

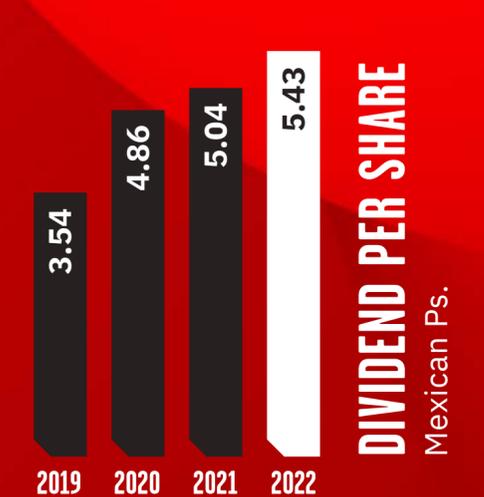
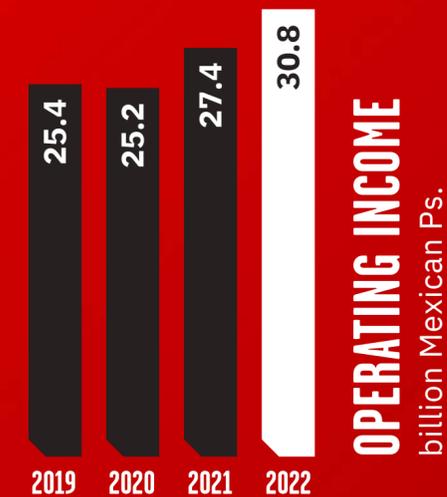
1. U.S. dollar figures are converted from Mexican pesos using the exchange rate for Mexican pesos published by the U.S. Federal Reserve Board on December 31, 2022, which exchange rate was Ps. 19.50 to U.S.\$1.00.
2. Based on 16,806.7 million outstanding ordinary shares as of December 31, 2022 and 2021.



Capitalizing on our strong market position, obsessive point-of-sale execution, and extremely solid financials, we successfully navigated a volatile and inflationary macro environment to deliver solid double-digit top- and bottom-line growth. We further improved



our return on invested capital (ROIC) for the fifth consecutive year—closing the year in the double digits—and sustained our healthy net-debt-to-EBITDA ratio of 0.9 times, while ending the year with a robust cash position of more than Ps. 40 billion, reflecting our strong balance sheet.



1) Unit case is a unit of measurement that equals 24 eight-ounce servings of finished beverage.

SUSTAINABILITY HIGHLIGHTS

Aligned with our imperative to make a difference in environmental, social, and governance (ESG), we aim to break the ceiling on sustainability initiatives—to be at the forefront of market, regulatory, and consumer trends—while elevating ESG practices across Latin America and the world.

600 thousand
beneficiaries of activities focused on our environmental and social pillars



+250K volunteer hours in **+2,300 initiatives**



US\$314.74 million were invested during 2022 in our environmental pillar, focusing on climate action, circular economy, and water stewardship projects



DJSI
KOF was named to the Dow Jones Sustainability MILA Pacific Alliance Index for the sixth consecutive year. The company was also included in the Dow Jones Emerging Markets Index for the tenth year in a row.



17% reduction of absolute GHG emissions from scope 3 vs 2015 base line



1.46 liters of water per liter of beverage produced, an industry benchmark



UNGC

In 2022 we signed the United Nations Global Compact (UNGC), committing to align our business strategy with their Ten Principles.



98.5%

of post-industrial waste recycled or properly disposed



77%

of our manufacturing facilities have earned Zero Waste certification



66%

renewable energy use in our operations



1ST Mexican Company

to secure approval of the Science Based Targets Initiative (SBTi) for our GHG emissions reduction goals



29%

reduction of absolute GHG emissions from our direct operations scope 1 and 2 vs 2015 base line



94%

of our Green Bond funds have been allocated



1ST Sustainability-Linked Bonds

issued in the Mexican market for Ps. 9.4 billion (US\$470 million) with a commitment to achieve a water use ratio of 1.26 by 2026



3RD consecutive year

of inclusion in S&P Global's Sustainability Yearbook



5TH consecutive year

of inclusion in the Bloomberg Gender-Equality Index



4TH year

of recognition as one of the Best Places to Work for LGBTQ+ Equality by the Human Rights Campaign Foundation and HRC Equidad MX: Global Program for Labor Equity



1ST Social Bonds

issued in the consumer sector in the Americas, and 1st Sustainability Bonds issued in Mexico's consumer sector for a total amount of Ps. 6 billion



OUR VALUE CHAIN

1 Ingredients

We work with our suppliers to have the best raw materials.



3 Primary Distribution

From our manufacturing facilities, we ship beverages to our 249 distribution centers.



5 Pre-Sale

Powered by KOF digital platforms, we serve our clients in the traditional and modern channels, offering a winning portfolio of leading brands.



7 Points of Sale

We reach more than 2.0 million points of sale with targeted commercial initiatives, and we use Market Analytics to maximize the value proposition for each client.



9 Recycling

We encourage and help consumers to properly dispose and recycle all packages from our beverages.



2 Manufacturing

Enabled by our Digital Manufacturing Platform 2.0, we produce high-quality beverages in our facilities, with an efficient use of water and energy.



4 Distribution Center

In our digital warehouse process, we integrate pre-sale with secondary distribution processes.



6 Secondary Distribution

Once a pre-sale order is placed, we use our Digital Distribution Platform to define an optimal Route-To-Market operation.



8 Consumption

We serve more than 270 million people, offering a portfolio with choices for every lifestyle.





OUR STRATEGY AND ESG FRAMEWORK

STRATEGY

We are confident we are uniquely positioned for growth by leveraging our strengths, our positive momentum, and focusing on the following six strategic priorities as our guiding principles:



- **Grow the core.** Capturing the fair share of Coca-Cola trademark in all markets and channels; accelerating the growth of Coca-Cola Zero Sugar; developing growth opportunities in low per-capita markets; and achieving the full potential of profitable non-carbonated beverage categories



- **Become our customer's preferred omnichannel commercial platform.** Growing our total and digital client base across our markets and enhancing our value proposition, leveraging a curated portfolio of our customer's and consumer's favorite brands together with The Coca-Cola Company and our multi-category partners.



- **De-bottleneck our infrastructure and digitize the enterprise.** Unlock growth by increasing manufacturing and distribution capacity, implementing best-in-class logistics and distribution enablers. We will continue digitizing our company, including the migration of our legacy ERP System into cloud-based platform-as-a-service.



- **Make a difference in ESG.** Reinforcing our industry-leading environmental initiatives and bolstering our social and governance agenda, including community development programs and diversity & inclusion.



- **Strengthen our customer-centric culture.** Promoting a growth mindset, building a multiplier leadership style and empowering leaders to develop our people.



- **Strategic M&A.** Leveraging our disciplined approach, we will focus on value-enhancing, synergistic acquisitions as a priority, while strengthening our commercial platform capabilities.



Looking ahead to our ambition to build our customer's preferred commercial platform, we are convinced we have unmatched rights to win.





REFRESHED ESG FRAMEWORK

We engaged in a comprehensive ESG transformation over the past year involving all parts of the organization to evolve our sustainability strategy and break the ceiling on sustainability initiatives—to be at the forefront of market, regulatory, and consumer trends. We sought to ensure our practices are aligned not only with local requirements, but also with world-leading best practices across industries, so we could establish a new frontier for our local markets on ESG trends and commitments. Our overarching vision is to become a global leader on sustainability and elevate ESG practices in Latin America and the world.



ESG TRANSFORMATION METHODOLOGY

Aligned with our mandate to make a difference in ESG, we divided the top-down, bottom-up ESG transformation into five distinct phases to develop and refine our sustainability strategy. These phases not only defined the priorities for our sustainability strategic corridor, but also the concrete ambitions and commitments for key priorities within our strategic framework, along with the changes to our ways of working necessary to ensure the strategy can be properly executed for years to come.

NEW ESG STRATEGY PHASES



Phase 1:

SETTING THE ESG STRATEGIC FRAMEWORK

Our initial phase required us to determine the topics where we had the largest impact on our society and for our business continuity. To do so, we identified and drew insights from stakeholder groups to inform our new strategic ESG framework, ensuring that we understood their highest priority topics.

In setting our framework, we applied a robust baseline of our internal operations across sustainability areas. Through detailed benchmarking on our current state of operations, we finalized our ESG framework with refreshed priorities across environmental, social, and governance pillars.



Phase 2:

DEVELOPING HOLISTIC EVALUATIONS

We developed a sustainable projects financial evaluation and prioritization methodology under a joint effort among our financial, project management, and core sustainability teams. Our holistic model seeks to quantify several intangible and long-term value drivers, including the cost of externalities such as carbon emissions. These drivers are typically underrepresented in traditional projects, but are especially relevant for ESG investments.



Phase 3:

AMBITION SETTING

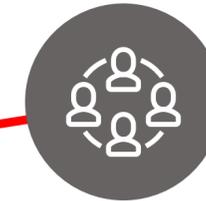
With a robust baseline in place, we conducted external market research, drew from our conversations with key stakeholders, and evaluated industry benchmarks to discover what goals we wanted to achieve across each material topic in our ESG framework. Setting ambitions relative to these benchmarks followed our holistic view on ESG. Establishing these ambitions required understanding what world-leadership meant for each of our signature topics. The process of developing and tailoring our ESG goals along each topic was our ambition setting phase.



Phase 4:

ROADMAP DEVELOPMENT

With ambitions established, we set plans across the organization to ensure that we achieve these goals in time, and that all priorities have concrete and clear paths of execution. We complemented each ambition with a roadmap of investments and operational requirements that we needed to execute every year to timely reach our goals. Recognizing that roadmaps are only an initial estimate of how we will achieve our goals, we will continuously revise these roadmaps as markets mature, regulations change, and new technologies arise.



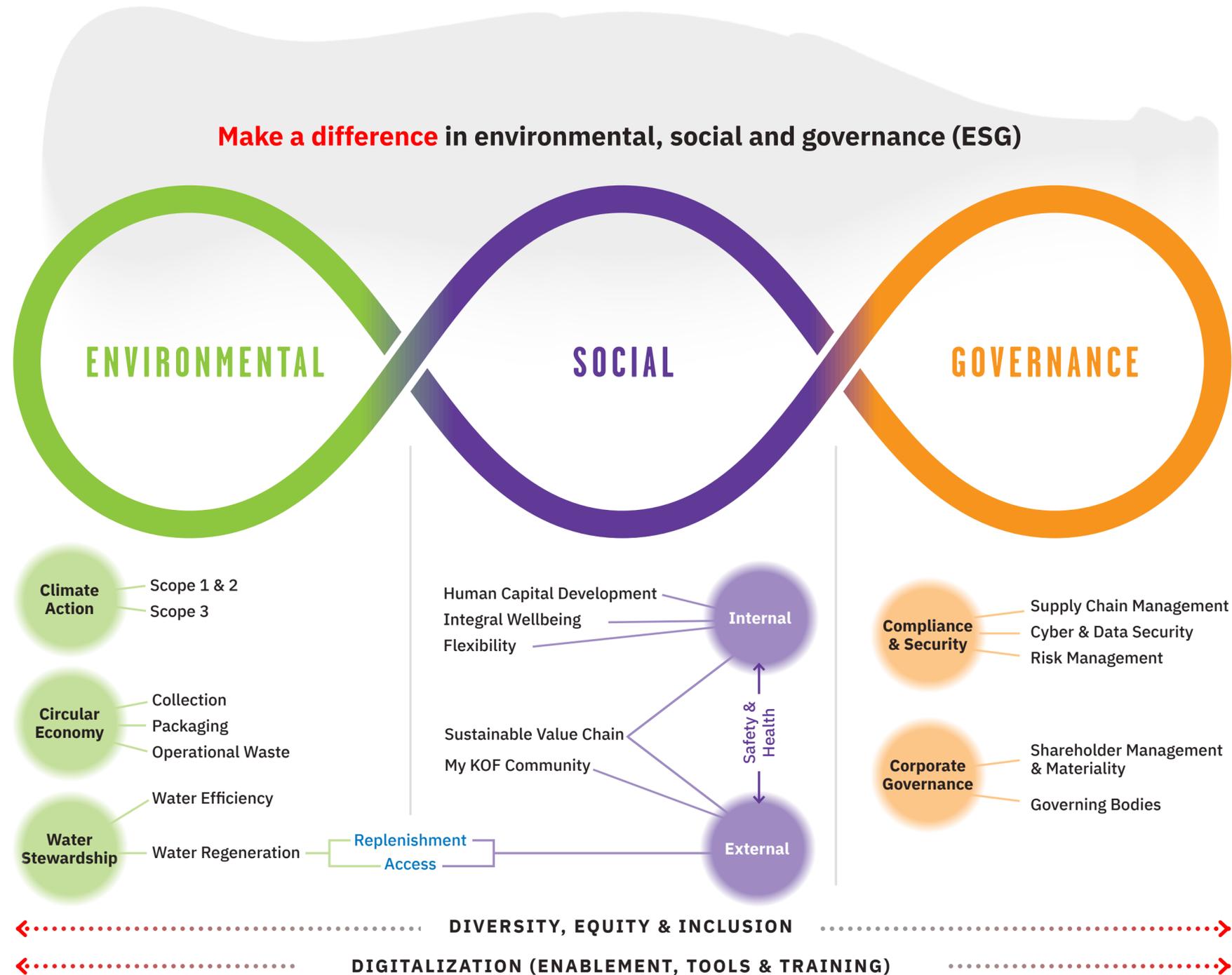
Phase 5:

OPERATING MODEL

To stay up to date with rapidly evolving trends, our ESG strategy requires change within our organization to be executed effectively. While developing our plans, we considered the interdependencies and implications that our ESG initiatives would have on our operations. As a result, we designed changes to our ways of working, governance, and people enablers to ensure the strategy is well executed for years to come.

ESG FRAMEWORK

After several iterations, we developed a refreshed framework for our sustainability priorities, with environmental, social, governance, and transversal priorities. Our environmental pillar seeks to improve our relationship with our environment, focused on strong climate action, circular economy, and water efficiency. Our social pillar seeks to improve our impact on all of our stakeholders, including our nearby communities, our value chain, and our talent. Our governance pillar seeks to ensure we are accountable to our stakeholders, which includes managing compliance and cyber & data security issues, ensuring transparency, and developing the internal governing bodies and accountability to support this level of commitment. Transversally, we consider the effect our internal and external actions have on diversity, equity, and inclusion, and we consider the enablers that can help us execute the overall ESG strategy effectively.



For more information see → [Future Ready Sustainability Strategy](#)

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

We are committed to contributing to the achievement of the United Nations Sustainable Development Goals (SDGs). While many of our actions contribute to the 17 SDGs, we are convinced that we can have a larger impact on the following nine goals through our strategic framework and initiatives.



We are working with FEMSA Foundation on initiatives and social programs in our communities, focused on early childhood and healthy lifestyles.



Through our external and internal social priorities, we continue to focus on the health, safety, and wellbeing of our employees, customers, consumers, and communities. By prioritizing their health and safety, we reinforce our company's commitment to delivering economic value, while generating social and environmental wellbeing. In addition, we offer a total beverage portfolio, including our growing zero- and low-sugar portfolio, and we carry out responsible marketing strategies for our products.



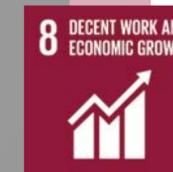
Aligned with our ambition to improve gender diversity at all levels of the organization, we are developing and deploying initiatives to increase women's representation across our operations. By 2030, our ambition is for women to represent 40% of leadership and management positions. We are also carrying out programs to foster women's financial and digital empowerment within the traditional trade.



We are committed to ensuring the efficient use of this natural resource, conservation of water basins, and safe access to drinking water for our communities and ourselves. By 2025, our ambition is to develop with our communities and stakeholders one access or replenish project in each of our priority sites to achieve the return of 100% of the water we use.



We strive for energy efficiency across our value chain. We further integrate renewable sources of energy and technologies to reduce our CO₂e emissions—aligned with our commitment to break the ceiling on climate action. Our operations' energy consumption focuses on a comprehensive strategy that encompasses our value chain.



We aim to achieve sustainable economic growth through efficient resource utilization, promote a work environment that offers comprehensive professional development, create jobs in emerging markets, and apply sustainable sourcing principles. In addition, we develop initiatives in our communities focused on empowerment to foster resilience and reactivation of local economies.

9

INDUSTRY, INNOVATION
AND INFRASTRUCTURE

We continually work to improve our ESG performance and foster industry innovation, especially in the areas of water stewardship and energy efficiency, while reducing our carbon footprint across our value chain. We complement these programs with digital and innovation training to develop local suppliers.

10

REDUCED
INEQUALITIES

Our work with small local businesses across our rich value chain of suppliers, customers, and other stakeholders seeks to improve their financial and digital inclusion, while we work to provide our communities with safe water, improved sanitation, and hygiene education.

11

SUSTAINABLE CITIES
AND COMMUNITIES

Aligned with our community engagement priority, we are determined to advance the development of the communities where we operate. With this mindset, we will collaborate with our communities across all of our operations to develop sustainable solutions that address local needs.

12

RESPONSIBLE
CONSUMPTION
AND PRODUCTION

We hold ourselves to high standards of transparency and authenticity in our external communications, including reporting the progress on our commitments and other material topics identified throughout the year. We are confident that, with the support and co-responsibility of all of the stakeholders across our value chain, we will fulfill our 2030 ambition of collecting 100% of the PET bottles we place in the market through a concerted market-based approach to the circular economy.

13

CLIMATE
ACTION

By 2030, to break the ceiling on climate action, we are committed to decreasing our scope 1 and 2 emissions by 50%, and reducing 20% of our entire value chain emissions. To reach our interim and final ambition on CO2e emission reduction, we set initiatives to migrate relevant operational assets to lower emission alternatives, as well as setting various initiatives to tackle emissions across our value chain.

15

LIFE
ON LAND

Given the growing urgency of shared water risks and the need for systemic action across the value chain, our holistic water strategy is focused on water efficiency, replenishment, and access. We consistently lead our industry peers on water efficiency, and continue to invest in minimizing our use of water. Moreover, our social water stewardship strategy protects people's right to water, and aims to guarantee this resource for current and future generations.

16

PEACE, JUSTICE
AND STRONG
INSTITUTIONS

Our corporate governance and the way we conduct our business is in full compliance with applicable regulations in all of our countries of operation, with our Code of Ethics as our compass. With our suppliers, we further apply guiding principles that focus on strategic input categories, including areas such as human rights, environmental protection, and labor rights.

17

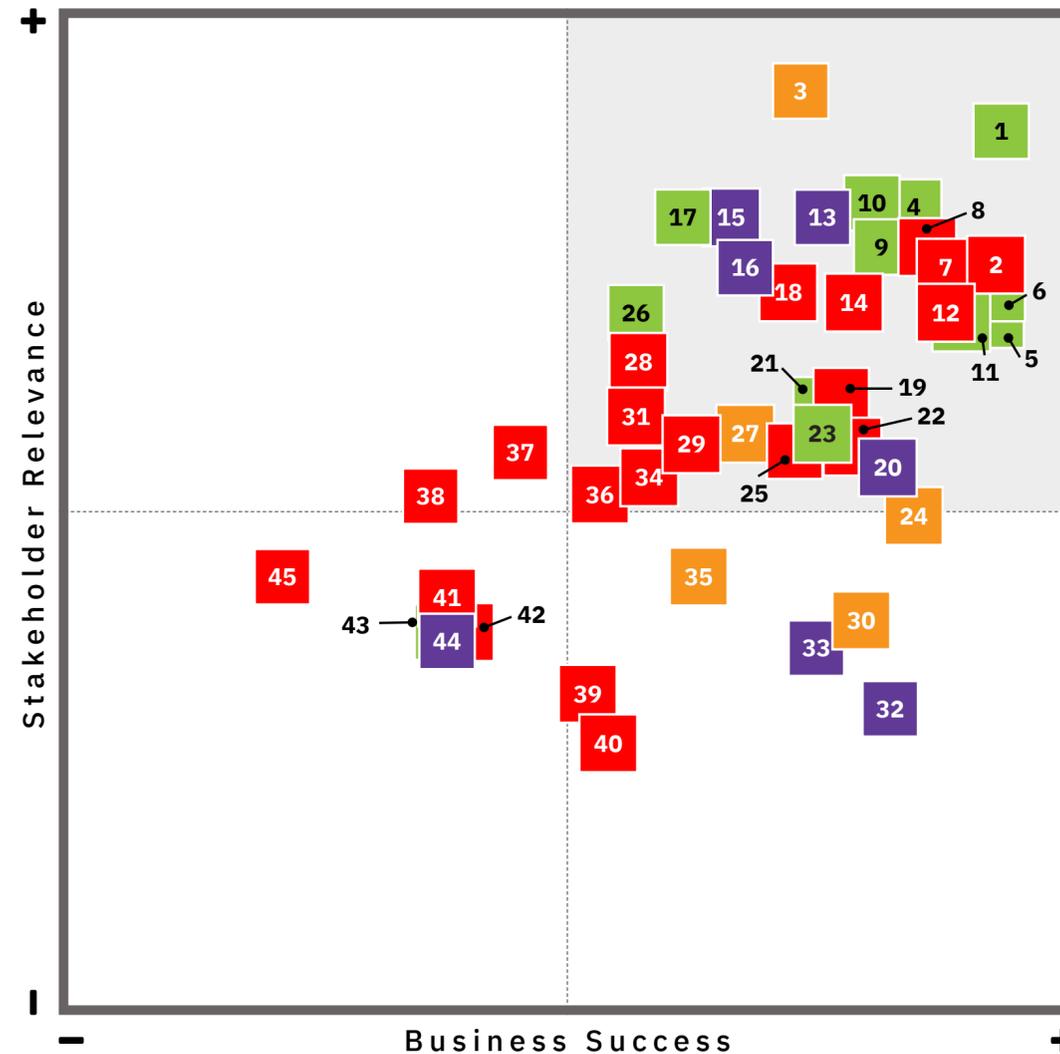
PARTNERSHIPS
FOR THE GOALS

We recognize that complex, ever-changing challenges require innovative solutions that can only be achieved and put into action together. We embrace this reality, and we partner with other companies, governments, NGOs, and institutions to maximize our impact.

MATERIALITY MATRIX

After setting and achieving several public sustainability targets, we conducted a comprehensive materiality assessment to ensure that our overall sustainability priorities were aligned with stakeholder expectations and what our business needs to thrive over the coming years.

As a result of this assessment, we identified and mapped 45 material topics and 17 identified priorities across the three pillars of our ESG framework.



We are currently carrying out the process to update our materiality matrix and priorities, which we will include in our 2023 Integrated Report.

ENVIRONMENT

- 1 Packaging Circular Economy
- 4 GHG Emissions Reduction
- 5 Sustainable Mobility
- 6 Climate Change Adaptation
- 9 Energy Management: Renewables & Efficiency
- 10 WASH (Water Access, Sanitation, and Hygiene)
- 11 Context-Based Hydrological Safety
- 17 Water Efficiency
- 26 Industrial Waste Circular Economy
- 43 Environmentally Responsible Dairy Farming

SOCIAL EXTERNAL

- 13 Human and Labor Rights
- 15 Diversity and Inclusion
- 16 Safety, Health, and Wellness
- 20 Culture, Ethics, and Values
- 21 Labor Relations
- 23 Standards for Contractors
- 32 Talent Attraction
- 33 Compensation and Benefits
- 44 Training and Development

SOCIAL INTERNAL

- 2 Nutritional Attributes of Product Portfolio
- 7 Product Portfolio Diversification
- 8 Relationship with Government
- 12 Consumer Engagement for Circular Economy
- 14 Supporting Small Businesses
- 18 Advertising & Commercial Practices
- 19 Women's Empowerment
- 22 Local Community Relationships
- 25 Information Security & Cybersecurity
- 28 GMOs / Traceability of Ingredients
- 29 Digitalization in Customers
- 31 Promotion of Healthy Habits
- 34 Customer Engagement for Circular Economy
- 36 Support of Local Supply Chains
- 37 Road Safety
- 38 Information & Quality of Products
- 39 Customer Satisfaction Measurement
- 40 Quality of Service for Customers
- 41 Supplier Relationship T&Cs Management
- 42 Mechanism for Consumers to Raise Concerns
- 45 Opportunities for Youth

GOVERNANCE

- 3 Global Integrity & Compliance
- 24 Best-in-Class Board Practices
- 27 Partnerships for Sustainability
- 30 Comprehensive Risk Management
- 35 Code of Conduct

SUSTAINABLE FINANCING

Our approach to sustainable financing enables us to maximize our positive impact by publicly aligning our finance strategy with the achievement of our environmental and social ambitions, while contributing to the United Nations Sustainable Development Goals. We have leveraged our investments with financial instruments that allow us to direct our resources appropriately to mitigate risk, increase positive impact, and align incentives within the company with our ESG objectives.



Green Bond Progress Report

Aligned with this approach and our sustainability strategy, we issued our first-ever green bond in September 2020, valued at US\$705 million, at the time the largest for a Latin American corporation and a first for the Coca-Cola System.

As of December 31, 2022, we had allocated US\$664.87 million of green bond net proceeds to finance or refinance eligible green projects in three main categories—circular economy, water stewardship and climate action—according to our **→Green Bond Framework**. This total investment represented 94% of the net proceeds, leaving US\$40.13 million of net proceeds unallocated at the end of 2022.

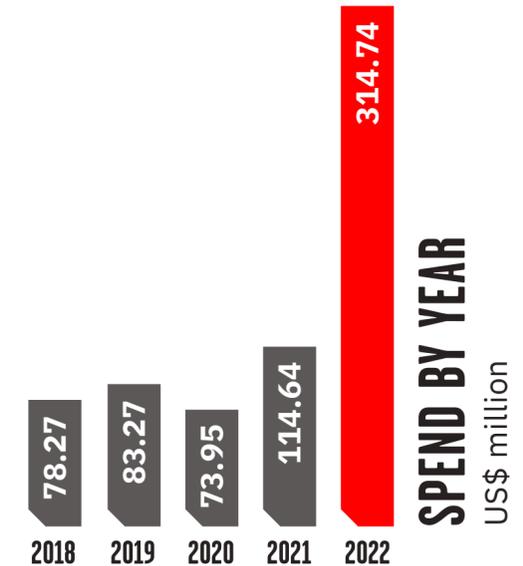
While eligible projects within the three categories focused on a variety of solutions, they shared the common objective of advancing our company’s mission to simultaneously create economic and social value while generating environmental wellbeing across our value chain in collaboration with all of our stakeholders.

Green Bond Allocation

As of December 31, 2022, Coca-Cola FEMSA had allocated US\$664.87 million of green bond net proceeds to projects supporting circular economy, water stewardship, and climate action.

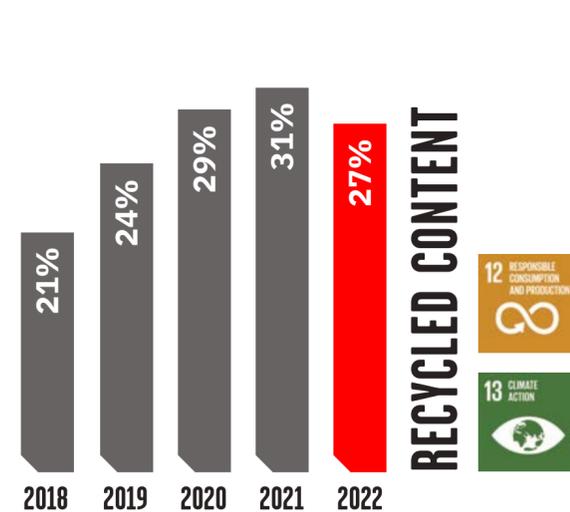
US\$705 Million Green Bond

Issued September 2020
US\$664.87 million allocated
Between 2018-2022

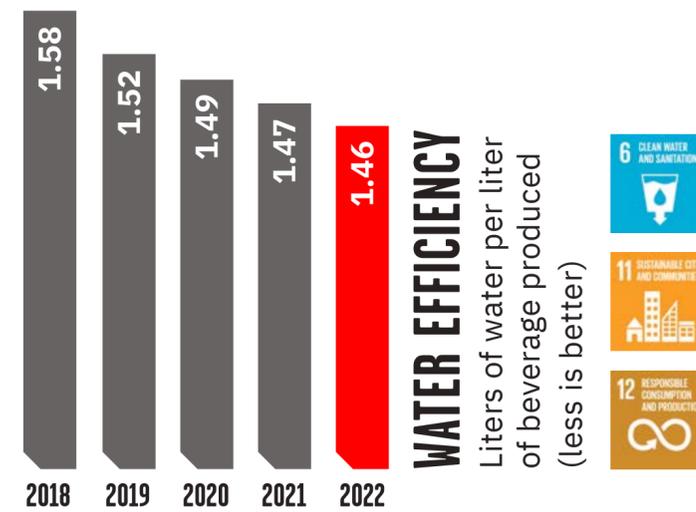


GOAL PERFORMANCE

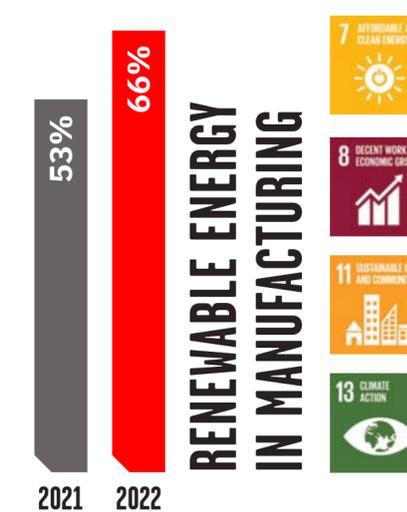
The net proceeds of our green bond help to deliver on our company's sustainability goals, including our commitments to increase recycled content in our PET packaging, improve water efficiency, and reduce CO₂e emissions. From 2018 through 2022, we made progress against these goals, as illustrated in these charts.



Use at least 50% recycled resin (rPET) in our PET bottles by 2030.



Achieve a water use ratio of 1.26 liters of water per liter of beverage produced by 2026.

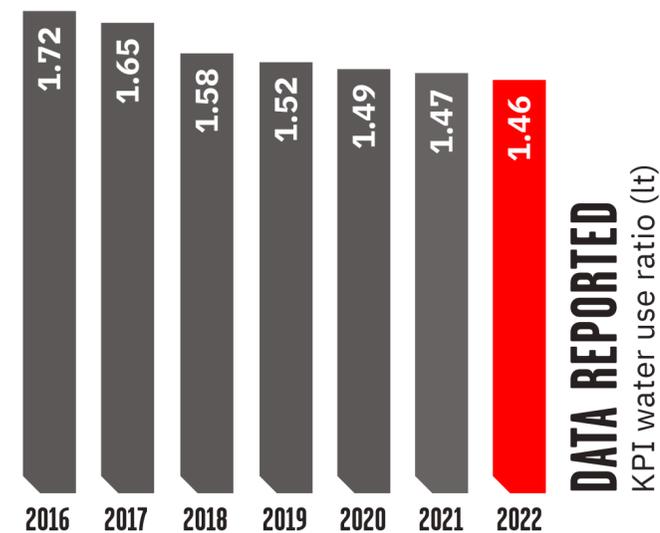


In 2020, we became the first Mexican company and the third in Latin America to achieve the official approval of our emissions reduction targets by the Science Based Target initiative (SBTi), aligned with the goal of the 2015 Paris Agreement to limit global warming to well below 2°C above preindustrial levels. In 2020 KOF committed to use 100% of renewable energy in manufacturing and distribution operations by 2030. Pursuant to this public commitment, we made great progress during 2022 by increasing our renewable energy usage from 53% to 66%.

SUSTAINABILITY-LINKED BONDS

Building on our sustainability strategy, in September 2021, we issued the first-ever sustainability-linked bonds (SLB) in the Mexican market for a total of Ps. 9,400 million in accordance with our [→Sustainability-Linked Bonds Framework](#).

Recognizing that water is not only an invaluable resource for our company and industry, but also an indispensable element of climate change resilience, we are focusing this first issuance on the sustainable and efficient use of water, aligned with our commitment to water stewardship. Unlike the use of green bond proceeds, our sustainability-linked bonds are committed to the achievement of a water use ratio of 1.26 by 2026. Today, our water use ratio is 1.46 liters, a benchmark of water efficiency for the Coca-Cola System.



SOCIAL & SUSTAINABILITY BONDS

Consistent with our financial discipline, strong credit profile, and commitment to sustainability, we issued social and sustainability bonds in the Mexican market for a total of Ps. 6,000 million in October 2022—becoming the first non-financial corporation in the Americas and the first company in the Coca-Cola System to issue social bonds. We also became the first company in Mexico's consumer sector to issue sustainability bonds.

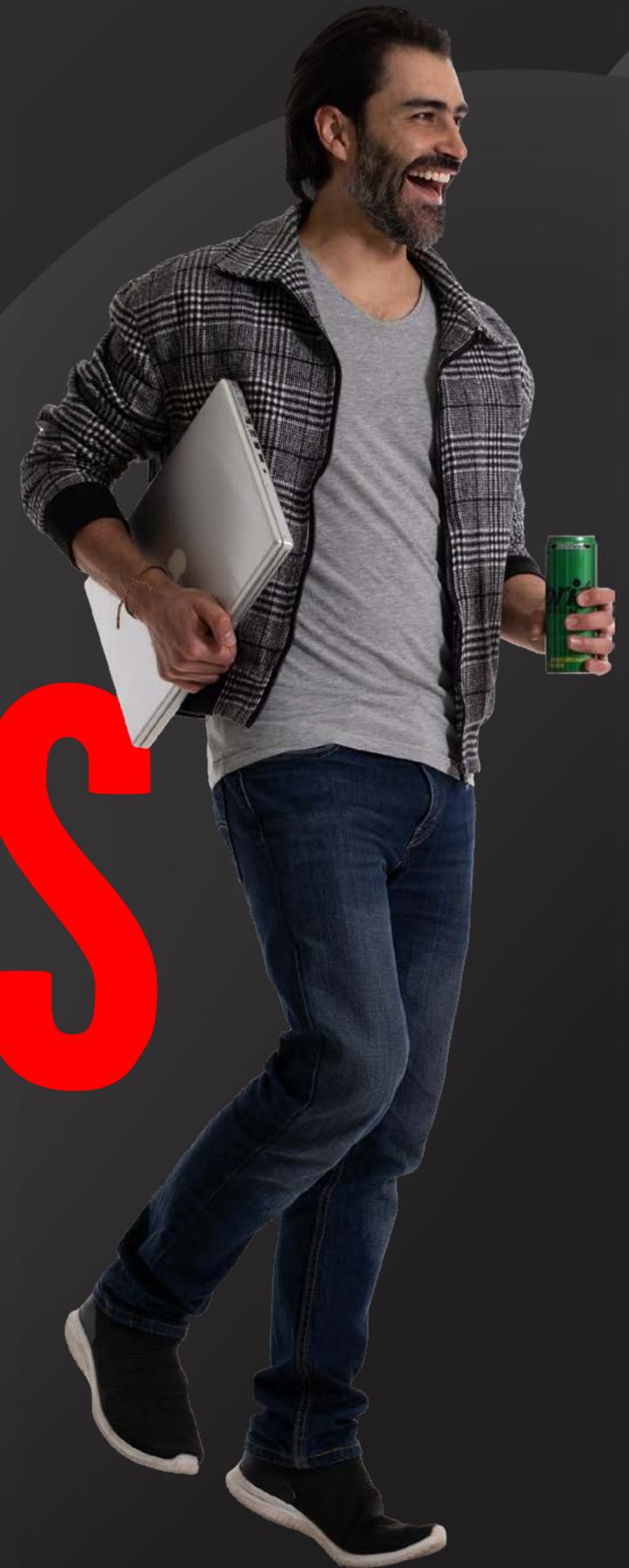
This transaction was completed in two tranches: The first social tranche was priced at a fixed rate of 9.95% (Mbono+0.30%) for an amount of Ps. 5,500 million due in seven years; and the second sustainability tranche was priced at a variable rate of TIIE + 0.05% for an amount of Ps. 500 million due in four years.

The net proceeds from these bonds will be used to finance eligible social and sustainability projects focused on the social and economic development of our communities in accordance with our [→Sustainability Bonds Framework](#). Specifically, the goal of this latest issuance is to support underrepresented and traditionally excluded social groups in our communities with programs that provide entrepreneurial and self-employment skills, financial solutions that support store owners, and investments in sustainable community development, including water replenishment and water access projects.

Subject to the issuance of applicable funding instruments, we will continue to annually report on the allocation of proceeds and the associated impact in the year(s) following issuance of any future funding instruments under our current Green Bond and Sustainability-Linked Bonds Frameworks.

OUR STRATEGIC

PRIORITIES



DEVELOP A

FUTURE-READY PORTFOLIO



Driven by our obsessive focus on our consumers and customers, we aim to grow our core business portfolio, capturing the fair share of Coca-Cola trademark in all markets and channels and achieving the full potential of profitable non-carbonated beverage categories.

WINNING CONSUMER-CENTRIC PORTFOLIO

2

ZERO HUNGER



3

GOOD HEALTH AND WELL-BEING



Our strategy aims to build a winning, consumer-centric, multi-category portfolio for every occasion by leveraging affordability to drive sustainable beverage growth; capturing new consumption occasions and preferences through portfolio innovation; and consolidating our market leadership in emerging beverage categories—from promising alcoholic ready-to-drink to dynamic still beverage categories—while strengthening our multi-category platform across key markets.

Our customers and consumers are at the center of everything we do. We proactively adapt our portfolio strategies and initiatives to satisfy their evolving preferences and practices, expanding the number of routes and households we serve with our direct-to-home Coca-Cola en Tu Hogar delivery routes; enhancing consumer excitement and engagement through limited-edition releases from Coca-Cola Creations; developing complementary indirect distribution models to increase customer service levels; and improving consumer and customer interaction while increasing our single-serve mix by leveraging popular multipacks, increased cooler coverage, and execution across our markets.



SUCCESS STORIES



ENHANCING CONSUMER ENGAGEMENT THROUGH COCA-COLA CREATIONS

During the year, we introduced limited edition, sequential releases from Coca-Cola Creations, The Coca-Cola Company's innovation platform, across key markets to enhance consumer engagement. These exciting new creations—featuring gaming-inspired, pixel-flavored Coca-Cola Zero Sugar Byte and the artist Marshmello's Limited Edition Coca-Cola—enabled us to launch creative new products and experiences successively across physical and digital worlds.



MEXICO: EXPANDING CONVENIENT CONSUMER-CENTRIC HOME DELIVERY



To satisfy evolving at-home consumption occasions and preferences, we continued to expand our home delivery routes to serve the evolving needs of almost 600 thousand households across Mexico. During the year, we not only added over 400 new routes for a total of close to 1,650 home delivery routes, but also integrated our Coca-Cola en tu Hogar D2C omnichannel platform across 85% of those routes, dramatically expanding our base of monthly digital purchasing customers to over 125 thousand households. Thanks to the success of our D2C model, our home delivery routes are rapidly improving their productivity, average ticket, and sales. For the year, we increased the average ticket by driving the mix of non-jug-water products to over 50%, while continuing to improve our delivery effectiveness and net promoter score. For more information see → **D2C Marketplace**



SUCCESS STORIES



MEXICO: DEVELOPING COMPLEMENTARY INDIRECT DISTRIBUTION MODELS

Complementing our direct models, we are developing and customizing indirect distribution models to not only increase customer service levels to our small mom-and-pop clients, but also achieve our saturation strategy. This is reflected in the significant growth of our emerging indirect wholesaler and distributor channels. Through a clear segmentation, route to market, and category management strategy—catering to both big and small deposit wholesalers—the wholesaler channel gained 25 million incremental unit cases for close to 15% volume growth year over year. Similarly, our indirect distributor channel generated high single-digit growth year over year, contributing almost 10 million unit cases or 14% of our total volume across the traditional trade channel. We also continued with our distributor transformation and digitalization process, covering around 45% of this indirect channel's total volume during 2022.



COLOMBIA: HISTORIC CUSTOMER GROWTH

Over the past three years, our Colombian operation achieved historic customer growth of more than 120 thousand clients. Among other strategic initiatives, we accomplished this remarkable growth by expanding our winning consumer-centric portfolio, driving affordability to better serve consumers' demands, and delivering point-of-sale excellence. Indeed, our Colombia operation significantly increased its score in The Coca-Cola Company's execution index year over year, while generating double-digit volume growth for the year.



MEXICO: DRIVING IMPROVED CONSUMER INTERACTION AND SINGLE-SERVE MIX WITH MULTIPACKS

In Mexico, our popular portfolio of multipacks is not only enabling better interaction with our consumers, but also growing our profitable single-serve mix, transactions, and revenues across the modern trade channel. For the year, our multipacks volume grew more than 35%, driving approximately 10% of our incremental volume throughout the modern channel. We tailor our portfolio of six, eight, and 12 multipacks to suit the needs of our customers and consumers—from wholesalers to supermarkets and price clubs. In Mexico's modern trade channel, our multipacks included brand Coca-Cola, Coca-Cola Zero Sugar, Sprite, Mundet, Fanta, Ciel, Seagrams, and Monster.





LEVERAGE AFFORDABILITY TO DRIVE **SUSTAINABLE** **BEVERAGE GROWTH**

Affordability remained an important driver of our sustainable beverage growth. We executed to win in the “away from home” and “at home” consumption occasions thanks to several market initiatives that enabled us to provide our consumers with unmatched affordability. Importantly, we increased our returnable volume almost 25% over the past five years, supported by the successful rollout of our refillable universal bottle. To this end, we continued investing behind this core capability, including more than US\$500 million in production lines and returnable bottles and cases over the past two years.



SUCCESS STORIES



MEXICO: INCREASING RETURNABLE CAPACITY AND COVERAGE

To bolster our returnable strategy, this year we significantly enlarged our refillable capacity and the coverage of our 3-liter returnable PET presentation of Coca-Cola Original. With this launch across seven new cities—including Leon, Queretaro, and Veracruz—this popular affordable multi-serve presentation is now present in 30 cities. We further invested in three new returnable bottling lines with an annual capacity of 50 million unit cases, strengthening our affordable returnable strategy.



MEXICO: EXPANDING UNIVERSAL BOTTLE COVERAGE ACROSS THE TERRITORY

During the year, we launched our 2.5-liter returnable PET universal bottle across multiple new cities. Now covering nearly all of our franchise territory, the universal bottle or *botella unica* enables us to use the same refillable bottle for our core flavored sparkling beverage and juice brands—from our Fanta, Sprite, and Valle Frut brands to our regional Escuis and Victoria flavored brands. Importantly, the expanded coverage of our refillable universal bottle continued to yield share of sales gains in the cities where it was launched.



SUCCESS STORIES



COLOMBIA: GROWING UNIVERSAL BOTTLE COVERAGE YIELDS POSITIVE RESULTS

This year, we significantly expanded the rollout of our affordable universal bottle to cover more than 60% of the country. This transformational bottling technology enables us to offer affordable refillable PET presentations not only of brand Coca-Cola, but also of our flavored sparkling and still beverage brands to compete more effectively in the market, enabling volume and share of sale increases in the cities where it was launched.



BRAZIL: CONSOLIDATING RETURNABLE GROWTH AND HOUSEHOLD PENETRATION

Through our returnable affordability strategy, we continued to consolidate our volume growth and competitive advantage across the sparkling beverage category—growing our household penetration while increasing our returnable volume year over year. For the year, returnable presentations represented close to 160 million unit cases or more than 18% of our sparkling beverage mix. This year, we further capitalized on our new refillable universal bottles to enable flavored sparkling beverage expansion and to improve asset management.



ARGENTINA: GROWING CONSUMER BASE AND VOLUME THROUGH AFFORDABILITY STRATEGY

Under our affordability strategy, we continued to regain share and expand our consumer base in the face of Argentina's dynamic competitive and economic environment. Thanks to our evolving market segmentation strategy—leveraging our integral value proposition and execution excellence—we were able to offer consumers the right product at the right price across diverse socioeconomic segments of our franchise territory, enabling us to improve our household penetration while achieving volume growth year over year.

CAPTURE NEW CONSUMPTION OCCASIONS **THROUGH** **PORTFOLIO** **INNOVATION**



Through ongoing portfolio innovation, we continue to focus on improving our competitive position and capturing the most value from our beverage brands by closely aligning our portfolio with consumers' tastes and preferences. Among our initiatives, we continued to drive the growth of our no- and low-sugar portfolio of sparkling beverages to satisfy and stimulate demand for our products—with no-sugar volumes an impressive 30% ahead of our 2019 baseline—while adapting our portfolio to evolving consumer behavior. Notably, the new visual identity and formula of Coca-Cola Zero Sugar outperformed the sparkling beverage category across our territories, growing 23% year over year as we leveraged a consistent value proposition with sampling, innovation, and customer experience initiatives.



SUCCESS STORIES



MEXICO: COCA-COLA ZERO SUGAR OUTPERFORMING SPARKLING CATEGORY

The new formula and visual identity of Coca-Cola Zero Sugar continued to outperform the sparkling beverage category across our Mexico territory. Impressively, Coca-Cola Zero Sugar achieved 20% volume growth year over year. Notably, our focus on increasing consumer contact and transactions also enabled us to achieve double-digit volume growth in the single-serve format this year.



ARGENTINA, BRAZIL, CENTRAL AMERICA, & COLOMBIA: INNOVATIVE MULTIPACKS SPUR SINGLE-SERVE RECOVERY

In Argentina, Colombia, and Central America, we capitalized on the re-opening of the on-premise channel and the strength of our multipack strategy to recover our single-serve mix, which has increased by more than five percentage points in Argentina and Panama. By leveraging our multipacks, increased cooler coverage, and execution, we look forward to continue growing our single-serve mix across our markets. In Brazil, we also continued to leverage the popularity and household penetration of our convenient, affordable multipacks of Coke and our core flavored sparkling beverage brands—achieving over 28% volume growth year on year. Through our multipacks and other mix initiatives, we reached a single-serve mix of almost 23% this year, exceeding our 2019 baseline by more than 2 percentage points.





SUCCESS STORIES



Colecione as figurinhas especiais 

Compre produtos participantes, descole a figurinha de trás do rótulo e cole na página especial *Coca-Cola* no álbum da Panini.

#AMagiaDeAcreditar

Conheça nossa Coca-Cola Fan Zone



PROMOÇÃO EXCLUSIVA COCA-COLA SEM AÇÚCAR 1,5L, 2L E 2,25L* COM RÓTULO ESPECIAL.

*período de participação: estimado de 12/09/22 a 30/11/22. A ação poderá ter início em datas diferentes conforme região e distribuição dos Produtos Participantes nos pontos de venda. *Veja os produtos participantes e leia o regulamento completo no site www.cocacola.com.br/descolaecola



BRAZIL: COCA-COLA ZERO SUGAR WINNING THE CONSUMER CHOICE BATTLE

In Brazil, Coca-Cola Zero Sugar is winning the consumer choice battle through a consistent value proposition, gaining significant share of sales while generating double-digit volume growth year over year. To achieve this growth, we built on a consistent value proposition with sampling, innovation, and customer experience initiatives—highlighted by the Panini FIFA World Cup Qatar 2022 sticker campaign.



URUGUAY: BUILDING ON OUR COMPANY'S ZERO-SUGAR BENCHMARK

During the year, we continued to build on our leadership position in Uruguay's zero-sugar beverage market—a benchmark with our company. Harnessing the success of Coca-Cola Zero Sugar, we continued to leverage our consistent value proposition and point-of-sale execution with sampling, innovation, and an enhanced customer experience. Consequently, our zero-sugar formulas continued to outperform, with Coca-Cola Zero Sugar volume an impressive 44% ahead of our 2019 baseline.



CAPITALIZE ON EMERGING CATEGORIES & NEW MULTI-CATEGORY OPPORTUNITIES

This year, we continued to capture market share across emerging still beverage categories—from hydration to energy, tea, and sport drinks. We also strengthened and consolidated our multi-category platform through distribution agreements and pilot programs with strategic partners in certain markets across adjacent categories, prioritizing leading beer, spirits, alcoholic ready-to-drink (ARTD) beverages, snacks, and consumer packaged goods brands. Through our winning strategic partnership model, we are building a one-stop shop for our customers and consumers, while exploring complementary revenue streams that boost our presence, visibility, and share of wallet at the point of sale through targeted cross-promotion and execution opportunities across physical and digital realms.



SUCCESS STORIES



BRAZIL: DELIVERING MONSTER ENERGY DRINK GROWTH

Bolstered by our Monster brand, we not only achieved record share of sales, but also expanded our share of sales leadership position in Brazil's fast-growing energy drink segment. Our portfolio of Monster brand energy drinks capitalized on every product—from Monster Energy Green to Monster Mango Loco and Monster Absolutely Zero—to fuel volume growth of more than 26% year on year. Furthermore, our Reign brand delivered important volume growth for the year.



URUGUAY: LAUNCHING SUCCESSFUL LOCAL PRODUCTION OF POWERADE

After previously importing Powerade into Uruguay, we successfully began local production of this refreshing sports drink during the fourth quarter of 2022. As a result, we re-launched our 600-ml presentation of Powerade, achieving record share of sales, double-digit volume growth, and better profitability backed by a new marketing strategy within this emerging beverage segment.



COLOMBIA: CONSUMER-CENTRIC BRISA MANZANA SPURS TRIPLE-DIGIT GROWTH

Catering to our consumers' shifting preference to natural, no-calorie beverages, we took portfolio innovation to the next level with the expanded consumer-centric launch of our locally developed formula of Brisa Manzana (Colombian Apple) sparkling water. By leveraging this refreshing proposition, we almost tripled our year-on-year volume growth, while achieving significantly higher share of sales in the country's competitive flavored sparkling water segment.





SUCCESS STORIES



BRAZIL: PROMISING NEW CONSUMER-CENTRIC BEER PORTFOLIO

After completing the transition of the Heineken and Amstel beer brands to Heineken's distribution network during 2021, this year we managed to increase the share of sales of our promising new consumer-centric beer portfolio, including Heineken legacy and new beer brands. Notably, Sol beer sales recovered considerably; Kaiser took the lead of the economy segment, achieving significant market share growth; and Eisenbahn Unfiltered won a Gold Medal at the World Beer Awards 2022. Additionally, recently acquired Brazilian craft beer brand Therezópolis achieved record sales volume in the premium segment. We also leveraged our existing long-term distribution agreement with Estrella Galicia, achieving positive performance for the year.



MEXICO & BRAZIL: EMERGING OPPORTUNITIES IN FLAVORED ALCOHOLIC READY-TO-DRINK BEVERAGES

Consistent with our journey to become a total beverage company with drink options for all consumption occasions, we continue to work closely with The Coca-Cola Company to identify and define a broader multi-category portfolio of beverages beyond our traditional non-alcoholic ready-to-drink beverages. Our experience with Topo Chico Hard Seltzer shows consumers are excited to see recognizable beverage brands that they already enjoy enter the flavored alcoholic ready-to-drink space. With the combination of a familiar, beloved brand and a strong distribution and market position, we are confident that consumers will enjoy our emerging portfolio of flavored alcoholic ready-to-drink beverages, including Topo Chico Hard Seltzer (Brazil, Costa Rica, Mexico), Jack Daniel's & Coca-Cola (Mexico), Lemon-Dou (Mexico), and Schweppes Premium Drinks (Brazil).



SUCCESS STORIES



BRAZIL: TANTALIZING TEA, SPORT DRINKS, AND WATER GROWTH

This year, we continued to leverage our reformulated portfolio to cater to our Brazilian consumers' growing demand for refreshing teas. The combination of our cold-fill formula, together with the rollout of Leão brand teas, enabled us to increase our sales volume by over 15% for the year, while increasing our sales to a record share of sales in this fast-growing beverage category. We also achieved significant share of sales and almost 60% volume growth in the profitable sport drinks category year over year. We further capitalized the on the market opportunity in the water segment to drive over 29% volume growth.



BRAZIL & MEXICO: WINNING MULTI-CATEGORY STRATEGIC PARTNERSHIPS & ALLIANCES



Aligned with our vision and enhanced cooperation framework with The Coca-Cola Company—while leveraging our expanding B2B and D2C omnichannel digital platforms—we continued to roll out new distribution agreements and pilot programs with strategic partners to not only consolidate our multi-category platform, but also test complementary categories, prioritizing leading beer, spirits, snacks, and consumer packaged goods brands in certain markets. For more information on B2B and D2C platforms see → **Become our customer's preferred Omnichannel Commercial Platform** We further carried on gathering important insights on the ways in which our partners' different supply chains operate.

In Brazil, we announced a new distribution agreement with Campari Group on April 19, another step to strengthen and consolidate our multi-category

platform with a high-potential leading spirits brand. During the year, we continued exploring complementary revenue streams in Brazil, as exemplified by our announced distribution agreement on July 14 with Grupo Perfetti Van Melle—one of the world's largest manufacturers of sweet confectionary snacks and chewing gum with global brands such as Mentos and Fruit-tella.

Building on our expanding pilots with leading consumer and personal care brands, we began a pilot beer distribution program in Mexico to strengthen our portfolio's presence in the traditional trade channel, enabling more customers and consumers to access a broader multi-category portfolio. We expect these pilots will enable us to not only expand our customers' value proposition, but also obtain necessary learnings and insights to continue advancing towards potential strategic alliances in the future.



RESPONSIBLE MARKETING

At Coca-Cola FEMSA, our consumers are at the center of everything we do. Therefore, we are committed to the responsible marketing of our products. Guided by the principles of transparency, fact-based information, and authenticity, we have a history of aligning our commercial practices with our values and our sustainability and business goals.

As we evolve and respond to consumers' desires for more choices across categories, we are reducing added sugar while providing more beverages with nutritional benefits; optimizing our mix of products; offering more small packaging choices; and providing our consumers with clear nutritional information.



1. Informed nutritional decisions

To enable our consumers to make healthy informed choices across every one of our operations, our upfront product labels include clear, easy-to-find nutritional content information. Our nutritional labeling strategy is based on providing consumers with clear and complete information in full compliance with applicable regulations in each of the countries we serve. Our aim is to ensure that our consumers are provided with high-quality information.



2. Responsible marketing

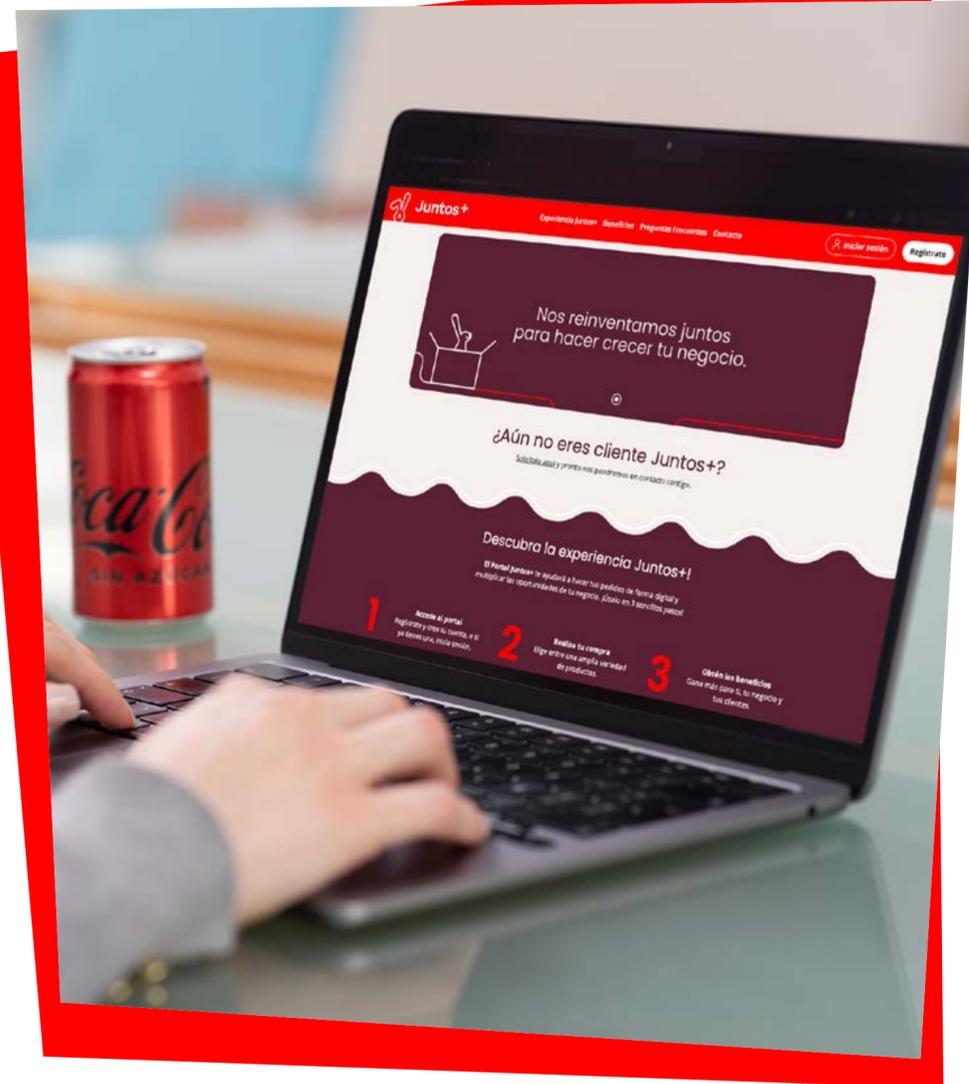
As part of our commitment to the wellbeing of our consumers and customers, our advertising adheres to The Coca-Cola Company's Responsible Marketing Policy and Global School Beverage Guidelines. For instance, as part of the Coca-Cola system, we diligently follow and enforce The Coca-Cola Company's Responsible Marketing Policy, and we respect the role of parents and caregivers by not marketing directly to children under 13. For more information see → [The Coca-Cola Company's Responsible Marketing Policy](#).



3. Highest quality

Our production processes fulfill the highest quality standards; our ingredients comply with each of our operations' local regulations and international standards of other regulatory agencies, including CODEX, FDA, JEFCA, and EFSA. Our processes are performed in state-of-the-art bottling facilities within the global beverage industry—all FSSC 22000 certified—thus guaranteeing only the best quality products for our consumers.





Aligned with our priority to expand our total and digital client base across our markets we will continue to build a future-ready omnichannel multi-category commercial platform—which will seamlessly interact with other interconnected platforms and encompass our business-to-business (B2B), direct-to-consumer (D2C), indirect, and digital trade channels.

BECOME OUR

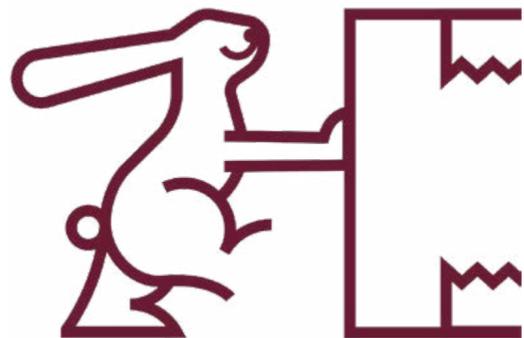
**CUSTOMER'S
PREFERRED**

**OMNICHANNEL
COMMERCIAL
PLATFORM**

JUNTOS+ TRADITIONAL OMNICHANNEL COMMERCIAL PLATFORM



To achieve our vision, we are building a profitable, customer-centric omnichannel B2B commercial platform across our multi-category product offerings, with a differentiated end-to-end customer experience.



During the year, we significantly accelerated the evolution of our customer-centric Juntos+ B2B omnichannel multi-category commercial platform. Through this omnichannel platform, we will connect every point of contact in real time for our large base of more than 2 million traditional trade clients. To this end, we are building on our successful pre-sale model and call center experience with

digital touch points to amplify our customer service—from direct messaging and chatbot-enabled conversational commerce to mobile and desktop experiences via our app and web portal—so our clients can interact with us whenever, wherever, and whichever way they want.



10:00 AM

Juan has been our client for some years. Today, as every Monday, Juan is visited by Mario, his usual pre-seller. While Juan is busy taking care of his business, he asks Mario to place his weekly order.

03:30 PM



Hours later, Juan realizes that he forgot to order a specific product, but it is too late. Mario will visit him again in a few days. Juan then uses KOF's chatbot to place an additional order, including the specific product he had forgotten.



03:35 PM

Mario instantly receives a notification in his handheld: "Juan has placed an additional order."



04:02 PM

Mario decides to call Juan to confirm his new request.



08:00 PM

Overnight, Juan's cooler malfunctioned.

Using his cellphone, Juan accesses KOF's mobile app and creates a service order to evaluate and repair his cooler.

Juan receives a call from the Contact Center: "A technician will visit you in the next few hours."



10:30 AM NEXT DAY

Next, he confirms that his most recent orders will be delivered in the afternoon, using the order tracking functionality.



12:55 PM NEXT DAY

As the delivery truck approaches Juan's business, he receives a notification: "Your order is about to be delivered. You will be the next customer in our route to be served."



01:50 PM NEXT DAY

The delivery truck arrives, and Juan receives both of his orders. He uses the built-in e-payment system in KOF's mobile app to create a QR Code.

Juan validates his payment was successful and verifies his total balance. Juan is a satisfied customer.



Juntos+



Our Juntos+ platform is focused on the customer first and foremost. With that mindset, we are building out our omnichannel platform around them, offering a growing array of customer-centric options and features to provide a holistic client experience across multiple points of contact. Recognizing that this is very much a relationship-driven business, we are enhancing the face-to-face personal customer experience our clients enjoy with digital order-entry tools, including our chatbot-enabled conversational commerce solution and our evolving web portal and mobile app—which we are scaling up companywide after our successful deployment across Brazil, Mexico, and now Colombia. The mobile app's latest version 3.0 provides our clients with a wider array of features, including 24/7 digital order entry and tracking, exclusive promotions, and a developing customer loyalty program.

Our large base of traditional trade customers is rapidly embracing the digital options available on our omnichannel platform. Notably, we are now serving over 1.3 million registered clients, reaching more than 800 thousand digital monthly active users, on our B2B platform—up over 170% and 210%, respectively, year over year—in Argentina, Brazil, Central America, Colombia, and Mexico. Clients' preference for our robust omnichannel platform is clearly reflected in their growing customer satisfaction, acceptance, and rising orders, while amplifying the performance of new categories across our product portfolio.

Overall, we processed more than 17.7 million orders on digital channels, generating close to US\$1.2 billion in digital revenue that represents roughly 16% of our company's total orders—a triple-digit increase in orders and revenue as compared to 2021.

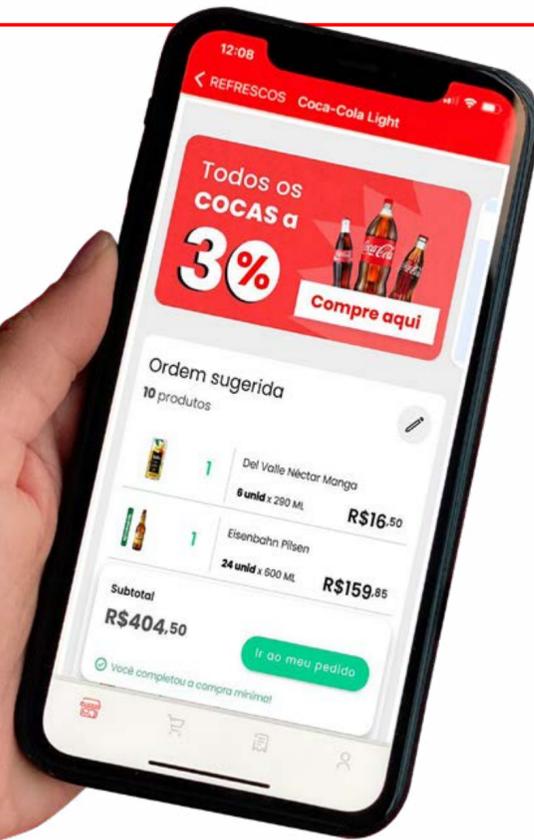
This year, digital sales accounted for almost **US\$1.2 billion**.

We processed more than **17.7 million** orders on digital channels in 2022.

We are serving over **1.3 million** registered clients, including more than **800 thousand** monthly active users digital, on our B2B platform.

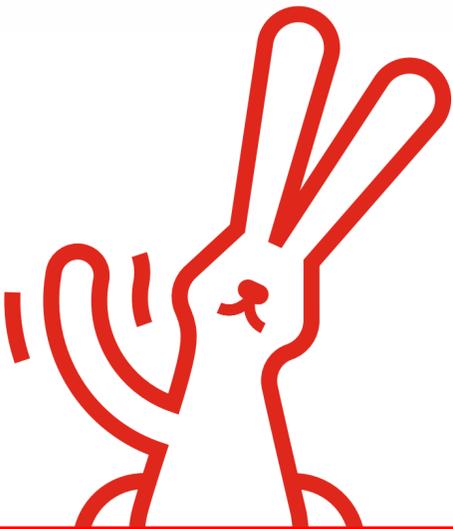
Digital revenue represents approximately **16%** of our company's total orders.





COLOMBIA, BRAZIL & MEXICO: PERCENTAGE OF DIGITAL PURCHASING CUSTOMERS EXPANDS

This year, our Colombian operation expanded its base of digital purchasing clients to over 177,000 digital monthly active users on our B2B omnichannel commercial platform. Building on the successful strategic evolution of our omnichannel platform in Brazil and Mexico, we capitalized on growing customer demand for our chatbot-enabled conversational commerce solution. This easy-to-use solution enables our large base of traditional trade clients to expand their order entry window to 24/7, empowering them to place an order for their favorite brands/categories whenever and wherever they want.



BRAZIL & MEXICO: 917 THOUSAND REGISTERED CUSTOMERS EMBRACE OUR B2B OMNICHANNEL PLATFORM

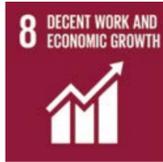


During 2022, our Brazilian and Mexican operations reached approximately 917,000 registered users—including almost 615,000 monthly active users—on our B2B omnichannel multi-category commercial platform. Appealing to customer demand for a one-stop solution, our B2B platform enables our large base of traditional trade clients to not only place an order for their favorite brands/categories whenever, wherever, and whichever way they choose, but also take advantage of a constantly evolving array of features—from 24/7 digital order entry and tracking to exclusive product promotions and a customer loyalty program now deployed to over 100 thousand customers.

For the year, our Brazilian and Mexican traditional trade customers generated over US\$1 billion digital revenue on our B2B omnichannel platform—up 221% from 2021.



D2C MARKETPLACE



Our goal is to develop a profitable and scalable D2C business model to market our company's products and services directly to our consumers' homes, acting as a benchmark in the market. Aligned with this goal, our mission is to become households' favorite D2C multi-category platform throughout our operations, offering top-class services.



EVOLVING D2C OMNICHANNEL PLATFORM

Aligned with our mission, we continue to enhance and develop the functionalities of our evolving D2C model throughout our customer-centric points of contact to become the favorite platform for home consumers throughout our company's operations.

Vision

Develop a profitable and scalable standardized model to sell products directly to the consumer at home, being a reference in the market

Mission

Be the favorite B2C platform for consumers in KOF's operations offering top-class service



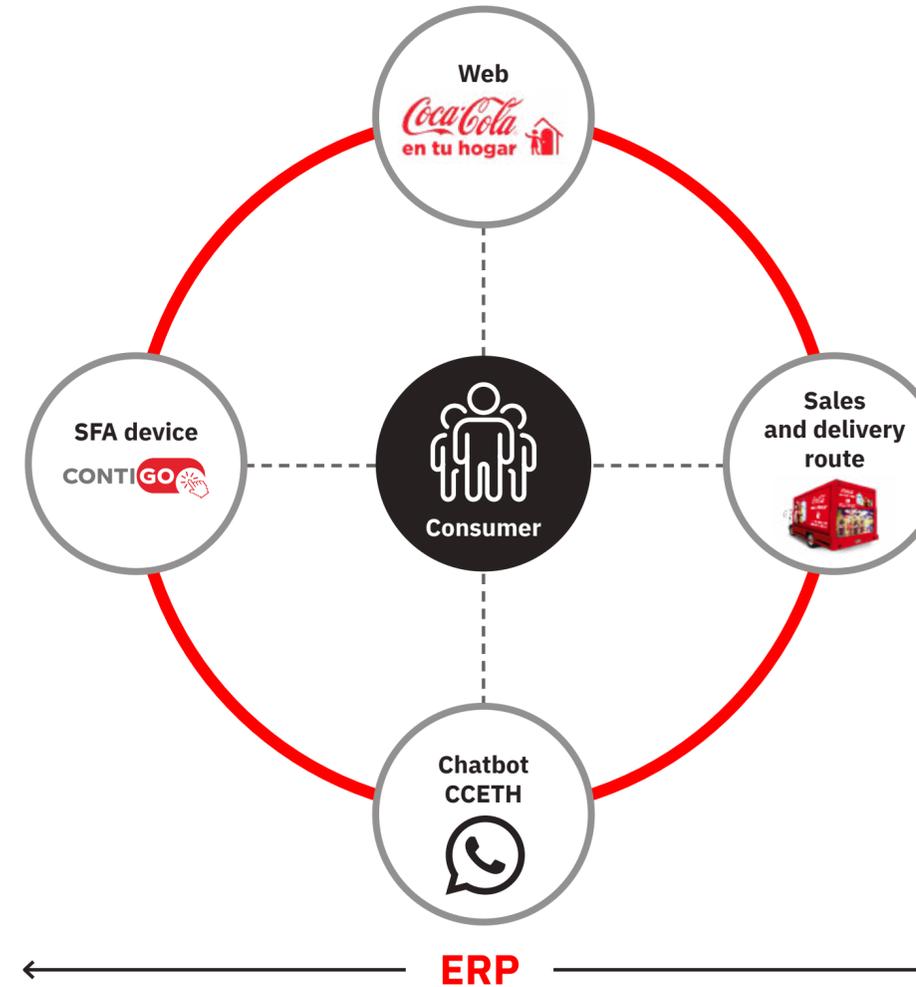
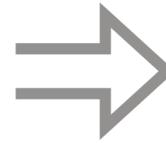
- Personalized attention
- Direct support to consumer
- Living the experience



- Penetration
- Immediacy
- Practicality



- Shopping experience
- Loyalty plans
- Different payments means
- Multi-functionality



This year, we carried on with the historic expansion of our D2C home delivery model, rolling out 400 new routes—reaching close to 1,650 routes serving almost 600 thousand households in Mexico. Our home delivery coverage continued to prioritize the cities and territories with the most market potential, including Mexico City, Leon, Puebla, San Luis, Tapachula, Toluca, Tuxtla, and Veracruz. Looking ahead, we are exploring the possible expansion of our home delivery model to other countries of operation based on their market potential and digital maturity.

Importantly, we integrated our consumer-centric D2C omnichannel platform across 85% of our home delivery routes, and we dramatically expanded our base of monthly active users.

Thanks to our evolving D2C omnichannel platform, home consumers enjoy the personalized attention and direct support of their delivery route drivers and customer call centers; the 24/7 digital home order-entry platform; and the digital shopping experience of the Coca-Cola en tu Hogar (CCETH) website, enabling them to view our complete portfolio with all of our promotions. The success of our D2C platform is reflected not only in home consumers' growing acceptance and digital orders, but also in our multi-category portfolio's enhanced price-mix performance, with the average ticket of consumers who buy online increasing almost two times.

We processed more than 900 thousand digital home delivery orders in 2022, expanding our

average ticket by 2 times versus auto sales model.

As we move forward, we will continue to enhance and develop the functionalities of this evolving D2C omnichannel platform throughout our main consumer-centric points of contact—from the integration of web-based digital payment platforms and multi-category product offerings to 24-hour and scheduled deliveries—to improve our value proposition and expand our household penetration while continuing our consumer-focused evolution.

We processed more than 900 thousand digital home delivery orders in 2022, expanding our average ticket by 2 times versus auto sales model.



DIGITAL & ANALYTICS HUB: DRIVE AGILE, DIGITAL EVOLUTION



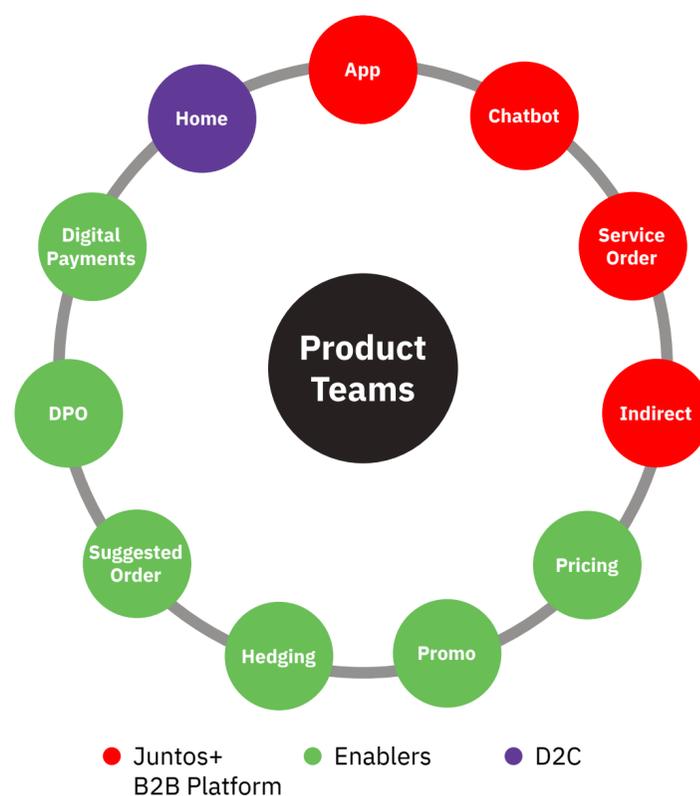
Aligned with our vision, the mission of our digital and analytics hub is to enable the expansion of our omnichannel commercial platforms by connecting the needs of our customers, consumers, and business—using technology to drive a new way of working across the company. Through our agile, digital, analytical, and customer-focused talent and mindset, we not only empower our organization's cultural transformation and strategic capability building, but also co-create prioritized digital and analytical solutions that accelerate the deployment of our commercial platforms and solutions holistically through agile cells—ranging from our Juntos+ B2B, D2C, and indirect omnichannel platforms to digital payments, pricing, and promotions.

Enabling A New Way of Working (WoW)

Through our digital and analytics hub, we have implemented a co-creation process where we assemble agile cells—with different profiles, skills, functions, and areas—that ensure our business units' participation from the conception and development to the delivery of our digital and analytical solutions to our operations, clients/customers, and consumers. To this end, we use agile product construction frameworks such as scrum or kanban that enable continuous value deliveries over short time spans, while building workspaces and environments that facilitate collaboration and encourage teamwork.

AGILE CELLS ACCELERATE EXPANSION OF OMNICHANNEL COMMERCIAL PLATFORMS

Our agile cells co-create a growing portfolio of digital and analytical solutions that accelerate the expansion of our omnichannel commercial platforms.



Enabling An Aggressive Pipeline of Digital and Analytical Solutions

Through our co-creation model, our agile cells are not only accelerating the expansion of our omnichannel platforms, but also generating positive value through an aggressive pipeline of digital and analytical solutions. One of our agile cells is working to design, implement, and scale the suggested order analytical solution for our Juntos+ B2B platform, utilizing machine-learning algorithms. This solution enables us to predict the number of products our clients' need to prevent out of stocks, and thereby, improve the customer experience by tackling two key pain points for our traditional trade clients: increasing sales while reducing out of stocks of their preferred products. Consequently, the more than 1.1 million Brazilian and Mexican customers with suggested order have increased their sales significantly.

Another agile cell is optimizing distribution planning at the strategic, tactical, and operational levels, using machine learning and digital applications to accelerate our delivery response capacity in order to increase customer service and business profitability. As a result, we have improved our customer service levels considerably, utilizing artificial intelligence to calculate the necessary delivery times for 1 million customers in Brazil and Mexico.

Furthermore, our Juntos+ app cell is capitalizing on our customer knowledge to optimize the user interface of our mobile app, considering user frictions, expectations, and objectives. In this way, we have improved the customer experience at every stage of the journey—from searching and browsing to gathering product knowledge and ordering, to consulting and confirming delivery status.



SUPPLY CHAIN ENABLERS: FACILITATE OMNICHANNEL STRATEGY



Our omnichannel multi-category strategy leverages our leading-edge supply chain enablers to enhance our customers' experience when they interact with us, while evolving our capabilities to win in the market and the industry.

Digital Distribution

After the successful deployment of our Digital Distribution 2.0 platform throughout our Brazilian and Mexican operations, we began the implementation of this platform across our Colombia, Costa Rica, and Guatemala operations over the course of 2022. Addressing the entire strategic and tactical planning cycle of our secondary distribution process—from analytics to delivery route planning and execution—this enhanced platform features route traceability, a web-based app for supervisors, end-to-end supply chain network analysis, digital real-time control of our distribution operation, and interaction with customers to track their orders. Through our increasing operational discipline and use of these digital tools, we seek to continuously improve our customer service and the productivity of our delivery teams.



CUSTOMER CONTROL TOWER ENABLES DYNAMIC ROUTING FOR 24/7 ORDER ENTRY

Through our Customer Control Tower, we monitor and manage our entire commercial and distribution operation, enabling both real-time and dynamic routing. With the deployment of dynamic routing across our secondary distribution fleet in Argentina, Brazil, Colombia, Costa Rica, Guatemala, Mexico, Panama, and Uruguay, we are able to offer 24/7 order entry. Thanks to this enabler, we enjoy the flexibility to plan vehicles' routes on a daily, weekly, and monthly basis, thereby optimizing available delivery resources and distances traveled to serve our customers.

For more information on the positive environmental impact of dynamic routing see [→Climate Action](#)

With the evolution of our Digital Distribution 2.0 platform, we have completed the rollout of real-time routing across 100% of our Brazil and Mexico operations' secondary distribution routes, serving 220 thousand clients per day. With real-time routing, we adapt our delivery process to unplanned daily events, constantly integrating and analyzing traffic, road, climate, and other conditions to define the most efficient delivery sequence and route, thereby fulfilling our sales promise while improving customer service and engagement.

Aligned with the deployment of our Digital Distribution 2.0 platform, we have implemented our web-based Delivery Supervisor App to enable delivery supervisors to better manage their teams in Brazil, Mexico, Panama, and Uruguay. By connecting our route monitoring tools and telemetry equipment, this app allows managers to not only make quick inquiries about routes, drivers, and customers, but also to act swiftly to account for any incidents or deviations during the execution of delivery routes.

Consistent with our omnichannel multi-category strategy, we further deployed our order-tracking platform to enable customers to track their orders—created on any commercial channel—from the moment of shipment to delivery.

Through our increased operational discipline and utilization of these digital tools, we look to continuously improve our customer service and our delivery teams' productivity. For example, in Mexico, we implemented the My KOF Route project, a business initiative that processes key information from different strategic areas to generate added value and facilitate integrated operational teams management. During the year, we also explored the use of advanced analytics to predict customer service times, maximizing our route planning capabilities through a tool capable of serving all of our operations.

Warehouse Optimization & Digitalization

During the year, we continued with our warehouse optimization to enable our growing multi-category product portfolio and to increase our warehouses’ storage density and productivity, while avoiding significant capital expenditures (CAPEX).

We are transforming the way we analyze, design, and utilize our warehouses. Through the introduction of new concepts—from optimal height utilization to more fronts and less depths, and honeycombing effect reduction—our estimated increase in warehousing capacity is around 25,000 pallet positions, equivalent to an estimated CAPEX avoidance of US\$30 million. Based on the methodology derived from a customized artificial intelligence (AI) platform, our teams developed several different algorithms and implemented optimizations across 16 operating units with positive results. Using this AI platform, we continued working on new warehouse design capabilities for pallet and case slotting, staffing, and docks optimization. Moreover, we plan to expand these capabilities to the rest of our territories and to explore optimization opportunities across the rest of our supply chain, from inventory to distribution.

We also continued the systematic deployment of advanced picking solutions, including both real and optimal picking. Utilizing voice and digital images, these advanced picking solutions improve our warehouses’ level of service through the assertive assembly of mixed pallets according to each client’s specific needs, maximizing load and route optimization while increasing productivity. By year-end 2022, we not only integrated real picking across 100% of our Brazilian operating units, but also rolled out this solution to 87 operating units across three different operations. We further finalized the implementation of optimal picking throughout all of our Brazilian operating units.

MANUFACTURING 4.0

As part of our digital supply chain strategy, we defined the technological tools and applications behind our Manufacturing 4.0 strategy to ensure seamless manufacturing performance, while focusing on developing the capabilities to ensure operational responsiveness and efficiency.

	Line Performance	Connected Workforce	Digital Maintenance	Digital QSE
Objectives	Improve bottling line reliability and productivity through deployment of line visualization platform	Digitize and automate operation model activities to create execution efficiency	Improve maintenance planning and execution processes through digital solutions that mitigate risk and maximize asset productivity and reliability	Implement future state of Quality and Safety evolution by leveraging digital solutions
Foundations	Digital Manufacturing Capabilities Development OT/IT Management and Architecture Cybersecurity			

During the year, we further carried out proofs of concept, where we compiled insights about those technologies that will enable us to build scalable, digital capabilities. Starting in 2023, we will begin the deployment of use cases for different digital technologies and applications in Brazil, Colombia, and Mexico.



MAKE A DIFFERENCE IN **ESG**



For purposes of these metrics, we have considered owned and third-party distribution centers. Plants acquired during the year 2022 will report on these metrics in the 2023 Integrated Report.



OUR CULTURE OF ACTION

At Coca-Cola FEMSA, we have a deep drive to improve our environment and the communities in which we operate, and conversely, to understand the impact our environment and communities have on our business. We have established sustainability priorities based on materiality assessments, and shifted our capital strategy to finance our sustainable development, using green and sustainability-backed bonds to finance some of our important work.

Over the last year, we engaged in a comprehensive ESG transformation process involving all parts of our operation. We sought to ensure our practices aligned not only with local requirements, but also with world-leading best practices across industries, so we could establish a new frontier for our local markets on ESG trends and commitments.

We established an ESG Committee, comprised of the company's senior leadership team,¹ including our CEO, guided the transformation process and met regularly to make strategic sustainability decisions. To ensure enduring success, senior executives with knowledge of the business and sustainability actively participated in this new vision for change and contributed perspectives from across all areas of our organization.

At Coca-Cola FEMSA, our guiding strategic framework incorporates Environmental, Social, and Governance (ESG) principles in two complementary ways. The first is overarching guidance for each of our strategic priorities to ensure that the decisions we make and the resulting changes we drive through these six corridors are sustainable. This ensures that our growth is responsible throughout our organization and serves all of our stakeholders. The second is as one of our priorities—our imperative to make a difference in ESG. We separated this from our overarching guidance of sustainable development because we want to ensure that we are proactive in our approach to become a more sustainable organization. Much more than compliance, our plans for sustainability proactively foster a culture of action.

¹ The ESG Committee is comprised of our company's CEO, CFO, Human Resources Director, a COO from one of our main operations, Supply Chain Director, Corporate Affairs Director, and permanent invitees from the FEMSA Sustainability team, among others.

OUR ESG TRANSFORMATION METHODOLOGY

We based our transformation work over the past year on six guiding principles:

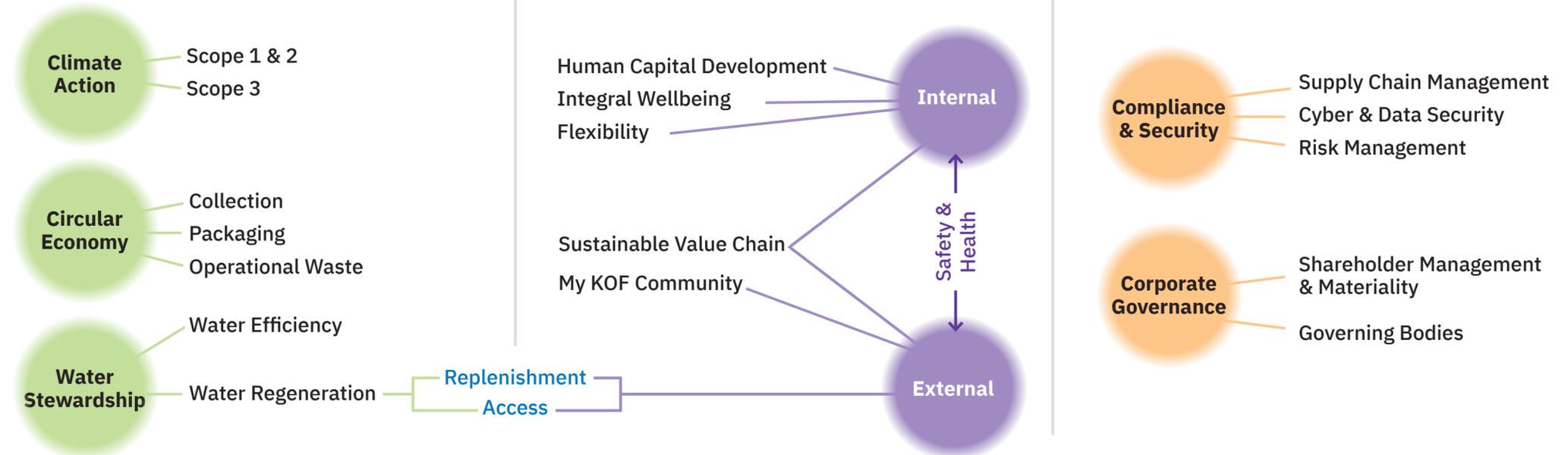
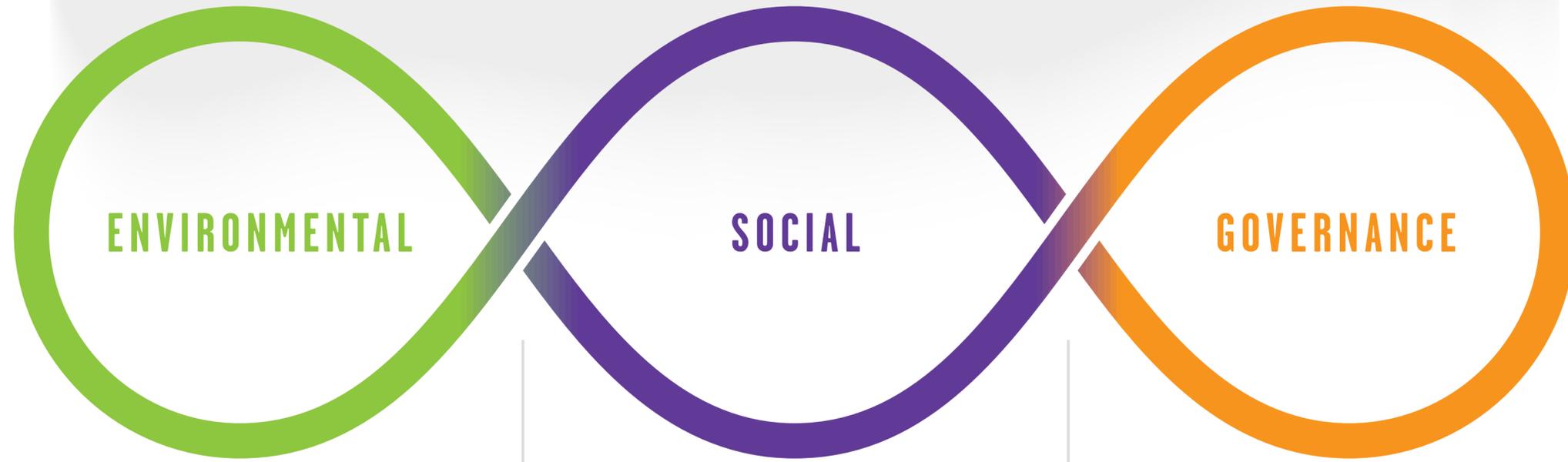
- 1. Integrate ESG in the business:** Embed ESG in all critical business actions to engrain a new way of working for Coca-Cola FEMSA.
- 2. Balance “best-in-class” efforts across the three ESG pillars:** Ensure that leadership was attained holistically across environmental, social, and governance perspectives.
- 3. Drive change from the top while involving all stakeholders:** Encourage bold decision-making and shared responsibility for advancing ESG initiatives.
- 4. Consider all sources of value and a cost of inaction:** Balance immediate financial incentives with the long-term value of ESG progress.
- 5. Define metrics and ensure transparency:** Develop clear metrics quickly that could be cascaded throughout the organization.
- 6. Amplify change management with training:** Translate corporate-level ESG strategy to key stakeholders across the organization, enabling them to enact change.

The execution was divided into five distinct phases to develop and refine our sustainability strategy. For more information see → [Sustainability Framework](#).



OUR ESG STRATEGIC FRAMEWORK

Make a difference in environmental, social and governance (ESG)



..... DIVERSITY, EQUITY & INCLUSION

..... DIGITALIZATION (ENABLEMENT, TOOLS & TRAINING)

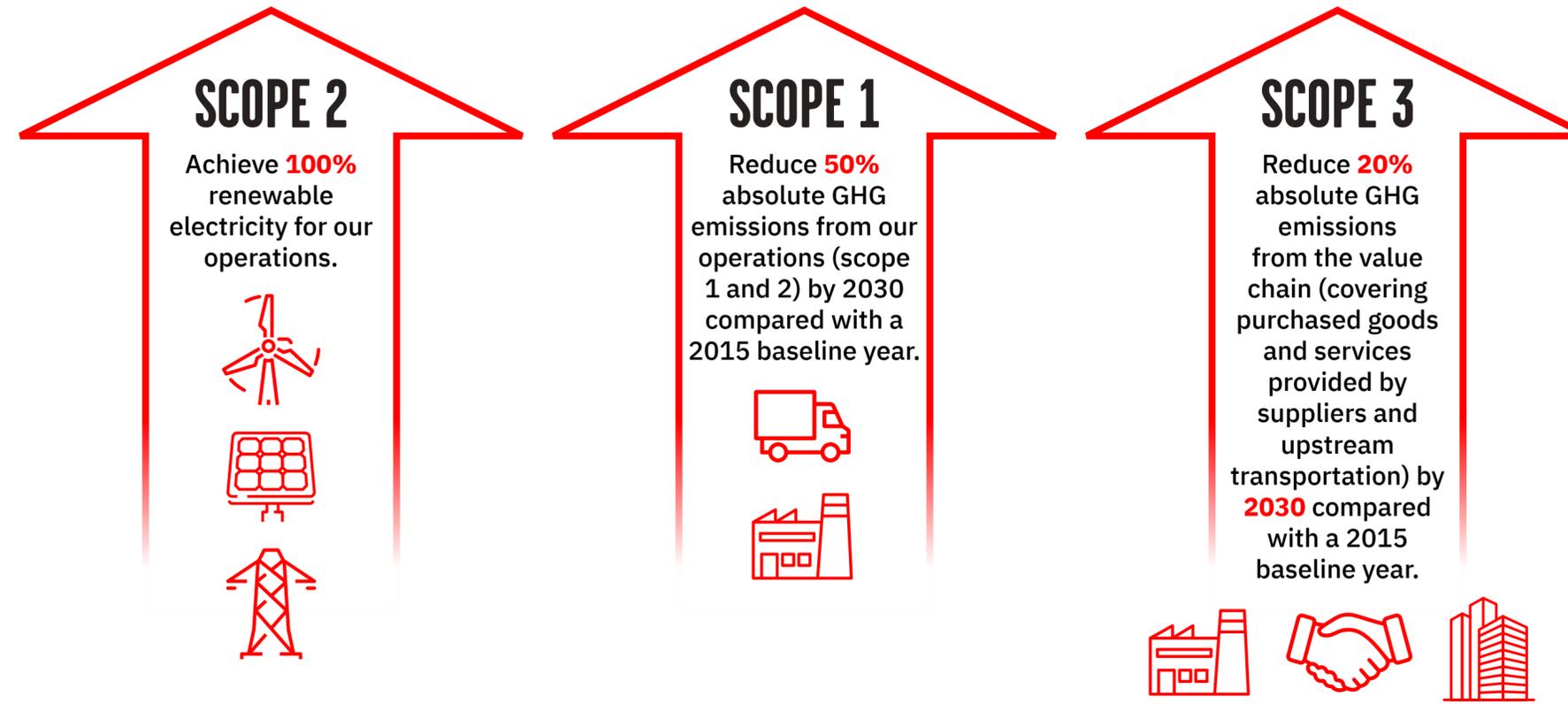
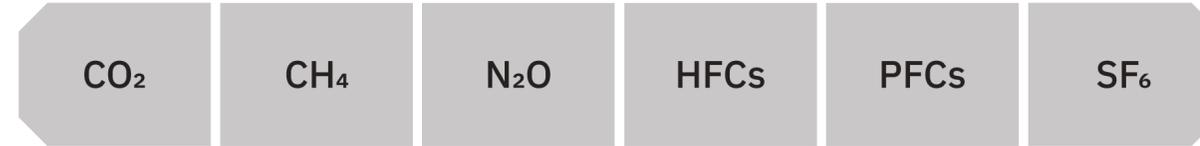
ENVIRONMENT



CLIMATE ACTION

We follow the Science Based Targets initiative’s (SBTi) guidance on reducing rather than offsetting most of our CO₂e emissions. We separate our emissions mainly in scope 1 and 2 (direct and indirect emissions from our operations) and scope 3 (indirect emissions from our value chain, covering purchased goods and services provided by suppliers and upstream transportation and distribution). By 2030, to break the ceiling on climate action, we are committed to decreasing our scope 1 and 2 emissions by 50%, and reducing 20% of scope 3 emissions in our entire value chain.

We annually calculate our emissions by evaluating them across various categories, including asset emissions such as our fleet, and emissions from energy consumption in our bottling plants and distribution centers. We also estimate emissions from our value chain, including ingredient and packaging emissions, and emissions from cold drink equipment operations at the point of sale. We also report our emissions to the Carbon Disclosure Project (CDP), following their guidelines to baseline. This ensures that we follow international standards and increase transparency around our sources of emissions and progress to date.



SCOPE 2

Achieve **100%** renewable electricity for our operations.

SCOPE 1

Reduce **50%** absolute GHG emissions from our operations (scope 1 and 2) by 2030 compared with a 2015 baseline year.

SCOPE 3

Reduce **20%** absolute GHG emissions from the value chain (covering purchased goods and services provided by suppliers and upstream transportation) by **2030** compared with a 2015 baseline year.



UPSTREAM

- Scope 3**
- Subcontracted fleet.
 - **Ingredients:** sugar, HFCS, CO₂.
 - **Packaging:** PET, aluminum, glass, labels, screw caps, crown caps.



DIRECT OPERATIONS

- Scope 1**
- Plant boilers.
 - Owned fleet.
 - Refrigerant gases.
- Scope 2**
- Power consumption in plants, distribution centers, and offices.

SCOPE 1 & 2 EMISSIONS — CONTEXT & AMBITIONS

To reach our interim and final ambition on CO₂e emission reduction, we have set initiatives to migrate these assets to lower emission alternatives.

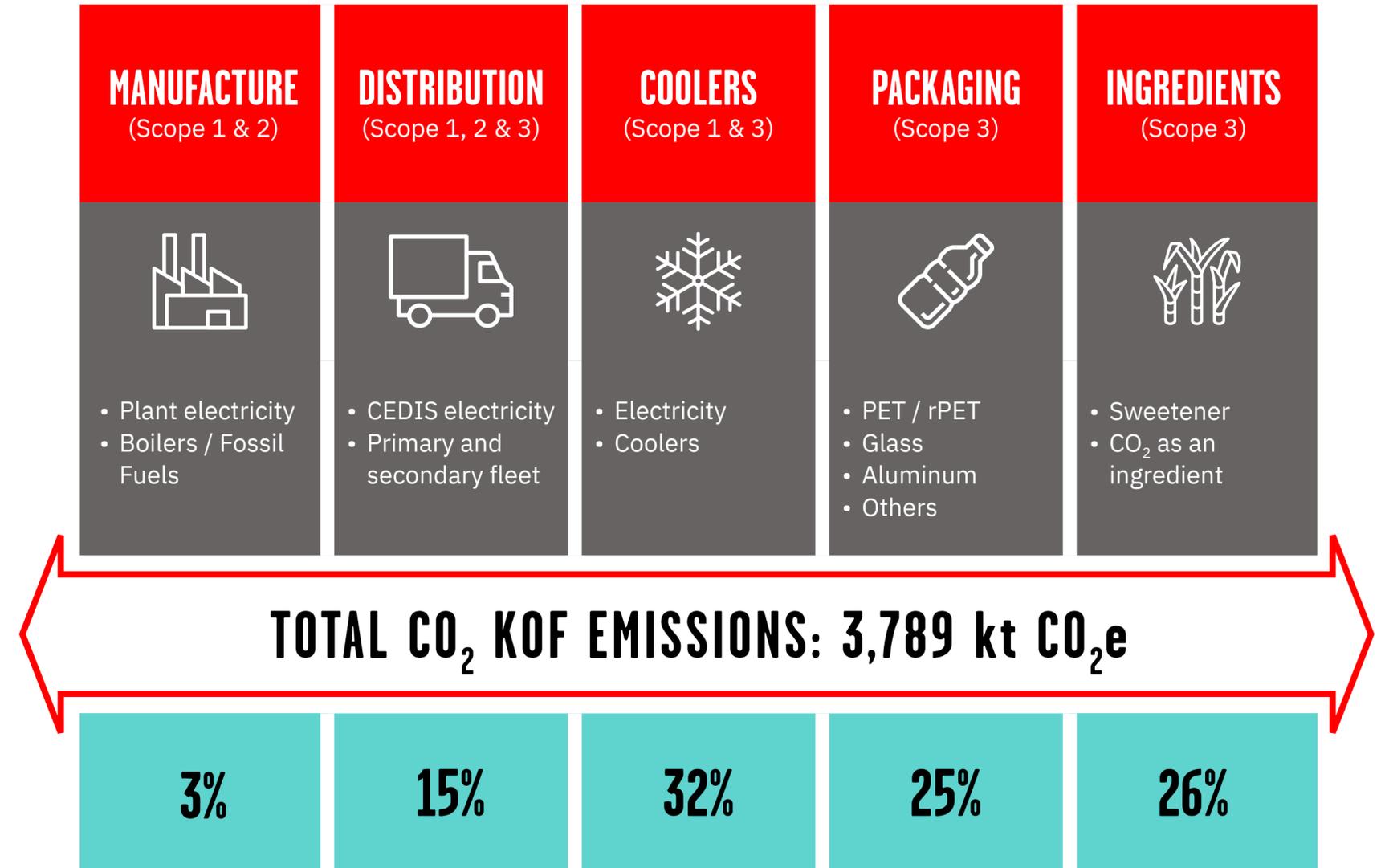
	Project	Initiatives
A1	1 Fuel substitution in boilers.	Migrate boilers to natural gas.
	2 Energy efficiency in own fleet and fuel-switch.	Improve fleet efficiency.
	3 Integration of electric vehicles.	Transition of own transport fleet to electric.
	4 Refrigerant gases management.	Refrigerant gases from sales equipment will be confined and / or recirculated.
A2	5 Energy efficiency in manufacturing facilities	Manufacturing plants will reach their full potential by 2030.
	6 Renewable energy supply	100% of the electricity requirements will be renewable by 2030.

SCOPE 3 EMISSIONS — CONTEXT & AMBITIONS

	Project	Initiatives
A3	7 Efficiency in third party fleet.	Improve efficiency of the new subcontracted transport fleet.
	8 Energy efficiency of sales equipment.	Improve the efficiency of new sales equipment.
	9 Sustainable packaging and light weighting.	Achieve 50% rPET content in our packaging by 2030.
	10 Strategic suppliers development.	Collaborate with our suppliers to improve their emissions per unit of product.
	11 Renewable energy in SMEs	Migration to renewable energy.

Over the last three years, our scope 3 emissions made up 84% of our CO₂e emissions on average, driven by agents across our entire value chain. Our main sources of scope 3 emissions are cold drink equipment at the point of sale, ingredients, and packaging. We set various initiatives to tackle these emissions, many of which require new partnerships along our value chain, and better ways to manage our supply chain.

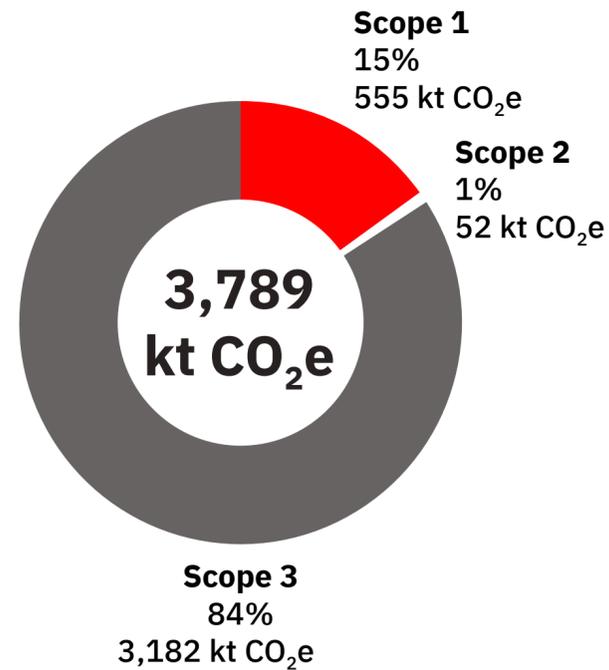
2022 CARBON FOOTPRINT: TOTAL KOF



* kt CO₂e: thousand tons of CO₂ equivalent

CLIMATE ACTION — PROGRESS AND 2022 HIGHLIGHTS

In 2022, absolute CO₂e emissions across our value chain amounted to 3,789 kt CO₂e. Our overall value chain emissions are broken down as follows:



PERFORMANCE ON SBTi

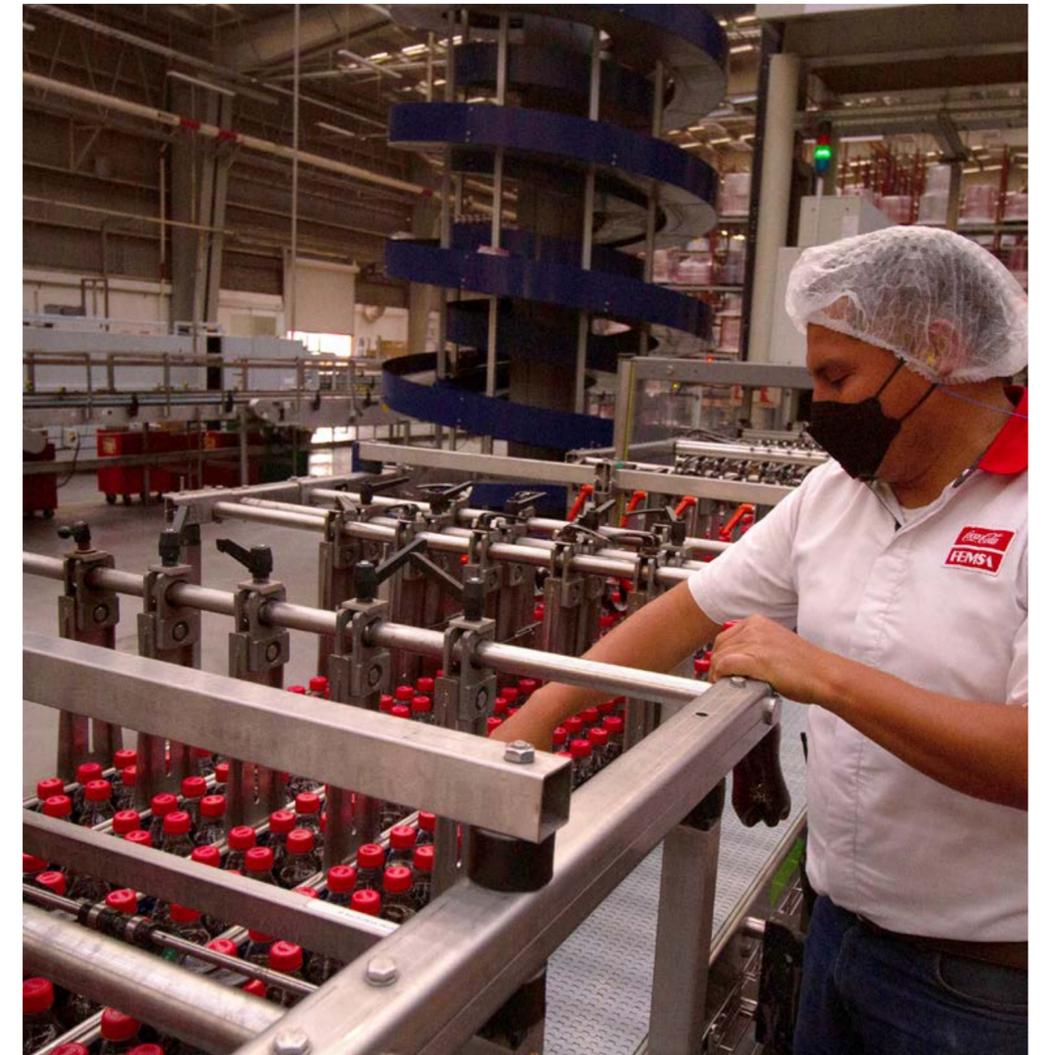
Reduce absolute scope 1 and 2 GHG emissions 50% by 2030, from a 2015 base year.



Reduce absolute scope 3 GHG emissions 20% from purchased goods and services and upstream transportation and distribution by 2030, from a 2015 base year.



Increase annual sourcing of renewable electricity from 8.7% in 2015 to 100% by 2030.



SUSTAINABLE MOBILITY

Through our Sustainable Mobility Strategy, we aim to reduce the impact of our fleet (including primary and secondary distribution trucks) on the CO₂ emissions of our supply chain, and to position ourselves as an industry leader in Latin America in terms of vehicle efficiency, environmental stewardship, and safety.

Aligned with this strategy, our projects are to:

- Transition of own transport fleet to electric fleet efficiency, prioritizing areas with restricted mobility
- Achieve a 25% increase in efficiency in fuel consumption (MJ)/kilometers of distance covered (km)

During 2022, we continued to execute route optimization strategies to maximize overall vehicle efficiency. With the deployment of KOF Digital Distribution 1.0 platform in Argentina, Brazil, Colombia, Central America, Mexico, and Uruguay, we installed vehicle telemetry systems on 80% of our primary and secondary distribution fleet.

Thanks to each truck's telemetry data—together with the functionality of our mobile delivery devices—we enjoy the ability to identify and correct deviations in distribution route execution versus our route plan. This equipment also enables us to analyze route execution patterns in order to identify an optimal combination of variables to improve our route planning process.

As a result, we optimize our fleet's usage and improve key road safety indicators, while reducing fuel consumption and CO₂ emissions. Indeed, we have developed a standardized KPI for fuel use efficiency that will enable us to perform internal benchmarks to improve this indicator moving forward.

Moreover, with the deployment of dynamic routing across our secondary distribution fleet in Brazil, Colombia, and Mexico, we enjoy the flexibility to plan vehicles' routes on a daily, weekly, and monthly basis, thereby optimizing available fleet resources and distances traveled to serve our customers.

EXPANDING ELECTRIC VEHICLE FLEET

This year, we expanded our fleet of electric vehicles to 482 vehicles. We also significantly expanded our supplier base for electric vehicles in the Latin America region to eight leading global suppliers, working with them to develop electric units that meet the bottling industry's specifications.

Through our sustainable mobility community, we are working to align the electric vehicle strategy followed across our operations. Within this community, we devel-

oped and deployed a total cost of ownership (TCO) and scenarios analysis tool. Moreover, to further align our operations, we developed a standardized protocol to test new electric vehicle technologies—with a standard fuel efficiency KPI to measure fuel consumption by country—to reinforce and improve our migration to electric vehicles. Thanks to these and other initiatives, we will continue our efforts to transition to electric vehicles, prioritizing areas with restricted mobility.





In addition to our sustainable mobility initiatives, we continue to drive down scope 1 emissions from the re-release of refrigerant gases. We have upgraded more of our coolers at the point of sale to cleaner refrigerant gases, and confined a greater percentage of gases at the end-of-life.

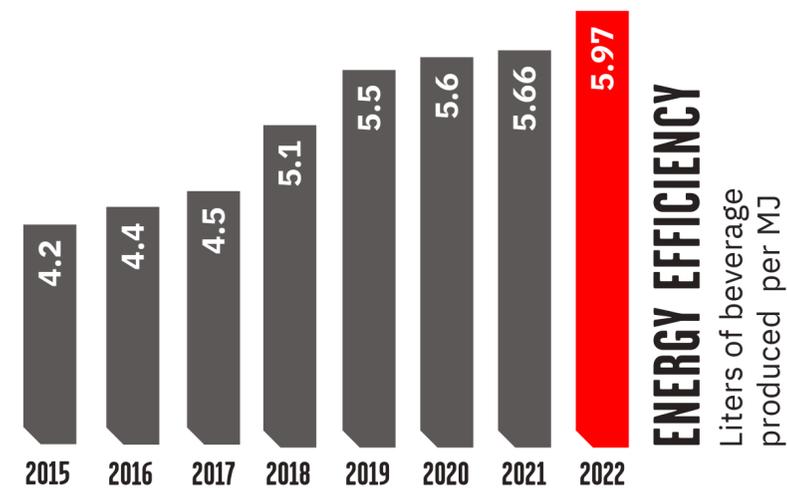
Our scope 2 improvements were led by investments in energy efficiency and renewable energy. We assess our operation's energy efficiency through an annual energy assessment, understanding sources of inefficiencies and opportunities to drive down emissions. To this end, we invested US\$146.84 million in climate action initiatives, focused on operating with steam and executing our Top 20 Energy Efficiency Strategies across our operations. Since 2015, these initiatives have enabled us to increase our energy efficiency to 5.97.

We were also able to increase our use of renewable energy for our operations, achieving 66% renewable energy use.

Scope 3 emissions pose the greatest challenges to our climate action ambitions, and they are the greatest source of emissions in our value chain. In 2022, our scope 3 emissions amounted to 3,182 kt CO₂e or 84% of our total value chain emissions. Since 2015, we have decreased our scope 3 emissions by 303.02 thousand tons, leading to progress on our scope 3 ambitions of 17%.

In 2022, we migrated part of our cold drink equipment to high-efficiency versions, enabling us to reduce emissions from electricity use at the point of sale, while benefitting many small and medium-sized enterprises (SMEs) in our value chain by reducing their energy costs.

Moreover, we continue our work with suppliers to reduce our scope 3 emissions. We are integrating scope 3 emissions into our agreements and conversations with suppliers, and are looking for better ways to collaborate with top suppliers and drive down the climate impact of our value chain.



CIRCULAR ECONOMY



COLLECTION AND PACKAGING — CONTEXT & AMBITIONS

To mitigate the impact of our production volumes, we have set ambitions to collect 100% of all the PET we put in the market by 2030 and to have 50% of recycled resin in our packaging by 2030.

Local market conditions for recycled PET (rPET) collection and recycling differs drastically across our countries of operation, and we are currently evaluating the best approach for collection and recycling in the short term. We recognize that several markets will require us to partner with communities, the public sector, and regulators to ensure our supply of rPET.

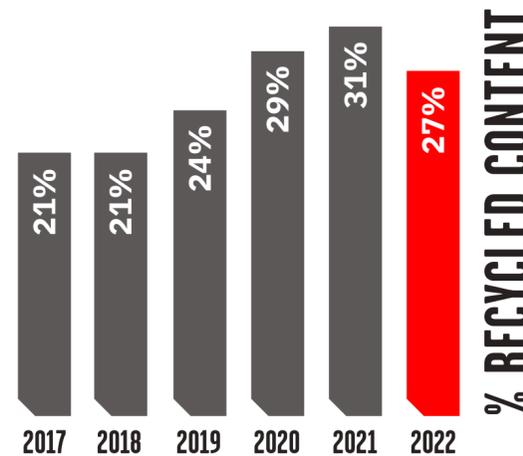
Our shift to more sustainable packaging is also driven by adoption of returnable/reusable bottles. As of 2020, the Coca-Cola system had ambitions to reach 25% adoption of returnable/reusable bottles across its network by 2030. At Coca-Cola FEMSA, we have already exceeded these targets—with 31.5% adoption of returnable/reusable bottles for 2022—bolstered by our affordability initiatives and our universal bottle that can be used across multiple beverage categories. **→For more information see Portfolio.**

OPERATIONAL WASTE — CONTEXT & AMBITIONS

Our ambition is to have 100% of our bottling plants certified as zero waste by 2025. While our distribution centers have a longer way to go, we aim to have 100% of our distribution centers certified as zero waste by 2030.

CIRCULAR ECONOMY (COLLECTION, PACKAGING, AND OPERATIONAL WASTE) — PROGRESS & 2022 HIGHLIGHTS

This year, we continued our efforts in PET collection and use of recycled resin across our operations, collecting 26% of the PET we put in the market and using 27% recycled resin across our beverage portfolio. This year, we changed our methodology to calculate our collection rate to only include direct and subcontracted collection, where we are certain as to who collected the material. In terms of direct and subcontracted collection, we collected over 45% more tons of PET in 2022.



WORKING WITH KEY PARTNERS TO MULTIPLY OUR SUSTAINABLE COLLECTION CAPABILITIES

We collected more than 80 thousand tons of the PET we put into market in 2022 versus more than 50 thousand in 2021 through both collective and individual action. Ensuring adequate collection across our regions of operation requires us to actively participate in civil and industry alliances. For example, we collaborate with ECOCE, a Mexican civil association that promotes waste collection and recycling, to advance our levels of collection. ECOCE reached a national collection rate of 59% in 2021, on par with the EU.

We also operate through joint collection centers in Brazil, Mexico, and Costa Rica, which enabled us to collect 64,184 tons of PET in 2022.

By joining efforts, we multiply the effects of our actions. Accordingly, we partner with communities, authorities, industry allies, and NGOs on different initiatives to raise awareness of post-consumer waste management, carry out collection and recycling programs within our communities, and inform consumers about the proper disposal and handling of the waste generated from our products.

Across Latin America, we continued to strengthen our sustainable collection capabilities, including the following collaborative initiatives in our countries of operation:

 **Argentina** – We are focused on reinforcing our recycling capabilities in municipalities through programs such as Ruta Verde.

 **Brazil** – During 2022, four collection centers were added in São Paulo, Mutinga, Porto Alegre, and Belo Horizonte.

 **Colombia** – We expanded our MovimientoRE program, an industry/business alliance to increase the collection of PET in the cities of Barranquilla, Cartagena, Santa Marta, and Cali (through “Cali Circular”), as well as Reciclave Bogotá with the empowerment of recyclers.

 **Costa Rica** – We use green trucks on our home delivery routes to collect PET from the households to whom we deliver our products. We also work, through our Geocycle, Misión Planeta, and industry alliances.

 **Guatemala** – Some of our programs include cleaning of *Río las Vacas*, *Recíclalos*, *Casas Verdes*, *Ecobots*, and the beach clean up.

 **Mexico** – We opened five new collection centers, so we can increase recycling in the southeast region of the country. We also aligned with small customers, as well as with larger chains, to collect waste at their stores through “Mi Tienda sin Residuos” (“my zero waste shop”) program.

 **Nicaragua** – Starting in 2021, we established a strategic alliance with Gravita, which operates through a network of base recyclers in several municipalities, guaranteeing the recovery and treatment of PET, so that it can be reused as a raw material again.

 **Panama** – We formed an alliance with Recicladora Nacional to increase the collection and treatment of PET plastic bottles and create a circular economy for the use of these materials.

 **Uruguay** – We have an industry agreement with Crystal PET to close the PET recycling loop through the use of rPET.



We continued to accelerate our use of recycled resin in our portfolio of beverages’ packaging, with more than 85 thousand tons of recycled resin used in 2022. Most of our recycled resin is acquired from third parties, but we have also continued our joint recycling ventures in Mexico, recycling more than 18 thousand tons of rPET through our IMER plant. We are in the process of building a new plant “PLANETA”, in Southeast Mexico with an investment of US\$70 million.

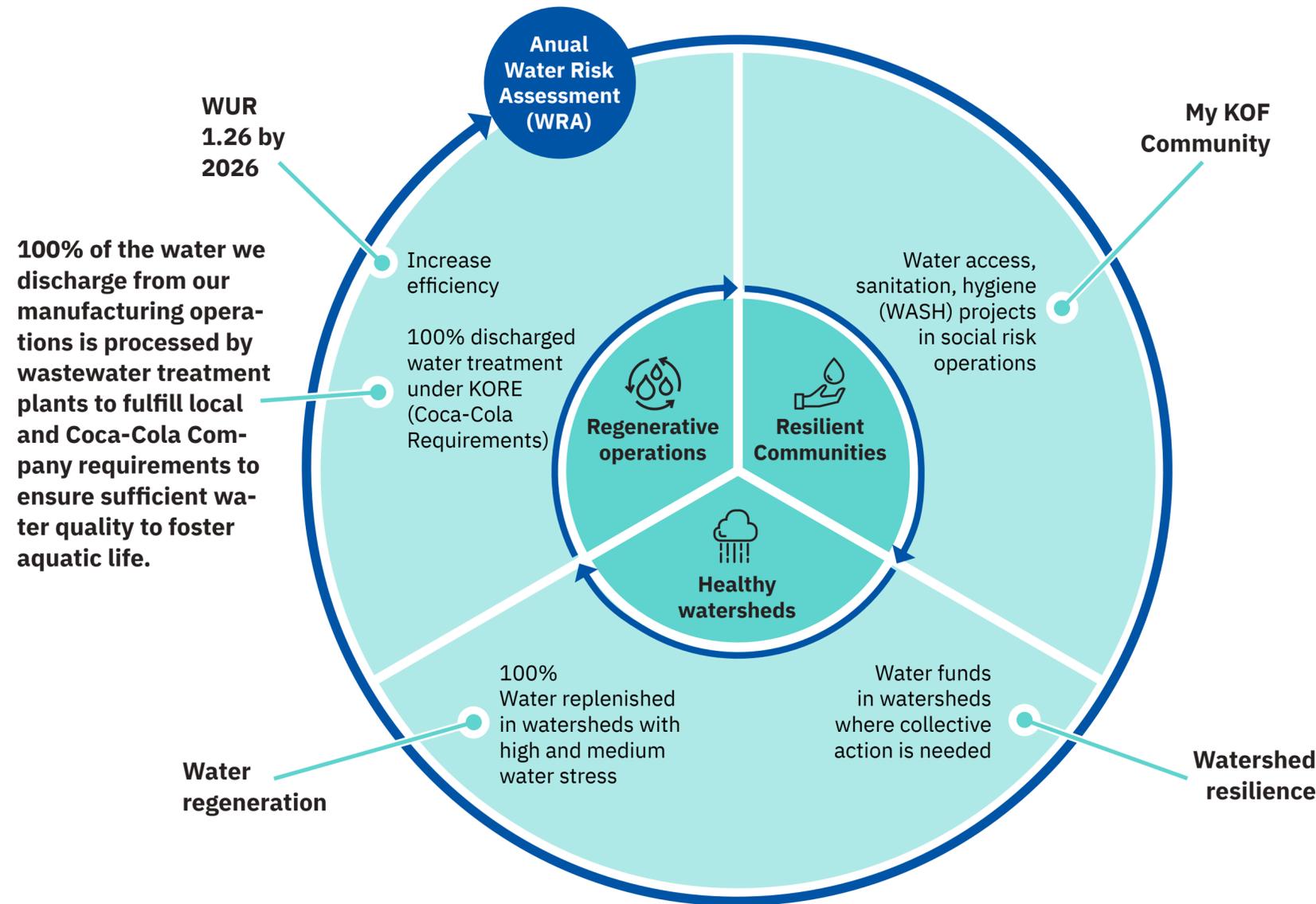
Overall, our bottles were made of 97.13% recyclable materials this year. We also continue to exceed targets from the Coca-Cola system in sales of returnable bottles, with 31.5% of our sales coming from reusable packaging.

In addition to reducing packaging waste, we have made strides in our operational waste control. We certified 37 bottling plants as zero waste, achieving progress of 77% for our bottling plants. We recycled 98.5% of our industrial solid waste this year, and improved our waste ratio to 6.31 grams of waste per liter of beverage.

WATER STEWARDSHIP



We are committed to ensuring the efficient use of this natural resource, conservation of water basins, and safe access to drinking water for our communities and ourselves.



Given the growing urgency of shared water risks and the need for systemic, transversal action across the value chain, our holistic water strategy is focused on four main interrelated elements:

- Reducing the water we consume and secure water availability for our operations (efficiency)
- Returning the water we use to the source (replenishment)
- Implementing water funds where collective action is needed
- Improving access to water for us and our communities (access)

Since water efficiency seeks to minimize our use of the water source, it is a core part of our environmental pillar.



WATER EFFICIENCY — CONTEXT & AMBITIONS

Our main tool to reduce the impact on water reservoirs of our operations is to use less of this resource to produce our beverages. We analyze this through our water use ratio (WUR), which calculates the liters of water required per liter of beverage produced.

We have consistently led our peers in the industry in water efficiency, and continue to invest in minimizing our use of water. For this purpose, we designated our first issuance of sustainability-linked bonds in Mexico for Ps. 9,400 million to improving our water efficiency. For more information see [→Sustainable Financing.](#)

We realize that complacency is ineffective to stave off the social and environmental impact of water scarcity, and our vision is to continue to break the ceiling on water efficiency. For this reason, we are committed to reduce our WUR to 1.26 by 2026.

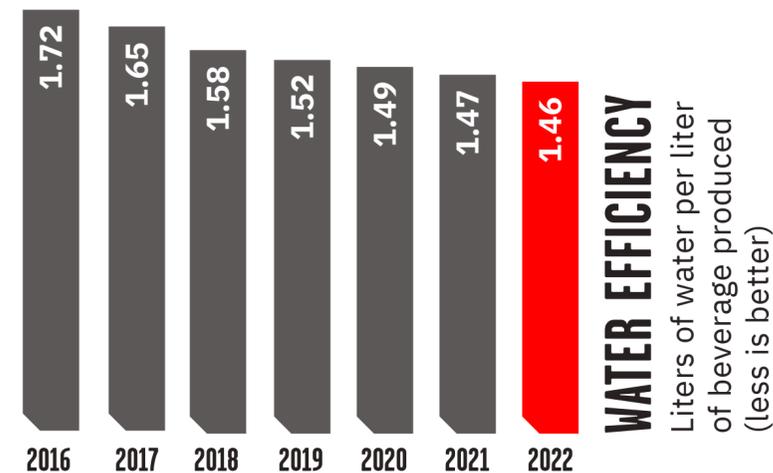
WATER EFFICIENCY — PROGRESS & 2022 HIGHLIGHTS

This year, we used a total of 30,240.92 megaliters of water, discharging 8,564.43 megaliters back. We treated 100% of this discharged water to quality levels that could sustain aquatic life.

	Megaliters of municipal water	Megaliters of rainwater	Megaliters of well water	Megaliters of river water	Total water consumption (ML)
Total KOF (ML)	9,315.6	10.3	19,278.4	1,636.6	30,240.9

	Megaliters of water discharged to sewers	Megaliters of water discharged into rivers	Total water discharged (ML)
Total KOF (ML)	3,940.9	4,623.5	8,564.4

We invested a total of US\$7.07 million in water efficiency programs to reduce our water use, guided by our “Top 20 Water Saving Initiatives.” Through these initiatives, we continued to improve our water efficiency to an industry leading level of 1.46, down from 1.47 in 2021.



WATER REPLENISHMENT — CONTEXT & AMBITIONS

Water is a vital resource for life on the planet, and we must work to conserve this resource in the same environment where we operate. With this in mind, we defined a social water stewardship strategy to guarantee this resource for current and future generations. To develop this strategy, we conducted a cross-sectional analysis of water risk within our company, supported by our partnership with The Coca Cola Company, FEMSA, FEMSA Foundation, The Coca-Cola Company Foundation, and various consultancies.

We identified 31 priority sites that operate in areas of high or medium water stress. We set ambitions to go beyond water neutrality and ensure the regeneration and protection of water in these basins. By 2030, our ambition is to replenish 100% of the water we use in our production, focusing on medium and high stress sites.



WATER REPLENISHMENT — PROGRESS & 2022 HIGHLIGHTS

Water replenishment remains a priority for investment and partnerships. We currently replenish more than 100% of our total water use. During 2022, more than 43 thousand hectares were impacted through conservation, protection, and reforestations projects.

EXEMPLARY CONSERVATION, PROTECTION, AND REFORESTATION PROJECTS

MEXICO

TLALOC Reforestation Project – This project has already intervened in the reforestation of the 1,833-hectare Alto Atoyac Watershed. So far, it has reforested 20 hectares, and restored soil on 130 hectares for the purpose of supplying the Toluca Valley aquifer.

Regenerative Agriculture and Access Program – In collaboration with the World Resources Institute (WRI), the company developed a three-year program to promote regenerative agriculture, addressing water infiltration and quality problems on 200 hectares that support 100 local producers.

CENTRAL AMERICA AND COLOMBIA

Agua por el Futuro (Water for the Future) – Through several conservation projects, this program has replenished 100% of the water that we

use in Colombia, Costa Rica, Guatemala, and Panama.

Forest Protection, Agroforestry Promotion, and Reforestation Projects (Guatemala) – One project protects 231.47 hectares of land in the Xaya-Pixcaya Watershed, which provides approximately 30% of the water supply for the Guatemala City metropolitan region. This project has already reforested 51.42 hectares and implemented agroforestry on 8.16 hectares through the planting of hedgerows and trees. Another project protects 218.58 hectares of forestland in the Los Ocote, Teocinte, Las Vacas, and Villalobos East Watersheds in the Guatemala City metropolitan region. This project has already restored 8.4 hectares of forest.

We believe partnerships and industry alliances are fundamental and critical to the success of water projects. Therefore, we always look for the appropriate partnerships with communities, third parties, or other companies. Through the Latin American Water Funds Partnership, we have worked with The Nature Conservancy, FEMSA Foundation, the Inter-American Development Bank, and the Global Environment Facility to develop eight water funds located in basins of interest:

- In Colombia, we participate in several water funds, such as Agua Somos, Cuenca Verde, and Biocuenca, which are dedicated to providing water security in the country. For example, the Agua Somos project is implemented across five watersheds located in the Guasca, Sesquile, and La Calera municipalities of southwest Bogota, Colombia. This project consists of five different activities—forest conservation, paramo conservation, passive forest restoration, grassland restoration, and active restoration—that impact a total of 1178.6 hectares.
- In Costa Rica, we participate in the Agua Tica water fund that promotes the conservation and supply of water sources. Since 2014, the fund has impacted 607 hectares and the supply of 631,700 cubic meters of water through an in-situ monitoring system that measures both the quality and origin of the water, as well as the condition of the forests
- In Guatemala, we participate in the Funcagua water fund, aimed at promoting the availability of safe water for the population in the country's capital. A total of 1,000 people have benefited from this program.
- In Mexico, we participate in the Agua Capital and Cause Bajio water funds, created to contribute to water security and the sustainable management of the basin through nature-based solutions.
- In Uruguay, we are part of the Alianza Uruguay por el Agua (AUA), a water fund designed to provide water security to the Río de la Plata region.

WATER ACCESS — CONTEXT & AMBITIONS

The human right to water is not only essential to live with dignity, but also a precondition for the realization of other human rights.

One of our objectives is to provide water security in the watersheds where we operate. Therefore, we work hand-in-hand with communities, governments, and other institutions to create water resilience that provides for the return of water to nature and ensures a safe and reliable water supply for communities.

With this mindset, we aim to improve access for our communities to safe drinking water. Throughout our cross-sectional water risk analysis, we have identified 17 priority sites for water access, sanitation, and hygiene initiatives (WASH). Currently, we have access projects in Argentina, Colombia, Costa Rica, Guatemala, and Mexico.



WATER ACCESS — PROGRESS & 2022 HIGHLIGHTS

We partner with The Coca-Cola Company, The Coca-Cola Foundation, and FEMSA Foundation to co-develop community initiatives and magnify our impact.

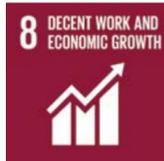
For example, Escuelas de Lluvia is a comprehensive program that provides clean water to Mexico schools suffering from water scarcity through the installation of a rainwater harvesting system and the implementation of an environmental education program. This year, we installed rainwater-harvesting systems in 24 schools across 5 Mexican states and supported the hygiene of 2,800 students. Additionally, in Mexico, we developed the Water 4 Happiness program in conjunction with the Coca-Cola Foundation to improve the quality of public water supply sources in the town of Apizaquito, Tlaxcala, Mexico, benefiting 10,200 people.

Similarly, in Argentina, we participated in the improvement of water access infrastructure for the Buenos Aires' neighborhoods of Tigre and Tuna, benefiting 1,649 people. Also, in Colom-

bia, we partnered with FEMSA Foundation to provide a water treatment vehicle that offered clean and safe water to several communities that have water access difficulties and deficiencies, benefiting 67,907 people. Moreover, in Costa Rica, at Belen (distribution center), we established a new system in order to return clean and safe water to the environment, and built a wastewater treatment system. Furthermore, in Guatemala, we benefitted 105 people through the distribution of Vivienda Digna kits, designed to capture rainwater in various zones across the country that have limited access to drinking water.



SOCIAL



The development of our social ambitions and strategy is founded on an understanding that our license to operate relies on developing mutually beneficial relationships between our company and our internal and external stakeholders. Internally, we are guided by an understanding that our people are the lifeblood of Coca-Cola FEMSA, and the best way to grow is to ensure that our talent can live fulfilling lives—balancing their purpose in and out of the workplace. Externally, we are focused on our relationships with local communities and the value chain. Recognizing that our operations have an enormous impact on our society and communities close to our plants, our goal is to continue to add value to ensure sustainable growth for our company and community in tandem.

SUSTAINABLE VALUE CHAIN — CONTEXT & AMBITIONS

We enjoy tremendous opportunities to collaborate across our rich value chain of suppliers, customers, and other stakeholders to maximize our impact on society, and make our value chain more sustainable. Within our Sustainable Value Chain, we have highlighted our small local businesses, PET collectors, and SME suppliers for closer collaboration.

Small local businesses are the heartbeat of our large and thriving commercial network—they are the small and medium retailers and shopkeepers that distribute our final product to consumers. Our small business network has an enormous impact on our sustainability: we sell and market our products through more than 1.8 million points of sale across our traditional sales channel, including a large percentage of women shopkeepers and other diverse groups. As the main contact at the point-of-sale, small local businesses are close to consumers, and can contribute significantly to our environmental goals.

Our work with small local businesses will seek to improve their financial and digital inclusion, while amplifying our own environmental development and lower scope 3 emissions. To achieve these goals, we are working to better understand the social conditions of small local businesses across our regions of operation in order to tailor

programs that better respond to their specific needs. We aim to finalize concrete ambitions for this group by next year.

We also aim to support our PET collectors through our Sustainable Value Chain initiatives. Our PET collection performance and adherence to collection guidelines established by The Coca-Cola Company depends on our ability to collaborate with PET collectors across our countries of operation, and we can play an enormous role in re-enforcing the socioeconomic progress of these groups.

Together with our Supply Chain Management ambitions, we seek to improve our relationships with the small and medium enterprises in our supplier base. We are already working together with our procurement team to reach our SME suppliers, while we also seek new ways to collaborate to improve socioeconomic development while meeting our environmental goals.





MY KOF COMMUNITY — CONTEXT & AMBITIONS

Our community engagement priority is called My KOF Community in our ESG strategic framework. This reflects our understanding that our communities cannot be treated as completely distinct from our business operations—sustainable growth for us requires sustainable growth for the communities in which we operate.

We define our communities according to different standards of our proximity and levels of interaction. We are focusing on our local community operations for the purposes of these ambitions.

At Coca-Cola FEMSA, we are determined to advance the development of the communities where we operate. With this in mind, we will collaborate with our communities across all of our operations to develop sustainable solutions that address local needs.

Our activities across our ecosystem include strategic volunteering through our people, enhancing economic development of SMEs within the community, promoting health and minimizing safety issues within our operations, and interacting with local authorities.

By 2030, we aim to have at least one community engagement plan per site to improve our relationships based on our MARRCO (Model for Addressing Risks and Relations with Our Community) methodology. These engagement plans include prioritized activities to support business continuity and contribute to community needs.

EXTERNAL SOCIAL — PROGRESS & 2022 HIGHLIGHTS

This year, we continued to engage with our value chain and communities through investments and social programs, impacting over 331 thousand people's quality of life and socioeconomic development. We also innovated in our use of sustainable financing to fund our social projects, with social and sustainable bond issuances this year totalling Ps. 6,000 million. → **Sustainable Financing.**

Our traditional trade channel is a key segment of our value chain that we always look to strengthen through our community projects. We focus on ensuring that these projects are always connected to priority topics for our company, such as water, PET collection, and renewable energy.

SUSTAINABLE VALUE CHAIN

We supported our local business owners with several local initiatives across our operations.

We couple our initiatives with elements designed to improve our small business owners' capabilities with our work on diversity, equity, and inclusion. To this end, we continued our focus on female small business owners through empowerment initiatives that provide business management training to foster the success of their businesses.

EXEMPLARY SUSTAINABLE VALUE CHAIN INITIATIVES

In Colombia, our work with programs such as Ruta Tenderos focuses on providing small business owners with access to management advice, information, and training for their businesses in areas such as accounting, PET collection, and economic reactivation. We supported our small business owners improving their credit access, and provided them with training for their personal and professional development through Mujeres Tenderas ICP programs.

In Brazil, we implemented Acelera SC – Rota do Empreendedorismo, a program that contributes to small entrepreneurs' business innovation processes by fostering the innovation ecosystem, presenting opportunities for more companies to participate, helping small businesses to reposition themselves in the market, promoting networking and co-creation, and expanding the vision of open innovation in companies that are already consolidated or in the process of repositioning. We also supported the use of differentiated credit, and worked on the Empreenda como Uma Mulher initiative, providing specific technical training for women, while developing new work skills.

We further continued our initiatives to support women-led businesses through the Villa Talento program in Costa Rica and Nicaragua; and through the Emprendamos Juntas program in Argentina and Uruguay.

Our Mexico operation partnered with The Coca-Cola Foundation to start the Empoderamiento de mujeres y pequeños negocios program in 2021. The program's goal is to support the social, economic, and digital development of women and their small businesses—driving their success through a personal-professional training plan. Since its inception, the program has impacted 17,000 women throughout Mexico.

In Panama, we supported their use of cashless and digital capabilities.

PET COLLECTORS

In addition to improving our small business owners' capabilities, we work with them to improve their skills in other aspects of our company's business. For example, to facilitate PET collection, projects such as Mi Tienda sin Residuos focus on helping our small local business owners or "tenderos" to strengthen

their business by incorporating elements that invite the community to participate in waste collection. During 2022, this project supported almost 200 local business owners, while advancing our PET collection priority.

EXEMPLARY PET COLLECTOR INITIATIVES

We also work on PET collection across the value chain, working with collectors to improve their capabilities, access to resources and networks, and compliance with local regulations. For example, through the collaboration of companies and associations, programs such as Reciclar Pelo Brazil work to regulate, improve, and professionalize the performance of cooperatives and associations of collectors of recyclable materials, aligned with the National Solid Waste Policy.

MY KOF COMMUNITY

We continue to prioritize the safety and wellbeing of our employees, customers, consumers, and communities through our community projects and donations, including special emergencies such as in the aftermath of natural disasters.

During 2022, we provided support to more than 240 thousand members of our communities through donations of our hydration products during natural disasters, as well as donations for the improvement of public spaces such as parks, sidewalks, and playgrounds in the areas where we operate, among others.

Overall, we managed to benefit over 600 thousand people in our communities through our environmental and social (programs and donations) initiatives, improving their quality of life and socioeconomic development.





INTERNAL SOCIAL

Our social commitments also have a strong focus on our employees. As part of our people-centric culture, we have a robust Human Resources Operating Model that manages all aspects of our talent, and our sustainability strategy complements that model with ambitions around our employees' development, integral wellbeing, flexibility at work, and internal diversity, equity, and inclusion (DEI).

Notably, our sustainability goals within our internal social context are underpinned by our existing integral ethical system, composed of our Code of Ethics, the Ethics Committee, and the whistle-blowing system known as KOF Ethics Line. Our Code of Ethics lays the foundation for our values and behavior, including topics that are relevant to our sustainable talent management such as Human Rights, Inclusion and Diversity, Discrimination, and Violence and Harassment.

We have an ethics committee in each of our territories that guarantees compliance with this code, reports to the Corporate Ethics Committee, and attends to the company's most relevant ethical situations and complaints. Our whistle-blowing system, the KOF Ethics Line—managed by an external provider—ensures that employees, suppliers, third parties, or anyone with a relationship with Coca-Cola FEMSA can anonymously lodge complaints of non-compliance. Our third-party line management ensures that these complaints are considered fairly, and analyzed by a group of investigators impartially and confidentially.

HUMAN CAPITAL DEVELOPMENT — CONTEXT & AMBITIONS

The strength of our workforce today is a key driver of our growth tomorrow. By 2030, we aim to increase opportunities for our employees to fulfil their individual career needs and be the real protagonist of their own careers.

To enable our development strategy, we are looking at various ways in which employees can sustain continuous career development. Careers require opportunities, and we are aiming to increase the internal career mobility opportunities across various company functions, countries, and business units. We also realize that development requires tools to perform well, and we have set ambitions to maintain annual training hours at best-in-class levels across contribution levels and gender.

Engaging career development offers the potential to improve our employee retention, and we consider this one of our key metrics to improve. We will continue analyzing strategies for retention through human capital development to sustain our human capital ambitions.

INTEGRAL WELLBEING — CONTEXT & AMBITIONS

Focusing on our employees' and their families' wellbeing is where we all win. By 2030, we want to foster a culture of wellbeing based on a holistic view of self-care and prevention.

Our wellbeing ambitions include helping our employees to lead meaningful lives. To this end, we invest continuously to ensure our people enjoy the opportunity to volunteer in environmental or social initiatives, and make an impact beyond their direct job function. We also aim to improve our employees' physical and mental health, as measured by our rates of absenteeism and lost time due to illness, and the overall rate of serious illness in our workforce (i.e., regardless of impact to operations).

Our wellbeing initiatives should be accessible to our people across our various geographies, functional areas, and levels. Accordingly, we are working to ensure that our programs cover more of our workforce every year, and that more employees leverage these programs.

For more information see [→ Social Development, Occupational Health & Wellbeing.](#)

FLEXIBILITY AT WORK — CONTEXT & AMBITIONS

Flexibility is a mindset that extends throughout our operations. By 2030, we aim to ensure that our employees have more control over their life, along all of the different steps of their work experience.

We understand that flexibility at work is of utmost importance to many of our employees, and effective flexibility programs can increase workforce productivity, wellness, DEI, and improve our competitiveness in our talent market.

We are working to define concrete ambitions around flexibility next year, understanding the needs of our administrative employees, and evaluating the feasibility of expanding flexible work options for our frontline employees in the medium term.

DIVERSITY, EQUITY, AND INCLUSION — CONTEXT & AMBITIONS

Diversity, Equity, and Inclusion (DEI) has implications for initiatives involving our internal social, external social, and governing bodies topics. For this reason, it is one of our transversal topics contained in our new ESG framework. However, we have concentrated our DEI ambitions so far on our workforce, building a steady path towards becoming a more inclusive and diverse organization.

Our talent should mirror our market and business. As a company, we aspire to be an organization preferred by diverse talent for our ability to grow and support all of our employees.

This year, we have focused on the representation of women in our workforce across all of our organizational levels. By 2030, our ambitions are for women to represent 40% of our leadership and management positions. Additionally, aligned with our commitment to DEI, we will continue to ensure that our initiatives and programs enable us to attract, develop, and retain diverse talent into our workforce, including people with disabilities, ethnic, and economically vulnerable groups according to each country's priorities. For more information see [→ Diversity, Equity, and Inclusion](#).

INTERNAL SOCIAL — PROGRESS & 2022 HIGHLIGHTS

As part of our commitment to business ethics, we continued to utilize our integral ethical system across our organization, with all of our employees signing the Letter of Compliance to our Code of Ethics, ensuring that they understand the Code of Ethics and are aware of KOF Ethics Line. We received a total of 1,371 complaints this year through this system, none of which were related to Human Rights violations.

This year, we evolved the management of our integral ethical system—migrating from a focus on reports from KOF Ethics Line to an integrated vision that brings together key elements that guide us towards prevention, surveillance, detection, and response to ethical dilemmas. Through our management model, we gave our strategy the impulse and systemic approach, as well as the empowerment that our organization requires.

In addition, we now employ more solid mechanisms that enable us to comply with our integrated ethical vision:

- Common reference framework: New corporate standards and internal guidelines on ethical matters
- Communication strategy aimed at promoting knowledge and confidence in KOF Ethics Line and reinforcing ethical behavior
- New management platform for KOF Ethics Line that enables us to carry out efficient, transparent, and reliable management
- Annual specialized training plans for our ethics complaint investigators.

We continue to drive human capital development together with our priority to strengthen our Customer-Centric Culture. This year, we expanded our trainings across all contribution levels, providing our workforce with an average of 22.13 hours of training.





Our training this year was a mix of synchronous, asynchronous, digital, and in-person events. We expanded our digital offerings, training 495 leaders through our Agile & Digital Academies. We further continued our Lab Leadership Program to facilitate accelerated talent development for the Supply Chain & Engineering and the LATAM Marketing functions. For more information see [→Talent Management and Development](#).

We expanded our digital ESG training significantly during the year. Through multiple training sessions throughout the year, we trained our top-level of management on our revamped ESG strategy, focusing on developing a comprehensive understanding of ESG and our strategy. We also developed more detailed training programs tailored to different functional areas.

We developed our integral wellbeing initiatives this year, while leveraging feedback from our biennial employee engagement survey, last launched in 2021. We continued to offer our Employee Support program to support emotional wellbeing and consider other aspects of wellbeing in the workplace through our Occupational Health & Wellbeing Management System. For more information see [→Occupational Health & Wellbeing](#).

Our DEI efforts this year were spearheaded by initiatives to attract and retain women in our workforce, with oversight from our Diversity, Equity & Inclusion Advisory Board.

Given the existing gender gap within the industry, we have promoted the representation and inclusion of female talent in a sustainable manner, empowering women to make decisions in key positions and implementing actions to attract, develop, and retain women in front-line positions:

In Brazil, we developed Escuelas de Formación to train female talent within our communities to improve their opportunity to enter the labor force. Additionally, we trained women to perform refrigeration equipment maintenance to promote female participation in technical areas. Likewise, we staffed a new distribution center with 40% female talent since its inception.

In Colombia, we launched the “Cinta Violeta” program, aimed at preventing gender violence within their personal lives and enabling them to share stories in a safe environment. We also expanded the accelerated development of our female talent for leadership roles.

In Guatemala, we set up the first all-female production line, demonstrating that the integration and development of women in operational positions is possible. For more information see [→Diversity, Equity, and Inclusion](#).

We further expanded our efforts for talent recruitment of other under-represented groups. In Brazil, Colombia, Guatemala, and Mexico, we undertake active recruitment initiatives to improve the representation of people with disabilities in our workforce, with many of our other countries of operations actively working to improve accessibility and inclusion within our workplace. We also work to improve recruitment of LGBTQ+ talent, and allied with Contratá Trans in Argentina, to improve the inclusion and social mobility of the trans community. To this end, we continued to improve inclusion of these LGBTQ+ communities through ally pledges, affinity groups, and consciousness and awareness programs across our countries of operations. In addition, we continued talent programs to attract and retain indigenous, afro-descendant, and economically vulnerable groups into our workforce.

SAFETY & HEALTH

SAFETY & HEALTH — CONTEXT & AMBITIONS

Our ambitions across health and safety are both internal and external—they are relevant to our people, our third-party partners and contractors, and our neighbouring communities.

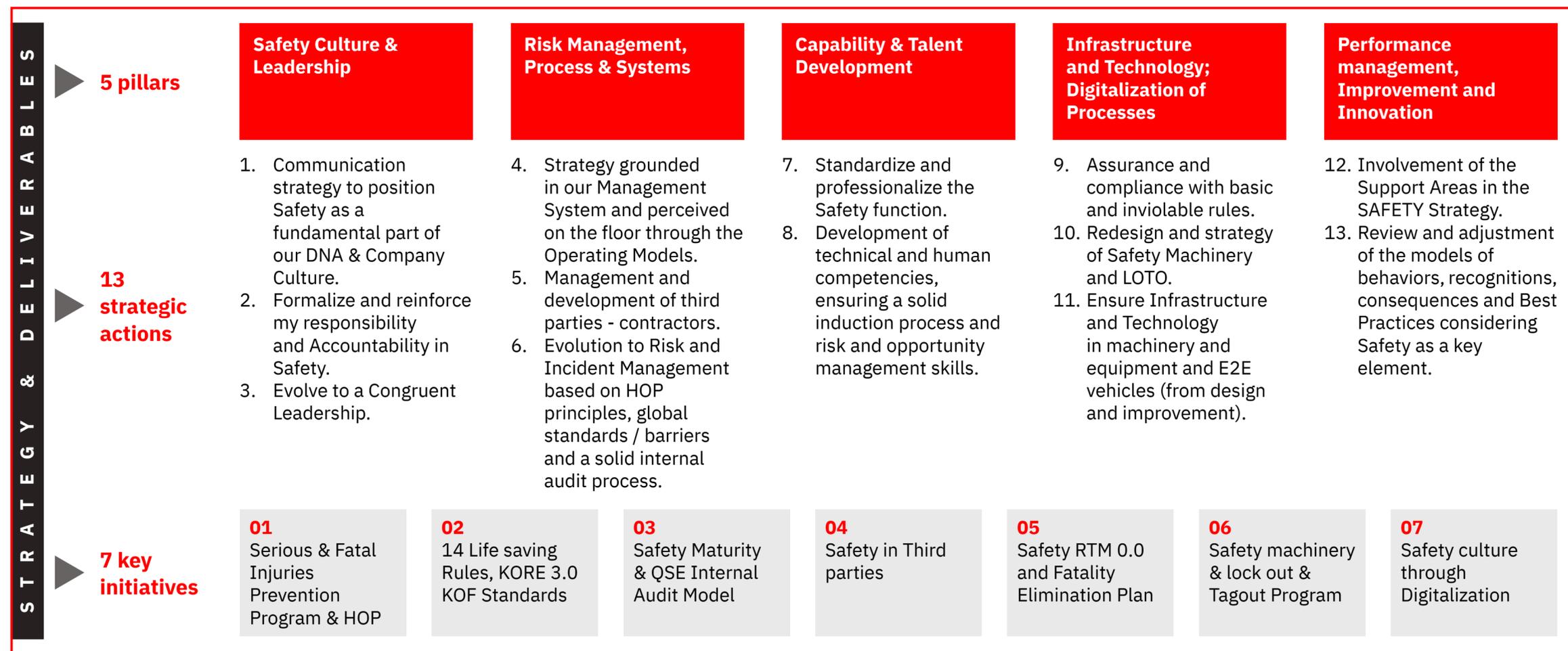
Coca-Cola FEMSA’s Safety 0.0 Strategy is based on the understanding that safety is a fundamental value and element of our ambitions and organizational strategy. We believe and understand that nothing is more important than the safety and wellbeing of our people.

Our overarching safety vision is “zero is possible.” We aim to cause no harm or injury while people manufacture or supply our products or provide any of our services. To achieve this goal, we prioritize safety and give it high organizational relevance, empowering our leaders and recognizing that each employee is a fundamental contributor to our physical and psychological safety.

To ensure the safety of our operations and the places where we operate, we focus on ensuring the safety and reliability of our people and our work

environment. Our comprehensive safety strategy is designed to develop the necessary capabilities and processes that will enable us to systematically reduce our accident rates and continue to achieve our commitments.

Our safety strategy includes five strategic pillars with 13 strategic actions associated with our key activities. We have also developed seven key initiatives and considerations needed to achieve these ambitions.





We continue to focus on key programs and initiatives that have contributed to significant improvements in our safety performance over the past few years. While we continue to improve on traditional metrics, we recognize that we still have a major challenge to enable “zero” in our operations, which requires ongoing focus and initiatives to sustain our desired results. Common across these initiatives are efforts to improve capabilities, technology, accountability, communications, and other processes that can drive down our incident metrics.

In 2022, 365 million kilometers were travelled in the 9 countries where we operate. Our Safety RTM 0.0 route-to-market, distribution, and logistics safety initiative has already reduced several of our road incident rates. From our people’s perspective, our focus is on developing the skills and behaviors we need to develop professional experts capable of anticipating and preventing incidents. In addition, we aim to ensure the infrastructure and safety elements of our vehicles, developing the processes and environments necessary for our workforce to manage the risks they face every day. This strategy has required us to accelerate our road safety investment to develop the capabilities of our employees and third parties and to acquire equipment such as road simulators, advanced telemetry systems and monitoring devices,

and safety vehicle infrastructure. We continuously look to discover best practices and improve road safety in the many communities and countries where we operate, proactively sharing our knowledge with external entities that can enable these practices to be deployed more widely—from our communities to companies, governments, and non-governmental organizations.

By 2030, our goals and ambitions are to achieve zero fatalities, while reducing other incident metrics.

2025 public goals:

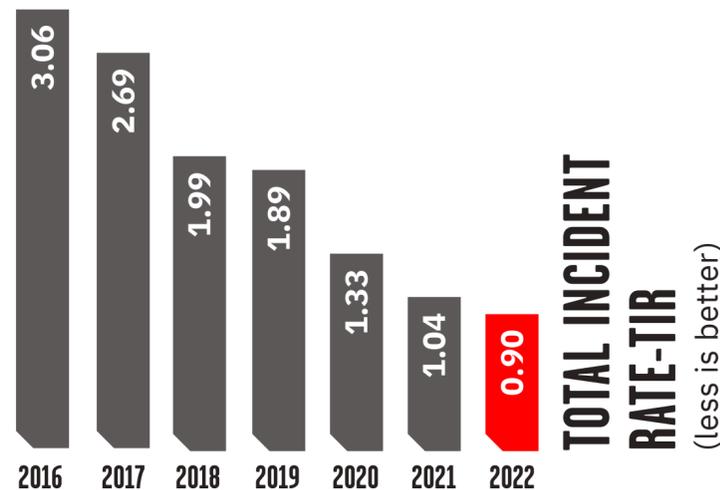
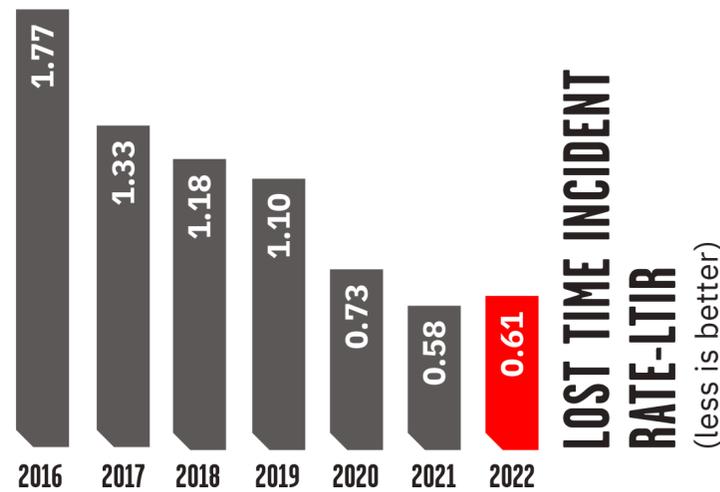
- Reduce annual fatalities (avoidable or within our control) to zero
- Reduce the Lost Time Incident Rate to 0.4
- Reduce the Total Incident Rate to 0.8
- Reduce the Crash Rate to 6.5
- Reduce the Major Crash Rate to 0.5
- Reduce Serious Incidents by 75% and High Potential Serious Incidents (avoidable or within our control) by 40%

In addition to these safety practices, we have developed ambitions around our talent’s health and wellbeing, including other forms of occupational safety. For more information see [→Occupational Health & Wellbeing](#).

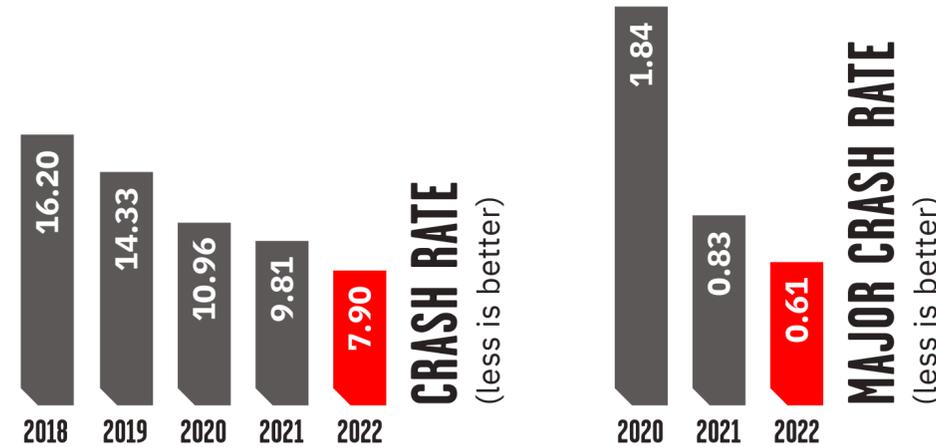
SAFETY & HEALTH — PROGRESS & 2022 HIGHLIGHTS

This year, we continued executing our safety strategy and revamping our safety organization, helping us to improve most of our safety indicators. We redesigned our organization in 2020, and as of this year, implemented 90% of our new structure.

In 2022, we achieved a lost time incident rate of 0.61. Our total incident rate decreased 13% this year, achieving a rate of 0.90—the lowest in our company’s history.



Since 2016, we have reduced fatalities involving our own vehicles or personnel by 85%. This year, we also decreased our crash rate by 20% year over year to 7.90, and our major crash rate by 27% year over year to 0.61.



Among our key initiatives for decreasing fatal and serious incidents in plants, distribution centers, and RTM, we continued to deploy our “14 Life Saving Rules.” To ensure successful implementation and evaluation of our “14 Live Saving Rules,” each operating unit—manufacturing, warehouses, distribution, and sales—performs a quarterly evaluation on the progress of their action plans. In 2022, 100% of our operating units conducted this self-diagnosis, and the level of implementation was 84% for our manufacturing plants and 67% for distribution centers.

We continued with the certification of our Safety and Health System in manufacturing plants based on the ISO 45001 standard, and we improved the performance of external audits by The Coca-Cola Company. In 2022, we achieved a 25% decrease in major and critical findings compared to 2021. This year, a new safety audit model was incorporated throughout the system that includes elements of compliance, safety strategy-based management, and culture and leadership. Under this new model, 66% of the operations had satisfactory results, and 33% of the operations had opportunities for improvement. At the corporate level, FEMSA’s internal audit had zero findings.

We continued the implementation of our Incident Management Process, contemplating a differentiated classification by four levels of incidents to manage and learn based on risk consequence and probability. Thus far, 100% of our operations have already migrated and implemented this new standard of Incident Management and Prevention for Serious and Potentially Serious Incidents.

Starting in 2022, we expanded beyond our traditional metrics, incorporating objectives and leading indicators related to Serious and Fatal Incidents and Potentially Serious and Fatal Incidents. These leading indicators are designed to help us detect risks and manage mitigation strategies for serious incidents. Our Behavior-Based Safety program is linked to this metric, and employees are now contributing to a reduction in this indicator across the organization. In 2022, a baseline of Serious Incidents and Potentially Serious Incidents was built and is now included in our performance tables.



In our manufacturing operations, the main risks are related to machinery intervention and hazardous energy management. To minimize and eliminate these related risks, a global initiative has been developed, and US\$20 million will be invested over 2022 and 2023 to ensure successful implementation. Developed during 2022, this global initiative consolidates risk analysis, capability building, implementation of active and passive safety infrastructure, maintenance, and audits.

As part of our training, we continued to provide and develop new training programs relating to safety. We developed six safety modules for our QSE Academy and 20 modules for our RTM Academy, which will be available for implementation across all of our operations during 2023. The main topics for 2022 were road risks—focused on motorcycle safety and transport vehicle driving—and essential topics such as Safety Fundamentals, Safety Culture, Serious and Fatal Incident Prevention Program, and Roles and Responsibilities.

Road simulators are among our main capabilities development tools that we aim to implement across our operations. In 2022, we invested over US\$2 million in simulators, with more than 10 in operation. These simulators enable us to imitate the handling of heavy vehicles (primary and secondary fleet); motorized vehicles (motorcycles); work at elevated heights; emergency situations in critical systems; and other relevant operational processes. To further develop this infrastructure, we acquired road simulators in Argentina, Brazil, Guatemala, Mexico, and Uruguay this year. Through this continuous investment, we have become not only one of the private companies with the highest capacity for simulation training, but also an industry benchmark for safety simulation.

FATALITIES

Unfortunately, over the past year, 38 people died either through their work for Coca-Cola FEMSA or community members involved in an incident with one of our vehicles. Any fatality is unacceptable, so we will not be satisfied until we fulfill our promise of ZERO incidents. We extend our condolences to all of the families and everyone affected by our operations, and we are committed to implement best practices to prevent any losses in the future.

This report documents the total number of fatalities (with or without legal responsibility where we were somehow involved during 2022). Importantly, we include any fatalities involving our own personnel, third parties, and communities, integrating all of our operations—manufacturing, distribution, and commercial locations operated by our own personnel, contractors, and third parties.

	2016	2017	2018	2019	2020	2021	2022
Total Fatalities	54	37	26	24	30	17	38
Fatalities w/ Responsibility	9	9	6	8	8	5	4

Year	KOF Collaborators	Third Parties	Communities
2016	6	9	39
2017	3	5	29
2018	3	4	19
2019	2	0	22
2020	4	3	23
2021	0	5	12
2022	0	4	34

GOVERNANCE



Governance plays an enormous role in ensuring a company is sustainable. Without effective governance, companies risk not following through on their sustainability ambitions, engaging in behaviour that can intentionally or accidentally damage their reputation, and ignoring their stakeholders' priority issues. Within the context of sustainability, we view governance as a way to improve our relationship with all of our stakeholders along two key dimensions: engagement and transparency.

GOOD GOVERNANCE ENABLES ENGAGEMENT AND TRANSPARENCY

Aligned with our goal to break the ceiling on sustainability, we are shifting the ways we engage our stakeholders—moving from compliance with local regulation and investor requirements to becoming more proactive with our sustainability goals. We already have an internal ESG committee at the top management level, including our CEO, and are working to establish clear accountability across areas on our ESG initiatives. We are also setting strong ambitions of leadership on compliance and security topics such as cybersecurity.

Our reporting to external agencies is key. We are reporting our emissions baselines to the Carbon Disclosure Project (CDP). We have also been a part of the Dow Jones Sustainability™ Emerging Markets Index for 10 consecutive years, and consequently, are evaluated annually under the S&P Global Corporate Sustainability Assessment, the leading sustainability metric for companies worldwide. We are also part of the MILA Pacific Alliance Index, FTSE4Good Emerging Index, and the S&P/BMV Total Mexico ESG Index, which require us to maintain high levels of transparency.

COMPLIANCE & SECURITY

As we move from compliance to proactivity, we are changing our approach to standard compliance and security topics around the organization. To this end, we identified three compliance areas with ESG implications for this shift: risk management, supply chain management, and cyber and data security.

RISK MANAGEMENT — CONTEXT & AMBITIONS

Our risk management functions manage the impact that internal and external factors have on our business, identifying both short-term and long-term risks, quantifying their impact, developing mitigation plans, and reporting material risks.

Embedding ESG into these processes requires us to take a longer term and broader view of our operations, considering interdependencies such as the link between regulation and our ability to operate our fleet effectively. Several of our risks can be mitigated through effective ESG actions, and an effective mapping of these risks is crucial to our ESG strategy. Additionally, to improve our levels of transparency, ESG risk management requires proactive reporting, ensuring our stakeholders are aware of our key risks and the actions we take to mitigate them.

To this end, our ambition is to embed a fully mature and industry-leading ESG risk management process, quantifying our ESG impact and reporting these risks to our stakeholders.

As a baseline, during the latest update of our risk and control base, we have identified around 40% of risks that are connected to one or more aspects of ESG.

SUPPLY CHAIN MANAGEMENT — CONTEXT & AMBITIONS

We also must upgrade our policies on our supply chain partners to enable our sustainability goals. Environmental and social priorities, such as mitigating scope 3 emissions, are heavily dependent on our ability to work closely with our suppliers and innovate in our supply chain. At the same time, we are responsible for ensuring a well-functioning, resilient supply chain to deliver products to our customers, many of whom depend financially on a steady supply.

To manage our supply chain effectively, we are working on implementing several ESG levers, including:

- Strengthening our Supplier Code of Conduct with ESG requirements.
- Assessing current suppliers' ESG performance.
- Seeking out collaboration opportunities with key suppliers to mitigate ESG impact.
- Increasing our procurement functions' ESG sophistication in order to balance ESG trade-offs with other efficiency/cost considerations.

Our ambition is to:

- Ensure 100% of key suppliers audited compliant, by 2030 with Supplier Guiding Principles.
- Ensure 100% of our key suppliers have emissions reduction ambitions by 2050.

CYBER & DATA SECURITY — CONTEXT & AMBITIONS

Over the past decade, our business has grown its digital footprint, as we actively pursued our strategic corridor of digitizing our core. Reliable digital platforms enable much of our commercial and sustainable success. Our manufacturing and maintenance programs are built on digital platforms, and our commercial efforts are based on digital point-of-sale management.

While digital platforms enable much of our strategy, we are also responsible for ensuring the security of sensitive data from our customers, stakeholders, and our company. Without effective cyber and data security mechanisms, we risk operational disruption due to ransomware attacks, unauthorized exposure of sensitive information, fraud, and various other disruptive events.

Our efforts to improve our cyber and data security are focused on both protecting our data from cybersecurity attacks and managing our sensitive information ethically. This means that we are considering how we handle information from storage to use, and communicating our data use transparently.

Our cybersecurity operating model is based on an industry best practices framework, which provides a systemic approach that considers controls aimed at prevention, detection, and resilience to cybersecurity incidents. We have governance bodies at different levels, which include the Board of Directors' Audit Committee, an Executive Steering Committee, and a Chief Information Security officer (CISO) responsible for leading our cybersecurity strategy. Our technically specialized organization that combines our own and third-party technical resources, while considering

proper duty segregation between government and operations. A permanent internal audit process specializing in cybersecurity reports directly to the Board's Audit Committee, and independent firms conduct periodic assessments, enabling us to assess our level of maturity and security posture while providing insights for our investment program. Also, as a reference, we have The Coca-Cola Company's "Business Resilience Framework," which provides the guidelines that the bottling system must meet in terms of cybersecurity and resilience. Lastly, we have a permanent cybersecurity program supported by economic and human resources, which aims to achieve constant, positive evolution in cybersecurity and data protection.

Following our theme of moving beyond compliance, our 2030 ambition on this topic is to be recognized as a cyber and data security leader in the Coca-Cola System and our value chain. Internally, achieving this leadership position will require us to improve cyber expertise and visibility in our governance bodies and reach and maintain a cybersecurity level appropriate for our industry and our risk appetite. It will also require external effort, requiring us to extend our cyber risk management to our value-chain partners, and increasing our transparency regarding our governance strategy and risk management.



COMPLIANCE & SECURITY — PROGRESS & 2022 HIGHLIGHTS

This year, we continued our initiatives to advance compliance and security topics (risk management, supply chain management, and cyber and data security) to leading levels.

We assessed the criticality of the identified risks according to our current evaluation methodology and considering the mitigating controls associated with each and found that we do not currently have any residual risk at a critical level.

As a next step, we are focusing on a deeper analysis of these risks to guarantee full coverage of the key variables that may contribute to them, enhance our mitigating controls, and improve the methods of communicating them internally to leadership in a timely manner to act.

Adherence to our various supplier guiding principles increased this year as part of our focus on supply chain management. We assessed 665 suppliers under our own Supplier Guiding Principles, ensuring alignment with our company's operating principles and values across four categories: Social/Labor Rights; Environment; Ethics and Values; and Community.

Coca-Cola FEMSA

Country	2015	2016	2017	2018	2019	2020	2021	2022
Mexico	100	198	245	172	165	164	143	217
Costa Rica	30	120	106	34	41	35	47	38
Guatemala			49	34	36	35	57	68
Nicaragua		84	94	27	21	15	24	13
Brazil			45	66	63	245	266	187
Panama				36	24	30	36	34
Argentina				31	31	17	42	41
Colombia					30	51	56	45
Uruguay					15	27	28	22
Total	130	402	539	400	426	619	699	665

We are also working with more strategic suppliers aligned with The Coca-Cola Company's Supplier Guiding Principles and Sustainable Agricultural Guiding Principles. This year, The Coca-Cola Company carried out 120 evaluations of suppliers in our system.

The Coca-Cola Company

Country	2016	2017	2018	2019	2020	2021	2022
Mexico	52	40	59	37	27	130	46
Costa Rica	3	7	0	1	7	0	1
Guatemala	5	8	7	8	7	7	7
Nicaragua	1	0	0	1	1	0	1
Panama	0	3	3	2	1	1	3
Argentina	11	19	10	10	10	25	11
Brazil	47	102	51	42	57	65	45
Colombia	7	18	11	4	10	25	6
Total	126	197	141	105	120	253	120

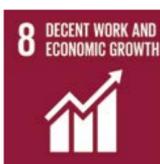
We encourage the use of our SGP for our Tier 2 suppliers—the suppliers of our suppliers. In 2022, we evaluated 35 indirect Tier 2 suppliers based on our Guiding principles. Since 2018, we have conducted 178 evaluations under these principles.

This year, under our permanent cybersecurity program, we continued implementing and improving controls oriented toward processes, technology, and people. These controls are aimed at prevention, detection, and resilience in the face of eventual cybersecurity incidents.

We continued to provide awareness and training programs among company personnel and encourage safe behaviors, especially regarding social engineering and phishing risks.

Concerning technological controls and processes, we improved our data protection and the security of our infrastructure, systems, networks, applications, and identity and access management. We also continue to strengthen our monitoring, detection, and response capabilities.





TRANSVERSAL

Throughout our ESG transformation, we set world-leading ambitions on various environmental, social, and governance topics. However, achieving these goals requires important changes in the way we execute our day-to-day operations, as well as deep mindset shifts. We have already made many of these changes within our operations, but the changes we must make to sustain this strategy will take several years.

Our transversal topics focus on several operational levers and key considerations that enable us to successfully execute our ESG strategy: DEI and digitalization.

DIVERSITY, EQUITY, AND INCLUSION — CONTEXT & AMBITIONS

Our aim is to ensure that we are proactive in our transversal DEI efforts, while considering the impact our transformation has on diverse groups' representation and opportunities. Crucially, we are uniquely positioned to significantly improve DEI across our communities and value chain. For instance, our small local business population has a large representation of women, and improving business outcomes in our sustainable value chain actively contributes to better representation of diverse groups. Empowering these diverse groups yields both direct and indirect benefits—improving the lives of diverse populations can improve entire communities through accelerated and more balanced economic development. We have opportunities to identify these groups across all of our work and take actions to improve their opportunities.

DIGITALIZATION (TOOLS, TRAINING, & ENABLEMENT) — CONTEXT & AMBITIONS

Our ability to become more sustainable depends on an array of different processes and groups within our organization, which requires effective tools for knowledge sharing and data capture. Digital platforms, including tools and training, enable quick and effective distribution of ESG information across our organization, as well as access to data that can help us pivot to more sustainable operations.

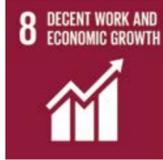
A crucial aspect of this topic is an effective ESG training program through our online platforms and beyond. Aligned with our Human Capital Development ambitions, we will deliver ESG training that enables our people to understand the ESG impact of their work, and take action to advance our sustainability ambitions. We have already provided several types of ESG training, and our objective is to leverage our digital platforms to cascade this training across all levels of our organization.

Different ESG initiatives can also benefit from increased levels of digitalization, especially our fleet efficiency and electrification initiatives. To this end, we will continue to assess opportunities for increased levels of digitalization that can enable us to reach our different ambitions faster and more effectively.





STRENGTHEN OUR CUSTOMER-CENTRIC CULTURE



Our Human Resources' (HR) function is working across three strategic corridors to foster a future-ready, people-centric culture, with the agility and digital savvy to support an open business ecosystem:



SHAPE THE ORGANIZATION OF THE FUTURE

Agile, collaborative, and high-performing, leveraging digital capabilities to support an open business ecosystem



DEVELOP THE NEW PIPELINE OF TALENT

Diverse, people-centric, and radically flexible, based on human dignity and connected to our purpose to fulfill and sustain our strategy



EVOLVE OUR HR PLATFORM

Enabled, empowered, digital, data-driven HR, leveraging a deep human connection, effective service, and management model to support the organization

To advance along these corridors, we have achieved a clearer picture of the strategic challenges that we face to accelerate the development of the capabilities our organization needs for long-term and day-to-day business success, coupled with much more assertive initiatives for our talent and digitalization roadmap.

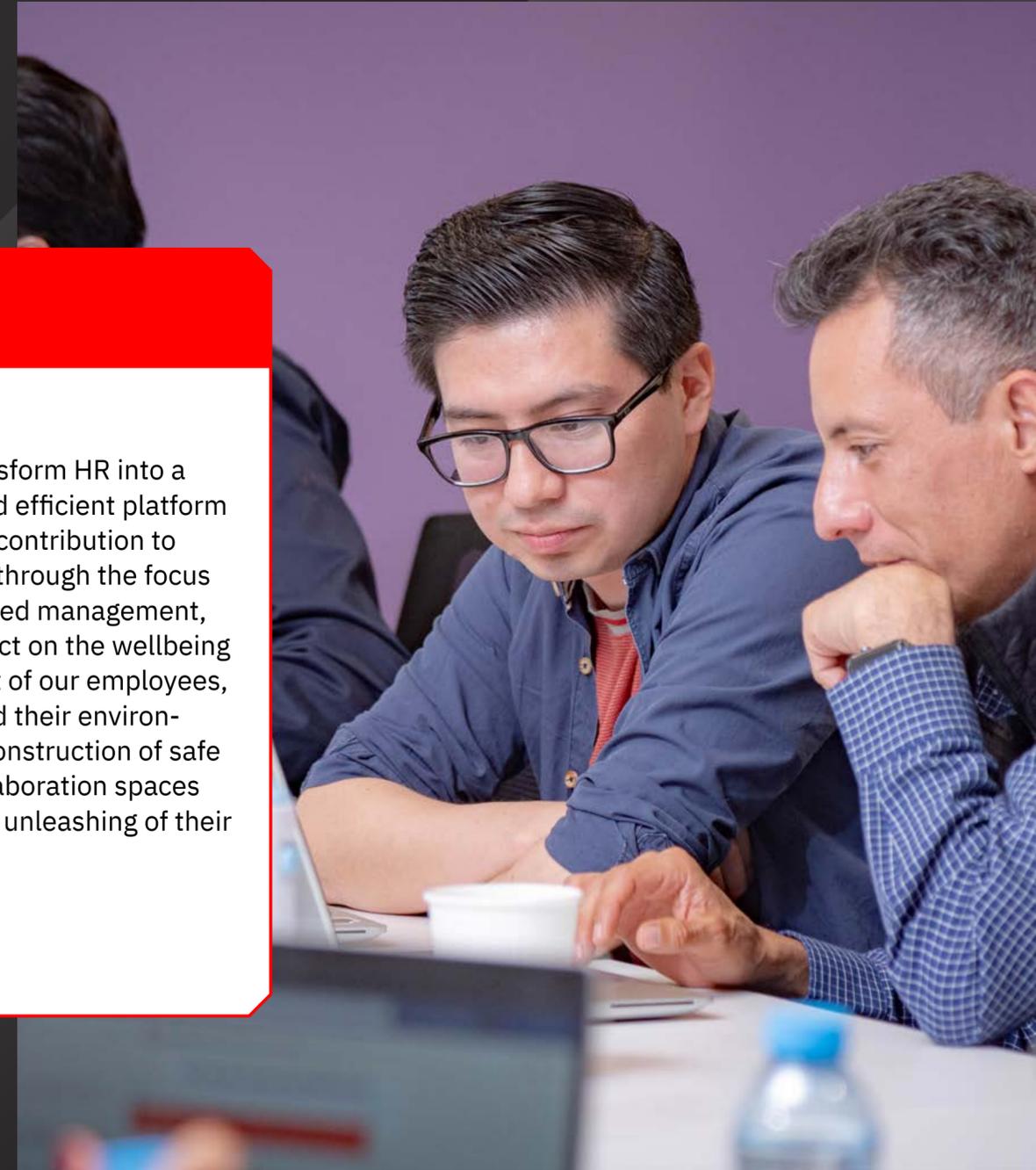
OUR HR WINNING ASPIRATION

Lead our company's **cultural transformation** by accelerating the organizational capabilities needed to ensure the pursuit of our purpose and the consolidation of our strategy.



- Purpose-Driven Organization →
- People-Centric Management →
- Agility & Digital Savviness →

We aspire to transform HR into a flexible, agile, and efficient platform that ensures our contribution to business growth through the focus on people-centered management, the positive impact on the wellbeing and development of our employees, their families, and their environments, and the construction of safe and virtuous collaboration spaces that facilitate the unleashing of their talent potential.



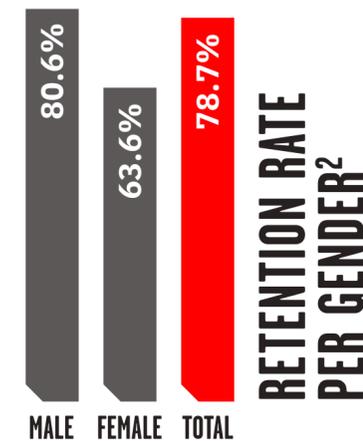
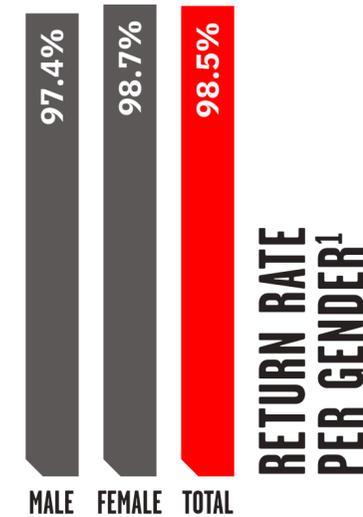
SHAPE THE ORGANIZATION OF THE FUTURE

Our company's transformation journey, together with the complex outlook brought on by the COVID-19 pandemic, required the continuity of relevant cultural changes throughout the organization. HR became an active strategic business partner, efficiently facing the company's business needs and adding value to the strategy.

In 2018, we launched KOF DNA to ensure that our customers and consumers are at the center of our activities. This year, we reinforced our DNA to support our business vision and transformation, achieving improvement in key behaviors such as people first, operational excellence, and agile decision-makers. To this end, we continued to create mechanisms and practices to live and refresh our DNA throughout our organization. For example, we continued to implement and improve our "Estrella KOF" peer recognition program, where our people nominate and recognize their colleagues for showing extraordinary commitment to the elements of our DNA.

We gained a better understanding of where we must build key organizational capabilities to advance our business strategy, focusing on accelerating our digital transformation while maintaining and growing our core business in a complex environment. For HR in particular, this means becoming a platform that will enable us to develop deeper "people-centric" connections through digitalization and quality data, which will allow us to offer individualized solutions.

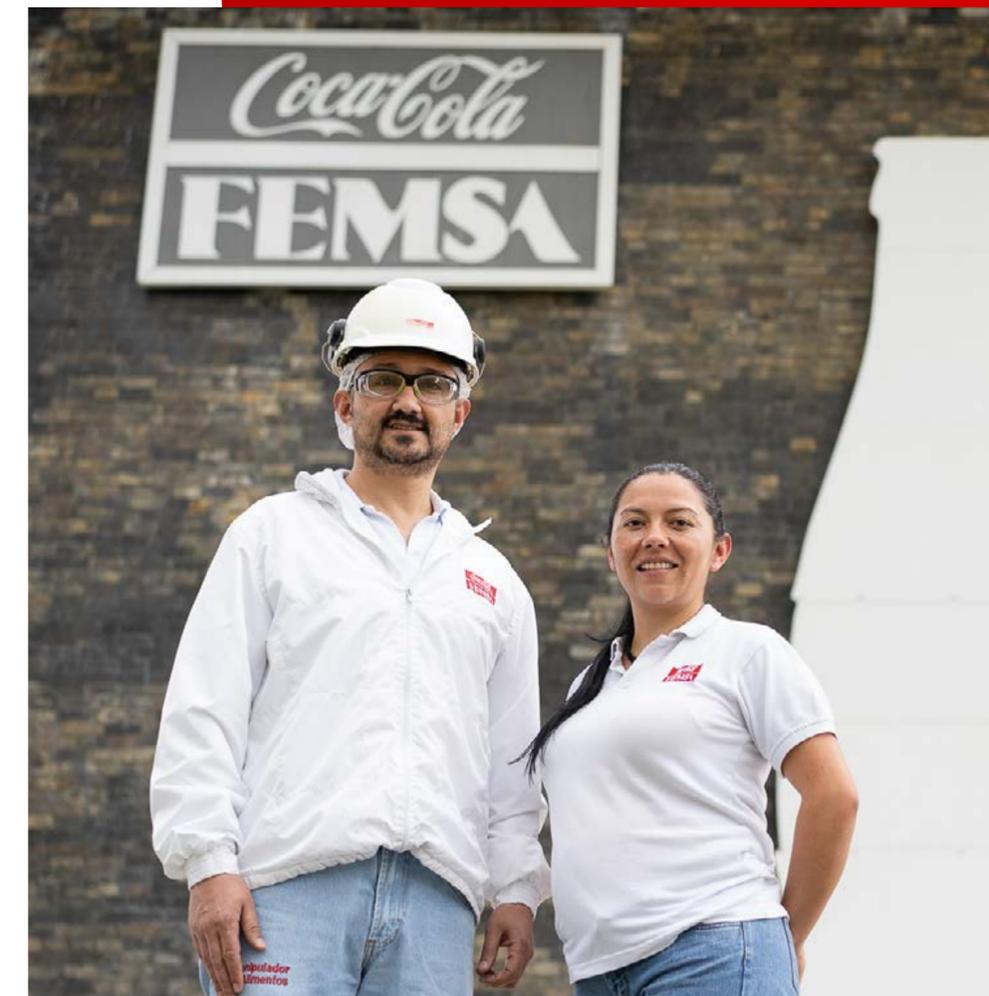
We also improved our Employee Value Proposition (EVP). Aligned with our purpose, we developed a clear and comprehensive narrative, where we defined our total rewards strategy that focuses not only on our people's compensation schemes, but also on their development and wellbeing. Benefits include flexible hours, home office for administrative positions and other roles where their function allows, lactation rooms to support breastfeeding at work, and parental leave in accordance with the specific country's regulations.



¹ Employees that returned to work after Parental Leave.

² Employees that continue working 12 months after Parental Leave.

Male Parental Leave varies in each country from 2 to 14 days.

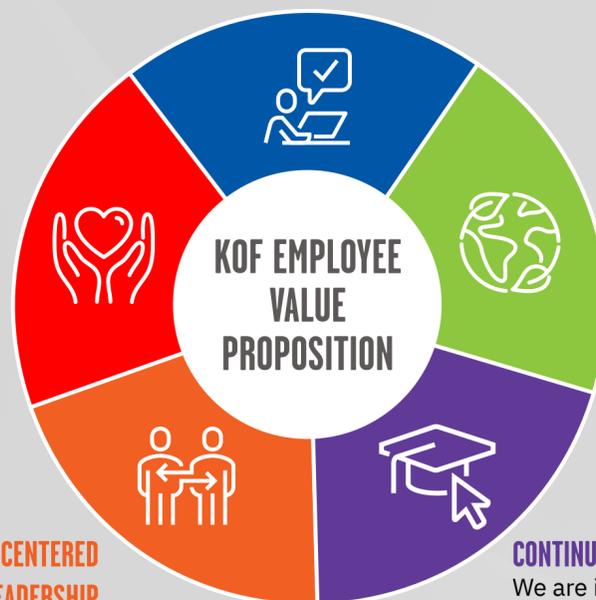


POSITIVE WORK ENVIRONMENTS

We are interested in making our people feel motivated, committed, and successful. That is why we offer collaborative, innovative, and trusting environments, where they can take calculated risks and work productively with the flexibility that adjusts to their functions and life moments.

INTEGRAL WELLNESS

Our priority is for our employees to enjoy health across all of the dimensions of their lives. That is why we offer options for physical, emotional, and family wellbeing. We recognize their effort, commitment, and contribution to the generation of value for our business.

**AGILE, DIGITAL AND PEOPLE-CENTERED CULTURE AND LEADERSHIP**

We are interested in our employees becoming the best version of themselves, and we believe that our differences strengthen us. That is why we offer our employees a respectful, inclusive, and collaborative environment, where their voices will be heard.

SHARED PURPOSE

We are interested in what our employees believe and what moves them. That is why we offer them the opportunity to be the protagonist of our business' transformation into a digital, agile, flexible, customer-focused, and collaborative ecosystem, placing sustainability at the center of our actions. This is how we make a difference in people's lives, communities, and the planet.

CONTINUOUS LEARNING AND DEVELOPMENT

We are interested in our people's professional and personal aspirations. That is why we offer them options to develop and enhance their holistic growth, reaching their maximum potential.

This year marked “the moment of truth” in the definition of our new normal and hybrid working schemes. As a group, we formally announced that we are a hybrid company, where we empower our leaders to undertake assertive conversations with their teams and to establish the best model for each team. We are also analyzing our FlexKOF model to better align it with our improved EVP.

Exemplifying our new ways of working, our digital and analytics hub has implemented a co-creation process where we assemble agile cells—with different profiles, skills, functions, and areas—that ensure our business units' participation in the delivery of valuable digital and analytical solutions across our operations while creating workspaces that empower collaboration and teamwork. We are also working through different communities in areas like our Supply Chain and HR functions to identify and share insights and best practices. Comprised of multinational teams, these communities are focused on defining and updating the organizational model, variable compensation schemes, and multi-category offerings, among other areas. This year, we further implemented a pilot for KOF Financial Services (KFS), with a complete remote working scheme, where we monitored the implementation and results to ensure success. →For more information see **Digital & Analytics Hub**.

We also designed our Lean-Agile Center of Excellence (LACE) Service Model to support the organization's digital and agile transformation, and we deployed digital and agile training programs for more than 400 employees, which we will continue to implement throughout the rest of the organization in the coming year.

+400 employees trained through our digital and agile training programs

Aligned with our imperative to make a difference in ESG, we expanded our digital ESG training significantly this year. To facilitate our company's transition into a worldwide sustainability leader, we not only offered training to top-level management on our renewed ESG strategy, but also developed more detailed training programs tailored to different functional areas. Additionally, we complemented the design and transformation of our ESG framework with employee training to enable the understanding of fundamental ESG concepts. →For more information see **Future Ready Sustainability Strategy**.

As part of our strategy to become a learning ecosystem, during the year, we delivered the training agenda, according to the level of knowledge required for each of our organization's contribution levels. Aligned with learning tendency, we also delivered more accurate training, catering the content and duration of the program to ensure the best learning experience for our colleagues.

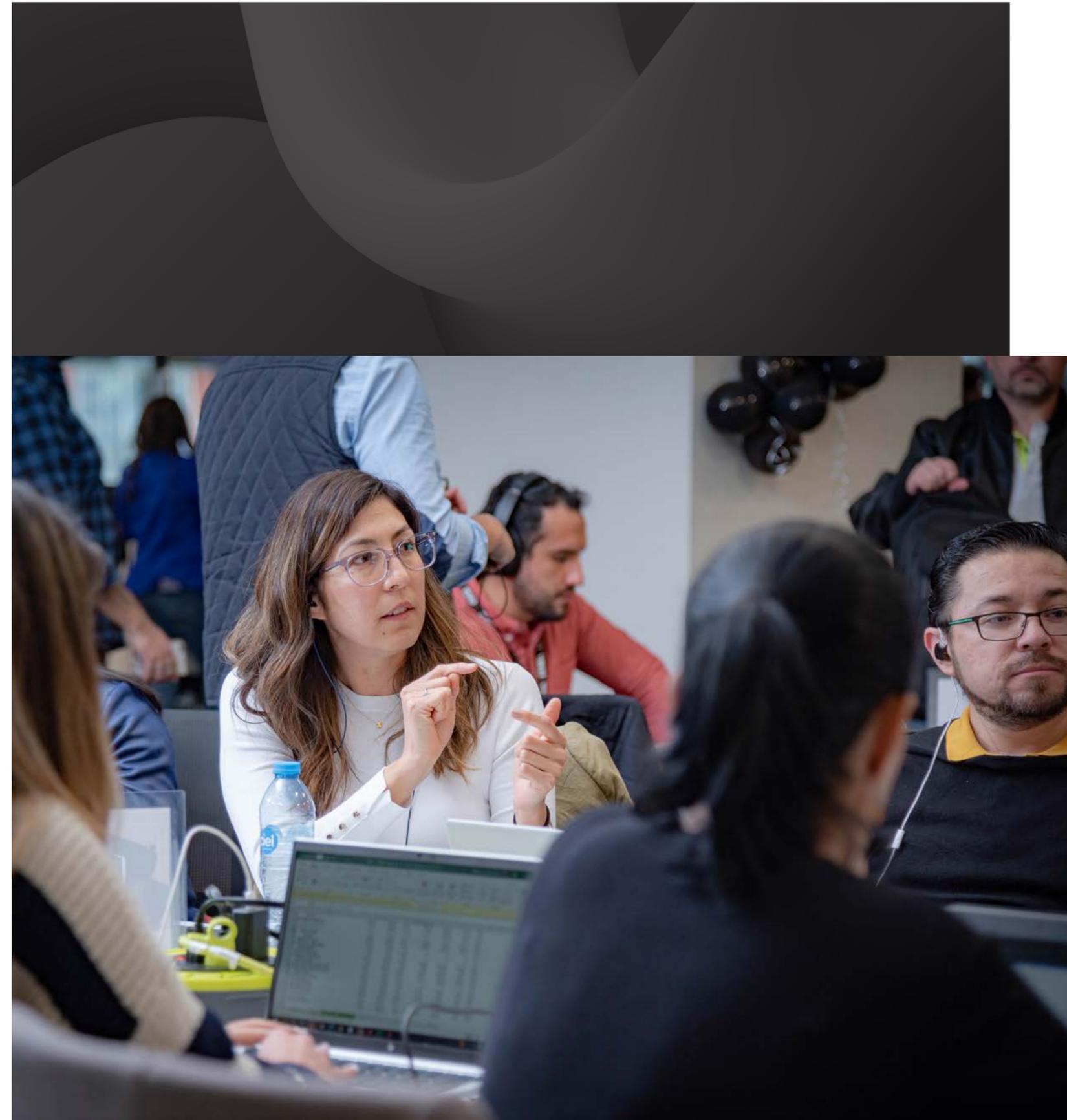
We implemented our biennial employee engagement survey throughout our operations during 2021. With 92% participation and 91% engagement levels, the survey results focused on four dimensions: intent to stay 84%, discretionary effort 91%, pride to belong 95%, and willingness to recommend the organization 94%. As a result, we significantly improved employees' engagement and communication with their direct leaders through cultural and communication efforts such as KOFFEE Talks, which are spaces where our leaders enjoy the opportunity to interact with their people to discuss various topics of interest. During the year, we focused on analyzing the results by country and area to develop assertive action plans to mitigate identified gaps. Looking ahead, we will implement our biennial employee survey in the coming year—aiming to maintain high engagement scores while making progress on targeted gaps.

Consistent with our comprehensive approach to our people's wellbeing, we further developed a conscious leadership program. The goal of this program is to migrate the concept of health from a purely medical to a more holistic approach to wellbeing, including physical health, emotional wellbeing, spiritual self-development, and conscious leadership. During the year, the program reached middle management across our Colombia, Guatemala, and Mexico operations, and is expected to reach our Argentina, Brazil, Costa Rica, Nicaragua, Panama, and Uruguay operations during the coming year.

This year, we continued with the utilization of our integral ethical system across our organization to create a safe environment for our people—where they can anonymously raise their voice if they should have any complaints concerning the company's code of conduct. Overall, we received a total of 1,371 complaints this year through this system, some of which were related to work environment and leadership, operational, and financial topics. → **For more information see Integral Ethical System.**

We also continued analyzing the gaps identified in the labor risk assessments that we performed across our operations last year to measure the labor conditions of our people and possible impacts. During the year, we not only analyzed the identified gaps, but also implemented assertive plans to mitigate them. To this end, we have focused on investments to improve the infrastructure of our work centers and guarantee optimal labor conditions.

We also constantly look for opportunities in our organizational model and structure to ensure that we operate with the greatest efficiency, agility, and efficacy—always accompanying our evolving business strategies and operating conditions, and complying with the countries' local regulations.



DEVELOP NEW PIPELINE OF TALENT

Our people and the way they work together are our company's most valuable assets. Accordingly, we comprehensively manage, attract, develop, and motivate our people, preparing the next generation of leaders today.

To this end, we improved our talent attraction and retention strategy to ensure that we have the right digital and skilled talent to face coming challenges while leading our organization's digital transformation. During the year, we recruited 14,645 skilled employees, including 71 digital and IT positions at the corporate level.

Recognizing that we have many talented people across the company, we constantly reinvent ourselves and mobilize the entire organization to get the best out of our talent, unleash its full potential, and inject new capabilities. Among our initiatives, we designed and implemented accelerated development programs like the Lab Leadership Program for the LATAM Marketing and Supply Chain functions, and we continued promoting critical experiences for our people, enabling us to enjoy greater talent visibility and a better succession pipeline for key positions.

LAB LEADERSHIP PROGRAM: LATAM MARKETING

Like the Supply Chain & Engineering function, our Lab Leadership Program aims to accelerate development of marketing talent at the LATAM division to develop, expose, and generate international mobility.

PROGRAM FEATURES

Duration: 18 to 24 months segmented into three semesters - two for local and one for international critical experiences

Talent pipeline sourced: Middle-management marketing positions drawn from top internal or external talent with three to five years of work experience

Top reasons for entering program: Clear professional development plans, leadership opportunities, work/life balance, and improved compensation

Program support: Sponsor – Chief Operating Officer – LATAM Division, Mentor – Marketing Director, Project Leader – Hiring Manager, Monthly Follow-up – HR/Talent Area

CRITICAL EXPERIENCES FOCUS — MARKETING OF THE FUTURE



Developing tomorrow's marketing talent today



We also improved our employer brand to attract the best talent, and we designed an umbrella of early career programs, including college scholarships, internship programs, and our new trainee's talent program to increase talent injection and to prepare future generations of talent.

During the year, we continued consolidating the performance evaluation process, focused on each employee's value generation and contribution to our business strategy—reinforcing and promoting meritocracy. We also continued to encourage our executives to engage in ongoing conversations with team members about their performance and development. This year, we evaluated 97% of our employees' performance.

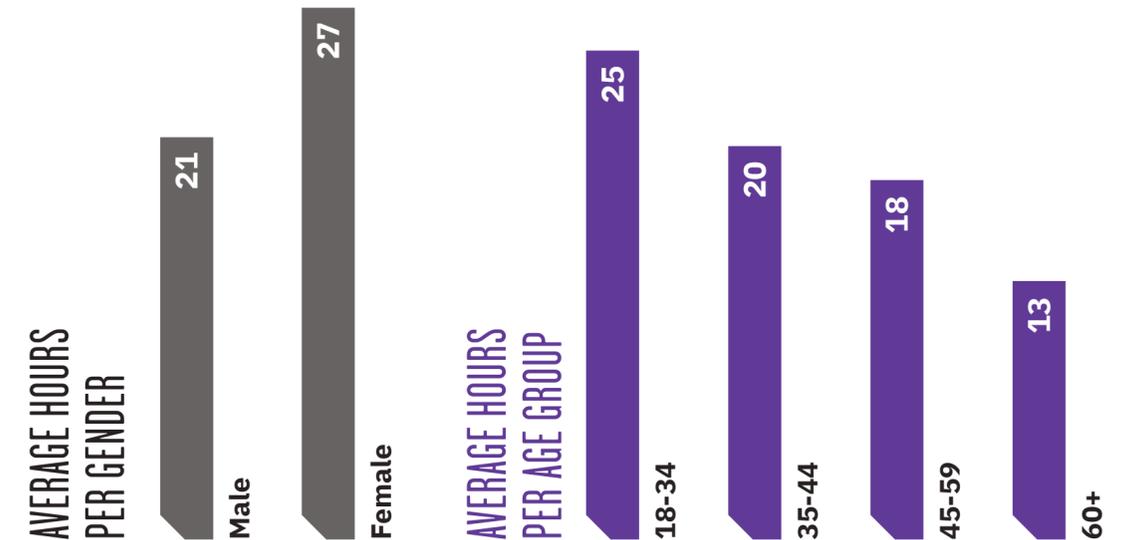
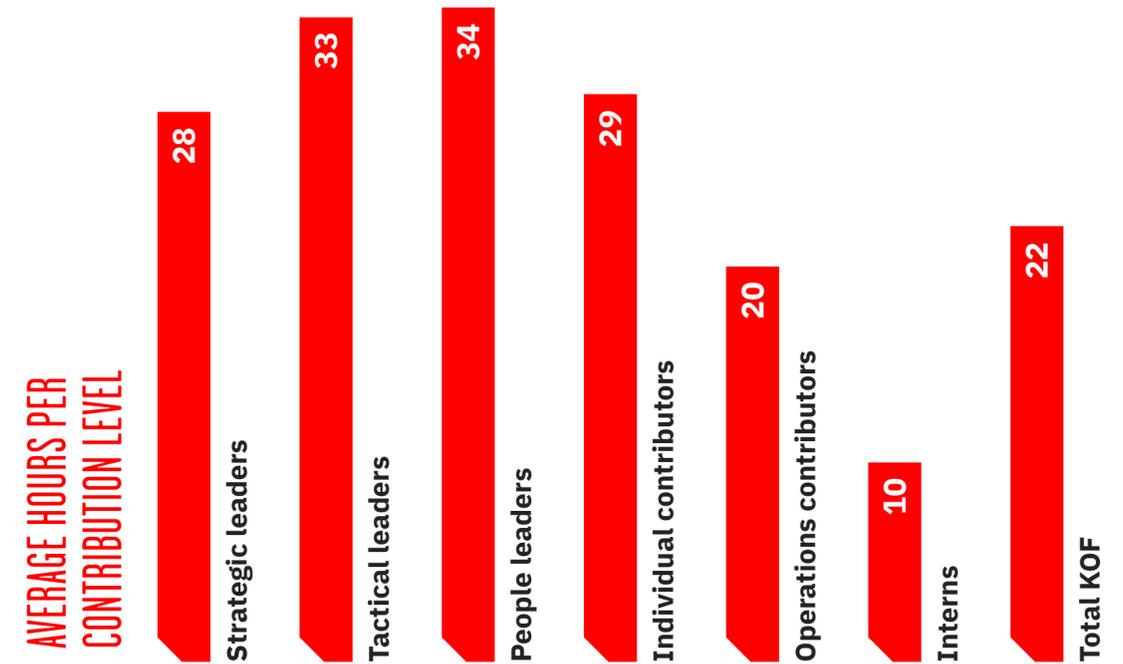
84% of our company's director-level talent requirements filled by internal candidates



Moreover, we kept on improving our talent management processes, assertively ensuring that we offer the best user experience. This year, we deployed our annual 9-Box Talent Assessment for 94% of our people leaders, tactical leaders, and strategic leaders throughout the organization. This evaluation helps us to assess our talent that has more than 6 months in their current position, through their performance and potential, and identify our key talents. We also applied a 360° DNA-oriented assessment of our managers and directors' behavior. This survey was applied to 84% of our directors and managers to assess their behaviors regarding our DNA values.

Notably, we performed a smooth, successful senior management succession for our CEO, multiple members of our senior leadership team, and country managers. This robust succession planning process enables us to not only quickly identify internal talent, as well as key talent from other FEMSA business units and the market whenever necessary, but also ensure operational continuity across all of our leadership levels.

TRAINING HOURS



DIVERSITY, EQUITY, AND INCLUSION

Under the umbrella of our ESG strategy, we continued to carry out a number of initiatives to reinforce our company's commitment to diversity, equity, and inclusion. From our "WE Talks" discussion forums to our Inclusion and Diversity Forum, we raise awareness of important societal issues, work to eliminate unconscious biases, and enable our employees to play an integral role on our way to creating a more flexible and inclusive organization.

INCLUSIVE LEADERSHIP <i>Recognition as a company with inclusive leaders and work teams</i>	FLEXIBLE ENVIRONMENT <i>Foster a flexible and agile environment that adapts to the needs of our surroundings</i>	DIVERSE TALENT <i>Ensure a diverse, inclusive, and respectful workplace for all our employees</i>
<p>Inclusive Leadership Training</p> <ul style="list-style-type: none"> • Unconscious biases in leadership and recruitment workshops and training • Ignite leader's role as inclusion and diversity advocates  <p>Engaging and Connecting</p> <ul style="list-style-type: none"> • Inclusion & Diversity Forum <ul style="list-style-type: none"> »Lean In Circles (Brazil) »Cinta Violeta (Colombia) »Transformando Mirades (Central America) »Dale la mano a la que sigue (Mexico) <p>Raise awareness and create a call to action on social issues that impact our communities</p> 	<p>Certifications and Recognitions</p> <ul style="list-style-type: none"> • Bloomberg Gender-Equality Index, Human Rights Campaign, UN Women, Women Matter – McKinsey  <p>Processes and Practices</p> <ul style="list-style-type: none"> • Review, design, align, and deploy flexible processes and practices, including Parental and FlexKOF models 	<p>Discussion Forums</p> <ul style="list-style-type: none"> • WE Talks discussion forums • Provide safe places for our employees to dialogue  <p>Representation</p> <ul style="list-style-type: none"> • Undertake efforts to foster female employability and representation • Measure female talent mix in leadership and operational positions • Embark on efforts to include refugees in the workforce 



DIVERSITY, EQUITY & INCLUSION ADVISORY BOARD

Our diversity, equity, and inclusion (DEI) efforts are currently integrated through a DEI Advisory Board. This board is focused on five main purposes to sustain DEI change across Coca-Cola FEMSA:

1. Engage and hold leaders accountable throughout the organization
2. Define both long- and short-term objectives and strategies aligned with our company's inclusion and diversity vision
3. Ensure functionality of work teams at a country and regional level
4. Ensure deployment of an internal and external communication plan
5. Measure, monitor, and evaluate initiatives.

Leveraging our DEI Advisory Board, as well as company leaders, to accelerate our strategic development, we have prioritized our company's talent diversity, placing great emphasis on increasing the gender mix at all levels of the organization with the main focus on leadership and operational positions. By 2030, our ambitions are for women to represent 40% of leadership and management positions.

Aligned with our commitment to improve gender diversity at all levels of the organization, our operations are developing and deploying initiatives to increase women's representation. Additionally, as a signatory to the UN Women's Empowerment Principles, we continue working towards those standards as we create a more equitable, inclusive, and diverse organization.

Importantly, for the fourth consecutive year, the Human Rights Campaign Foundation and HRC Equidad MX recognized our company as one of the Best LGBTQ+ Places to Work in Mexico. Recognizing that women and LGBTQ+ groups represent only a fraction of our people's diversity, we began mapping unrepresented groups in our operations to establish clear ambitions for the coming year.

We have also worked to improve recruitment of LGBTQ+ talent, and allied with Contratá Trans in Argentina to improve the inclusion and social mobility of the trans community. To this end, we have continued to improve inclusion of these LGBTQ+ communities through ally pledges, affinity groups, and consciousness and awareness programs across our countries of operations. In addition, we continued talent programs to attract and retain indigenous, afro-descendant, and economically vulnerable groups into our workforce.

For more information see [→Diversity, Equity, and Inclusion – Context & Ambitions.](#)

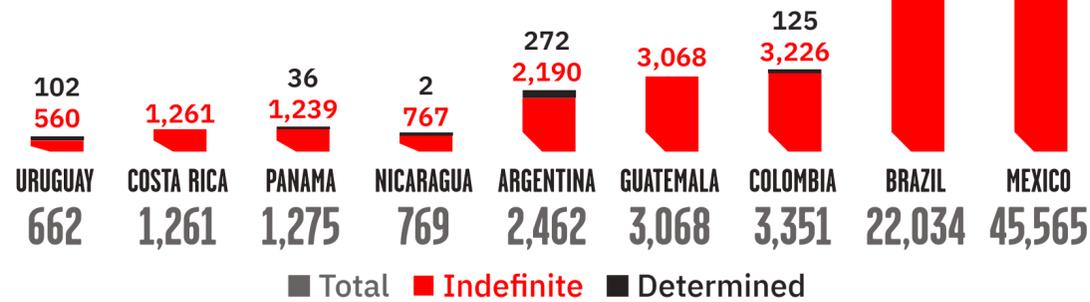
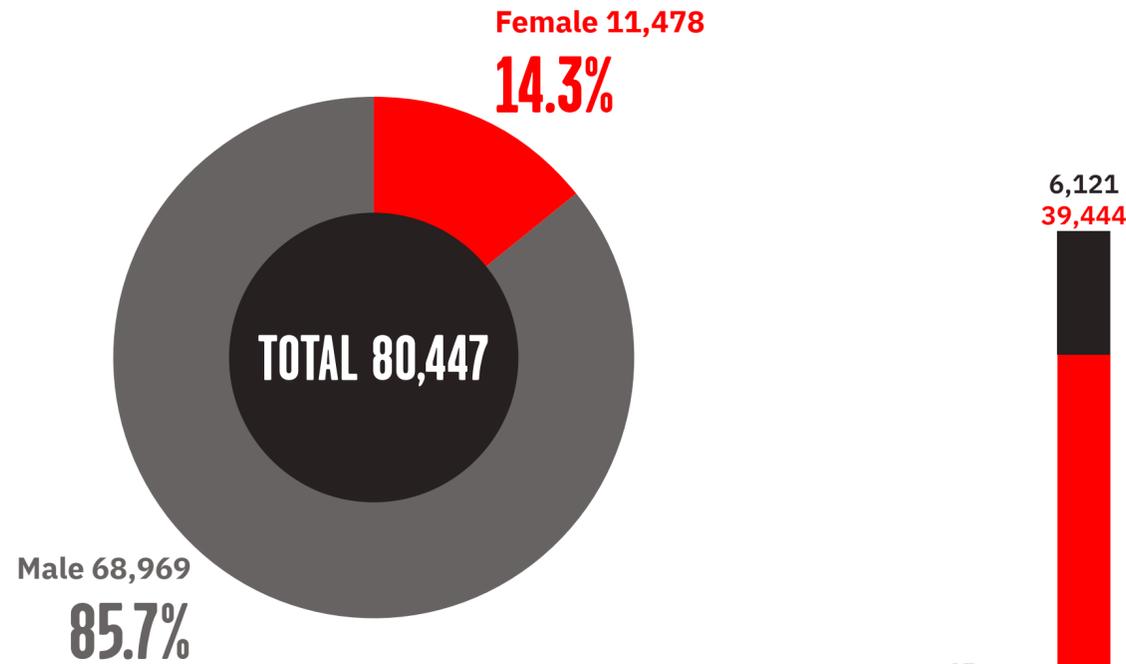
IMPROVING GENDER DIVERSITY

Aligned with our commitment to improve gender diversity at all levels of the organization, our operations are developing and deploying initiatives to increase women's representation. Among their actions, Mexico implemented several initiatives to recruit, develop, and retain female talent, such as through the expanding Home Delivery program. Brazil not only continued its program to train women to operate forklifts and perform refrigerator maintenance, but also staffed a distribution center with 40% women employees since it began operations. Additionally, the operation carried out training for women to create opportunities for them in the labor market. Moreover, Colombia launched the "Cinta Violeta" integral initiative for women, incorporating female talent across different areas to encourage their development and help them to prevent gender violence.



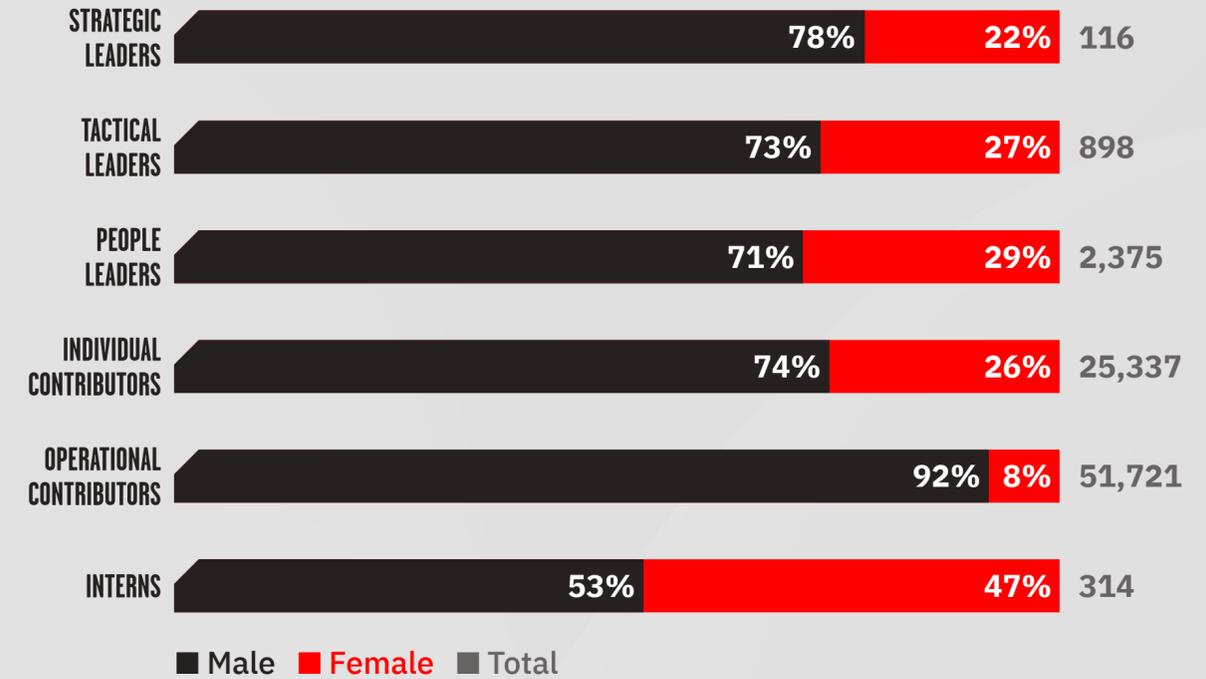


NUMBER OF INTERNAL EMPLOYEES

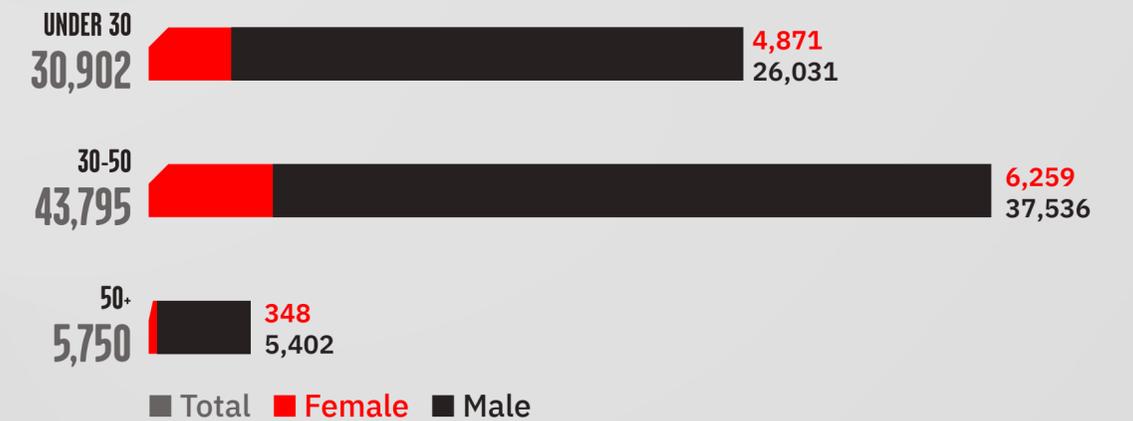


EMPLOYEES BY CONTRACT & REGION

EMPLOYEES BY CONTRIBUTION LEVEL



EMPLOYEES BY AGE GROUP



The number of total employees for 2022, which includes both internal and third party collaborators, is 97,213.



AT ALL LEVELS OF OUR ORGANIZATION, WE ENSURE THAT OUR EMPLOYEES' REMUNERATION IS COMPETITIVE, AND THEIR CONDITIONS ARE EQUAL FOR BOTH MEN AND WOMEN.

COMPENSATION AND BENEFITS

Our people's compensation and benefits schemes not only recognize their effort and commitment to their jobs, but also their contribution to our company's value creation.

With the optimization of our company's job valuation process—through a model based on job families—we generate efficiencies in our current workforce management, and we strengthen our talent processes such as development, succession, and talent planning.

Moreover, we continue analyzing the current variable compensation schemes throughout our operations in order to reduce the number of schemes and to implement a tool to manage and automate them. We also focused on the evaluation of parental schemes to offer our people a flexible benefits program comparable to those we identified within the market and aligned with our people's interests.

At all levels of our organization, we ensure that our employees' remuneration is competitive, and their conditions are equal for both men and women. To that end, we continued analyzing our gender pay gap obtaining a result of 4.6%, which will serve us to design strategies to reduce those gaps and to ensure employee retention. Additionally, based on studies performed by international consulting firms that enable us to make comparisons between countries, we can determine that our employees are receiving an integrated salary that is greater than or equal to the market average.

We act in accordance with obligations defined by law and in full respect of labor rights, exceeding the conditions and benefits established in the laws of each country where we operate. We respect our people's right of association and, as such, our collective agreements cover approximately 62.1% of employees. These employment contracts are reviewed and agreed on with all of our union representatives, respecting the established validity periods, as well as complying with all notification deadlines.

SOCIAL DEVELOPMENT

Aligned with our holistic approach to our people's quality of life, we launched our integral program of wellbeing this year.



To this end, our Social Development Strategy concentrates on five dimensions:

- **Health:** We promote healthy physical and bio-psychosocial lifestyles for our employees.
- **Social Relationships:** We encourage satisfactory relationships in harmony with the environment and community through employee volunteering activities.
- **Economic:** We promote the protection of assets and the generation of savings through a culture of financial intelligence.
- **Education:** We promote participation in programs and trainings to improve and increase knowledge and personal development skills.
- **Labor:** We promote positive work experiences based on respect and compliance with Human Rights, as well as fostering work spaces that promote safety and labor relations.

KOF Volunteers Program

We encourage the development of our employees and their families as responsible citizens, committed to their community, society, and environment. Through the KOF Volunteers program, we promote initiatives that enable us to beneficially impact the quality of life and wellbeing of the communities where we operate, strengthening our relationships with them, while positively affecting our corporate position and reputation. Our overall volunteer activity is committed to six different causes:

COMMUNITY DEVELOPMENT	ENVIRONMENT	NATURAL DISASTERS	HEALTH	EDUCATION	HUMAN RIGHTS
We come together to carry out collective action and generate solutions to common problems to create a positive impact and build stronger and more developed communities.	We are focused on responsible environmental management and the responsible care and use of natural resources, with attention to our ESG Framework, especially on issues such as water, energy, carbon emissions, water bodies' cleanup, and reforestation.	We promote solidarity efforts in the event of natural disasters, providing support to people and affected areas, while carrying out prevention activities for greater awareness, with special attention given to the communities where we operate.	We undertake activities that promote healthy physical and bio-psychosocial lifestyles, as well as initiatives related to humanitarian aid, nutritional training, and with the health sector in general.	Our activities aim to improve educational levels and promote cultural, creative, and technological development.	We seek to generate positive volunteer experiences based on respect and compliance with Fundamental Human Rights.

In this complex environment, we focused on remote and distance volunteering activities to support the quality of life of our people and communities. During the year, 105,958 participants, including our employees and their families, devoted 250,812 hours to 2,337 volunteer initiatives, supported by an investment of US\$8,719,611.

For more information see [→ External Social – Progress & 2022 Highlights.](#)

2,675 million hours of volunteer
over the past eight years



OCCUPATIONAL HEALTH & WELLBEING

At Coca-Cola FEMSA, we seek to improve employees' physical and psycho-emotional health, encourage engagement and a sense of belonging within the organization, and strengthen our health and social programs for an improved work environment.

Occupational Health & Wellbeing Management System

Our Occupational Health & Wellbeing Management System establishes the vision, strategy, objectives, elements, and activities through which we improve the quality of work life for our employees across our company's work centers and strategic business units. Complying with our legal, ethical, scientific, and organizational framework, this system encompasses our health processes and programs that we apply according to applicable risk matrices, local legislation, and operational needs.

During 2022, we achieved a 12.5% improvement in our Lost Days due to General Illness Index versus 2021, driven mainly by our decentralized health programs, global disease prevention strategy, integral wellbeing activities, and epidemiologic watch systems.

12.5% improvement in our Lost Days due to General Illness Index versus 2021

Health & Wellbeing Policies

At Coca-Cola FEMSA, our Corporate Occupational Health area is responsible for proposing relevant revisions and updates to our two Health & Wellbeing Policies:

- Global Safety and Occupational Health Policy
- Human Rights Policy

As well as this annual corporate review, which is sent for approval to our Director of Social and Labor Development and Global Director of Human Resources, our company's internal audit area reviews these policies for dissemination and implementation across our operations.

Employee Support Program

Throughout 2022, we continued with our Employee Support Program across all of our operations. This emotional support program is designed to help our people and their families to cope with any situation that may cause stress, anxiety, and depression, among other emotional disturbances, and to give them psychological support.

This program is part of our comprehensive welfare strategy to reduce psychosocial risk factors inside and outside of work through the counseling and attention of psychologists and other health professionals according to our people's different situations.



EVOLVE OUR HR PLATFORM

During the year, we carried on working to move our HR function into the digital era while improving our employee experience.

To this end, we continued the deployment of our Success Factors talent platform throughout all of our operations. Ultimately impacting all of our employees, this platform will integrate, improve, and simplify our leaders' and employees' experience with HR processes. Currently, we are working on standardizing and migrating our HR Administration backbone—including our master database and payroll systems—to a cloud-based solution in order to meet market trends and set the foundation for our path to digital.

Moreover, we continued to make significant progress on HR process standardization and automation for our third parties management, variable compensation, and time and attendance processes. We also began the implementation of a tool to digitalize our documents throughout our operations, which will enable us to be more agile creating, updating, and managing our people's files.

We further implemented a powerful online survey tool to gather greater information about our employee voice, and we launched several surveys that gave us valuable employee insights for our strategy. We also continued researching new technologies that could help us to enjoy a better employee experience, including the exploration and functionality testing of an HR chatbot.

Additionally, we carried on automating and improving our dashboards—enabling us to offer equal information or benchmarks—and we proceeded developing and testing several people analytics use

cases concerning employee performance, strategic workforce planning, and organizational network analysis. Some of these use cases will enable us to gain better insights for decision-making, enabling us to determine whether an employee is well suited for a particular vacancy, or if a gap opportunity in a certain priority area arises, as well as how we can help employees with their career growth and development.

Through these steps, we are convinced that we will continue evolving our HR capabilities to put our people at the center of the organization, offering a unique and customized employee value proposition built on the pillars of our HR of the Future—analytics, digital architecture, service model, and people profile.





APPENDICES

FINANCIAL SUMMARY

Amounts expressed in millions of U.S. dollars and Mexican pesos, except data per share and headcount.

	U.S. (*)	2022 ⁽⁶⁾	2021	2020	2019	2018 ⁽³⁾⁽⁴⁾⁽⁵⁾	2017 ⁽¹⁾⁽²⁾⁽³⁾
Income Statement							
Total revenues	11,630	226,740	194,804	183,615	194,471	182,342	183,256
Cost of goods sold	6,485	126,440	106,206	100,804	106,964	98,404	99,748
Gross profit	5,145	100,300	88,598	82,811	87,507	83,938	83,508
Operative expenses	3,538	68,981	60,720	56,444	60,537	57,924	58,044
Other expenses, net	50	983	807	3,611	2,490	1,881	31,357
Comprehensive financing result	233	4,549	4,219	6,678	6,071	6,943	5,362
Income before income taxes and share of the profit or of associates and joint ventures accounted for using the equity method	1,323	25,787	22,852	16,077	18,409	17,190	(11,255)
Income taxes	336	6,547	6,609	5,428	5,648	5,260	4,184
Share in the profit (loss) of equity accounted investees, net of taxes	20	386	88	(281)	(131)	(226)	60
Consolidated net income	1,007	19,626	16,331	10,368	12,630	15,070	(11,654)
Equity holders of the parent for continuing operations	976	19,034	15,708	10,307	12,101	10,936	(16,058)
Non-controlling interest net income for continuing operations	30	592	623	61	529	768	679
Ratios To Revenues (%)							
Gross margin	44.2	44.2	45.5	45.1	45.0	46.0	45.6
Net income margin	8.7	8.7	8.4	5.6	6.5	8.3	(6.4)
Cash Flow							
Operative cash flow	1,820	35,491	32,721	35,147	31,289	29,687	33,236
Capital expenditures ⁽⁷⁾	1,009	19,665	13,865	10,354	11,465	11,069	14,612
Total cash, cash equivalents	2,066	40,277	47,248	43,497	20,491	23,727	18,767

	U.S. (*)	2022 ⁽⁶⁾	2021	2020	2019	2018 ^{(3) (4) (5)}	2017 ^{(1) (2) (3)}
Balance Sheet							
Current assets	4,063	79,212	80,364	72,440	56,796	57,490	55,657
Investment in shares	434	8,452	7,494	7,623	9,751	10,518	12,540
Property, plant and equipment, net	3,652	71,205	62,183	59,460	61,187	61,942	75,827
Intangible assets, net	5,289	103,122	102,174	103,971	112,050	116,804	124,243
Deferred charges and other assets, net	821	16,004	19,352	19,572	18,055	17,033	17,410
Total assets	14,259	277,995	271,567	263,066	257,839	263,787	285,677
Liabilities							
Short-term bank loans and notes payable	437	8,524	2,453	5,017	11,485	11,604	12,171
Interest payable	44	862	811	712	439	497	487
Other current liabilities	2,491	48,574	42,957	37,116	39,086	33,423	42,936
Long-term bank loans and notes payable	3,598	70,145	83,329	82,461	58,492	70,201	71,189
Other long-term liabilities	924	18,014	14,445	15,303	18,652	16,312	18,184
Total liabilities	7,495	146,119	143,995	140,609	128,154	132,037	144,967
Equity							
Non-controlling interest in consolidated subsidiaries	333	6,491	6,022	5,583	6,751	6,806	18,141
Equity attributable to equity holders of the parent	6,431	125,385	121,550	116,874	122,934	124,944	122,569
Financial Ratios (%)							
Current	1.37	1.37	1.74	1.69	1.11	1.26	1.00
Leverage	1.11	1.11	1.13	1.15	0.99	1.00	1.03
Capitalization	0.39	0.39	0.41	0.43	0.37	0.41	0.39
Coverage	8.68	8.68	6.11	5.13	5.51	4.22	4.20
Data Per Share							
Book value ⁽⁸⁾	0.383	7.460	7.232	6.954	7.315	7.434	7.293
Income (loss) attributable to the holders of the parent ⁽⁹⁾	0.058	1.133	0.935	0.610	0.723	0.831	(0.765)
Dividends paid ⁽¹⁰⁾	0.035	0.679	0.634	0.608	0.443	0.419	0.422
Headcount ⁽¹¹⁾	97,211	97,211	83,754	82,334	82,186	83,364	79,636

(1) Income statement information considers full-year of KOF's territories and full-year of Coca Cola FEMSA Venezuela.

(2) Balance sheet information does not include Coca-Cola FEMSA Venezuela's balances due to deconsolidation as of December 31, 2017. Venezuela balance is included as investment in shares as of December 31, 2017.

(3) KOF Philippines has been classified as a discontinued operation in our profit and loss statement for the years ended December 31, 2017 and 2018.

(4) Income statement information includes eight months of the financial results of our acquisitions in Guatemala.

(5) Income statement information includes six months in the financial results for Uruguay.

(6) Information considers full-year of KOF's territories and eleven months of CVI Refrigerantes Ltda. ("CVI").

(7) Includes investments in property, plant and equipment, refrigeration equipment and returnable bottles and cases, net of disposals of property, plant and equipment.

(8) Based on 16,806.7 million ordinary shares as of December 31, 2022, 2021, 2020, 2019, 2018 and 2017.

(9) Computed based on the weighted average number of shares outstanding during the periods presented: 16,806.7 million for 2022, 2021, 2020, 2019 and 2018, and 16,730.8 million in 2017.

(10) Dividends paid during the year based on the prior year's net income, using 16,806.7 millions outstanding ordinary shares for 2022, 2021, 2020, 2019 and 2018 and 16,583.4 million outstanding ordinary shares for paid on 2017.

(11) Includes third-party and for 2017 excludes 16,566 employees for our discontinued operation in Philippines.

* Exchange rate as of December 31, 2022 Ps. 19.496 per U.S. dollar solely for the convenience of the reader according to the federal USA reserve.

MANAGEMENT'S DISCUSSION & ANALYSIS

Results for the Year Ended December 31, 2022
Compared to the Year Ended December 31, 2021

CONSOLIDATED RESULTS

The comparability of our financial and operating performance in 2022 as compared to 2021 was affected by the following factors: (1) translation effects from fluctuations in exchange rates; (2) our results in Argentina, whose economy satisfied the conditions to be considered a hyperinflationary economy; and (3) the ongoing integration of mergers and acquisitions completed in recent years, specifically the acquisition of CVI in Brazil in January 2022. For the convenience of the reader, we have included a discussion of the financial information below on a comparable basis, excluding the translation effects from fluctuations in exchange rates and the acquisition of CVI in Brazil in January 2022. To translate the full-year results of Argentina for the years ended December 31, 2022 and 2021, we used the exchange rate at December 31, 2022 of 177.16 Argentine pesos per U.S. dollar and the exchange rate at December 31, 2021 of 102.72 Argentine pesos per U.S. dollar. The depreciation of the exchange rate of the Argentine peso at December 31, 2022, as compared to the exchange rate at December 31, 2021, was 72.5%. In addition, the average appreciation of currencies used in our main operations relative to the U.S. dollar in 2022, as compared to 2021, was 4.3% for the Brazilian real and 0.8% for the Mexican peso, and a depreciation of 13.7% for the Colombian peso relative to the U.S. dollar.

Total Revenues. Our consolidated total revenues increased by 16.4% to Ps. 226,740 million in 2022 as compared to 2021, mainly as a result of volume growth, our revenue management initiatives, and favorable price-mix effects. These factors were partially offset by a decline in beer revenues related to the transition of the beer portfolio in Brazil and unfavorable currency translation effects from most of our operating currencies into Mexican pesos. In addition, for 2021, this line included other operating revenues due to a favorable determination from the Brazilian tax authorities, which allowed the recognition of a deferred tax credit in Brazil for Ps. 254 million. See Note 24.2.1 to our consolidated financial statements. On a comparable basis, total revenues would have increased by 17.8% in 2022 as compared to 2021.

Total sales volume increased by 8.6% to 3,755.2 million unit cases in 2022 as compared to 2021, driven mainly by volume growth across all of our territories, including double-digit increases in Brazil, Colombia, Argentina, and Guatemala, coupled with solid performances in Mexico and Uruguay. On a comparable basis, total sales volume would have increased by 7.5% in 2022 as compared to 2021.

- In 2022, sales volume of our sparkling beverage portfolio increased by 6.4%, sales volume of our colas portfolio increased by 6.1%, and sales volume of our flavored sparkling beverage portfolio increased by 7.5%, in each case as compared to 2021. On a comparable basis, sales

volume of our sparkling beverage portfolio would have increased by 5.6% as compared to 2021, driven by growth across all of our operations. Sales volume of our colas portfolio would have increased by 5.4%, mainly due to volume growth in all of our territories, and sales volume of our flavored sparkling beverages portfolio would have increased by 6.6%.

- Sales volume of our still beverage portfolio increased by 21.7% in 2022 as compared to 2021. On a comparable basis, sales volume of our still beverage portfolio would have increased by 16.9%.
- Sales volume of our bottled water category, excluding bulk water, increased by 29.0% in 2022 as compared to 2021. On a comparable basis, sales volume of our water portfolio would have increased by 27.6%.
- Sales volume of our bulk water category increased by 5.8% in 2022 as compared to 2021. On a comparable basis, sales volume of our bulk water portfolio would have decreased by 5.2%.

Consolidated average price per unit case increased by 10.9% to Ps. 58.75 in 2022, as compared to Ps. 52.99 in 2021, mainly as a result of favorable price-mix effects and revenue management initiatives. This was partially offset by the negative translation effect resulting from the depreciation of most of our operating currencies relative to the Mexican peso. On a comparable basis, average price per unit case would have increased 13.0% in 2022 as compared to 2021, driven by our revenue management initiatives.

Gross Profit. Our gross profit increased by 13.2% to Ps. 100,300 million in 2022 as compared to 2021, with a gross margin decrease of 130 basis points as compared to 2021 to reach 44.2% in 2022. This gross margin decrease was driven mainly by a tough comparison base due to the recognition of an extraordinary profit of Ps. 1,083 million during the second quarter of 2021, related to credits on concentrate purchased from the Manaus Free Trade Zone in Brazil, higher concentrate costs in Mexico, and higher raw material costs, mainly PET resin and sweeteners. These effects were partially offset by top-line growth and favorable raw material hedging initiatives. On a comparable basis, our gross profit would have increased by 14.6% in 2022 as compared to 2021.

The components of cost of goods sold include raw materials (principally concentrate, sweeteners, and packaging materials), depreciation costs attributable to our production facilities, wages and other labor costs associated with labor force employed at our production facilities, and certain overhead costs. Concentrate prices are determined as a percentage of the retail price of our products in local currency, net of applicable taxes. Packaging materials, mainly PET resin and aluminum, and HFCS, used as a sweetener in some countries, are denominated in U.S. dollars.

Administrative and Selling Expenses. Our administrative and selling expenses increased by 13.6% to Ps. 68,981 million in 2022 as compared to 2021. Our administrative and selling expenses as a percentage of total revenues decreased by 80 basis points to 30.4% in 2022 as compared to 2021, driven mainly by efficiencies in marketing and labor expenses, partially offset by higher fuel and maintenance expenses. In 2022, we continued investing across our territories to support marketplace execution, increase our cooler coverage, and bolster our returnable presentation base.

Other Expenses Net. We recorded other expenses net of Ps. 983 million in 2022 as compared to Ps. 807 million in 2021. This increase was mainly a result of an increase in tax contingencies in Brazil. For more information, see Notes 9 and 19 to our consolidated financial statements.

Comprehensive Financing Result. The term “comprehensive financing result” refers to the combined financial effects of net interest expenses, net financial foreign exchange gains or losses, net gains or losses on the monetary position of hyperinflationary countries where we operate, and market value gain (loss) on financial instruments. Net financial foreign exchange gains or losses represent the impact of changes in foreign exchange rates on financial assets or liabilities denominated in currencies other than local currencies, and certain gains or losses resulting from derivative financial instruments. A financial foreign exchange loss arises if a liability is denominated in a foreign currency that appreciates relative to the local currency between the date the liability is incurred and the date it is repaid, as the appreciation of the foreign currency results in an increase in the amount of local currency, which must be exchanged to repay the specified amount of the foreign currency liability.

Comprehensive financing result in 2022 recorded an expense of Ps. 4,549 million as compared to an expense of Ps. 4,219 million in 2021. This 7.8% increase was driven mainly by a foreign exchange loss of Ps. 324 million as compared to a gain of Ps. 227 million recorded during the same period of 2021, as our cash exposure in U.S. dollars was negatively impacted by the appreciation of the Mexican peso. In addition, we recognized a loss in the market value of financial instruments of Ps. 672 million, as compared to a gain of Ps. 80 million during 2021. Moreover, our interest expense increased to Ps. 6,500 million, as compared to an expense of Ps. 6,192 million in 2021, driven mainly by increases in interest rates, partially offset by the tender offer of senior notes completed during the third quarter of 2022.

Finally, we recognized a lower gain in monetary position in inflationary subsidiaries, recording Ps. 536 million during 2022, as compared to a gain of Ps. 734 million during the previous year. These effects were partially offset by higher interest income of Ps. 2,411 million during 2022, as compared to a gain of Ps. 932 million recorded during 2021, as a result of an increase in interest rates.

Income Taxes. In 2022, our effective income tax rate decreased to 25.4%, as compared to our effective income tax rate of 28.9% in 2021, mainly as a result of favorable deferred tax credits. For more information, see Note 24 to our consolidated financial statements.

Share in the Profit (Loss) of Equity Accounted Investees, Net of Taxes. In 2022, we recorded a gain of Ps. 368 million in the share in the profit of equity accounted investees, net of taxes, mainly due to the results of Jugos del Valle, our associate in Mexico, as compared to a gain of Ps. 88 million registered during the previous year.

Net Income (Equity holders of the parent). We reported a net controlling interest income of Ps. 19,034 million in 2022, as compared to Ps. 15,708 million in 2021. This 21.2% increase was driven mainly by operating income growth, coupled with a decline in our effective tax rate during the year.

RESULTS BY CONSOLIDATED REPORTING SEGMENT

MEXICO AND CENTRAL AMERICA

Total Revenues. Total revenues in our Mexico and Central America consolidated reporting segment increased by 13.1% to Ps. 131,002 million in 2022 as compared to 2021, mainly as a result of a volume increase in all of our

territories, coupled with favorable price-mix effects and revenue management initiatives.

Total sales volume in our Mexico and Central America consolidated reporting segment increased by 6.3% to 2,188.4 million unit cases in 2022 as compared to 2021, as a result of a volume increase in all our territories.

- Sales volume of our sparkling beverage portfolio increased by 4.5% in 2022 as compared to 2021, driven mainly by a 8.3% increase in our flavored sparkling beverage portfolio.
- Sales volume of our still beverage portfolio increased by 13.1% in 2022 as compared to 2021, due to double-digit increases in both Mexico and Central America.
- Sales volume of bottled water, excluding bulk water, increased by 24.9% in 2022 as compared to 2021, due to double-digit increases in both Mexico and Central America.
- Sales volume of our bulk water portfolio increased by 6.9% in 2022 as compared to 2021, due to a solid performance in Mexico and a double-digit increase in Central America.

Sales volume in Mexico increased by 5.5% to 1,888.9 million unit cases in 2022, as compared to 1,790.0 million unit cases in 2021, mainly as a result of solid volume performance.

- Sales volume of our sparkling beverage portfolio increased 3.4% in 2022 as compared to 2021, driven by a 2.5% increase in our colas portfolio and a 7.6% increase in our flavored sparkling beverage portfolio.
- Sales volume of our still beverage portfolio increased by 10.5% in 2022 as compared to 2021.
- Sales volume of bottled water, excluding bulk water, increased by 26.8% in 2022 as compared to 2021.
- Sales volume of our bulk water portfolio increased by 6.8% in 2022 as compared to 2021.

Sales volume in Central America increased by 11.8% to 299.5 million unit cases in 2022, as compared to 267.8 million unit cases in 2021, mainly as a result of solid execution and a solid performance in all our territories across the region.

- Sales volume of our sparkling beverage portfolio increased by 10.3% in 2022 as compared to 2021, driven by a 9.9% increase in colas and a 12.0% increase in our flavored sparkling beverage portfolio.
- Sales volume of our still beverage portfolio increased by 26.8% in 2022 as compared to 2021.
- Sales volume of bottled water, excluding bulk water, increased by 10.1% in 2022 as compared to 2021.
- Sales volume of our bulk water portfolio increased by 39.8% in 2022 as compared to 2021.

Gross Profit. Our gross profit in this consolidated reporting segment increased by 8.1% to Ps. 62,035 million in 2022 as compared to 2021, and gross profit margin decreased 210 basis points to 47.4% as compared to 2021. This gross margin contraction was driven mainly by an increase in raw material costs such as PET resin and sweeteners, coupled with higher concentrate costs in Mexico. These effects were partially offset by our revenue management initiatives, favorable price-mix effects, and our raw material hedging strategies.

Administrative and Selling Expenses. Administrative and selling expenses as a percentage of total revenues in this consolidated reporting segment decreased by 70 basis points to 31.2% in 2022 as compared to the same period in 2021. Administrative and selling expenses, in absolute terms, increased by 7.3% in 2022 as compared to 2021, driven mainly by an increase in variable operating expenses as a result of top-line growth.

SOUTH AMERICA

Total Revenues. Total revenues in our South America consolidated reporting segment increased by 21.2% to Ps. 95,738 million in 2022 as compared to 2021, mainly as a result of volume growth, favorable price-mix effects, and our revenue management initiatives. These factors were partially offset by a decline in beer revenues related to the transition of our beer portfolio in Brazil, and unfavorable currency translation effects resulting from the depreciation of some of our operating currencies as compared to the Mexican peso. In addition, for 2021 this line included other operating revenue due to a favorable determination from the Brazilian tax authorities, which allowed a recognition of a deferred tax credit in Brazil for an amount of Ps. 254 million. See Note 24.2.1 to our consolidated financial statements. Total revenues for beer amounted to Ps. 5,599 million in 2022. On a comparable basis, total revenues would have increased by 24.4% in 2022 as compared to 2021.

Total sales volume in our South America consolidated reporting segment increased by 11.9% to 1,566.8 million unit cases in 2022 as compared to 2021, mainly as a result of double-digit volume growth in Brazil, Colombia, and Argentina, coupled with volume growth in Uruguay. On a comparable basis, total sales volume would have increased by 9.5% in 2022 as compared to 2021.

- Sales volume of our sparkling beverage portfolio increased by 8.8% in 2022 as compared to 2021, driven mainly by a 9.4% increase in our colas portfolio. On a comparable basis, sales volume of our sparkling beverage portfolio would have increased by 7.2%.
- Sales volume of our still beverage portfolio increased by 34.7% in 2022 as compared to 2021, due to a double-digit increase in all of our territories from the division.

On a comparable basis, sales volume of our still beverage portfolio would have increased by 24.5%.

- Sales volume of our bottled water category, excluding bulk water, increased by 33.2% in 2022 as compared to 2021, due to a double-digit increase in all of our territories from the division. On a comparable basis, sales volume of our water portfolio would have increased by 30.2%.
- Sales volume of our bulk water portfolio decreased by 4.4% in 2022 as compared to 2021, due to a decline in Colombia and Argentina, partially offset by a double-digit increase in Brazil. On a comparable basis, sales volume of our bulk water portfolio would have decreased by 11.4%.

Sales volume in Brazil increased by 12.5% to 1,016.2 million unit cases in 2022, as compared to 903.3 million unit cases in 2021. On a comparable basis, total sales volume in Brazil would have increased by 8.8% in 2022 as compared to 2021.

- Sales volume of our sparkling beverage portfolio increased by 8.7% in 2022 as compared to 2021, as a result of an increase of 9.9% in our colas portfolio and an increase of 5.3% in our flavored sparkling beverage portfolio. On a comparable basis, sales volume of our sparkling beverage portfolio would have increased by 6.2%.
- Sales volume of our still beverage portfolio increased by 39.2% in 2022 as compared to 2021. On a comparable basis, sales volume of our still beverage portfolio would have increased by 23.1%.
- Sales volume of our bottled water, excluding bulk water, increased by 37.3% in 2022 as compared to 2021. On a comparable basis, sales volume of our water portfolio would have increased by 31.7%.
- Sales volume of our bulk water portfolio increased by 36.2% in 2022 as compared to 2021. On a comparable basis, sales volume of our bulk water portfolio would have increased by 10.8%.

Sales volume in Colombia increased by 10.8% to 330.1 million unit cases in 2022, as compared to 297.9 million unit cases in 2021.

- Sales volume of our sparkling beverage portfolio increased by 8.5% in 2022 as compared to 2021, driven mainly by a 7.1% growth in colas and 16.1% volume growth in our flavored sparkling beverage portfolio.
- Sales volume of our still beverage portfolio increased by 34.4% in 2022 as compared to 2021.
- Sales volume of bottled water, excluding bulk water, increased by 27.4% in 2022 as compared to 2021.
- Sales volume of our bulk water portfolio decreased by 16.9% in 2022 as compared to 2021.

Sales volume in Argentina increased by 11.9% to 173.9 million unit cases in 2022, as compared to 155.4 million unit cases in 2021.

- Sales volume of our sparkling beverage portfolio increased by 11.4% in 2022 as compared to 2021, impacted mainly by a 12.8% increase in colas and a 6.4% increase in our flavored sparkling beverage portfolio.
- Sales volume of our still beverage portfolio increased by 11.1% in 2022 as compared to 2021.
- Sales volume of bottled water, excluding bulk water, increased by 35.8% in 2022 as compared to 2021.
- Sales volume of our bulk water portfolio decreased by 28.6% in 2022 as compared to 2021.

Sales volume in Uruguay increased by 7.5% to 46.6 million unit cases in 2022, as compared to 43.4 million unit cases in 2021.

- Sales volume of our sparkling beverage portfolio increased by 4.2% in 2022 as compared to 2021.

- Sales volume of our still beverage portfolio increased by 94.2% in 2022 as compared to 2021.
- Sales volume of bottled water increased by 18.0% in 2022 as compared to 2021.

Gross Profit. Gross profit in this consolidated reporting segment amounted to Ps. 38,265 million, an increase of 22.5% in 2022 as compared to 2021, with a 50 basis point margin expansion to 40.0%. This increase in gross profit was driven mainly by a favorable price-mix effect, our raw material hedging strategies, and an increase in our top-line. These factors were partially offset by the depreciation of the average exchange rate of some of our operating currencies in the consolidated reporting segment as applied to our U.S. dollar-denominated raw material costs. In addition, for 2021 this line included the recognition of an extraordinary benefit of Ps. 1,083 million during the second quarter of 2021, related to credits on concentrate purchased from the Manaus Free Trade Zone in Brazil.

Administrative and Selling Expenses. Administrative and selling expenses as a percentage of total revenues in this consolidated reporting segment increased by 70 basis points to 29.4% in 2022 as compared to 2021, driven mainly by an increase in variable operating expenses as a result of our top-line growth. Administrative and selling expenses, in absolute terms, increased by 24.2% in 2022 as compared to 2021.

CAPITAL & COMPANY ENGAGEMENT

Capital

Human



Company Engagement

Our people are the lifeblood of our company. As part of our people-centric culture, we aim to increase opportunities for our people to fulfill their individual career needs, foster a culture of wellbeing based on a holistic view of self-care and prevention, ensure our people enjoy more control over their life, along all of the different steps of their work experience, and enable our company's diversity, equity, and inclusion.

Nature



Our business is committed to the responsible use of natural resources. We are committed to reducing the water we consume and secure water availability for our operations (efficiency), returning the water we use to the source (replenishment), and improving access to water for our communities and ourselves (access). We also work to increase energy efficiency across our value chain, while integrating clean and renewable energy to reduce carbon emissions. Furthermore, we are focused on accelerating the transition to a circular economy, strengthening our PET collection and use of recycled resin across our operations, while reducing packaging and operational waste.

Capital

Social & Relationship



Company Engagement

The development of our social ambitions and strategy is founded on an understanding that our license to operate relies on developing mutually beneficial relationships between our company and our internal and external stakeholders. Internally, we are guided by an understanding that our people are the lifeblood of Coca-Cola FEMSA, and the best way to grow is to ensure that our talent can live fulfilling lives—balancing their purpose in and out of the workplace. Externally, we are focused on our relationships with local communities and the value chain. Recognizing that our operations have an enormous impact on our society and communities close to our plants, our goal is to continue to add value to ensure sustainable growth for our company and community in tandem.

Financial



Our financial and operating discipline, strong capital structure and financial flexibility, transformational digital initiatives, and adaptability to changing market dynamics enable us to capture organic and inorganic growth opportunities in our industry, while creating sustainable value for our investors.

Capital

Intellectual



Company Engagement

We are accelerating the digital evolution of our business to become the world's preferred, most sustainable commercial ecosystem. Through our digital and analytics hub, we not only empower our organization's cultural transformation and strategic capability building, but also co-create prioritized digital and analytical solutions that accelerate the deployment of our commercial platforms and solutions holistically through agile cells that maximize our competitiveness, proactively address industry challenges, capitalize on market opportunities, and foster intellectual development across our organization.

Manufactured



Our highly experienced teams operate 56 bottling plants and 249 distribution centers across nine countries, deliver approximately 3.8 billion unit cases of beverages through a primary and secondary fleet to more than 2 million points of sale, and serve a population of more than 270 million.

COMPREHENSIVE RISK MANAGEMENT

Our company is present in different countries and regions. Consequently, we are continually exposed to an environment that presents challenges and risks. Our ability to manage the risks that may arise in the global environment where we operate is vital for our business' value creation. Accordingly, our strategy includes a Comprehensive Risk Management Process through which we are able to identify, measure, register, assess, prevent, and/or mitigate risks.

Main Risk	Potential Impacts	Key Mitigation Actions	Main Risk	Potential Impacts	Key Mitigation Actions
 <p>Strategic Shareholder Relationships Our business depends on our relationship with The Coca-Cola Company and FEMSA, and changes in this relationship may adversely affect us.</p>	<ul style="list-style-type: none"> Termination of the bottler agreements. Actions contrary to the interests of our shareholders other than The Coca-Cola Company and FEMSA. 	<ul style="list-style-type: none"> Comply with the bottler agreements. Work together and promote effective interaction between our strategic shareholders in order to maximize value creation. 	 <p>Competition Competition could adversely affect our business, financial performance, and results of operations.</p>	<ul style="list-style-type: none"> Changes in consumer preferences. Lower pricing by competitors. 	<ul style="list-style-type: none"> Offer affordable prices, returnable packaging, effective promotions, access to retail outlets and sufficient shelf space, enhanced customer service, and innovative products. Identify, stimulate, and satisfy consumer preferences.
 <p>Consumer Preferences Changes in consumer preferences, purchase drivers, and consumption habits might generate variability in the demand for some of our products. Environmental issues.</p>	<ul style="list-style-type: none"> Variability in the demand for our products. 	<ul style="list-style-type: none"> Transform into a total beverage company aligned with consumers' changing tastes and lifestyles. Build a winning multi-category portfolio of products and presentations. Drive our low- and no-sugar portfolio ahead of consumer trends. Offer sustainable packaging options for our beverages. 	 <p>Cyber Incidents Since our business is highly leveraged by information systems and digital services, it could be significantly affected in the event of a security breach or cyber incident that affects the confidentiality, availability, or integrity of information and information systems.</p>	<ul style="list-style-type: none"> Business disruption. Theft or unauthorized exposure of sensitive or confidential information. Regulatory non-compliance. Fraud. Economic loss. Reputational damage and/or impact on share value. 	<ul style="list-style-type: none"> A systemic approach to cyber security based on industry standards and the TCCC (The Coca-Cola Company) Business Resilience Framework. Oversight by the Board's Audit Committee, the senior management, and a CISO (Chief Information Security Officer). Cybersecurity-focused organizational structure. Risk management process supported by periodic independent assessments. Personnel awareness and training program regarding cybersecurity, social engineering, and phishing prevention. Continuous investment to strengthen the security of existing processes and technologies. Security by design approach to the new business digital initiatives. Continuous improvement of monitoring, incident response, and resilience capabilities.
 <p>Coca-Cola Trademarks Coca-Cola's and our brand reputation or brand violations could adversely affect our business.</p>	<ul style="list-style-type: none"> Damage to Coca-Cola's and our trademark reputation. 	<ul style="list-style-type: none"> Maintain the reputation and intellectual property rights of Coca-Cola trademarks and our own trademarks. Effective brand protection. Strictly comply with Responsible Marketing Policies. 			

Main Risk	Potential Impacts	Key Mitigation Actions	Main Risk	Potential Impacts	Key Mitigation Actions
 <p>Economic, Political, and Social Conditions Adverse economic conditions, political, and social events in the countries where we operate and elsewhere, and changes in governmental policies may adversely affect our business, financial condition, results of operations, and prospects.</p>	<ul style="list-style-type: none"> • Affect and reduce consumer per capita income, which could result in decreased consumer purchasing power. • Lower demand for our products, lower real pricing of our products or a shift to lower margin products. • Negatively affect our company and materially affect our financial condition, results of operations, and prospects. 	<ul style="list-style-type: none"> • Through a risk management strategy, hedge our exposure to interest rates, exchange rates, and raw material costs. • Annually or more frequently evaluate, when the circumstances require, the possible financial effects of these conditions and, to the extent possible, anticipate mitigation measures. • Usage of foresight methodologies to map our upcoming sociopolitical risks through analyzing key economic and social data against upcoming political risks factors such as elections, constitutional reforms and increasing political repression. • Develop scenarios and contingency plans for adverse sociopolitical conditions (e.g., social revolt after an election) that allow for business continuity considering, among others: alternative distribution routes, stock management to prioritize critical SKUs, securing financial assets, etc. 	 <p>Legal Proceedings Unfavorable outcomes of legal proceedings could adversely impact our business.</p>	<ul style="list-style-type: none"> • Investigations and proceedings on tax, consumer protection, environmental, and labor matters. 	<ul style="list-style-type: none"> • Comply with applicable laws and regulations and comply with workplace rights policy.
 <p>Weather Conditions, Natural Disasters, and Public Health Crises Adverse weather conditions, natural disasters, and public health crises may adversely affect our business, financial condition, results of operations, and prospects.</p>	<ul style="list-style-type: none"> • Increase in operating and compliance costs. • Restrictions imposed on our operations. • The imposition of new taxes, increases in existing taxes, or changes in the interpretation of tax laws and regulation by tax authorities may have a material adverse effect on our business, financial condition and results of operations. 	<ul style="list-style-type: none"> • Identify regulatory risks and proposals of changes to regulations that directly affect our operation or financial condition. • Advocacy work to provide advice on legislators' proposed regulatory changes. 	 <p>Weather Conditions, Natural Disasters, and Public Health Crises Adverse weather conditions, natural disasters, and public health crises may adversely affect our business, financial condition, results of operations, and prospects.</p>	<ul style="list-style-type: none"> • Impact consumer patterns and beverage sales. • Affect plants' installed capacity, road infrastructure, and points of sale. • Negatively affect our business, financial condition, results of operations, and prospects. 	<ul style="list-style-type: none"> • Implement business continuity plans and safety protocols to protect employees and avoid significant disruptions to our business. • Insure assets and operations against such adverse events.
 <p>Regulations Taxes and changes in regulations in the regions where we operate could adversely affect our business.</p>	<ul style="list-style-type: none"> • Increase in operating and compliance costs. • Restrictions imposed on our operations. • The imposition of new taxes, increases in existing taxes, or changes in the interpretation of tax laws and regulation by tax authorities may have a material adverse effect on our business, financial condition and results of operations. 	<ul style="list-style-type: none"> • Identify regulatory risks and proposals of changes to regulations that directly affect our operation or financial condition. • Advocacy work to provide advice on legislators' proposed regulatory changes. 	 <p>Acquisitions and Business Alliances Inability to successfully integrate acquisitions or achieve expected synergies could adversely affect our operations.</p>	<ul style="list-style-type: none"> • Difficulties and unforeseen liabilities or additional costs in restructuring and integrating operations. 	<ul style="list-style-type: none"> • Integrate acquired or merged businesses' operations in a timely and effective way, retaining key qualified and experienced professionals.

Main Risk	Potential Impacts	Key Mitigation Actions
 <p>Foreign Exchange Depreciation of the local currencies of the countries where we operate relative to the U.S. dollar could adversely affect our financial condition and results.</p>	<ul style="list-style-type: none"> Financial loss. Increase cost of some raw materials. Adversely affect our results, financial condition, and cash flows in future periods. 	<ul style="list-style-type: none"> Closely monitor developments that may affect exchanges rates. Hedge our exposure to the U.S. dollar with respect to certain local currencies, our U.S. dollar-denominated debt obligations, and the purchase of certain U.S. dollar-denominated raw materials.
 <p>Climate Change Adverse weather conditions could adversely affect our business and results of operations.</p>	<ul style="list-style-type: none"> Negatively affect consumer patterns and reduce sales. Affect plants' installed capacity, road infrastructure, raw material supply, and points of sale. 	<ul style="list-style-type: none"> Identify sources of our operations' CO₂ emissions. Support and comply with climate change mitigation measures. Identify and reduce our environmental footprint through efficient use of water, energy, and materials.
 <p>Social Media Negative or inaccurate information on social media could adversely affect our reputation.</p>	<ul style="list-style-type: none"> Damage to our brands or corporate reputation without affording us an opportunity for correction. 	<ul style="list-style-type: none"> Effective brand protection. Proactive external communication.

Main Risk	Potential Impacts	Key Mitigation Actions
 <p>Water Water shortages or failure to maintain our current water concessions could adversely affect our business.</p>	<ul style="list-style-type: none"> Water supply may be insufficient to meet our future production needs. Water supply may be adversely affected due to shortages or changes in governmental regulations or environmental changes. Water concessions or contracts may be terminated or not renewed. 	<ul style="list-style-type: none"> Efficient water usage. Execute water conservation and replenishment projects. Maintain 100% legal compliance. Develop a water risk index, including four issues that need to be assessed: community and public perception risks, scarcity of water and other inputs, regulatory risks, and legal risks for each of our bottling plants. Update water risk assessment tool and work plans that contemplate aspects such as climate change, resilience to hydrological stress, media and social vulnerabilities, as well as regulations and production volumes for each of our bottling plants. Secure water concessions for our production facilities.
 <p>Raw Materials Increases in the price of raw materials we use to manufacture our products could adversely affect our production costs.</p> <p>Insufficient availability of raw materials could limit the production of our beverages.</p>	<ul style="list-style-type: none"> Shortage or insufficient availability of raw materials may adversely affect our capacity to ensure production continuity. Adjustments to our product portfolio according to availability. 	<ul style="list-style-type: none"> Implement measures to mitigate the negative effect of product pricing on our margins such as hedging via derivative instruments. Proactively address risk of supply on our value chain. Strict compliance with our Supplier Guiding Principles. Strategically adjust our product portfolio to enable us to minimize the impact of certain operating disruptions.

For more information please visit our see 20F report.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

DIRECTORS APPOINTED BY SERIES A SHAREHOLDERS

José Antonio Fernández

Chairman of the Board of FEMSA

Alternate: Javier Gerardo Astaburuaga Sanjines

30 Years as a Board Member

Daniel Alberto Rodríguez Cofré

Chief Executive Officer of FEMSA

Alternate: Francisco Camacho Beltrán

1 Year as a Board Member

Federico Reyes García

Independent Consultant

Alternate: Eugenio Garza y Garza

30 Years as a Board Member

Ricardo Guajardo Touché*

Independent Consultant

30 Years as a Board Member

Enrique F. Senior Hernández*

Managing Director of Allen & Company, LLC

19 Years as a Board Member

Luis Rubio Freidberg*

Chairman of México Evalúa Centro de Análisis de Políticas Públicas, A.C.

6 Years as a Board Member

José Henrique Cutrale

Director of Sucocítrico Cutrale Ltda.

Alternate: Graziela Cutrale

Board member as of September 2022

Alfonso González Migoya*

Business Consultant

17 Years as a Board Member

Francisco Zambrano Rodríguez*

Independent Consultant and Co-Chief Executive

Officer of Desarrollo Inmobiliario y de Valores, S.A.

de C.V., Corporativo Zeta DIVASA, S.A.P.I. de C.V. and

IPFC Inmuebles, S.A.P.I. de C.V.

20 Years as a Board Member

DIRECTORS APPOINTED BY SERIES D SHAREHOLDERS

John Murphy

Executive Vice President and Chief Financial Officer

of The Coca-Cola Company

Alternate: Stacy Lynn Apter

4 Years as a Board Member

José Octavio Reyes Lagunes

Retired

Alternate: T. Robin Rodgers Moore

7 Years as a Board Member

Nikos Koumettis

President of Europe Operating Unit of The Coca-Cola

Company

1 Year as a Board Member

Jennifer K. Mann

Corporate Senior Vice President and President of

North America for The Coca-Cola Company

Alternate: Marie D. Quintero-Johnson

Board Member as of March 2023

DIRECTORS APPOINTED BY SERIES L SHAREHOLDERS

Victor Alberto Tiburcio Celorio*

Independent Consultant

4 Years as a Board Member

Luis Alfonso Nicolau Gutiérrez*

Partner at Ritch, Mueller, Heather y Nicolau, S.C.

Alternate: Jaime A. El Koury*

5 Years as a Board Member

Amy Eschliman*

Managing Director of Retail at Google Cloud

Board Member as of March 2023

SECRETARY OF BOARD (NON-MEMBER)

Alejandro Gil Ortiz

Secretary of the Board

Alternate: Carlos Luis Díaz Sáenz

1 Year as a Secretary

* Independent Director



Mr. José Luis Cutrale, Board member, long-time advisor and friend of our company, unfortunately passed away on August, 2022. Mr. Cutrale contributed his talent and business skills to our Company since 2004. As of September 28, 2022, his son, Mr. José Henrique Cutrale replaced Mr. José Luis Cutrale as Board Member.

EXECUTIVE OFFICERS

Ian Craig

Chief Executive Officer

Gerardo Cruz Celaya

Chief Financial Officer

Karina Awad Pérez

Human Resources Officer

Nicolás Bertelloni

Chief Growth Officer

Rafael Ramos Casas

Supply Chain and Engineering Officer

Gabriel Coindreau Montemayor

Strategic Planning Officer

Ignacio Echevarría Mendiguren

Digital and Technology Officer

Fabricio Ponce García

Chief Operating Officer—Mexico

Eduardo Pereyra Méndez

Chief Operating Officer—Brazil

Aitor Ocejo Zubizarreta

Chief Operating Officer—Latin America

BOARD COMMITTEES

PLANNING AND FINANCE COMMITTEE

The Planning and Finance Committee works with management to set our annual and long-term strategic and financial plans and monitors adherence to these plans. It is responsible for setting our optimal capital structure and recommends the appropriate level of borrowing, as well as the issuance of securities. Financial risk management is another responsibility of the Planning and Finance Committee.

Ricardo Guajardo Touché is the chairman of the Planning and Finance Committee. The other members include: Federico Reyes García, John Murphy, Amy Eschliman, Enrique F. Senior Hernández and Eugenio Garza y Garza. The secretary non-member of the Planning and Finance Committee is Gerardo Cruz Celaya, our Chief Financial Officer.

AUDIT COMMITTEE

The Audit Committee is responsible for reviewing the accuracy and integrity of quarterly and annual financial statements in accordance with accounting, internal control, and auditing requirements. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the independent auditor, who reports directly to the Audit Committee (such appointment and compensation being subject to the approval of our Board of Directors); the internal auditing function also reports to the Audit Committee. The Audit Committee has implemented procedures for receiving, retaining and addressing complaints regarding accounting, internal control and auditing matters, including the submission of confidential, anonymous complaints from employees regarding questionable accounting or auditing matters. To carry out its duties, the Audit Committee may hire independent counsel and other advisors. As necessary, we compensate the independent auditor and any outside advisor hired by the Audit Committee and provide funding for ordinary administrative expenses incurred by the Audit Committee in the course of its duties.

Victor Alberto Tiburcio Celorio is the chairman of the Audit Committee and the “audit committee financial expert.” Pursuant to the Mexican Securities Market Law, the chairman of the Audit Committee is elected at our shareholders meeting. The other members are: Alfonso González Migoya and Francisco Zambrano Rodríguez. Each member of the Audit Committee is an independent director, as required by the Mexican Securities Market Law and applicable New York Stock Exchange listing standards. The secretary non-member of the Audit Committee is Gerardo Estrada Attolini, FEMSA’s Administration and Corporate Control Department Officer.

CORPORATE PRACTICES COMMITTEE

The Corporate Practices Committee, which consists exclusively of independent directors, is responsible for preventing or reducing the risk of performing operations that could damage the value of our company or that benefit a particular group of shareholders. The committee may call a shareholders meeting and include matters on the agenda for that meeting that it deems appropriate, approve policies on related party transactions, approve the compensation plan of the Chief Executive Officer and relevant officers, and support our Board of Directors in the elaboration of related reports.

The chairman of the Corporate Practices Committee is Luis Rubio Freidberg. Pursuant to the Mexican Securities Market Law, the chairman of the Corporate Practices Committee is elected at our shareholders meeting. The other members include: Jaime A. El Koury and Luis A. Nicolau Gutiérrez, and two permanent non-member guests, Daniel Alberto Rodríguez Cofré and José Octavio Reyes Lagunes. The secretary non-member of the Corporate Practices Committee is Karina Paola Awad Pérez, our Human Resources Officer.

INTEGRAL ETHICAL SYSTEM

Through our ethical culture, we manage under schemes that must be adopted as a way of life and that inspire the actions of all those who are part of the organization through the establishment of an integral ethical system.

Our ethics management is based on:

- Prevent illicit behaviors that may affect our human capital and our heritage
- Detect improper acts through open communication channels
- Respond and provide feedback to our organization to build trust

Our system is comprised of three fundamental elements: the **→Code of Ethics**, the Ethics Committee, and the whistle-blowing system known as KOF Ethics Line.

Code of Ethics

The foundation of our organizational culture, the Code of Ethics communicates our values, contemplates our main behaviors, promotes good behavior inside and outside of our organization, and guides our correct decision-making based on ethical principles. Our recently updated Code includes important topics such as Human Rights, Inclusion and Diversity, Discrimination, Violence and Harassment, Conflicts of Interest, Misuse of Information, and Anti-corruption.

Specifically, regarding the subject of gifts, courtesies and entertainment, our Code of Ethics specifies:

- We do not receive, give, pay, offer, promise, or authorize on behalf of Coca-Cola FEMSA or on a personal basis, in a direct or indirect way, money, gifts, advantageous conditions, salaries, travel, commissions or anything else of value to obtain any undue advantage or benefit of any kind.
- We do not give or offer gifts to government officials.
- We only accept, give, or offer gifts of a promotional nature, occasional and of symbolic value.
- We only provide hospitalities in accordance with our Corporate Policy and the applicable legal provisions.
- When a client or a supplier offers an invitation, which implies a trip outside the city or to attend a sporting event or any other entertainment, we shall comply with this Code of Ethics and other Internal Guidelines and must obtain prior necessary approval to attend such invitation.

Ethics Committee

The Ethics Committee is the oversight and control body that guarantees compliance with the Code of Ethics and attends to the company's most relevant ethical situations. In each of our territories, there is an Ethics Committee, and each Committee reports to the Corporate Ethics Committee.

KOF Ethics Line Whistle-blowing System

Complaints about noncompliance with the Code of Ethics are received through **→KOF Ethics Line**, which is managed by a third party. Employees, customers, suppliers, third parties or anyone who has a relationship with Coca-Cola FEMSA can use the system anonymously.

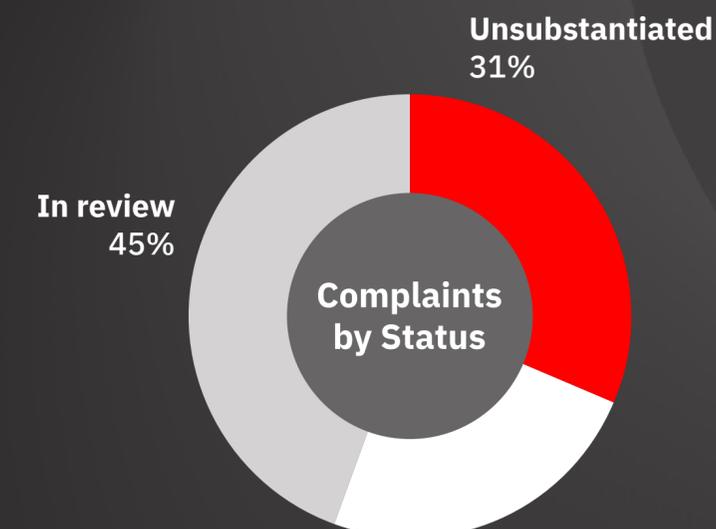
A group of investigators analyzes the complaints impartially and confidentially and, if a violation of the Code is found, corrective measures are applied.

In 2022, we received 1,371 complaints; some of which were related to work environment and leadership, operational and financial information.

To strengthen our culture, our workers sign a Letter of Compliance to our Code of Ethics. Its purpose is to ensure that our employees are aware of the Code of Ethics, understand the main acts or omissions that may be incurred and can put our organization at risk, and report any violation of the Code that they know.

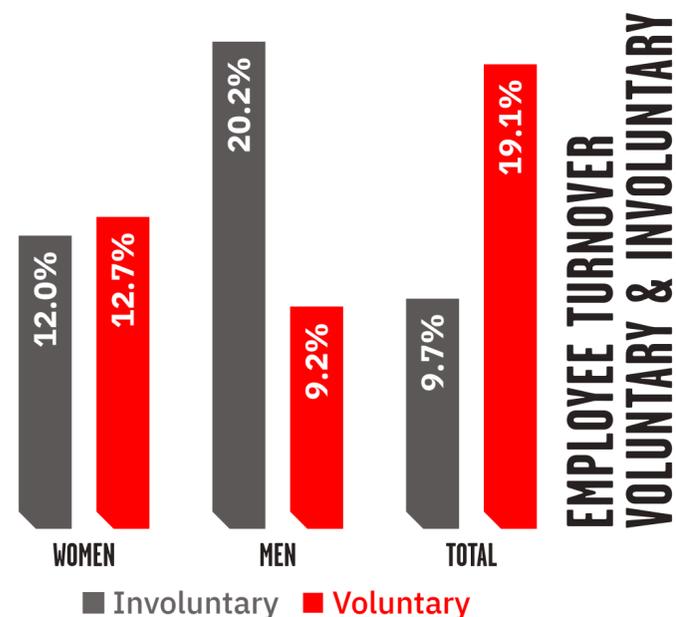
For further information and access to the full document of our Code of Ethics please access one of the following links:

- Spanish**
- English**
- Portuguese**



EMPLOYEE TURNOVER

As mentioned in the Culture chapter, retaining top-tier talent is a priority for KOF, which is why we have worked on offering our employees a flexible benefits program, an optimal and inclusive work environment, and competitive remuneration. To keep track on the effectiveness of our initiatives and in our effort to consistently optimize them, we track our employee turnover rate, which can help spot any areas of improvement and make sure that our employees desire to remain with the company.



Turnover by Country	Involuntary	Voluntary
Argentina	8.23%	5.33%
Brazil	13.71%	6.38%
Colombia	5.69%	8.37%
Costa Rica	6.39%	11.49%
Guatemala	116.73%	3.39%
Mexico	17.70%	12.09%
Nicaragua	2.54%	9.24%
Panama	5.16%	1.19%
Uruguay	11.66%	9.61%
Total KOF	19.10%	9.65%

Turnover Women	Involuntary	Voluntary
Argentina	7.33%	17.09%
Brazil	12.48%	9.85%
Colombia	6.79%	11.60%
Costa Rica	6.39%	11.80%
Guatemala	15.56%	9.43%
Mexico	13.04%	14.74%
Nicaragua	3.99%	12.97%
Panama	4.35%	4.35%
Uruguay	18.38%	19.04%
Total KOF	12.00%	12.72%

Turonver Men	Involuntary	Voluntary
Argentina	8.36%	3.69%
Brazil	13.95%	5.69%
Colombia	5.28%	7.20%
Costa Rica	6.39%	11.43%
Guatemala	124.48%	2.92%
Mexico	18.30%	11.75%
Nicaragua	2.32%	8.66%
Panama	5.25%	0.87%
Uruguay	9.53%	6.63%
Total KOF	20.20%	9.17%

Involuntary Turnover by age group	30 or less	30-50	50+	Voluntary Turnover by age group	30 or less	30-50	50+
Argentina	18.40%	5.81%	3.74%	Argentina	15.14%	3.23%	0.23%
Brazil	15.40%	13.26%	9.57%	Brazil	9.13%	5.45%	1.44%
Colombia	7.61%	5.51%	2.87%	Colombia	15.32%	7.12%	0.00%
Costa Rica	9.09%	5.52%	4.32%	Costa Rica	18.48%	10.01%	0.86%
Guatemala	268.82%	69.01%	25.67%	Guatemala	4.36%	2.84%	3.80%
Mexico	25.44%	11.61%	10.17%	Mexico	20.09%	6.08%	1.41%
Nicaragua	5.28%	2.37%	0.00%	Nicaragua	12.82%	9.47%	3.73%
Panama	9.66%	3.65%	5.58%	Panama	2.32%	1.10%	0.00%
Uruguay	27.70%	10.84%	1.18%	Uruguay	26.44%	8.08%	2.36%
Total	28.67%	13.67%	9.35%	Total	16.76%	5.75%	1.37%

INDEPENDENT LIMITED VERIFICATION REPORT: PERFORMANCE METRICS



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Independent Limited Assurance Report

To the Board of Directors of Coca Cola FEMSA, S.A.B. de C.V.:

Scope of our Work

We have been engaged by Coca Cola FEMSA, S.A.B. de C.V. ("KOF" or the "Company" to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on KOF's selected performance indicators included ("Subject Matter") and presented in the Annual Integrated Report (the "Report") and mentioned in the annex A; corresponding to the period from January 1st to December 31st 2022.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Coca Cola FEMSA, S.A.B. de C.V.

In preparing the selected performance indicators, Coca Cola FEMSA, S.A.B. de C.V. applied their internal developed criteria, as well as those based on what is set forth in the GRI Standards (Criteria).

Coca Cola FEMSA, S.A.B. de C.V. 's responsibilities

Coca Cola FEMSA, S.A.B. de C. V's management is responsible for selecting the Criteria, and for presenting the selected performance indicators in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the indicator included in Annex A based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'), and the terms of reference for this engagement as agreed with Coca Cola FEMSA, S.A.B. de C.V on February 16, 2023. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive

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system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the selected performance indicators and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Interviews with the responsible persons to obtain an understanding of the data management systems and processes used to generate, disaggregate, and report information related to each Criteria.
- Analytical procedures such as validations of ratios and proportions or expected results and trends considering the correct application of calculations and formulas in the documentation submitted for the Criterion in question.
- Inquiries to responsible persons regarding each of the Criteria to explain deviations from expected results and trends and to be able to correct or document them.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the selected performance indicators as of December 31, 2022; for it to be based on the Criteria.

Other Information

The notification to the Global Reporting Initiative (GRI) about the publication of the Report, following the guidelines of the GRI standard 1: Foundation, Reporting with reference to the GRI Standards, Notify GRI (the organization shall notify GRI of the use of the GRI Standards and the statement of use by sending an email to reportregistration@globalreporting.org), is the responsibility of the Company and we have been informed that it will be done within 5 business days following the issuance of this conclusion.

Mancera, S.C.

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C.P.C. Luis F. Ortega Sinencio
March 27, 2023
Mexico City, Mexico

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INDEPENDENT LIMITED VERIFICATION REPORT: PERFORMANCE METRICS



Annex A Verified GRI contents and Coca Cola FEMSA's own indicators

Performance indicators

GRI	Name of the disclosure or performance indicator	Scope of the information	Reported information	Unit
102-7 (2021)	Total number of employees	All countries of operation	97,213	Total number of employees
			14.3	% female gender
			85.7	% male gender
			31.8	% Age range under 30
			45.1	% Age range 30 - 50
			5.9	% Age range over 50 years old (%)
301-2	Use of recycled PET resin	All countries of operation	26.62	% Recycled vs. virgin resin
306-4 (2020)	Waste not destined for disposal	All countries of operation	98.5	% Recycled waste
306-5 (2020)	Waste for disposal	All countries of operation	1.5	% Waste for disposal
302-1	Energy consumption in the organization	All countries of operation	1,933,774,046.99	MJ Thermal energy consumption
			1,480,272,064.84	MJ Renewable energy consumption
			751,374,020.64	MJ Energy consumption from other sources
302-3	Energy intensity	All countries of operation	5.97	Liters of beverage produced/MJ
303-3 (2018)	Water withdrawal	All countries of operation	30,241	Mega Liters
303-4 (2018)	Water discharge	All countries of operation	8,564	Mega Liters
303-5 (2018)	Water consumption	All countries of operation	30,241	Mega Liters
IP	Water consumption efficiency*	All countries of operation	1.46	Ratio, liters of water consumed per liter of beverage produced
305-1	Direct GHG emissions (Scope 1)	All countries of operation	554,500.71	tons of CO ₂ e
305-2	Indirect GHG emissions from energy generation (Scope 2)	All countries of operation	52,105.72	tons of CO ₂ e
305-3	Other indirect emissions (Scope 3)	All countries of operation	3,182,146.35	tons of CO ₂ e

GRI	Name of the disclosure or performance indicator	Scope of the information	Reported information	Unit
403-9	Total incident rate (TIR)	All countries of operation ¹	0.90	Cases per 200000/ Worked hours
403-10	Lost time incident rate (LTIR)	All countries of operation ²	0.61	Cases per 200000/ Worked hours

¹ Does not include Venezuela

² Does not include Venezuela

* This indicator was developed by Coca Cola FEMSA and is defined as the liters of water it was necessary to consume to produce one liter of beverage.

INDEPENDENT REASONABLE VERIFICATION REPORT: GREEN BOND



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Independent Reasonable Assurance Report

To the Board of Directors of Coca Cola FEMSA, S.A.B. de C.V.:

Scope of our Work

We have been engaged by Coca Cola FEMSA, S.A.B. de C.V. ("KOF" or the "Company") to perform a reasonable assurance engagement, as defined by the International Standards on Assurance Engagements, hereafter referred to as "the Engagement", to report on KOF's net proceeds allocation and use for the eligible projects based on the established criteria in KOF's Green Bond Framework ("Subject Matter") included and presented in the Annual Integrated Report (the "Report") and mentioned on Annex A; for the period from January 1st to December 31st, 2022.

Other than as described in the preceding paragraph, which sets out the scope of our Engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express an opinion on this information.

Criteria applied by Coca Cola FEMSA, S.A.B. de C.V.

In preparing the net proceeds allocation and use for the eligible projects based on the established criteria in KOF's Green Bond Framework, Coca Cola FEMSA, S.A.B. de C.V. applied the criteria set forth in the Green Bond Principles published by the "International Capital Market Association" (Criteria). Such Criteria were specifically designed for the construction and reporting of Subject Matter as a result; the Subject Matter information may not be suitable for another purpose.

Coca Cola FEMSA, S.A.B. de C.V.'s responsibilities

Coca Cola FEMSA, S.A.B. de C.V.'s management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express an opinion on the presentation of the Subject Matter, included in Annex A, based on the evidence we have obtained.

We conducted our Engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'), and the terms of reference for this Engagement as agreed with Coca Cola FEMSA, S.A.B. de C.V. on February 16, 2023. Our responsibility according to the previously mentioned Standards require that we plan and perform our Engagement to obtain reasonable assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our Independence and Quality Control

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We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants (including the International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA") and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

The procedures performed focused on the following:

- Conducted interviews with relevant personnel to understand the business and reporting process, including the sustainability strategy principles, and management
- Conducted interviews with key personnel to understand the reporting period, including the process for collecting, collating, and reporting the information in accordance with the Green Bond Principles
- Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria
- Undertook analytical review procedures to support the reasonableness of the data
- Tested, on a sample basis, underlying source information to check the accuracy of the data

Opinion

In our opinion, the net proceeds allocation and use for the eligible projects based on the established criteria in KOF's Green Bond Framework included in the Annual Integrated Report of the Company for the period from January 1st to December 31st, 2022, is presented, in all material respects, in accordance with the Green Bond Principles criteria issued by the "International Capital Market Association" (Criteria).

Mancera, S.C.

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C.P.C Luis F. Ortega Sinencio
March 27th, 2023
Mexico City, Mexico

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REASONABLE
VERIFICATION
REPORT:
GREEN BOND



Annex A Green Bond Proceeds Allocation by category- for the period of January 1st to December 31st, 2022

The following data was assured by EY in strict accordance with our established procedures. This information is presented by the company in its Annual Integrated Report.

Category	Figure	Unit
Total investment	314.74	Millions USD
Circular Economy	160.83	Millions USD
Climate Change	146.84	Millions USD
Water Stewardship	7.07	Millions USD

SHAREHOLDER & ANALYST INFORMATION

Investor Relations

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Diana Pino
Aldana Solano

Legal Counsel of the Company

Carlos L. Díaz Sáenz
 Mario Pani N° 100
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Independent Accountants

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 Mexico Phone: (5255) 5283 1400

Stock Exchange Information

Coca-Cola FEMSA's common stock is traded on the Bolsa Mexicana de Valores (the Mexican Stock Exchange) under the symbol **KOFUBL** and on the New York Stock Exchange, Inc. (NYSE) under the symbol **KOF**.

Transfer Agent and Registrar

Bank of New York
 Bank of New York 101 Barclay Street 22W New York,
 New York 10286, U.S.A

COCA-COLA FEMSA, S.A.B. DE C.V.

Mario Pani N° 100
 Col. Santa Fe Cuajimalpa 05348, Ciudad de Mexico,
 Mexico (52 55) 1519 5000

KOF NEW YORK STOCK EXCHANGE Quarterly Stock Information

<i>U.S. Dollars per ADS</i>	2022		
Quarter ended	\$ High	\$ Low	\$ Close
Dec-30	68.91	67.49	67.88
Sep-30	59.15	57.65	58.39
Jun-30	56.23	54.64	55.28
Mar-31	55.15	53.40	54.95

U.S. Dollars per ADS **2021**

Quarter ended	\$ High	\$ Low	\$ Close
Dec-31	56.52	47.53	54.38
Sep-30	58.94	51.99	56.27
Jun-28	52.93	46.56	52.93
Mar-29	48.97	42.21	46.20

KOFUBL MEXICAN STOCK EXCHANGE Quarterly Stock Information

<i>Mexican Pesos</i>	2022		
Quarter ended	\$ High	\$ Low	\$ Close
Dec-30	133.22	131.05	131.84
Sep-30	118.81	116.02	117.67
Jun-30	113.16	110.56	111.34
Mar-31	109.80	106.28	109.53

Mexican Pesos **2021**

Quarter ended	\$ High	\$ Low	\$ Close
Dec-31	114.98	101.17	111.54
Sep-30	117.34	104.14	116.32
Jun-28	105.71	93.88	105.47
Mar-29	100.95	87.79	94.41

ABOUT OUR INTEGRATED REPORT

From our headquarters in Mexico City, we present the 2022 edition of our Integrated Report. This report was developed following the guidelines of the International Integrated Reporting Council (IIRC) and in accordance with the GRI (Global Reporting Initiative) Standards, as well as material indicators of the SASB (Sustainability Accounting Standards Board) for the Non-Alcoholic Beverage Industry. Furthermore, this report elaborates on our annual Communication on Progress (COP) to the United Nations Global Compact, included by FEMSA in its 2022 report.

The information contained in this report corresponds to the period from January 1 to December 31, 2022. It includes data from the countries where Coca-Cola FEMSA, S.A.B. de C.V. has operations or a majority share. Its operations encompass franchise territories in Mexico, Brazil, Guatemala, Colombia, and Argentina, and, nationwide, in Costa Rica, Nicaragua, Panama, and Uruguay.

The company is a member of the Dow Jones Sustainability Emerging Markets Index, Dow Jones Sustainability MILA Pacific Alliance Index, FTSE4Good Emerging Index, and the S&P/BMV Total Mexico ESG Index, among others.

CHIEF FINANCIAL OFFICER
GERARDO CRUZ CELAYA

Stock listing information: Mexican Stock Exchange, Ticker: KOFUBL | NYSE (ADS), Ticker: KOF | Ratio of KOFUBL to KOF = 10:1
Coca-Cola FEMSA files reports, including annual reports and other information with the U.S. Securities and Exchange Commission, or the “SEC,” and the Mexican Stock Exchange (Bolsa Mexicana de Valores, or the “BMV”) pursuant to the rules and regulations of the SEC (that apply to foreign private issuers) and of the BMV. Filings we make electronically with the SEC and the BMV are available to the public on the Internet at the SEC’s website at www.sec.gov, the BMV’s website at www.bmv.com.mx, and our website at www.coca-colafemsa.com. Coca-Cola FEMSA, S.A.B. de C.V. is the largest Coca-Cola franchise bottler in the world by sales volume. The company produces and distributes trademark beverages of The Coca Cola Company, offering a wide portfolio of 134 brands to a population of more than 270 million. With over 97 thousand employees, the company markets and sells approximately 3.8 billion unit cases through more than 2 million points of sale a year. Operating 56 manufacturing plants and 249 distribution centers, Coca-Cola FEMSA is committed to generating economic, social, and environmental value for all of its stakeholders across the value chain. The company is a member of the Dow Jones Sustainability Emerging Markets Index, Dow Jones Sustainability MILA Pacific Alliance Index, FTSE4Good Emerging Index, and the S&P/BMV Total Mexico ESG Index, among others. Its operations encompass franchise territories in Mexico, Brazil, Guatemala, Colombia, and Argentina, and, nationwide, in Costa Rica, Nicaragua, Panama, Uruguay, and in Venezuela through its investment in KOF Venezuela. For further information, please visit www.coca-colafemsa.com

1. For comparability purposes, the non-financial quantitative data for 2022, 2021, 2020, 2019, and 2018 is represented without Venezuela, since as of December 31, 2017, Venezuela is a deconsolidated operation reported as an investment in shares. Moreover, the 2017 information is represented without the Philippines.
2. References herein to “Mexican pesos” or “Ps.” are to the lawful currency of the United Mexican States, or Mexico

