

LALA

SUSTAINABILITY REPORT 2022



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Message from the CEO

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The world's leading financial institutions agreed that the world economy faced its biggest test since World War II last year. Among the factors attributed to the situation were the cost imposed by the pandemic, the Russian invasion of Ukraine, rising energy prices and widespread inflation, as well as countries' high indebtedness.

The world economy grew by about 3.4% but inflation was around 8.8%. This scenario, in particular the inflationary environment, required us as an organization to be very disciplined in the execution of our strategy, reducing the company's leverage and maintaining solid market share in the various categories and markets.

The order we follow in the execution of our strategy allowed us to achieve a positive variation of 13.9% in net sales compared to the previous year, with an 8.3% growth in gross profit. EBITDA performed equally positively in Mexico, Central America, and Brazil. The result in consolidated net income grew 4.5% compared to 2021.

With the update of the Sustainability Model carried out in 2021, we were able to establish in 2022 a baseline for the measurement of the set of indicators that are part of the environmental, social and corporate governance performance of the company. This action sets the necessary precedent that we required to have a common baseline that allows us to report both the general ESG performance and the improvements that are punctually made in each environmental, social, and corporate governance indicator according to the priorities arising in the materiality matrix.

After many months of working under restrictive conditions due to the pandemic, I want to highlight the enormous effort we make in training for our great team of collaborators and for this we allocate 3.2 million hours of training and talent training.

A traditional hallmark of Lala is social commitment in the regions where we operate. The support generated through the Lala Foundation with whom we channeled a social investment of 112 million pesos stands out, thereby benefiting about 780 thousand people, mainly with nutritious food.

We conclude a year of great challenges for the global economy and, of course, for the organization. The dedication of our team led us to achieve positive results. Through our more than 56 brands in the categories of milks, yogurts, cheeses, creams, desserts, ham, sausages, and juices, we strengthen our promise to bring families nutritious and innovative foods. Evaluations such as those of Kantar World Panel that recognized LALA® as the third most popular consumer brand in Mexico are a positive indicator of our results and, above all, the confirmation of our commitment and responsibility.

Arquímedes Celis
CEO and Executive Chairman



About Us

2-1, 2-6

We are a company specializing in producing, innovating, marketing, and distributing foods with widely recognized brands, focused on the mass consumer market, leading the dairy product segment in the Americas.

Grupo Lala, S.A.B. de C.V. is a proudly Mexican company in the **healthy food** industry, dedicated to **advancing** the well-being of **consumers, communities and the planet**. We adopt a sustainable approach in all our processes, always aligned with our principles and values.

**For more than 70 years, we
have been committed to
consumers eating healthily**

Business Philosophy



Our Mission

"Nurturing your life is our passion."

Our talented and committed team is focused on developing innovative products with the highest quality standards.



Our Vision

"To be the preferred dairy company in America."

For several decades, preference for our brands has been based on innovation, quality and sustainability.

As part of our culture, we have built six pillars on which we base our stakeholder relations:

- We promote open and effective communication.
- We foster transparent and direct relationships.
- We recognize big and small achievements.
- Value generation defines our agenda.
- We respect our communities, customers and those who consume our products.
- We promote diversity and inclusion to enrich our decisions.



Our Values

We practice the nine values that identify us as a company every day.
These are the guidelines that direct our operation:

We Are People

We are the most valuable asset to our organization

We Are Authentic

We express ourselves naturally with transparency and honesty

We Lead by Example

We are a positive influence on others

We Do Not Take Shortcuts

We do the right thing, even when it isn't easy



We Think Like Owners

We view the business as an extension of ourselves

We Deliver Results

We overcome ambitious challenges to create a better future

We Dream Big

We are motivated to meet our goals

We Grow By Meritocracy

Excellence enables our growth

We Are Practical

We take concrete actions while remaining agile and flexible

Lala Presence

2-1, 2-6

We are located in Mexico, which is our main market, the United States, and Central America (Nicaragua and Guatemala, with a commercial distribution model in Costa Rica and Belize), where we have refocused our growth strategy, orienting it towards value creation by leveraging our main strengths, and Brazil, where we have a consolidation strategy based on the Brazilian dairy company Vigor Alimentos, S.A., through a business with the scale, portfolio, innovation and talent necessary to build a leading company in that nation.

We focus on creating shared value as we consolidate our growth strategy



	Mexico	Brazil	Central America***	USA	Total
Factories	15*	9	3**	2	29
Distribution Centers	140	23	10	-	173
Delivery Routes	6,375	1,750	233	-	8,358
Employees	33,999	4,160	1,869	261	40,289

* 12 dairy products and derivatives, one storage and cooling facility, one packaging and one meat facility.

** One in Guatemala and two in Nicaragua.

*** We use a distribution model in Costa Rica and Belize.

Distribution model

Production and distribution model



29 factories
with **851,524**
square meters



6,104
vehicles in our
commercial fleet





More than
628,000
points of sale



173
distribution
centers



8,358
delivery routes

Our Brands and Products

2-6

Thanks to the wide variety of products offered under popular household names, our mission of **“Nurturing your life is our passion”** becomes a reality by providing exceptional **quality, freshness, and nutritional value** to our consumers.



More than 56 brands in the milk, yogurt, cheese, cream, dessert, ham, sausages, and juice categories



More than 400 SKUs in Brazil, Central America and the United States



More than 500 SKUs in Mexico

Grupo Lala is one of the main milk producers in Mexico and currently has a significant presence in the markets of Brazil, Central America and the United States. We are dedicated to the production, transportation, and marketing of value-added milk and flavored beverages for health and well-being, as well as other products such as yogurt, cheese, and meat.

Our product portfolio is varied and of high quality. We offer a wide range of dairy products, such as yogurt, cheese, butter and other derivatives, including brands recognized by customers and consumers.





2-6

In the Central American market, our portfolio is made up of brands in the categories of ice cream and popsicles, yogurt, cream and butter, under the Eskimo®, La Perfecta®, NutriLety®, Lala® and Foremost® brands.



VIGOR



DANUBIO



In the Brazilian market, through our Vigor® brand, we offer a wide range of dairy products, such as yogurt, cheese, butter and other derivatives that are marketed under prestigious brands such as Danubio®, Faixa Azul®, Serrabella®, Leco®, Amelia® and Blue Belt®.

In the United States, our drinkable milks, creams, and yogurts are represented by the Lala®, Promised Land®, and Skim Plus® brands.





The Kantar World Panel ranked LALA® and Nutri® as Mexico's third and fourth most popular consumer product brands

Our reputation and market experience allow us to detect and address consumer needs and trends.



During 2022, we provided 3.632 million kiloliters of high-quality, fresh, and nutritional products in Mexico, Brazil, the United States, and Central America



We have contributed 88.9 million kilos of protein to improve nutrition in Mexico



Our products stand out from the crowd because they are healthy. 90% of the kiloliters produced by Lala are free of added sugar, low-fat, and are enriched with vitamins and minerals



2-6

Some of our notable product launches in 2022 are as follows:

Mexico

We reinforced our Lala Vita® product portfolio, including three new options: sugar-free, with higher protein content, and stevia flavored.

We expanded our greek yogurt portfolio to meet consumer needs and offer functional benefits. We also revolutionized the dessert segment with a premium fruit with a cream proposal.

As for flavored milk, we offer a wide range of products for all palates, including Coffee with Lala®, Cappuccino Caramel®, and Mexican Chocolate®.

Thinking about the health and well-being of our consumers, we have incorporated Lala Plenia® Naturales into the sausage market as a delicious line of products with less sodium, fat and without preservatives. This launch also marks a milestone in our commitment to high-quality dairy products and the introduction of the Lala Naturales® cheese platform.

Central America

In 2022, we focused on improving the formulation of our existing products to meet the standards established by the Faro Project. This project classifies the quality of products according to their fat, sugar and sodium content, and our commitment to well-being led us to seek to meet these standards to offer healthier options to our consumers.

Brazil

Our subsidiary in Brazil, Vigor® Alimentos, launched the #ABC collection for our Fermented Milk line, focusing on educational fun. The collection features packaging with Minions characters

and a different alphabet letter on each bottle, making it an ideal tool to make learning fun. Children enjoy the products and reuse the containers to learn while playing.

Our Blue Belt® brand won two medals at the Cheese World Cup in Brazil for its 12-month-old Gorgonzola and Parmesan cheeses. The contest featured more than 1,100 domestic and international types of cheeses, gathering producers, retailers, buyers and experts from across the globe. The judges evaluated the cheeses' exterior and interior appearance, texture, aroma, and flavor.

To make our Vigor Viv® protein line even more complete, we launched a drink with 15 g of protein. The drinks are sold in Chocolate and Dulce de Leche flavors in 250 ml UHT containers, without lactose or added sugars. They contain muscle stimulants and essential amino acids, ideal for consumption before or after working out.

We also launched the Vigor Viv Shot® fermented drink in three different flavors, with natural ingredients and BB-12 probiotic providing well-being and functionality benefits. Each flavor has several ingredients that contribute to the well-being of our customers, such as energy, relaxation and boosting their immune systems.

Our daily contact with current and potential consumers allows us to understand their preferences and tastes. Our world-class Research and Development Center allows us to develop affordable, nutritious and healthy products.

Sustainability and Governance Models

2-24, 3-3

Between 2020 and 2021, we updated and strengthened our Lala Sustainability Model, aligned with sustainable best practices and intended to guide our performance and commitment to society, the planet, and our stakeholders. Thanks to this updated model, in 2022, we spread the sustainability strategy across the entire company, focusing our efforts on clearer goals and determining the areas responsible for their implementation and monitoring.

Our Environmental, Social and Governance (ESG) approach has allowed us to establish strategic and operational priorities in these areas to maximize our positive social impact and contribute to efficiently using natural resources and caring for the environment.

We strive to ensure our actions nourish the planet and contribute to global sustainability goals

Our higher purpose as a company is to help people have healthier lives with healthy communities as we help build a balanced planet with a promising future. That is why we give life to this sustainability model and implement concrete actions to achieve these goals.

What do we understand by sustainable actions that nourish the planet?

- Make nutritious, fresh, quality food available to individuals, families, and communities.
- Ensure high-performance rates across the production chain with positive and long-term impacts on the planet and society.
- Mitigate negative impacts due to materials and resources we use and move towards a positive general balance in nature through a circular economy.
- Create inclusive, safe and work environments respectful of human rights that favor capacity development and recognize employees across the organization.
- Connect and support social causes that promote a healthier life for people and communities.
- Make corporate decisions considering stakeholder expectations in adherence to our Code of Ethics, permanently observing the regulatory legal framework of our activity and products.
- Act responsibly today to make the future of new generations possible.

In line with the ESG approach, our Sustainability Model has three dimensions that indicate the relevant issues on which we focus our attention.



SUSTAINABLE ACTIONS THAT NOURISH THE PLANET



Strategic Actions

2-24



Responsible Value Chain

We manage the entire value chain with long-term positive environmental impact criteria.

- Supply chain
- Climate action
- Energy management
- Clean transport and fleet
- Water management
- Product life cycle and packaging
- Waste management
- Sustainable dairy production and animal welfare



Healthy Lives and Communities

We contribute to healthy living by providing nutritious food for people and communities.

- Product quality and safety
- Health and wellness
- Community Outreach
- Corporate volunteerism
- Food action
- Environmental projects
- Supporting education



The preferred place to work

We take care of our people, promote diversity, and make decisions in accordance with our Code of Ethics.

- Ethics and government
- Anti-corruption practices
- Talent development
- Labor Practices and human rights
- Equality, diversity and inclusion
- Business resilience
- Health and Safety

Sustainability governance model

2-13

The design, implementation, monitoring and reporting of sustainable actions are backed by the Board of Directors, the Steering Committee, the ESG Committee and the ESG Subcommittees, as we know that this calls for the involvement of decision and monitoring bodies at the highest level.

The ESG Subcommittees help monitor our strategy on time through performance indicators showing progress and showcasing areas of opportunity.

ESG Committee

The ESG Committee comprises operations leaders and is the first body responsible for monitoring and meeting objectives. The subcommittees comprising multidisciplinary team members from across the organization follow up on these.

Some of their main responsibilities are as follows:

- Integrate and reinvigorate the Group's sustainability model.
- Empower current practices and future initiatives.
- Determine baseline measurements to identify and set long-term ESG goals.
- Align communication and reporting practices with international standards.

ESG Subcommittees



Energy and water



Commodities



Materials and waste



Social practices and nutrition



Communication and governance



Measuring and reporting

In the future, we will continue to focus on consolidating our performance per our sustainability model

Alignment with the SDGs

We join the UN's 2030 Agenda to ensure a better future for all. To do this, we identify the Sustainable Development Goals (SDGs) on which we have the greatest impact and with which we can directly contribute to these objectives, thus contributing to building the world we want without leaving anyone behind.

We have adhered to United Nations Global Compact since 2006

We directly contribute in various areas and topics to 12 Sustainability Development Goals as follows:





ESG Summary 2022¹

Mexico

Environmental	2020	2021	2022	SDGs
Direct emissions (Scope 1) tCO ₂ e	-	211,645	216,658	7, 12
Indirect emissions (Scope 2) tCO ₂ e	-	329,063	301,747	7, 12
Water consumption in cubic meters	1,516,630	1,376,600	1,694,136	6, 12
Water use intensity (cubic meters/ton produced)	-	1.58	1.34	6, 12
General energy consumption GJ	1,998,990	2,723,279	2,497,220	7, 12
Electric energy consumption GWh	348.31	351.80	313.42	7, 12
Thermal energy consumption GJ	-	1,456,800	1,368,909	7, 12
Percentage of clean energy consumption	48%	69%	77%	7, 12
Number of plants with Clean Industry certifications	5	3	5	6, 7, 9, 12, 13

Social	2020	2021	2022	SDGs
Total employees				
• Women	8,327	8,593	9,034	5, 8
• Men	30,874	31,232	31,255	
Investment in talent training	\$41,975,220 ²	\$44,911,245	\$37,686,905	4, 8
Hours of staff training	867,050	2,820,669	1,459,946	4, 8
Millions of pesos in social investment	170	108.2	112.5	1, 2, 4
Kilograms of donated products	9,016,295	5,257,779	4,656,285 ³	2
People benefited from the Lala Foundation	1,536,761	692,681	784,302	1, 2, 4
Total number of children who received milk donated by the Lala Foundation every day	51,476	51,795	33,314 ⁴	2

Corporate Governance	2020	2021	2022	SDGs
Women in management positions	121	109	80	5, 8
Women on the Board of Directors	1	1	0	5, 8
Personnel trained in the Code of Ethics	-	32,552	40,289	8, 16

Brazil

Environmental	2021	2022	ODS
Direct emissions (Scope 1) tCO ₂ e	61,000	60,000	7, 12
Indirect emissions (Scope 2) tCO ₂ e	7,000	2,000	7, 12
Water consumption in cubic meters	687,583	660,137	6, 12
Water use intensity (cubic meters/ton produced)	1.99	2.18	6, 12
General energy consumption GJ	39,674,359	31,381,139	7, 12
Electric energy consumption GWh	66.99	63.61	7, 12
Percentage of clean energy consumption	97%	97%	7, 12
Thermal energy consumption GJ	199.72	200.9	7, 12

¹The ESG indicators presented in this report include data collected from Mexico and some indicators that we have incorporated to report actions in Brazil, Central America and the United States. During 2022 we began the process of measuring indicators outside of Mexico, so there is data that could not be collected this year for other countries. We will be working the following years to be able to complete the disclosure in each of our regions in its entirety.

²Includes total Group investment made in 2020: Mexico, Brazil, Central America and USA.

³A decrease in kilograms of products donated is observed, since in 2020 and 2021 additional donation efforts were increased due to the COVID-19 pandemic.

Social	2021	2022	SDGs
Total employees			
• Women	1,290	1,413	5, 8
• Men	2,650	2,713	
Investment in talent training	3,889,737	1,748,915	4, 8
Hours of staff training	47,788	28,373	4, 8
Millions of pesos in social investment	-	\$2,726,098 ⁵	1, 2, 4

Corporate Governance	2021	2022	SDGs
Women in management positions	-	77	5, 8

Central America

Environmental	2021	2022	SDGs
Indirect emissions (Scope 2) tCO ₂ e	166,508	154,912	7, 12
Water consumption in cubic meters	335,435	220,144	6, 12
Water use intensity (cubic meters/ton produced)	2.65	1.47	6, 12
General energy consumption GJ	3,352,734	1,354,446	7, 12
Electric energy consumption GWh	918.36	3,612.81	7, 12
Thermal energy consumption GJ	46,642.33	53,834.39	7, 12
Percentage of clean energy consumption (Guatemala)	61%	91%	7, 12

Social	2021	2022	SDGs
Total employees			
• Women	312	342	5, 8
• Men	1,582	1,612	
Investment in talent training	-	\$1,435,374 ⁶	4, 8
Hours of staff training	-	12,562	4, 8
Social investment in pesos	-	\$99,827 ⁷	1, 2, 4
People benefited	-	6,600	1, 2, 4

Corporate Governance	2021	2022	SDGs
Women in management positions	-	9	5, 8



Our Performance by figures

201-1

Statement of Income Sales

Millions of MXN	2020	2021	2022	Var. %
Net Sales	80,831	81,944	93,367	13.9%
Gross Profit	27,501	27,239	29,499	8.3%
Operating Profit	3,671	1,002	1,361	35.8%
EBITDA	8,022	8,369	8,762	4.7%
Net Income Before Tax	1,329	1,288	1,015	
Consolidated Net Income	485	1,470	1,398	

⁴ A decrease in benefited children is observed for 2022 since in 2020 and 2021 additional efforts were increased in donations due to the COVID-19 pandemic.

⁵ Conversion made to MXN. Maximum exchange rate in 2022 BR = 3.82 MXN, Brazil's social investment in 2022 was of 713,638.64 BR.

⁶ Conversion made to MXN. Exchange rate in 2022 USD = 19 MXN, investment in Central America formation in 2022 was of 75,546 USD.

⁷ Conversion made to MXN. Exchange rate in 2022 USD = 19 MXN, Central America's social investment in 2022 was of 5,254.05 USD.

Sales (millions of MXN)

Segment	2020	2021	2022
Milk	45,278	46,004	51,239
Dairy Products	32,775	32,858	38,561
Beverages and Others	2,778	3,083	3,567
Total Sales	80,831	81,944	93,367

Value Creation

2-4

Millions of MXN	2020*	2021	2022
Economic Value Generated	81,390	82,708	94,462
Economic Value Distributed	53,330	85,670	97,353

* 2-4 We recalculated the figures reported in previous years because the depreciation and amortization of assets were integrated into distribution expenses, updated as follows: VEG 2020 from 81,407 to 81,390 and VED 2020 from 71,514 to 53,330.

Nutrition Indicators

SASB FB-PF-270a.1, FB-PF-270a.2

Mexico

	2020	2021	2022
Total Product Volume (MKL)	3,215	3,119	3,150
Volume of products with no added sugar, fortified with vitamins, low-fat, etc. (MKL)	2,766	2,662	2,865
Revenue from products labeled and/or marketed to promote health and nutritional benefits and attributes (Millions of MXN)	\$35,517	\$36,681	\$43,886
Volume of products labeled and/or marketed to promote health and nutritional attributes (MKL)	2,217	2,085	2,161
Percentage of the volume of products labeled and/or marketed to promote health and nutrition benefits and attributes (%)	69%	67%	68.60%
Total millions of kilograms of protein that contribute to the corresponding country's diet (Millions of kg)	90.9	87.6	88.9
Protein: contribution to the total required by the population in each corresponding country (%)	4.24%	4.09%	4.15%
Total millions of kilos of calcium that contribute to the diet of the corresponding country (Millions of kg)	3.1	2.9	3.0
Calcium: contribution to the total required by the Mexican population (%)	6.57%	6.26%	6.29%
Revenue from products labeled as containing genetically modified organisms (GMOs) (%)	0	0	0
Revenue from products labeled as not containing genetically modified organisms (GMOs) (%)	0.15%	0.14%	0.10%
Percentage of ad impressions made on children (%)	12%	8%	8%
Percentage of ad impressions on children promoting products that meet dietary guidelines (%) ⁸	100%	100%	100%

⁸ For this indicator, compliance with dietary guidelines was considered as compliance with standards of labeling and nutritional statements made by Mexico (NOM-051 and 086).

Nutrition Indicators Brazil

SASB FB-PF-270a.1

	2022
Total Product Volume (MKL)	260.93
Volume of products with no added sugar, fortified with vitamins, low-fat, etc. (MKL)	19.1
Revenue from products labeled and/or marketed to promote health and nutritional benefits and attributes (Millions of MXN)	\$1,057,552 ⁹
Volume of products labeled and/or marketed to promote health and nutritional attributes (MKL)	19.1
Percentage of the volume of products labeled and/or marketed to promote health and nutrition benefits and attributes (%)	7.32%
Total millions of kilograms of protein that contribute to the corresponding country's diet (Millions of kg)	9.84
Protein: contribution to the total required by the population in each corresponding country (%)	7.54%
Percentage of ad impressions made on children (%)	0%
Percentage of ad impressions on children promoting products that meet dietary guidelines (%) ¹⁰	0%



Responsible Value Chain

Being sustainable means having streamlined processes and technology, providing better results, reducing the use of natural resources, and integrating these practices into the supply chain. We always comply with the environmental laws of the countries where we operate and go further by implementing the best production practices.

We are developing a system that matches the highest international environmental standards based on ISO 14001:2015, ISO 14064, and ISO 14065, among other standards. We are also building our environmental policy to ratify our commitment to the environment as part of our daily actions.



Five Lala plants in Mexico are certified as Clean Industry by PROFEPA

Supply Chain

2-6, 3-3, 308-1, 308-2, 414-1, 414-2

Our vision at Lala is to be a leading food company considered the best option by consumers, customers, employees, and shareholders. We have sustainable practices to offer quality products and meet the needs of our stakeholders. We also contribute to positively impacting the environment and the development of the communities where we operate through donations and volunteer activities. We can only achieve this with our solid corporate governance that ensures our alignment with market best practices.

Our production processes are based primarily on taking milk deliveries and storing them in our factories to submit the milk to a pasteurization process. Once this is completed, the product is packaged and refrigerated, awaiting shipment to the corresponding Distribution Centers. From there, it is distributed daily on refrigerated trucks across the established routes, always maintaining the cold chain. We have a direct distribution model tailored to each consumer and channel's needs.

⁹ Conversion made to MXN. Maximum exchange rate in 2022 BR = 3.82 MXN, revenues from products labeled to promote health benefits in Brazil in 2022 was of 276,846 BR.

¹⁰ For this indicator, compliance with dietary guidelines was considered as compliance with standards of labeling and nutritional statements made by Mexico (NOM-051 and NOM-086).

Mexican raw milk is our main raw material. We obtain it from various farms located in the states of Aguascalientes, Baja California, Chihuahua, Coahuila, Durango, Guanajuato, Hidalgo, Jalisco, Querétaro, and Sinaloa, with La Laguna (a region in Mexico occupying large portions of the states of Durango and Coahuila) being the point with the highest production of milk in stables equipped with the best technology worldwide.

Vigor in Brazil obtains the raw milk used to make our products through the spot market. We operate three milk collection centers in São Paulo and Minas Gerais in Brazil.

We use cocoa, flavorings and concentrates, fruit and sugar bases purchased from various suppliers to make our dairy products. We aim to source each product from key suppliers to ensure consistency in quality, freshness, convenient delivery times and availability. However, we use alternative supply sources to prevent shortages or interruptions.

We use different materials for packaging our products, such as cardboard for our Tetra Pak and Pure Pak technologies and high-density polyethylene. Our facilities in Mexico allow us to produce blown plastic containers in our factories and Pure Pak-type carton containers through our joint venture with Elopak.

We believe teamwork is essential to guaranteeing the sustainable future we want for the next generations. Therefore, we ensure that our suppliers share the same vision and ESG values embodied in our sustainability model. We carefully select and evaluate our suppliers according to our sustainability guidelines, beginning with how they make our products through their waste management processes.

Our chain comprises 3,909 suppliers, including 3,762 based in Mexico.



96% of our suppliers are based in Mexico

2-6, 308-1, 308-2, 414-1, 414-2

When beginning their relationship with us, suppliers must follow a certification process and sign a document ensuring their adherence to our Code of Ethics. Every two years, we conduct a recertification process with suppliers working with Grupo Lala to assess their effective compliance and knowledge of our ethical and quality guidelines and good market practices.

We implemented a Supplier Development and Approval Program to evaluate each supplier's performance according to the basic criteria established by the GFSI food safety plan. Companies supplying raw meat must present their Federal Inspection Type (TIF) certificate.

During 2022, we did not identify any suppliers having significant impacts; however, we continue working to integrate this monitoring procedure by asking our critical suppliers to provide their consumption and discharge rates through our Responsible Supply Guide, a self-diagnosis tool designed for our value chain, which they can also use to learn about Lala's sustainability best practices.

In 2022, as part of our recertification process, we evaluated our suppliers according to our environmental and social criteria. Suppliers must also present the corresponding environmental certifications for waste collection, handling and transportation. In addition to environmental impact assessments, we carry out strict control processes related to social impacts.

All suppliers participating in environmental activities, such as waste collection, recycling or management, are certified national waste management professionals

SASB FB-MP-410a.3, FB-FR-430a.3

Our internal committees ensure compliance with waste generation and management environmental standards to handle environmental and social risks within our value chain. We also have a seat on the Center for Competitiveness of Mexico (CCMX) Committee based in Mexico City, Monterrey, N.L. and Mérida, Yucatán, focused on promoting sustainability best practices and developing SMEs in these items, which we also do with Mexico's National Chamber of Commerce Organization, promoting trade and business domestically and abroad (CANACINTRA) of Torreon.

To learn about the needs and impacts our suppliers face, our supply teams have participated in business roundtables and events that have allowed us to establish strategic actions to nurture their development.

To ensure our suppliers' compliance with social and environmental matters, in Brazil we implemented a Third Party Contracting and Monitoring Policy and the Integrity Program we use to perform a preliminary analysis and monitor third parties through the KPMG Consulting Platform. This analysis and approval flowchart also tracks our business partners' compliance with the rules established in the Third Party's Code of Ethics and their signature of its Terms of Adhesion.

We also collaborate with farmers to increase their certified animal welfare production percentages. In 2022, we worked with the

Federation of Colleges and Associations of Zootechnical Veterinary Doctors (FedMVZ) on a project to certify good livestock practices, animal welfare, and sustainability.

The project aims to ensure that most Livestock Production Units Lala sources milk from obtain their SENASICA (National Service for Agrifood Health, Safety and Quality) certificates in Livestock Good Practices within the next three years. We also intend to progress significantly in Welfare Certification and evaluating their greenhouse gas emissions.

Concerning dairy supplies, the Producer Support Department has established communication channels and implemented strategic actions to ensure our suppliers' resilience in the face of changes or risks in terms of sustainability.

Egg is not currently used in any of our Lala products. For our Vigor brand, 45% of the egg supply comes from cage-free hens. With the implementation of the Responsible Supply Chain Guide for 2023, we will be strengthening the communication channels with our value chain to learn about animal welfare practices they apply on a daily basis. In the case of meat products, we verify that all pork purchased complies with TIF meat regulations. Some of these processors purchase their meat in the United States, which is why they are also USDA certified. (Department of Agriculture)



All long-life packaging suppliers including Tetra Pak and Sig Combibloc are FSC-certified (Forest Stewardship Council)



Domestic Lala suppliers in Mexico: 3,762



Brazil has 367 suppliers: 314 domestic and 53 international



In Guatemala, we have 154 suppliers: 119 domestic and 35 international

2-6, 308-1, 414-1

In 2022, we implemented a supplier evaluation and performance program to work closely with them to ensure compliance with our high-quality standards. We audit our suppliers' plants to ensure their proper performance and continue to work with them to identify and solve problems in their production plants.

As part of our quality practices, we must follow up on all corrective actions in coordination with our suppliers to ensure their alignment with our goals and prevent production interruptions. These assessments help us identify suppliers with negative ratings according to our criteria to make informed decisions regarding our commercial relationship with them.

Climate Action

3-3

We are passionately committed to transitioning to a low-carbon economy and accompanying and guiding our stakeholders in this goal. We are adopting adaptation and resilience measures to mitigate physical and transition impacts and manage climate change risks and opportunities.

We are in the process of signing an environmental policy and working in collaboration with international organizations to measure our performance in the three ESG pillars. We have set ambitious goals and targets ranging from reducing emissions at our production plants to innovation in our products and services.

Lala continues to promote the importance of using renewable energy, so we prioritize using clean energy in all our plants and Distribution Centers. Aware of the importance of reducing our GHG emissions, we measure and implement actions to help reduce emissions in our operations.

Our Group's commitments have reflected this by complying with national standards, such as the Clean Industry Certification and the Clean Transportation Recognition.

We are working on developing more efficient and less polluting vehicles to fight the effects of climate change. We constantly expand our range of electric and hybrid vehicles and invest in innovative technologies, such as autonomous driving and connectivity, to make our vehicles even more efficient. We also continue to invest in Water Treatment Plants in the cities of Irapuato and Torreon in Mexico.

We are committed to working with our suppliers, governments, and other relevant stakeholders to establish a strong and coherent regulatory framework promoting sustainability and reducing emissions across the industry.

SASB FB-MP-440a.3

In addition, we work hand in hand with livestock partners to assist them in incorporating the dairy sector's 11 Sustainability Pillars implemented by the International Dairy Federation (IDL). We establish sustainable best practices under these pillars. Our Producer Support Department works hand in hand with them to identify, prevent or mitigate any risk or impact related to climate change.

We have established the following objectives under the strategy managing food and livestock sourcing opportunities and risks related to climate change:

- Increase the percentage of products certified according to external animal welfare standards.
- Promote the implementation of ESG good practices among farmers.
- Train critical suppliers and farmers on sustainability matters.
- Continue to monitor the condition of animals in barns and stables.
- Progressively reduce the percentage of cattle in CAFOS¹¹.

Some of our actions to reduce greenhouse gas emissions are as follows:

- Promote the replacement of fuels for those producing a lower impact on the environment, which includes migrating all our boilers to natural gas boilers.
- Dissemination of awareness programs on efficient energy use in offices, reminding everyone to turn off the lights and equipment at the end of the working day or when leaving their work areas.
- The application of technology to increase efficiency in our process equipment, installing high-efficiency electric motors.
- Daylighting and other technologies to bring natural light into our factories and reduce energy consumption during the day.
- Install automatic carburetion control systems and gas analyzers to verify that the gases emitted by boiler combustion processes are below the terms established by the official Mexican standards in most of our facilities.
- Create emissions reduction programs for environmental contingencies.

¹¹ Concentrated Animal Feeding Operations (CAFOs) are industrial meat and dairy production operations that consist of confining, raising, and feeding animals on premises.



Concerning our fleet:

- We have an efficient preventive maintenance plan to keep all our trucks in optimal condition, thus reducing emissions due to poor vehicle maintenance.
- We promote the tire filling campaign to check the tire pressure of our delivery vehicles daily while checking the rest of the fleet once a week, thus optimizing fuel use.
- We use speed limiters in our vehicles to reduce unnecessary wear and tear on the unit and reduce fuel usage.

3-3

In 2019, we began to renovate our fleet with technologies that allow greater efficiency and lower emission rates. At the end of 2022, our sustainable fleet comprises 644 hybrid and electric units, for which we have received the Clean Transport recognition granted by the Mexican Ministry of the Environment and Natural Resources (SEMARNAT) for our sound environmental performance for the fourth year in a row.

In 2022, we acquired our first 100% electric vehicles for our distribution fleet serving the Valle Norte, Atizapan, Naucalpan, Torreon, Monterrey, Guadalajara, Queretaro and Veracruz distributions centers, thus positioning Grupo Lala as the first refrigerated distribution fleet using this technology in Mexico. This acquisition further strengthens our distribution chain and aligns our commitment to the Climate Action Strategy sustainability model.



Position 15 at the national level as one of the companies with the best reputation and most responsible with the environment in the Merco 2022 ranking

Emissions

305-1, 305-2 / SASB FB-MP-110a.1, FB-MP-110a.2

We implemented measures to reduce our operations' carbon footprint by investing in clean environmental technologies and processes.

We continue to promote the importance of using renewable energy, so our #1 priority is to use clean energy in all our plants and Distribution Centers. Aware of the importance of reducing GHG emissions to benefit the environment, we measure and implement actions that help us reduce emissions in our operations.

We focus on three lines of action as follows:

- Compliance with the regulatory framework.
- Carbon and water footprint reduction strategies.
- Offsetting projects to reduce the impact of our carbon and water footprint.



We use clean energy in our production plants, representing 77% of our general electricity consumption in 2022, in addition to improving the energy efficiency of our facilities and implementing more sustainable waste management practices.

On the other hand, 80% of our meat plant is refrigerated and generates a large amount of heat we then use to heat the water used for cleaning and in other areas. In addition, the burners we use to cook wieners directly heat the atmospheric air with natural gas instead of using steam with boilers traditionally representing a 50-60% energy loss.

We also use combined condensers that take advantage of the energy used for washing, thus reducing energy waste. We work on the recovery of latent heat and on the circular economy to give waste a second life. Our plant is an example of how sustainability can be present in all phases of the production chain.

In accordance with Brazil's strategy to combat climate change, 97% of electricity consumption in plants comes from renewable energy sources. For its part, consumption in Central America is 91% in this type of energy.

In terms of results, we made considerable progress in reducing CO₂ emissions. In 2022, we reduced 22,302 tons of CO₂ greenhouse gas emissions compared to 2021. We will continue to invest in innovative technologies and sustainable practices to contribute to a cleaner and healthier future for all.

Scope 1 and Scope 2 Emissions

305-1, 305-2, 305-4, 305-5 / SASB FB-MP-110a.1

All Scope 1 emissions produced by Lala activities are made up of fuels:

- Diesel
- Gas and gasoline (does not consider biogenic emissions)

All Scope 2 emissions produced by our operation come from three sources of generation we purchase:

- Electric power
- Thermal energy
- Refrigerants

Mexico

Scope 1 and Scope 2 Emissions (tCO₂e)

	2021	2022
Scope 1*	211,645	216,65 ¹²
Scope 2**	329,063	301,748
TOTAL	540,708	518,406

*Gases included in the calculation: CO₂, CH₄, and N₂O.

** 2021 is considered the base year for calculation. The consolidation focus was operational control. The gases included in the calculation were CO₂-type gases. The emission factor of the national electricity system 2022: 0.435 tCO₂e/MWh

The standards, methodologies, assumptions, or calculation tools were fuel calculator CO₂: carbon dioxide emissions in kilograms. The approximate CO₂ per liter of diesel fuel is 2.68 kg, with gasoline standing at 2.31 kg. LPG produces about 1.51 kg per liter.

SASB FB-MP-110a.2

We continue to work on our strategy to manage and reduce Scope 1 and Scope 2 emissions through the following objectives:

• Scope 1. Fleet emissions:

1. Our fleet renovation plan to include hybrid and electric vehicles.
2. Improvements in refrigeration systems to avoid impact gases.
3. Follow-up and monitoring of the units.
4. Plan to renovate the fleet of combustion forklifts to electric.

• Scope 2. Direct plant emissions:

1. Minimization of the environmental impact in compliance with the regulatory framework.
2. Creation of a strategy to minimize the carbon footprint from the generation baseline, to become a zero emissions company.
3. Offsetting projects to minimize the impact of our current carbon footprint.

Brazil uses software to measure equivalent tons of CO₂ in industrial units for Scope 1 emissions. This tool collects data for future decision-making processes and sets emission reduction and carbon neutralization targets. Regarding Scope 2 emissions, the industrial units are supplied with clean sources of Free Market electricity, except the Lavras unit, which is migrating from the Captive Market to the Free Market (cleaner sources).

¹²This increase is because Lala increased its fleet by 1%

Brazil Emissions (tCO₂e)

305-1, 305-2, 305-5 / SASB FB-MP-110a.1

	2021	2022
Scope 1	61,000	60,000
Scope 2	7,000	2,000
TOTAL	68,000	62,000

In an equivalent manner, our factories in Lima Duarte/MG and Santa Rita/MG migrated to the clean energy market in 2022, further strengthening our transition towards a low-carbon economy.

Water Management

3-3, 303-2 / SASB FB-PF-140a.3, FB-MP-140a.2

Water is an essential resource for current and future generations, so we implement measures and actions to manage its responsible consumption. These include efforts to reduce consumption and those focused on wastewater treatment and reuse. We consider pollution and direct and indirect impacts on bodies of water in terms of the impact on the ecosystem and human health. In addition, we support actions to preserve this resource, helping safeguard protected natural areas, rescuing endemic species, rehabilitating hydrological basins and preventing fires.

We are working on implementing a specific water management policy to reflect the commitments established as a Group through follow-up with the Water Treatment Plants and increased internal and external water reuse percentages.

We schedule periodic reviews with Operations to establish environmental objectives for each facility regarding the conservation and treatment of the water available in our operation centers.

In all our factories, the Wastewater Treatment Plants ensure that all wastewater is treated before discharge. Regarding the use and exploitation of water, we have treatment plants for 100% of the water that passes through our plants, treating it and reinjecting it into our system. We are working on a healthy water project and aquifer rehabilitation in La Laguna.

We have used technologies, such as membranes and ultraviolet lamps, to save water in the milk and yogurt production process. We also implemented a clean energy cogeneration project that uses reused water to cool and stabilize the boilers, significantly increasing the amount of water reused. We repair all steam and water leaks at our plants.

We are also committed to guaranteeing a safe and sustainable potable water supply by complying with legal and regulatory requirements regarding wastewater management.

In 2022, we faced three major challenges:

1. Develop a strategy to ensure our water supply, guaranteeing business continuity for 25 years.
2. Align wastewater treatment plants to reuse effluent water by increasing the percentage of water reuse.
3. Comply with legal requirements, which we successfully achieved by obtaining Clean Industry certifications for five of our plants; another six plants are now undergoing the certification process.

We also aim to obtain ISO 14001 certifications for all plants.



Total water withdrawal in all zones (megaliters)*			
	2020	2021	2022
Mexico			
Underground water	5,445.25	5,132.41	5,433.65
Third-party water suppliers	415.55	597.72	639.62
Mexico Total	5,860.80	4,923.92	6,073.27
Brazil			
Brazil total	-	1,903.58	1,793.64
Central America			
Underground water	-	687.70	690.59
Third-party water suppliers	-	234.02	267.76
Central America total	-	921.72	958.35
Total	5,860.80	7,749.22	8,825.26

*2-4 We recalculated the figures reported in previous years due to variations in the indicators and estimates not contemplated; hence, the updated data is as follows: groundwater in 2020 from 4,258,443 to 5,445.25; and third-party water suppliers in 2020 from 1,555,887 to 415.55. Total water extraction in 2022 from all water-stressed regions was 5,532.33 megaliters.

Water discharges based on quality and destination (megaliters)			
	2020	2021	2022
Mexico			
Discharge to receiving water bodies	554.61	667.13	429.94
Discharge to sewer drains	3,789.56	3,686.40	3,949.19
Mexico total	4,344.17	4,353.53	4,379.14
Brazil			
Brazil total	-	1,216	1,133.50
Central America			
Discharge to receiving water bodies	-	222.73	245.47
Discharge to sewer drains	-	363.56	492.73
Central America Total	-	586.29	738.21
Total	4,344.17	6,155.82	6,250.85

*2-4 We recalculated the figures reported in previous years due to variations in the indicators and estimates not considered; hence, the data was updated as follows: discharge to receiving bodies of water in 2020 from 1,449.68 to 554.61 and discharge to sewer drains from 1,856.87 to 3,789.56



We continue to invest in having water-efficient consumption programs in our manufacturing operations, which enables us to have more efficient processes

Water consumption in all areas (megaliters)			
	2020	2021	2022
Mexico	1,516.63	1,376.60	1,694.13
Brazil	-	687.58	660.14
Central America	-	335.3	220.14
Total	1,516.63	2,339.48	2,574.41

Water extraction and consumption increases from 2021 to 2022 are attributed to increased demand for our products. In 2021, the consumption intensity (m³/ton of product produced) in Mexico was 1.58, with 1.34 in 2022. In Central America, the consumption intensity in 2021 was 2.65, and in 2022, we managed to reduce it to 1.47. We will continue working to decrease the intensity observed in Brazil for 2022, which results in 2.18 m³ per ton produced.

We regularly monitor the quality of the water discharged from all our Treatment Plants under the parameters established by Official Mexican Standard NOM-001-SEMARNAT-1996, NOM-002-SEMARNAT-1996 and NOM-003-SEMARNAT-1997.

We currently have **ten wastewater treatment systems** serving sixteen factories, through which we provide secondary and, in some cases, tertiary treatment to discharged wastewater in Mexico. Today, all effluents from our process factories are treated with physicochemical and biological systems before discharge.

Regarding the BOD5 and COD analyses, during 2022 we identified metrics above the allowed BOD5 limit at the Complejo Industrial Laguna treatment plant. We immediately began with the implementation of corrective actions to mitigate this risk of environmental impact through investment in technologies for water treatment and the correct disposal of waste.

On the other hand, the analysis findings reflected no significant presence of contaminants in the Group's water treatment plants. Some of the contaminants we evaluate for potential discharge risks include:

1. Fats and oils: complies
2. Settleable solids: complies
3. Arsenic: complies
4. Cadmium: complies
5. Cyanides: complies
6. Copper: complies
7. Hexavalent chromium: complies
8. Mercury: complies
9. Nickel: complies
10. Lead: complies
11. Zinc: complies
12. Total Suspended Solids: complies

Additionally, the industrial plants in Brazil have an Official Self-Control Program, where sampling is carried out by third-party laboratories accredited to ISO 17025 standard. There is also an internal operational self-monitoring program for controlling Chemical Oxygen Demand, Suspended Solids, and Consumables of the Wastewater Treatment Plant.

All water treatment actions have allowed treated water to be reused internally and externally.

Furthermore, regarding our collaboration program with government and communities for the reuse in irrigation of green areas, in 2022, 7% of treated water was donated. Throughout 2022, we carried out the following actions within the plants:

- Continuously inspect our pipelines to look for and repair leaks to keep them in good physical condition, preventing water waste.
- Use separate drains in our facilities to separate rainwater pollutants from our services or processes.
- We used water treatment systems in boilers to prevent internal salt incrustations and improve closed water circuit systems in boilers, thus consuming smaller amounts of potable water.
- We installed dosing faucets and water-saving nozzles in all sinks and showers.
- We installed ecological urinals, which use a much smaller volume of water, while some are even waterless.
- We permanently promoted water-saving campaigns, inviting users to verify no drips in the faucets and report leaks.
- In the Group's UHT Plants, we implemented programs to recover water from the bottling machines to reduce consumption. This program was extended to recover water from packaging sterilization processes in 2015 and is currently under implementation. As of the date of this report, this is a continuous recovery process.
- At our Mexico City and Aguascalientes plants and Torreón Industrial Complex, condensates are recovered for reuse in boilers, closing the steam cycle in this service to the extent possible to generate significant water and energy savings.
- Most of our plants have water recovery programs to cool sterilizers and lubricate process equipment.
- Total water consumption for operations at the Wastewater Treatment Plant for our Industrial Complex in Irapuato and our Laguna plant is used for chemical preparations, equipment, and area cleaning with wastewater treated in compliance with Mexican Official Standard NOM-003-SEMARNAT-1997.

In 2022, we achieved water reuse percentages of 13.36% in our plants in Mexico and 24% in Brazil for both internal and external use

Brazil strengthens its commitment to water conservation through campaigns and training for employees, emphasizing the importance of monthly inspections, leak detection, and the implementation of the Dry Factory Project, where water consumption is limited to that used in the product formulation.

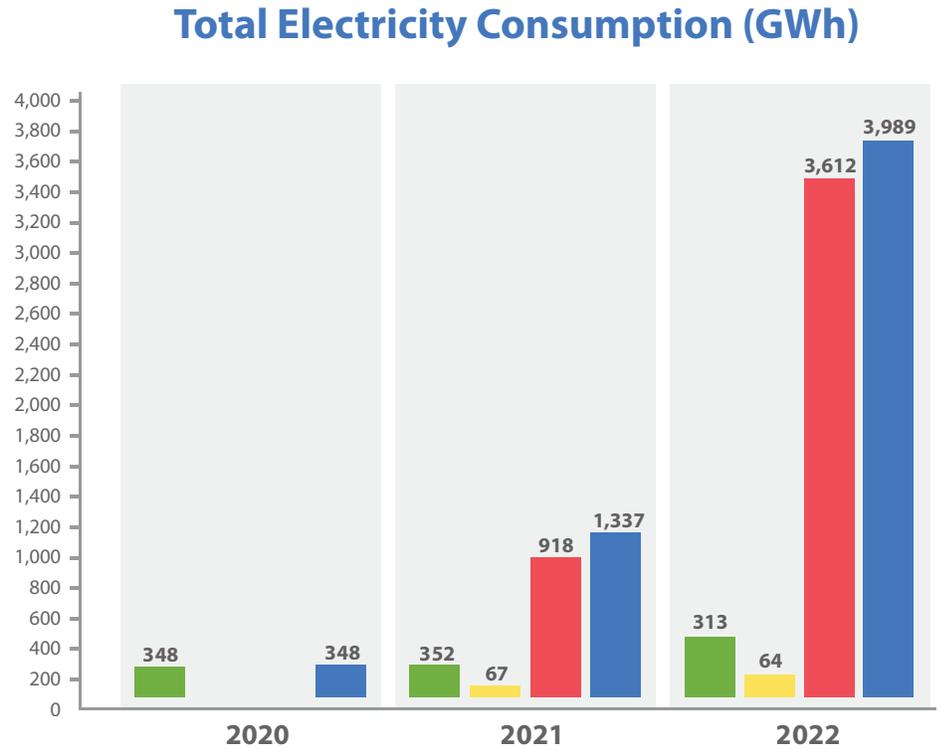
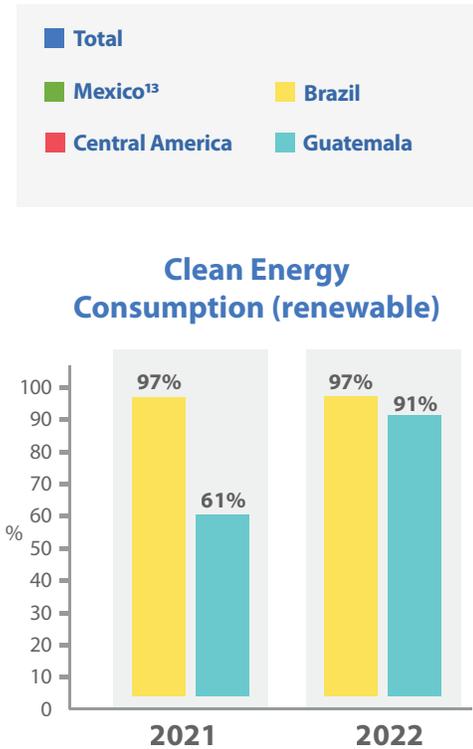
Additionally, we support actions aimed at water preservation by contributing to the protection of natural protected areas where the main hydrological basins near our operations are located. In Mexico, we work on reforestation projects in the Santiago Nuevo León and Arteaga Coahuila Hydrological Basins, as well as in areas near Irapuato and Guadalajara. At Brazil, we are mindful of the impact we can have on the six main hydrographic basins adjacent to our operations. In Central America, we monitor the effluents from operations near the Motagua, Michatoya, and Río Ocosito basins on a semi-annual basis.



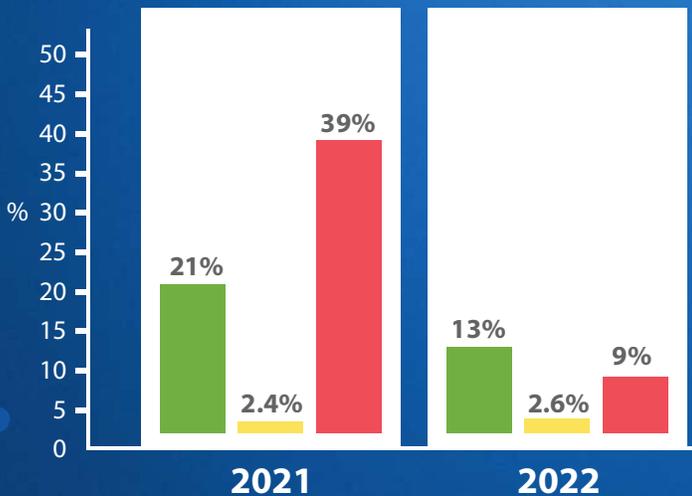
Energy management

3-3, 302-1, 302-4 / SASB FB-PF-130a.1, FB-MP-130a.1, FB-FR-130a.1

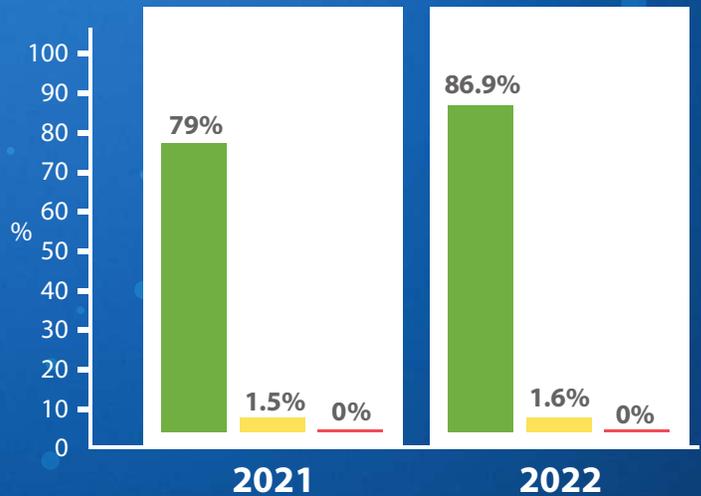
Our monitoring and management efforts related to energy consumption at Grupo Lala promote energy efficiency and monitor the environmental and social consequences of energy use. We have achieved this through responsible management, energy recovery, and clean energy in all our factories and Distribution Centers.



Fossil energy consumption

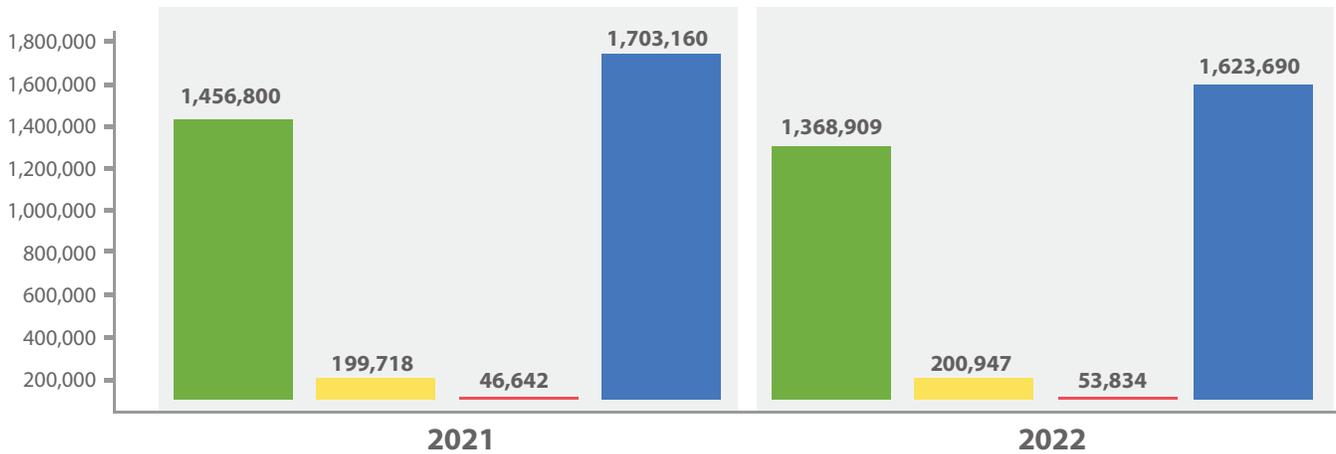


Clean (non-renewable) Energy Consumption



¹³ For the case of Mexico, the cogeneration plant is included in the count of clean energy, which represents 9.9% of the overall electricity consumption.

Thermal Energy Consumption Natural Gas (GJ)



We continue to promote the use of renewable energy, prioritizing the use of clean energy in all our plants and Distribution Centers. Some of the key medium-term commitments we are implementing as a group are as follows:

- Increase the percentage of clean and renewable energy consumption.
- Incorporate the Distribution Centers into the Group's energy management system since the largest measurement was carried out at the plants in 2022.
- Quantify the percentage of energy reduction and the progress made towards meeting our goals compared to the base year.
- Develop an environmental policy considering commitments and guidelines: reductions in atmospheric emissions, biodiversity conservation, climate change risk reduction, transition to renewable energy, water conservation, compliance with legal and voluntary requirements, and intensity monitoring of energy consumption by product family, which is currently only measured globally by plant.

Product Life Cycle

3-3

To make the most of resources, we place special emphasis on everything beginning with the origin of the products through waste management, thus promoting responsible production based on the principles of the circular economy.

We are extremely interested in the circular economy and waste recovery to generate sustainable and profitable processes. For this, we have provided free training to small and medium-sized companies in different cities across Mexico, such as Mexico City, León and Mérida, and begun a similar effort in the La Laguna region.

We are determinedly focused on respect for ecosystems in all the activities we carry out. We are committed to minimizing the environmental impact derived from our operations and promoting sustainability at all stages of the production chain. We aim to continue innovating and improving to achieve a circular economy and maximize waste and energy.

Our work on implementing the circular economy includes various initiatives as follows:

- Classification and recycling of cardboard and plastic from our industrial and post-commercial processes.
- Prevent food waste from going to a landfill. Instead, it is distributed in plants that prepare animal food.

Sustainable Packaging

In 2022, we faced several challenges that required an immediate solution, so we conducted a thorough diagnosis to determine the scope of our packaging.

Hence, we focused on reducing waste generation, making our packaging more recyclable and incorporating more raw materials with greater recycling potential in our packaging for all products. We are completing individual projects and multiple approaches to achieve these goals in each product family.

During 2021 and 2022, we worked on the following initiatives:

- The eco-friendly packaging designed for Los Volcanes® Manchego Cheese has a container made with 85% recycled PET resin, which is reusable.
- The Break® flavored milk package has a new bio-recyclable cardboard design, cutting the waste generated annually by 19%.
- We reduced the weight of the material used for the Yogurt packaging, thus cutting the annual waste generated by this product by 28.5%.
- We improved the design of the corrugated material used for milk, thereby reducing the amount of waste generated annually by 4%.
- We changed the weight of the 450 gr Nutri Yogurt® container, reducing its packaging weight for a 14% reduction in waste generated annually.
- We reduced the amount of shrink film used to package the Bio4® packs (5 packs) and Drinkable Yogurt in the 4, 6, 8 and 12-pack presentations. The environmental benefit caused by these changes represents 21.93 tons less waste per year.
- We redesigned the 350 gr Cottage Cheese container by changing a PVC label that cannot be recycled to a label making it 100% recyclable together with the packaging.

Brazil is managing the R&D of new containers and improving those currently in use. This department uses Design Thinking beginning with the development of primary packaging through secondary and tertiary packaging. Some of the results obtained from these efforts have been a reduction in the thickness of the package, replacement of polypropylene plastic with polyvinyl chloride, smaller label sizes, and improvement in the glue selected for these products.

We are strengthening our circular economy strategy by incorporating alternative materials like recycled resins into our packaging.

Several methods we have identified to achieve these goals include reducing the container weight, using single-layer packaging, and purchasing materials made with recycled content. There is still much to do, and testing and validation are required for each project, but we are confident that we will make considerable progress in the sustainability of our packaging in 2023 and beyond.





Waste Management

3-3, 301-1, 306-1, 306-2 / SASB FB-FR-430a.4, FB-PF-410a.2

In 2022, we aligned the strategy to 2025 and 2030 to implement actions within a circular economy context by tracking and controlling our waste. In 2022, we successfully recycled and reused 98% of our post-industrial waste, so our current challenge is maintaining the same control with post-commercial and post-consumer waste. Some of these lines of action are as follows:

1. Environmental regulations.
2. Waste management.
3. Packaging design.
4. Supply chain.
5. Business model.

In 2022, we carried out the following actions to ensure optimal waste management processes:

- We separated our waste by type of material in specific containers earmarked for each recyclable material, keeping logs on by-product outputs.
- We promoted the efficient use of office resources, including recycling and reusing sheets of paper, envelopes, and folders, thus avoiding unnecessary paper consumption.
- We created proper areas to temporarily store municipal solid waste, special handling, and hazardous waste. Each one is separated from the rest and complies with applicable Mexican standards, avoiding contamination of soil and water resources.
- All our operations subsidiaries implemented an institutional training program on environmental matters taught during induction, covering special and hazardous waste management and rational energy and water use.
- We actively sought to encourage the circular economy culture in our operations by eliminating the need to send waste to landfills, promoting using fewer materials, and reusing and recycling materials that can be revalued.
- We ensured the availability of professional suppliers specialized in handling our waste, some of which are recycled and integrated into their natural production processes.
- We invested in sludge treatment equipment for our Wastewater Treatment Plant operations to reduce generation and final disposal and maximize recycling for soil restoration and compost production.

The Group has identified the generation of four types of waste within the organization: MSW, SHW, HW, HBIW¹⁴.

The first three can enter the circular economy since Grupo Lala carries out recovery, reuse, and recycling activities in production activities and with certified waste management companies. We work hand in hand with BioPappel on reusing paper and cardboard. We have 12 corrugated cardboard collection points in some of our facilities. The cardboard collected is recycled and transformed into sheets of paper for our operations.

In 2017, we adhered to the PET and HDPE packaging materials recycling program by joining the special handling waste management initiative developed by ECOCE, a leading civil association in Mexico specializing in waste recovery.

In the case of HW, the percentage of generation from our plants is 0.25% post-industrial. Because of their calorific capacity, we have targeted strategies to use these as alternative fuels and for reuse by other companies we work with on these processes. The action plan is currently being prepared to prepare a proposal for comprehensive waste management in all our work centers.

We have not established the lines of action for MSW to be used and revalued within the value chain.

1. Waste management and control per regulations supported by environmental plans with full compliance with the legal guidelines issued by government agencies.

2. Traceability considers three aspects as follows:

a) Government authorizations for third-party waste collection processes.

b) Collection and storage of waste through certified third parties.

c) Final third-party waste disposal and process tracking, as we share responsibility for waste through transport and disposal.

Brazil has a Waste Management Software in the industries. All factories have the Solid Waste Management Program (PGRS), where generation sites, temporary stocks, and final disposal are established. Additionally, it is based on Corporate Operating Procedures for the standardization and management of these activities.

¹⁴ MSW (Municipal Solid Waste), SHW (Special Handling Waste), HW (Hazardous Waste), HBIW (Hazardous Biological Hazardous Infectious Waste)

Mexico Waste Management

306-3, 306-4, 306-5 / SASB FB-PF-410a.1

Waste (Tons)	2020	2021	2022
Waste generated	94,405.51	85,928.37	86,641.13
Recycling percentage	81%	87%	89%

Hazardous Waste

Hazardous waste	151.76	176.70	271.52
Recycled hazardous waste	19.75	107.64	96.80
Reused hazardous waste	40.04	10.72	21.19
Hazardous waste stored in restricted areas	91.96	58.34	123.29

Non-hazardous waste

Special handling waste	89,543.08	82,231.95	84,599.03
Recycled special handling waste	76,132.18	74,758.67	59,071.85
Reused special handling waste	5,712.57	7,447.88	25,527.18
Municipal solid waste ¹⁵	4,710.68	3,528.45	12,416.46
Waste to landfill	15,296.89	5,297.76	1,888.58



89% of the waste generated in production processes was recycled and 9% reused in 2022

Brazil Waste Management

Waste (Tons)	2022
Waste generated	32,000
Recycling percentage	94%

Hazardous Waste

Hazardous waste	8,360
Recycled hazardous waste	6,771.60
Hazardous waste stored in restricted areas	1,003.20
Incinerated hazardous waste	585.20

Non-hazardous waste

Special handling waste	23,640
Recycled special handling waste	1,228.32
Reused special handling waste	19,223.21
Waste stored in restricted areas	3,168
Incinerated non-hazardous waste	20.47

Central America Waste Management 2022

Waste (Tons)	Guatemala	Nicaragua
Waste generated	1,128.2	111.90
Recycling percentage	100%	

Hazardous Waste

Hazardous waste	700	1.73
Recycled hazardous waste	700	409.49
Reused hazardous waste	0	100.84

Non-hazardous waste

Special handling waste	1,128	-
Recycled special handling waste	828	1.73

¹⁵ In the case of Mexico, we are considering non-hazardous urban solid waste such as food waste generated in the dining room and product losses. This division had not been carried out in previous years.

Waste Management (2022)

306-3, 306-4, 306-5

Waste Type (Tons)	Mexico	Brazil	Guatemala	Nicaragua	Total
Production-generated waste	86,641.13	32,000	1,128.2	111.9	119,881.23
Production recycling percentage	89%	94%	100%	-	90%
Hazardous waste	271.52	8,360	700	1.73	9,333.25
HW recycled	96.8	6,771.6	700	409.49	7,977.89
HW Reused	21.19	0	0	100.84	122.03
HW Confined	123.29	0	0	0.00	123.29
HW Incinerated	0	585.2	0	0	585.2
Non-hazardous waste**	183,503.1	47,280	1,128	0	231,911.1
Special handling waste	84,599.03	23,640	1,128	0	109,367.03
SHW Recycled	59,071.85	1,228.32	0	0	60,300.17
SHW Reused	25,527.18	19,223.21	0	0	44,750.39
Municipal solid waste*	12,416.46	0	0	0	12,416.46
Landfilled waste	1,888.58	3,168	0	0	5,056.58
Non-hazardous waste incinerated	0	20.47	0	0	20.47

* We are considering non-hazardous urban solid waste, such as food waste generated in the cafeteria and product waste. This calculation has not been performed in previous years.

** The calculation of hazardous and non-hazardous waste may include post-industrial and post-commercial waste (from plants and distribution centers).

Environmental Awareness

We know that implementing modern technologies is as important for environmental care as keeping our staff informed of the impacts that each of their activities generates. We have followed up on this by carrying out the following actions:

- We support initiatives to preserve water, safeguard protected natural areas, care for and rescue endemic or threatened species, rehabilitate hydrological basins, and prevent forest fires.
- We contribute to the reforestation of the Hydrological Basins of Santiago in the State of Nuevo León and Arteaga in the State of Coahuila, the preservation of the Picea Mexicana forest in the Cuatro Ciénegas Ecological Reserve in Northern Mexico and the remediation of the Nazas River Basin in the Comarca Lagunera.
- We have donated trees planted to conserve green areas in different regions across Mexico and scheduled massive reforestation events with Lala volunteers, including employees and their family members, in a joint effort with Reforestamos México, A.C.

Livestock Good Practices

3-3

Environmental care and animal welfare are fundamental to our company, so we have implemented the best practices in the industry to guarantee a safe and healthy environment. In collaboration with the Mexican Veterinary Medical Association, we evaluated the main animal welfare indicators and have committed not to use hormones or allow cows to suffer from mastitis or brucellosis, diseases that, although they do not harm humans, affect the quality of life of cows. We also ensure that producers' stables align with the criteria stipulated by the authority regarding good livestock practices. We strive to ensure the implementation of the five basic freedoms in each barn as follows:

- Freedom from hunger, thirst, and malnutrition.
- Freedom from fear, anxiety and distress.
- Freedom from physical and thermal discomfort.
- Freedom from pain, injury or disease.
- Freedom to express natural behavior.

Caring for the environment is in our DNA, which is why we have invested in biodigesters made with Israeli and American technology to reduce methane emissions from our cows.



We are signatories of the Round Table for Sustainable Livestock of Mexico





Healthy Lives and Communities

3-3

We are excited to be part of the healthy lives of people, communities and ecosystems and strive to make this possible through strategic social partnerships, knowing that we thus contribute to ensuring a sustainable future for future generations.



Ranked 12th nationwide as one of the companies with the best reputation and highest level of responsibility towards customers and society in the 2022 Merco ranking

Quality in our Processes and Products

3-3, 416-1

Thanks to a series of initiatives and procedures that we promote across the company and our Lala employee training program, we guarantee the quality of our products to satisfy the consuming public safely. These include considerations regarding our production and packaging processes, their potential effects on customers' nutrition and health, and the environmental impact. Hence, we focus our efforts and interest on ensuring that all products meet the highest standards of quality and food safety in compliance with the strictest national and international regulations.



100% of our products are SQF-certified¹⁶



We offer the market a line of Kosher-certified products



Four of our products are certified organic



All our products come from hormone-free milk (somatotropin)



¹⁶ The Safe Quality Food (SQF) Program is a rigorous and credible food safety and quality program that is recognized by retailers, brand owners, and food service providers worldwide. According to SQF requirements, an Excellent rating is achieved by obtaining a score between 96 and 100 points. The minimum number of points required to ensure compliance is 85.

Regarding the health and safety of the products, 100% of inputs are constantly evaluated to make the necessary improvements. Our results, quality certifications, and consumer preferences for our brands reflect these efforts.

Mexico

We passed the SQF recertification process in all 13 factories with an Excellent rating.

USA

Our factories in Omaha and Colorado are SQF Level 3 certified with an Excellent rating.

Central America

The Tipitapa de San Benito factory in Nicaragua and the Palín factory in Guatemala are SQF Level 2 certified.

Brazil

Our factories have a Quality System incorporated into the Global Food Standard Initiative (GFSI). The Barra do Pirai Factory has a AA level in quality, and the Cruzeiro Factory has a level A. Both are certified by the BRC Global Standard¹⁷ recognized by the GFSI¹⁸.

Information and Labeling

417-1

For Lala, it is particularly important to comply with the regulations in force in each country we operate. That is why we have measures that ensure transparency in the nutrition labeling of our products. The quality, regulatory and legal divisions manage 522 products in Mexico and 360 in Brazil. They are responsible for properly managing all labeling information to comply with the official standards established by each country. Thanks to the reliable and truthful information we provide on our labels and points of sale, in 2022, our brands positioned themselves as healthy purchase options.

Through the quality audit program and the SQF certifications in all factories, we guarantee the reliability of the information provided on each Grupo Lala product.

¹⁷ The BRC Global Standard for Food Safety was developed by food industry experts in the British Retail Consortium. It offers a comprehensive set of standards for food safety.

¹⁸ GFSI stands for The Global Food Safety Initiative. It is a business-driven initiative for the development of food safety management systems to ensure food facilities are processing safe food for consumers.

Quality Assurance

3-3

Our customers now look for more nutritious products, rich in protein and with good energy content. Our advertising and communication efforts must reflect this consumer need. Hence our permanent effort to meet the expectations and needs of our consumer public, in addition to building a relationship of trust with them.

We have competitive, nutritious, safe and high-quality finished products in the market that customer and consumer needs, and we have achieved this by aligning with international food safety requirements.

The SQF system certifies processes and finished products, which we achieve through specific and relevant programs that include:

- HACCP (Hazard Analysis and Critical Control Point) is a management system in which food safety is addressed through analyzing and controlling biological, chemical, and physical hazards from raw material production, procurement and handling to manufacturing, distribution and consumption of the finished product. It also establishes measures for their control. We consider the Codex Alimentarius issued by the United Nations Food and Agriculture Organization (FAO) as a technical reference.
- Threat analysis and critical control points that follow the HACCP approach focused on all threats that could put the quality of the product at risk as they undergo different processes due to biological, chemical, and physical hazards and attributes.
- Evaluation and approval of suppliers and maquiladoras: it is a program designed to systematically evaluate supplier performances to ensure they have the proper conditions to produce ingredients and materials for primary and secondary packaging and semi-finished and finished products complying with the strategic guidelines established by the food safety plan aligned with the GFSI, ensuring the high quality and safety of the raw materials and packaging used in our processes.



• Institutional cleaning and sanitation manual: The function of this manual is to ensure that the procedures and specifications are applied in the same way in all the standard processes completed on all products produced at the different factories. Grupo Lala uses its proprietary Nuplen brand of chemical products in its processes and facilities, in addition to the fact that the Group's specialized technician team validates the effectiveness of all procedures and techniques used in the plants.

• The self-management pest program is implemented through an integrated management and control process to reduce the incidence and risk of pests in our facilities inside and outside our dairy, meat and packaging factories.

Quality in our Distribution Centers

The Quality Program governing our Distribution Centers is an extension of the quality of our plants and has the following objectives:

- To ensure that the quality and safety of finished products is maintained during all storage, loading and distribution for sale processes.
- To train our employees to raise awareness about product management and the cold chain.
- Conduct specific audits by quality specialists to identify gaps and opportunities in each work center.
- To ensure the infrastructure conditions in the cold chain facilities of the refrigerated units and Good Storage Practices in the Distribution Centers.

Quality in the Factories

We passed the SQF recertification process in our 13 factories with an Excellent rating with a 96-100 score in all of them. Our meat plant also passed the TIF recertification process with zero non-conformities. Furthermore, all Lala factories, including 12 dairy and one meat factory, are SQF-certified.



Five plants: Aguascalientes, Cd. Obregón, Guadalajara, Mexico and Tizayuca have Clean Industry certifications from the Mexican Secretariat of Environment and Natural Resources (SEMARNAT)



98.6 is the group score average obtained in our SQF recertification process in all our factories



10 of our factories in Mexico are Kosher certified



13 food factories—12 dairy and one meat factory—are GFSI-certified

93% of supplier facilities are certified by a Global Food Safety Initiative (GFSI) program

82.20% of the ingredients supplied by production facilities are GFSI-certified

Our commitment to quality is reflected in our GFSI certifications and food recognitions



In the same way, our Corporate Freshness Policy is intended to ensure compliance with the established quarantine, transfer, and delivery to customer deadlines to ensure the freshness of the products we offer to our customers and consumers.

We consistently monitor and carry out safety and freshness tests on our products, so we take corresponding actions in situations that prevent us from complying with our policies and procedures—these actions as part of Lala's responsibility and commitment to our consumer's health and safety.

In 2022, Lala voluntarily recalled four products as follows¹⁹:

SASB FB-FR-250a.2, FB-PF-250a.4, FB-MP-250a.3

1. Lala's Pasteurized Whole Milk Product.

Pieces recovered: 140,191 (205,821.55 kiloliters), equivalent to 63.90%.

2. The Nutri UHT Product.

Pieces recovered: 262,902 (262,902 kiloliters), equivalent to 47.53%.

3. The Lala UHT Lactose-Free Milk in a 1-liter container.

Pieces recovered: 43,173 (43,173 kiloliters), equivalent to 59.0%.

4. Lala Plenia Pork Chorizo 200 g (2,620 kiloliters).

Pieces recovered: 13,100, equivalent to 100%.



**29.2% reduction in
customer and
consumer calls from
2021 to 2022**

In addition, we are committed to working with our producers to ensure that the milk farmers deliver to us meets the highest quality standards. We have also focused on reflecting additional information on the packaging to respond to consumer needs and questions.

In Brazil, the Quality Department controls consumer complaint rates, and we have the Faro Project that reformulates our products to make them healthier.

We are certified by the Federal Commission for Protection Against Sanitary Risks (COFEPRIS) in Mexico to export our products from three plants, complying with the requirements established by current legislation for their free sale in foreign territories.

Normativity

A significant part of our effort to ensure the quality of our products obliges us to compliance with applicable regulations, including Mexican official standards issued by the competent authorities of the Federal Government, as well as local regulations and standards dictated by authorized private organizations.

This activity involves the timely monitoring of administrative standardization processes prior to the issuance of regulations that govern the products marketed by the company, related to their physicochemical characteristics, as well as the commercial and sanitary information on their labels. This ensures that their proper implementation, formulation, and marketing are within the corresponding regulatory framework, guaranteeing truthful and verifiable information to consumers and, consequently, minimizing any requirements from market surveillance authorities.

2021 marked the beginning of an ambitious program to revise the Official Mexican Standards, instructed by the General Directorate of Standards of the Ministry of Economy, with the aim of comprehensively regulating virtually all dairy and meat products of the company:

The agenda included yogurt, milk, cheese, butter, powdered milk, ham, and meat products standards, which involved significant challenges in their management, resulting in the following outcomes:

• Official Mexican Standard NOM-181-SCFI/SAGARPA-2018, Yogurt - Denomination, physicochemical and microbiological specifications, commercial information, and test methods (replaces NOM-181-SCFI-2010).

Status: Pending publication in the Official Gazette.

Agreements validated by the Advisory Committees of the Ministry of Economy and the Ministry of Agriculture and Rural Development (SADER):

- Inapplicability of the imitation concept in the yogurt standard for the company's products.
- Reduction of fruit content to be considered a yogurt with fruit, vegetables, or other ingredients in the yogurt standard, compared to the proposal in the draft.
- Possibility of using protein concentrates in Greek yogurt.

¹⁹ Product recalls are defined as a request to return a batch of products to protect consumer health, since Lala is responsible for providing the best products.

• Official Mexican Standard NOM-155-SCFI-2003, Milk, dairy formula, and combined dairy products - Denominations, physicochemical specifications, commercial information, and test methods.

Status: Pending consultation.

Agreements validated by the Working committee regarding the draft standard:

- Elimination of the imitation concept from the standard.

Integration of ultrafiltration processes and the concept of "lactose-free milk".

- Exceptions for ingredients such as cocoa, vanilla, coffee, etc., to be considered as milk with fruit, vegetable, or other ingredient, even if the general percentage of 5% for this category is not reached.

- Establishment of a critical path for the modification of the dairy product, combined dairy product, and milk mixture with vegetable fat standards, considering a minimum content of 50% milk while maintaining the current regulatory status.

The rest of the mentioned standards are still pending the completion of their standardization processes prior to public consultation, so there is no defined status prior to this stage.

Additionally, in 2022, the publication and implementation of the Official Mexican Standard NOM-173-SE-2021, Juices, Coconut Water, Nectars, Non-Alcoholic Beverages with Vegetable or Fruit Content, and Flavored Non-Alcoholic Prepackaged Beverages - Denominations - Specifications - Commercial Information and Test Methods took place, which came into effect in January 2023 and regulates all beverages, including those with ingredients such as seeds and vegetables, previously referred to as liquid foods.

It is important to note that the processes for these standards were slowed down in 2022 due to administrative changes in the General Directorate of Standards. However, the National Quality Infrastructure Program includes the following standards for review:

- Official Mexican Standard NOM-155-SCFI-2012, Milk - Denominations, physicochemical specifications, commercial information, and test methods.

- Official Mexican Standard NOM-223-SCFI/SAGARPA-2018, Cheese - Denomination, Specifications, commercial information, and test methods.

- Official Mexican Standard NOM-222-SCFI/SAGARPA-2018, Milk Powder or Dehydrated Milk - Raw Material - Specifications, commercial information, and test methods.

- Official Mexican Standard NOM-158-SCFI-2003, Ham-Denomination and commercial classification, physicochemical, microbiological, organoleptic specifications, commercial information and test methods.

- Official Mexican Standard NOM-181-SCFI-2010, Yogurt - Denomination, physicochemical and microbiological specifications, commercial information, and test methods, which is 95% completed after the public consultation (pending publication in the DOF).

- Official Mexican Standard NOM-183-SCFI-2012, Dairy Product and Combined Dairy Product - Denominations, physicochemical specifications, commercial information, and test methods.

- Official Mexican Standard PROY-NOM-190-SCFI-2012, Mixture of milk with vegetable fat-Names, physicochemical specifications, commercial information and test methods.



Additionally, at COFOCALEC²⁰ the Mexican standards for Oaxaca cheese, panela cheese, Chihuahua cheese, butter, cream and cream with vegetable fat, cream cheese, double cream cheese, as well as fermented dairy product and acidified milk, will be reviewed.

It should also be noted that in October 2023, the second phase of the Official Mexican Standard NOM-051-SCFI/SSA1-2010, General Specifications for Labeling of Prepackaged Foods and Non-Alcoholic Beverages - Commercial and Sanitary Information, will come into effect. This phase includes stricter criteria for sodium and added sugars, which represents a significant challenge for the company in terms of formulation and labeling, to have products that fall below the thresholds for these two critical nutrients to exempt the use of warning labels on the packaging.

Health & Wellness

3-3

Our consumers and customers are adopting the best health, nutrition and wellness practices, and our innovation, research and development division is focusing its activities and functions on new product development, continuous product improvement and redesign, and maintaining nutritious products throughout the portfolio of the different product categories. They also conduct evaluations with a panel of experts and consumer evaluations; analyze information and technical documentation; provide regulatory and nutritional scientific support; and coordinate research efforts for the Lala Institute.



The Lala Institute works on the innovation and communication of our products to align each project's legal and scientific regulations and ensure that the products are safe and harmless.

The Institute uses current knowledge to inform health professionals, university students and the general population interested in nutrition about the effects proteins have on growth development and good health.

Our purpose is to promote a healthier Mexico by promoting better food and nutrition.

We also run disease prevention and health promotion campaigns among our employees, including their family members in some of the campaigns.

We carried out the following initiatives in 2022:

• Linkage Program with Health Professionals

The purpose of this program is to maintain communication ties with health professionals through disseminating current nutrition knowledge, with an emphasis on the grounds for pediatric nutrition.

We participated in various presentations at the following events:

Association	Presentation	Date
Nicaraguan Association of Nutritionists and Dietitians (ANNUDI)	"Nutritionally Dense Foods and their Relationship to Growth"	February 2022
Ibero-American Nutrition Foundation (FINUT)	IX FINUT Seminar on Advances in Pediatric Nutrition – "New Strategy to Identify Food Groups Associated with Height"	September 2022
Ibero-American Nutrition Foundation (FINUT)	II Finut 2020 Conference – "Current Theoretical Elements for Complementary Feeding"	October 2022

²⁰ Private, non-profit organization whose main objective is to promote the quality of milk and its products in the country.

• Nutritional Intervention – Early Childhood Network

We applied a Nutritional Intervention to support the community of Cuatro Ciénegas in the State of Coahuila in northern Mexico, through the Lala Institute and the Lala Foundation, as part of our community outreach projects within the framework of Mexico's Coordinating Business Council's Early Childhood Network. This initiative is aimed at children between one and six years of age and their siblings in vulnerable situations, according to the results of DON²¹ tests and growth monitoring. Grupo Lala donated two glasses of milk to each of them daily to strengthen their health and improve their growth, neurodevelopment, and nutrition.

We also participated in other health measures such as deworming, vaccination, and monthly growth monitoring. Thanks to this project, we detected a concerning number of chronic malnutrition and obesity in infants, and thanks to its application, we noticed an improvement in the growth curves of the children cared for in the program.

We took the data collected through the project to begin to take certain steps, in collaboration with other organizations, to design replicable nutrition interventions in other communities. The project is also intended to address nutritional misinformation spread on social media, so it collaborates with Anáhuac University in a project disseminating nutritional topics based on scientific evidence.

Our portal includes sections aimed at health professionals and the general public, where we publish articles and post healthy recipes. Our Nutrition Department influences the Group's internal advertising committee to guarantee that all the information communicated to consumers has scientific support and is true. We also respond to consumer concerns about nutrition and health issues of our products through social media and the Customer Service Center.

The Lala Institute's intervention led to the development of new lines of action as follows:

1. Expand the vision of the 2040 project:
 - Neurodevelopment and height growth.
2. Create a space to include the diagnostic component of height and weight.
3. Develop an ongoing seminar program focused on identifying, diagnosing, and treating short stature.
4. Deworming:
 - It is applied to the entire family before beginning the project.
5. Inclusive program:
 - Include children under five and their siblings with increased vulnerability by providing two glasses of milk daily for each one.
6. Establish a prevention plan: Calculation of the Target Family Size.
 - The WHO plan is based on a population view.
 - The Target Family Size calculation enriches the vision of the World Health Organization (WHO) with an individual approach.



2,000 liters of milk per month contributed to Project 2040 since August 2021



6% of children above six had improved their height by the end of the 11th visits

²¹ Development Neurological Test: test that measures a child's neurodevelopment to identify developmental delays or specific syndromes.

Community Outreach

3-3

Our community outreach strategy has allowed us to build relationships based on trust and transparency with the stakeholders of the local communities in which we operate. We use feedback and communication mechanisms to respond to all requests, doubts, concerns, comments or complaints regarding the company's activities. The strategy includes our initiatives and projects to promote the communities' social, environmental and economic development.

Contact and Customer Service Center

413-1

The Contact Center is responsible for responding to all Grupo Lala customers, consumers, suppliers, employees and other stakeholders. Its job is to receive, attend to, and follow up on their doubts, complaints, comments, and concerns and provide solutions. Each case reported must be addressed and closed or receive the appropriate follow-up, as necessary. We strive to ensure that the information is measured properly, keeping a record of the agreements, documentary evidence and response times.



We offer five channels so that our customers and consumers can share their needs with us:

- 📞 Telephone: The 871 229 3940 hotline. The number is printed on all our product packaging, delivery units, billboards, and TV ads, and on the Group's website.
- ✉️ Email address: lala800@grupolala.com.
- 🌐 Website Contact Us Sections: on our www.lala.com.mx and www.fundaciónlala.org.mx websites.
- 📞 Direct attention through 871 222 9454.
- 📱 Facebook, Twitter and Instagram, where Contact Center agents answer questions, concerns, comments or complaints.

We received more calls in 2022, so we faced the challenge by reorganizing our staff and changing our CRM (Customer Relationship Management) software. Implementing this new software represented a huge benefit and improvements for the department, such as reducing average call handling times.



219,950 requests were received through our Contact Center in 2022: 99.57% from Mexico, 0.38% from Central America, and 0.05% from the rest of the world

To ensure the provision of human excellence services, we focus on training our staff to guarantee they always provide the best customer service.

Marketing

Our main objective is to ensure that all projects comply with our internal guidelines backed by the design of proper consumer communications, including labels and strategies to engage them in recycling. Each project must have a sustainable initiative that contributes to our overall sustainability purpose.

In this sense, we involve the entire production chain to raise awareness about the importance of evolving our sustainability. We also work on a communication strategy emphasizing its benefits. In 2022 we partnered with recycling NGOs and sought to involve consumers in promoting a circular economy based on recovery, recycling, and reuse.

Channel	Number of requests
Telephone	142,084
Voicemail	0
Email	42,981
Social media	6,796
Website	5,244
Chat	0
WhatsApp	22,845
Total	219,950

Voluntariado LALA

413-1

The Grupo Lala volunteer programs encourage our staff, family members and friends to give their time, energy, resources, and knowledge to benefit the community, partner institutions and the environment.

Volunteer work is of the utmost importance for these activities to be carried out in the best manner, which is why we stay in constant touch and interact with them. Our employees propose the activities they want to carry out by analyzing the immediate needs in their community and how to solve them. In reality, this type of activity in our organization is a matter of conscience, personal ethics, and social and environmental responsibility to the communities where we are present.

The COVID-19 pandemic led us to implement hybrid work and digital volunteering efforts, allowing us to add more people to activities and continue supporting our communities when most needed. We believe that this work model has made us more resilient within the sector and allowed us to continue working on sustainable and ethical projects.



Two expression platforms comprise our volunteer program:

The Lala Foundation Route



Our employees participate in the Foundation's day-to-day operations and activities serving vulnerable groups. These include actions such as keeping all donations in order, organizing delivery of the products, and following up on case controls. The Foundation Route activities ensure that food aid reaches the children's homes, student kitchens, and indigenous shelters we support daily.

Buen Vecino LALA

These are specific projects that directly impact the communities where the work centers operate. Good Neighbor programs are specific and tailored to the needs of the communities where we operate. For example, the second life of goods, such as boots and office equipment, cleaning green areas and beaches and donating goods to schools and children's homes.



10,132 Lala volunteers



80 work centers



55,270 hours of volunteer work done in Mexico



142 direct volunteer activities



258 partners with whom we completed 422 projects





Participation with Reforestamos México

We worked with the civil association Reforestamos México on the “Better Alliances, Better Forests” initiative, where our employees volunteered for reforestation activities in the States of Aguascalientes, Guanajuato, Jalisco, and Mexico.



2,850 trees were planted in forests in Mexico in conjunction with the Reforestamos México association

Reforestation in 2022

Reforestation in 2022	Volunteers	Volunteer Hours	Trees Planted	Families Benefited
Comunidad Los Pargo, Aguascalientes Mexico, in the Cobos - Parga state protected natural area	40	80	750	8
Ejido El Sauz Seco, Leon, Guanajuato	71	142	700	10
Predio Escalerillas, Ejido San Martín Cuautlalpan, Chalco, State of Mexico	62	124	700	10
Ejido La Venta del Astillero, Zapopan, Jalisco	70	140	700	8
Total	243	486	2,850	36

Note: This information is included in our overall volunteer results for 2022.

Social investment

Brazil

We engaged in five actions to donate food to low-income communities in conjunction with the following:

- Association Assisting Children with Disabilities - AACD.
- Social Service of Commerce (SESC) through the Mesa Brazil Program of the National Network of Food Banks.
- Society for the Defense of Traditions and Progress - SODEPRO da Bela Vista.
- SOS Serra Petrópolis Association / RJ.



More than 2.7 millions of pesos MXN in social investment in Brazil²²

Central America

We carried out two major projects with strategic partners, such as Walmart at the regional level and Kellogg's in Guatemala.

- Kellogg's®: We impacted over 1,000 children by delivering 10,498 liters of milk to 29 communities. We also raised funds among employees and three corporate volunteer groups.
- Walmart®: we delivered over 2,000 liters of milk in Nicaragua and Guatemala for three years in a row.



61,827 pesos of social investment in Guatemala through 9 activities²³



1,600 people benefited in Guatemala and 5,000 in Nicaragua



20 employees and volunteers participated in philanthropic activities in Guatemala and 92 in Nicaragua



160 volunteer hours were reported in Guatemala and 48 in Nicaragua



38,000 pesos of social investment in Nicaragua through 17 activities²³



²² Conversion made to MXN pesos. Maximum exchange rate in 2022: 1 Real BR = 3.82 MXN pesos, Brazil's social investment in 2022 was 713,638.64 Real BR.

²³ Conversion made to MXN pesos. Maximum exchange rate in 2022: 1 USD = 19 pesos MXN, CAM's social investment in 2022 was 5,254.05 USD.

Good Neighbor Program

This program, which is present across Mexico and impacts more than 700 municipalities, focuses on implementing specific projects that impact the communities where our work centers operate. Through it, our employees learn about their environment and learn to care about improving it.

We carry out different actions to strengthen ties with the areas where we have a presence. We disseminate information through free communication mechanisms available to all, such as our social media channels, our Contact Center, and our website, focusing on each community's culture. These communication efforts allow us to optimally manage community expectations regarding activities such as donations and events.

Similarly, our employees sitting on the ESG subcommittees participate in community forums, public consultations, and general interest events. We also promote our employees' community engagement through volunteer activities focused on food, health, education, and the environment. We keep records of each interaction and follow up on them to evaluate response times, types of interaction and topics of interest. With this, we cover the needs of our stakeholders in the communities where we operate.

The achievements obtained through the Lala Volunteer and Good Neighbor programs in 2022 are as follows:



9,351 volunteers



17,944 volunteer hours in Mexico



135,380 people benefited



41 cities benefitted from the volunteer activities

The Foundation Route:



A 20-year commitment to deliver milk to beneficiaries every day



113 work centers



781 employees



37,326 hours



87 cities





The Lala Foundation

The Lala Foundation is the pillar of Grupo Lala's social commitment. The engine that drives our efforts is Mexican children, and we work on three lines of action: food, education, and health, which has allowed us to ensure well-being and fight malnutrition in our communities. Our commitment to sustainability and social, economic, and environmental development have allowed us to participate in critical situations such as emergencies caused by flooding.

We have also understood that social responsibility must go beyond implementing rules for employees by assuming a comprehensive commitment to the communities. With this approach, we have achieved important objectives through various initiatives, such as reusing industrial footwear and food donated to food banks.

Our increasingly consolidated team has demonstrated its ability to apply its ingenuity and creativity in helping others, using social media and other platforms to reach the people they want to help.

413-1



+112.4 million pesos in social investment in Mexico



784,302 people benefited by Fundación Lala



33,314 boys, girls and 2,066 seniors benefited daily



We provided continuous (frequent) food support to 456,837 people



492,218 total daily + continuous beneficiaries

In 2022, we allocated our resources to:

Food

76% of our funds that is, +85 million Mexican pesos.

381 projects, 240 associations, and +492,000 people benefited.

- Children's homes, student kitchens, shelters for indigenous and migrant children, and early childhood centers.
- Food banks in marginalized communities.
- Health contingencies and environmental emergencies.

Human Development

23% of our funds; that is, +26 million Mexican pesos.

38 projects, 6 associations and educational institutions and 8 health institutions, 289,397 people benefited.

- Education
- Health
- Art and culture
- Social aid
- Community integration and development

Environmental Sustainability

1% of our funds; that is, +1.2 million Mexican pesos.

15 projects, 11 associations and 2,687 people benefited.

- Reforestation
- Environmental education
- Social reuse of goods (circular economy)





258 institutional partners



422 projects completed



32 states and 720 municipalities impacted



4,578 communities benefited in Mexico



+4.6 million kilos/liters of LALA products donated

413-1

Action Pillars	People Benefited	
	Direct	Indirect
Food	492,218	0
Education	979	37,143
Health	202	114,861
Art and Culture	3,353	94,791
Community Aid and Development	1,877	1,250
Community Integration	1,417	33,524
Environment and Biodiversity	771	1,916
Total	500,817	283,485

International Lala Marathon

We promote healthy practices and encourage a passion for sports through the Lala Marathon. After holding the virtual marathon in 2021, we returned to the in-person model in 2022, running down the main streets of Gómez Palacio, Ciudad Lerdo and Torreón, following all health protocols, with the motto "More United Than Ever."



4,274 participants:
1,447 women
2,827 men

The Preferred Place to Work

We provide safe workspaces, benefits and compensation, and continuous training on different topics and tools so our employees to develop inside and outside the organization. Our Code of Ethics also ensures our solid corporate governance and the best employees. In our workspaces, we promote diversity, inclusion, merit recognition, safety, and respect.

Talent

3-3, 2-7

We retain the best talent by promoting initiatives, programs and actions that encourage the people working at Lala to give their best. This approach has allowed us to fine-tune our sustainability strategy and meet our customers' needs.



Employees by Region	Men	Women	Total
Mexico	26,788	7,211	33,999
Brazil	2,725	1,435	4,160
Central America	1,557	312	1,869
EUA	185	76	261
Total	31,255	9,034	40,289

 Personnel by Labor Category (Mexico)	Men	Women	Total
Divisions/Management	242	80	322
Department Leads/Supervisions	3,178	911	4,089
Administration	1,331	1,174	2,505
Operations	9,196	4,836	14,032
Sales	12,841	210	13,051
Total	26,788	7,211	33,999

 Personnel by Labor Category (Brazil)	Men	Women	Total
Divisions/Management	65	21	86
Department Leads/Supervisions	233	94	327
Administration	388	334	732
Operations	1,496	394	1,890
Sales	543	582	1,125
Total	2,725	1,435	4,160

 Personnel by Labor Category (Central America)	Men	Women	Total
Divisions/Management	20	9	29
Department Leads/Supervisions	172	61	233
Administration	95	75	170
Operations	642	39	681
Sales	628	128	756
Total	1,557	312	1,869

 Personnel by Labor Category (USA)	Men	Women	Total
Divisions/Management	7	9	16
Department Leads/Supervisions	46	15	61
Administration	4	16	20
Operations	128	36	164
Sales	0	0	0
Total	185	76	261

 Personnel by Age Group (Mexico)	Men	Women	Total	%
Under 30	8,078	1,967	10,045	30%
Between 30 and 34	5,423	1,402	6,825	20%
Between 35 and 44	8,199	2,444	10,643	31%
Between 45 and 54	4,296	1,200	5,496	16%
Over 55	792	198	990	3%
Total	26,788	7,211	33,999	100%

 Personnel by Age Group (Brazil)	Men	Women	Total	%
Under 30	591	366	957	23%
Between 30 and 34	430	226	656	16%
Between 35 and 44	964	564	1,528	37%
Between 45 and 54	584	229	813	19%
Over 55	156	50	206	5%
Total	2,725	1,435	4,160	100%

 Personnel by Age Group (Central America)	Men	Women	Total	%
Under 30	602	106	708	38%
Between 30 and 34	327	65	392	21%
Between 35 and 44	429	96	525	28%
Between 45 and 54	164	38	202	11%
Over 55	35	7	42	2%
Total	1,557	312	1,869	100%

 Personnel by Age Group (USA)	Men	Women	Total	%
Under 30	39	12	51	20%
Between 30 and 34	16	11	27	10%
Between 35 and 44	38	25	63	24%
Between 45 and 54	33	17	50	19%
Over 55	59	11	70	27%
Total	185	76	261	100%

 Type of Employment Contract (Mexico)	Men	Women	Total	%
Temporary	1,022	196	1,218	4%
Permanent	25,766	7,015	32,781	96%
Total	26,788	7,211	33,999	100%

 Type of Employment Contract (Brazil)	Men	Women	Total	%
Temporary	16	36	52	1%
Permanent	2,709	1,399	4,108	99%
Total	2,725	1,435	4,160	100%

 Type of Employment Contract (Central America)	Men	Women	Total	%
Temporary	1,492	301	1,793	96%
Permanent	65	11	76	4%
Total	1,557	312	1,869	100%

 Type of Employment Contract (USA)	Men	Women	Total	%
Temporary	0	0	0	0%
Permanent	185	76	261	100%
Total	185	76	261	100%



29,949 of our employees are unionized, and **10,340** are trusted collaborators



74.3% of our employees are covered by collective bargaining agreements

Training and Development

3-3, 404-1, 404-2

Our talent has access to constant training and tools that help them develop their organizational skills. Lala University is in charge of giving talks and teaching workshops and courses encouraging teamwork.

Our Policies Promoting our Talent's Development are as follows:

- Lala Induction Policy
- Foreign Language Training Policy
- Annual Performance Cycle Policy
- Graduate Level Scholarship Policy
- Higher Level Scholarship Policy
- Training Expenses Policy
- Use of Virtual Rooms Policy
- Potential Assessment Policy
- Young Talent Policy
- Individual Development Plan
- Talent Suite



Lala University

This part of the organization provides a comprehensive induction course to all employees from their first day of work, regardless of their position or departments, before performing the required functions, responsibilities and needs.

Our Comprehensive Induction Course includes the following modules:

1. Institutional Induction
2. Induction to the Company
3. Induction to the Department
4. Induction to the Position

Upon taking the general induction courses, ULALA activates specific training contents through the Talent Suite on the internet portal. Some contents are mandatory, and others that employees are free to choose. In addition, the annual course establishes professional development goals that include training in other areas following each employee's development plan.

 **1,408,126 hours of training in Mexico, representing an MXN \$37,686,905 investment in 2022**

 **12,562.03 hours of training in CAM representing an MXN²⁴ \$1,435,374 investment in 2022**

 **28,373.06 hours of training in Brazil, representing an MXN \$1,748,915 investment in 2022**

 **27,293 training events in Mexico, 219 in Brazil and 236 in CAM in 2022**

 **5,295 digital library queries with 33 contents available**



²⁴ Conversion made to MXN pesos. Exchange rate in 2022 USD = 19 MXN pesos, investment in CAM training in 2022 was 75,546 USD.

Country	Training Hours	Average Hours of Training per Person
Mexico	1,408,126	40
Brazil	28,373	5
Central America	12,565	56

Training Hours by Division (Mexico)	# of hours	People Trained	Hours/Person
Divisions/Management	27,679	10,447	2.56
BDepartment Leads/Supervisions	221,503	120,365	1.84
Administration	112,406	76,215	1.46
Operations	566,336	274,078	2.11
Sales	531,474	229,946	2.29
External*	548	245	2.24
Total	1,459,946	711,296	13
% Operations/ Sales	75%	71%	-

Training Hours by Division (Central America)	# of hours	People Trained	Hours/Person
Divisions/Management	614	29	21
BDepartment Leads/Supervisions	4,331	233	19
Administration	1,106	170	7
Operations	4,375	681	6
Sales	2,136	756	3
Total	12,562	1,869	56
% Operations/ Sales	75%	71%	-

Human Rights, Diversity & Inclusion

2-23, 2-24

Our commitment at Grupo Lala is to ensure a respectful, diverse and inclusive workplace nurturing our employees' personal and professional development. We passionately believe in meritocracy and equal opportunity regardless of economic or educational level, place of origin, race, sex, gender, sexual orientation, age, pregnancy status, disability status or health condition.

Our Code of Ethics promotes and is inspired by respect for the human rights recognized in the International Bill of Human Rights and the principles established in the Declaration of the International Labor Organization. Our Code of Ethics reflects our conduct and the principles regulating our stakeholder relations.

We have various policies that ratify our commitment to respect diversity, inclusion and the human rights of the people who are part of Lala:

- Equity and Human Rights Policy
- Code of Ethics
- Breastfeeding Policy
- Personal Days Off Policy
- Talent Attraction Policy
- Alignment Meetings Policy
- Young Talent Policy

Equity and Human Rights Policy

It is a resource that helps us act in favor of respect for human rights and caring for the people in our organization. With this, we seek to promote a work environment and respectful, equitable, egalitarian, and non-discriminatory organizational behavior. At Grupo Lala, we are governed by the values of agility, integrity, collaboration, quality, austerity, and discipline. Based on this, we are committed to achieving our objectives with the highest efficiency levels.

Our Diversity and Inclusion model allows free exercise of respect of Human Rights and seeks to build an inclusive, equal, non-sexist, violence-free work environment

We want to build a diverse workforce, always promoting and enable non-discrimination practices.

People are the heart of Lala's culture; they are our most valuable treasure. Diversity and inclusion allow each person at Lala to be genuine, live naturally and express themselves transparently.

At Lala, we standardized our Diversity and Inclusion Model, centered on three pillars: Equal Opportunity, Equal Conditions and Equal Treatment, which seeks to build an inclusive, egalitarian, non-sexist environment free from violence that permits the free exercise of respect for human rights.

This model is supported by three programs: Talent First, Lala Equity, and Diverse Teams.



In 2022, we participated in the UN Global Compact working group on diversity and Inclusion: People with disabilities in Mexico

In 2022, we maintained our Diversity and Inclusion curriculum and taught the following courses:

- Mexican Sign Language Course Levels 1 and 2.
- Implementing the Lala Harassment and Harassment Investigation Methodology.
- Equality and non-discrimination in the workplace.
- Masculinities against violence are a necessary step.
- Engaging with and understanding the deaf community.
- What is inclusion?
- 8M in the industry.
- Communication based on the Telethon human rights model.



In Mexico, 5,860 people participated in the D&I training courses



4,301 people participated in the D&I curriculum



15,298 hours of D&I training in 2022

Talent First

This program was designed to promote the inclusion of vulnerable groups, such as people with disabilities, in the job market. We also have a comprehensive inclusion model by which Lala promotes equal opportunities, conditions and treatment.

Before integrating vulnerable groups, we analyze the occupational safety area to guarantee that working conditions are safe for these employees. We create an awareness program for the entire workforce and ensure the application of the Diverse Teams Program in the work centers.

We complement these efforts by scheduling internal communication activities that include promoting inclusive language, visibility of priority groups, dissemination of anniversaries, master classes with ULALA, calendar of events and important dates.



658 people participated in the Talent First courses



7 of our work centers participated in this training program: CSG, the México and Tizayuca Plants, RH Zona Valle de México, AT CIL, Despega and the Distribution Center in Querétaro



1,227 hours of training in Mexico

Lala Equity

2-23, 2-24

This program focuses on diversity, equity, inclusion, and gender equality. We promote it by nurturing a culture of equal opportunity, work and dignified, fair and equitable treatment among all people and hierarchical levels across the organization. We strive to have a diverse and inclusive workforce in all countries where we have a presence and comply with legal recruitment requirements.

Diverse Teams

In 2022, we worked with the Global Compact and other organizations to join the Diversity and Inclusion Working Group: People with Disabilities, aimed at integrating this group into the Lala workforce through the correct use of language, accessible, effective communication and training, universal access infrastructure, optimal treatment for people with disabilities, posting vacancies, interviews, selection processes, and inclusive inductions, among other efforts.



For the fourth year in a row, we reaffirmed our commitment to inclusion in Mexico by obtaining the Éntrale Distinction



30 people completed their training in Mexican Sign Language Level 1, with 15 completing Level 2



5,438 people (15.4% of the total Lala population) were impacted by training on strategic D&I issues in 2022

To raise awareness among our employees about the importance of these values, we implemented a diversity and inclusion curriculum and taught pop-up courses on specific topics, such as zero tolerance for violence and the culture of hearing impairment. We also participated in internal and external volunteer and dissemination events related to inclusion. These efforts have focused on attracting and retaining talent with a human and cultural vision.

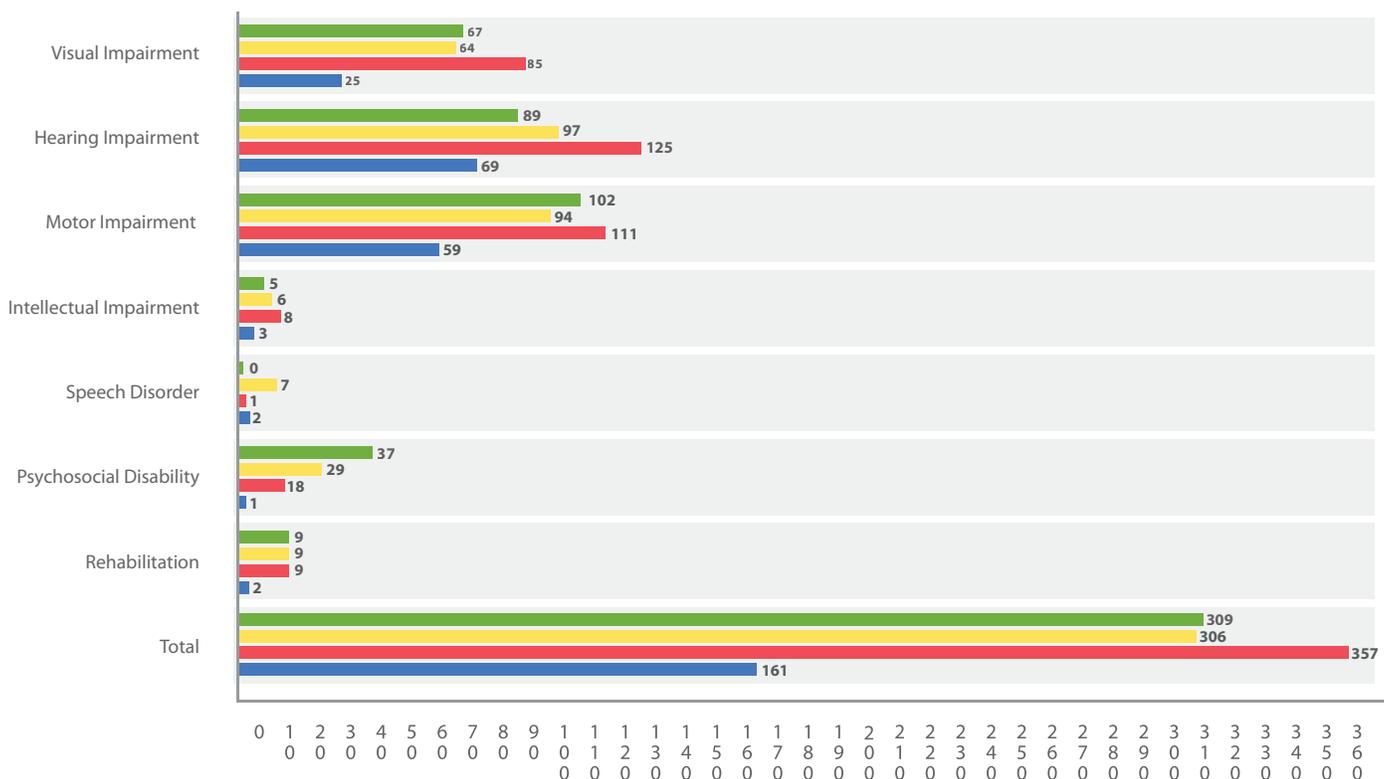
In 2022, we collaborated to create an implementation guide to hire people with disabilities and updated our human rights policy in collaboration with a working group. We also participated in a webinar with Teletón, offering sign language courses and creating educational videos and materials to promote inclusion.



Mexico

Labor inclusion

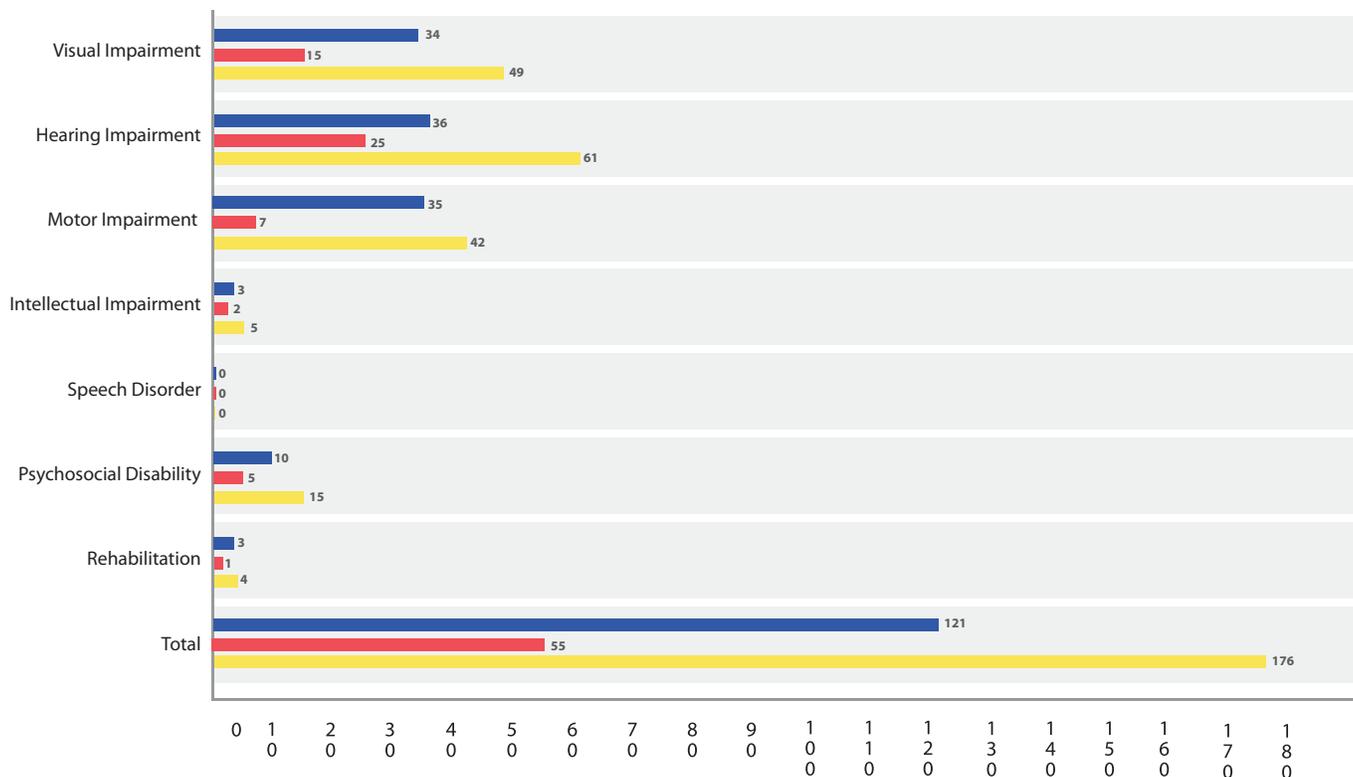
2019 2020 2021 2022



Brazil

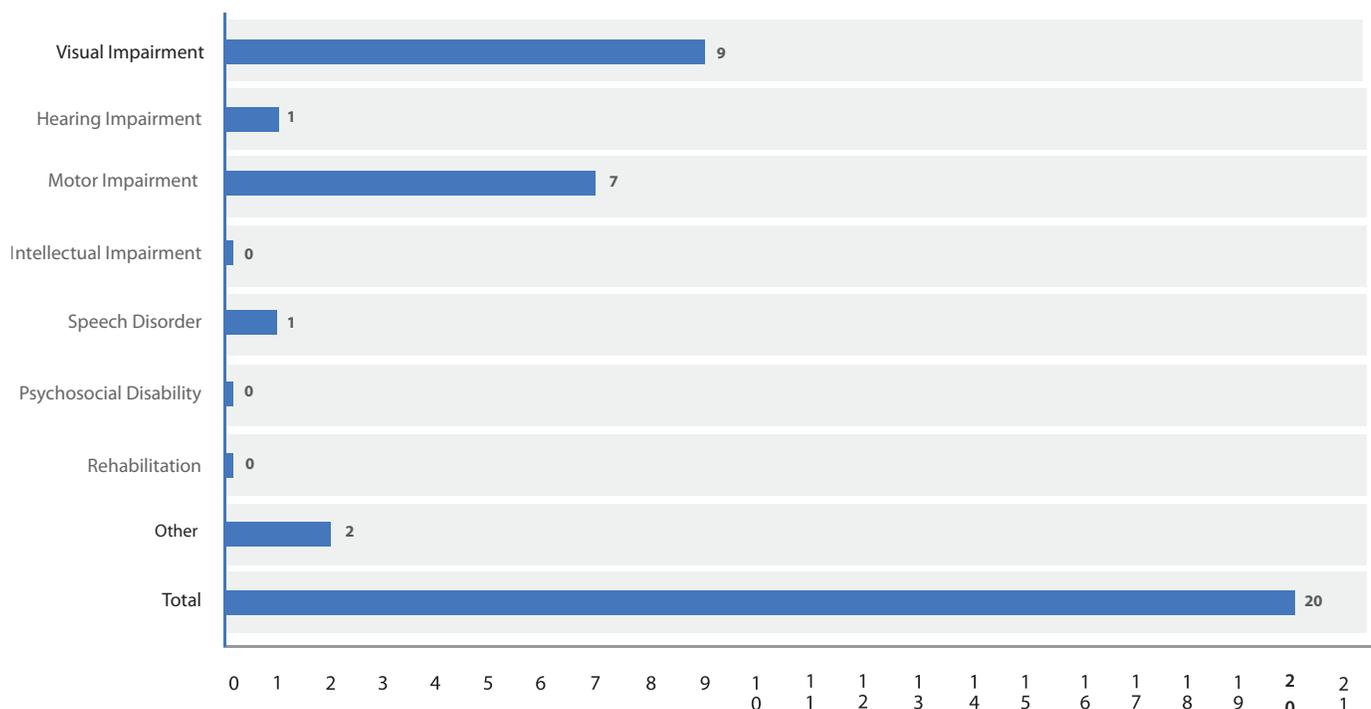
Labor inclusion

Men Women Total



Central America

Labor inclusion



In Brazil, human rights, diversity, and inclusion are moving full steam ahead. We prepared the Diversity and Inclusion Brochure and gave lectures on the subject matters for employees. The Ethics Committee, the Privacy Committee, the Human Resources Committee, the ESG Committee and the Safety Committee also promote and raise awareness on the subject matter.

We also have a monthly training program called “Caring with Vigor,” addressing self-development and human rights, inviting all employees to participate. In addition, the Integrity Department also conducts training and communications activities throughout the year on human rights matters.

Young Talent Promotion

We recognize the importance of providing development opportunities to young people to enhance the country’s future. At Grupo Lala, we offer initiatives that improve their personal and professional employability and experience.

In 2022, we consolidated alliances with two educational institutions—Universidad Anáhuac and Tecnológico de Monterrey—to create opportunities for young people to complete social services and internships with Lala as a first employer.

Despega With Lala

Our comprehensive training program is designed to attract outstanding young people and generate critical learning experiences that add value to their professional careers.

For further information, go to <https://grupociadetalentos.com/despegaconlala/>



20 young people participated in the fifth generation of Take Off With Lala



55% (11 interns) of the fifth generation were hired to fill a full-time position



Youth Building the Future

At Lala, we provide workspaces and collaborate with the Federal Government of Mexico and state authorities through the Youth Building the Future initiative to involve young people in the nation's economic and labor activities.



We created 100 spaces for Young People Building the Future in 2022

Health & Safety

2-23, 3-3, 403-1, 403-2, 403-3, 403-4, 403-7

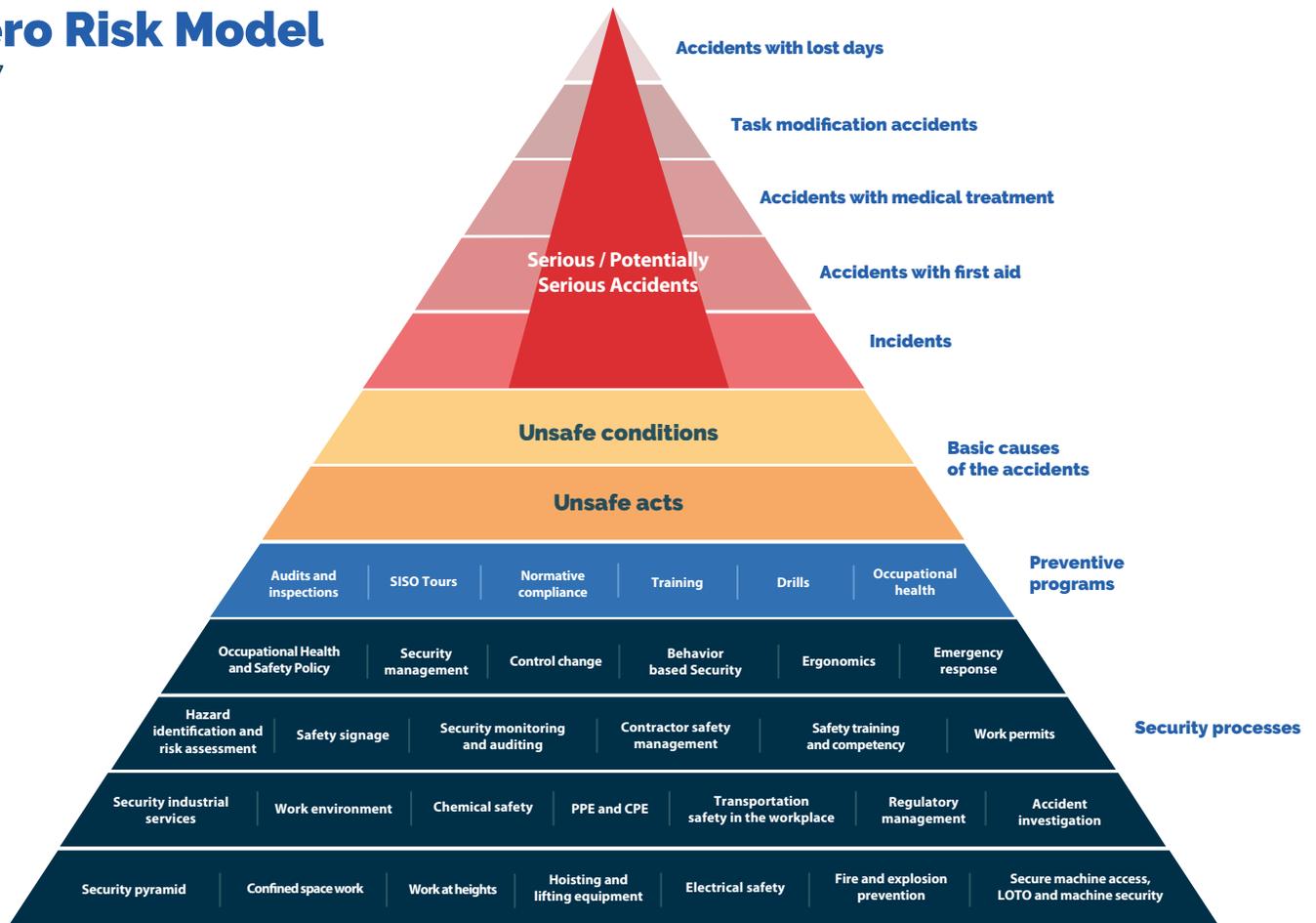
For us, it is essential to ensure the health and safety of all the people who are part of the organization. We do this by following various protocols and measures, adhering to the highest standards on the subject matter. To safeguard the well-being of our employees, we have:

- An Occupational Health and Safety Policy promoting a Prevention Culture.
- An internal Occupational Health & Safety management model based on ISO 45001 and industry best practices.
- A disease and accident prevention and reduction program.
- An Occupational Health & Safety system that identifies and evaluates hazards and risks to generate control actions and reduce risk levels.
- Hazard monitoring indicators.
- Corporate audits by the Industrial and Occupational Safety (SISO) team following our internal protocols.
- A procedure to investigate, analyze, report and follow-up on all accidents and incidents reported, measured with the safety indicators sent to Senior Management.
- General health and safety information is disseminated to the offices, plants and distribution centers directed to our staff, the value chain, service companies, and external suppliers.



Zero Risk Model

403-7



The SISO team consistently walks through the facilities to identify the risks and impacts caused by our daily activities.

- 413-1
-  **156 Safety and Hygiene Commissions comprising 965 men and 424 women in Mexico**
-  **18 Safety and Hygiene Commissions with 10 men and eight women in Brazil**
-  **4 Safety and Hygiene Commissions with 31 men and 9 women in Guatemala**
-  **8 Safety and Hygiene commissions with 59 men and 17 women in Nicaragua**
-  **52 Health & Safety Management Committees comprising 184 men and 113 women**
-  **6,805 safety inspections completed in 2022**
-  **15 corporate plant safety audits**

It is important to note that at Lala, we focus both on health and safety results, as well as on the testimonials of our employees about the changes they have noticed in themselves and their families. In addition, the company has taught courses on how to cook healthily and eat a healthy diet, leading to positive attitude changes among employees.



Occupational Health & Safety Training

3-3, 403-5, 403-7

To safeguard the integrity of the people who work at Lala, we offer continuous training courses on Occupational Health & Safety focused on preventing accidents and disease.



94,045 person-hours and 946 courses on Industrial Safety and Accident Prevention



69,608 Safety and Hygiene training hours in Brazil and 1,423 hours in Nicaragua



1,812 brigade members received training in Mexico; 329 in Brazil; 36 in Guatemala, and 180 in Nicaragua



218 emergency drills were carried out in Mexico; 18 in Brazil; 4 in Guatemala, and 7 in Nicaragua during 2022.

Occupational Health & Safety System

403-6

To identify and care for employees with psychosocial risks, we conduct evaluations and monitor employees with chronic diseases, promoting positive changes in our employees' lives.

We have significantly reduced our occupational accident and death rates thanks to the actions we have implemented to this end. Due to the nature of our activities, the main incidents reported are bruises, wounds, fractures, sprains, and burns.

Industrial Security

403-9, 403-10 / SASB FB-MP-320a.1

	Mexico ²⁵				Brazil ²⁶	Guatemala ²⁷	Nicaragua ²⁷
	2019	2020	2021	2022	2022	2022	2022
Number of work-related injuries with major consequences (without including fatalities)	1	3	2	16	56	7	0
High-consequence workplace injury rate (without including fatalities)	0.0	0.1	0.01	0.05	55.10%	1%	0%
Number of recordable work-related injuries	2,085	1,376	1,136	953	56	7	158
Recordable work-related injury rate	7.23	4.66	3.79	2.88	55.10%	1%	13%
Number of fatalities resulting from work-related injuries	2	0	2	3	0	0	0
Fatal occupational injuries rate	0.00	0	0.01	0.009	0	0	0

According to our records, in 2022, we had 20 cases of work-related injuries and diseases, primarily contusions. No deaths were recorded from work-related injuries or diseases.



28% reduction in accidents compared to 2021 in Mexico²⁸, 66% in Brazil, 50% in Guatemala²⁹ and 23% in Nicaragua³⁰



15% reduction in sick days compared to 2021 in Mexico, 34% in Brazil, 79% in Guatemala and 27% in Nicaragua

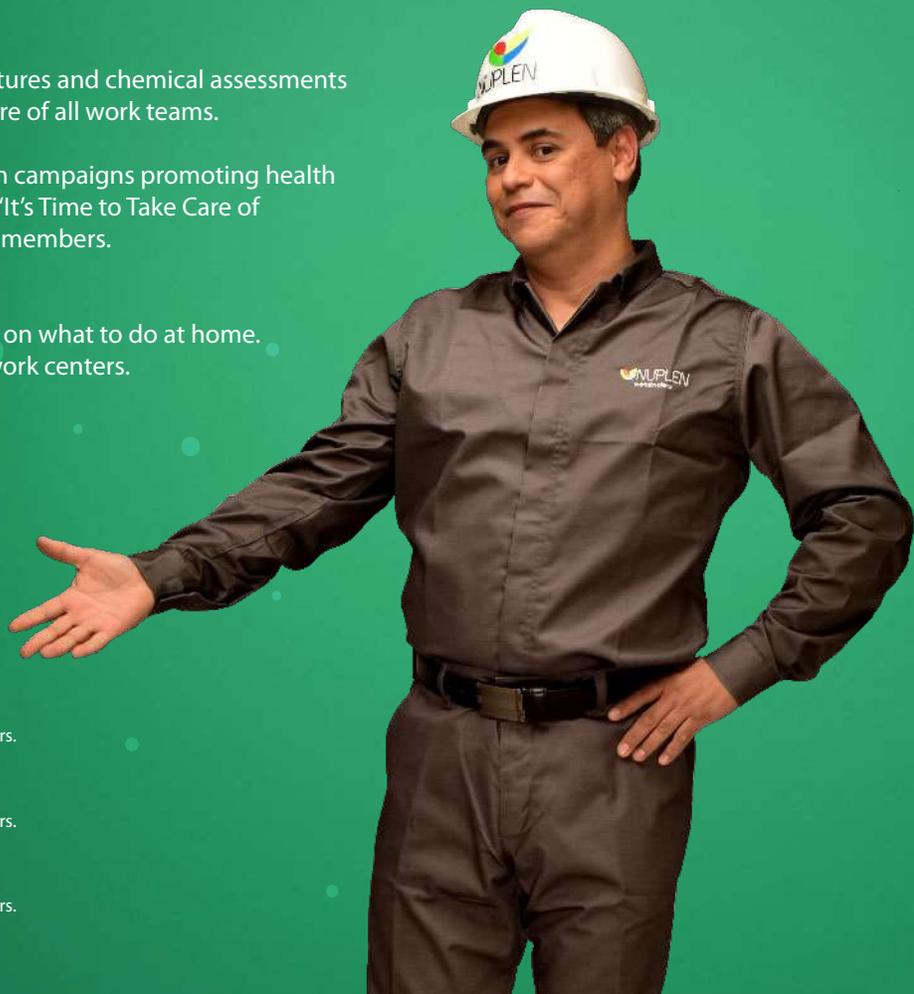
403-6, 403-7

We conduct noise, lighting, low or extreme temperatures and chemical assessments in the work environment to ensure the safety and care of all work teams.

We also work with the Human Resources Team to run campaigns promoting health through self-care and disease prevention under the "It's Time to Take Care of Yourself" initiative for all employees and their family members.

We offer:

- Physical activations at work and recommendations on what to do at home.
- Medical services are on-site in all workplaces and work centers.
- Preventive medical check-ups.
- Weight control.
- Disease detection.
- Mental health.
- Vaccination campaigns.
- Medical exams for new hires.
- Ergonomic evaluations.
- Fitness Index Assessments.



²⁵ The rates calculated are based on 200,000 hours/person worked. Only accidents involving Grupo Lala employees are considered since those reported by outsourced personnel are the responsibility of their employers. Number of hours worked: 347,151,168.

²⁶ The rates calculated are based on 200,000 hours/person worked. Only accidents involving Grupo Lala employees are considered since those reported by outsourced personnel are the responsibility of their employers. Number of hours worked: 9 435 997 hours worked in 2022.

²⁷ The rates are calculated based on 200,000 hours/person worked. Only accidents involving Grupo Lala employees are considered since those reported by outsourced personnel are the responsibility of their employers.

²⁸ 953 accidents in total. ²⁹ 7 accidents in total. ³⁰ 158 accidents in total.

403-6



28,694 general periodic medical exams and health risk exposure tests in Mexico; 3,331 in Brasil; 1,638 in Guatemala, and 731 in Nicaragua



39 health campaigns for employees and their families



24,631 medical examinations to our fresh staff



217 ergonomic evaluations



33,894 fitness index assessments



3,007 visual health exams



2,156 dental exams



31,259 employees vaccinated against COVID-19



The main causes of diseases we faced were related to ergonomic issues due to our work type. In 2022, there were no fatalities among employees and outsourced personnel.

In 2022, we focused on implementing and monitoring ergonomics in the workplace, which has been a significant challenge. To review and correct this aspect, we have required a multidisciplinary team that has helped us reduce the severity and frequency of accidents in operations.

We have a gradient analysis system organized into four levels to follow up and monitor the health of the people who work at Lala with a good, fair, bad and very bad rating scale.

The protocols that we implement to protect the health of our employees consist of the following:

- Ergonomic risk assessments
- A calisthenics plan
- Rotation of repetitive activities
- Engineering measurement assessments
- A medical evaluation plan to determine the health status of employees with occupational exposure.
- Application of controls by hierarchy level:
 - Elimination
 - Substitution
 - Administrative controls
 - Personal protection equipment



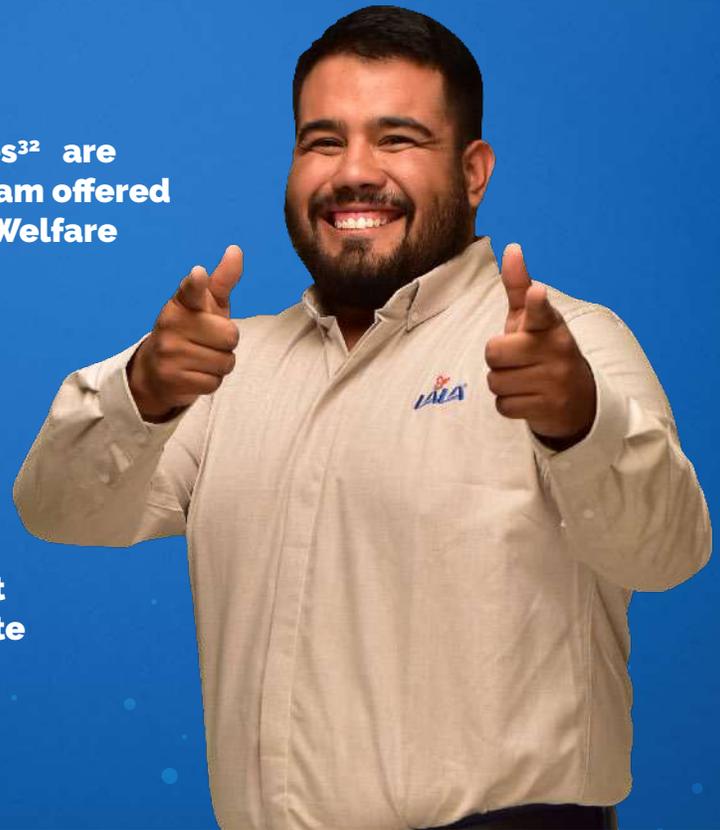
15 Distribution Centers³¹ and 12 factories³² are enrolled in the Self-Management Program offered by the Department of Labor and Social Welfare (STPS, acronym in Mexico)



In Brazil, we perform weekly checks through the e-Social computerized system to mitigate risks related to employees in their daily activities



156 Safe and Healthy Work Environment badges awarded by the Mexican Institute of Social Security (IMSS)



In Brazil, we provide the benefit of training centers and gyms for all employees and run awareness campaigns on the importance of physical activity through events such as races and walks in product promotion programs.

Some of the benefits we offer in Brazil to promote a healthy quality of life in the workplace are as follows:

- Health plan.
- Dental plan.
- Grocery vouchers.
- Food and basic food basket coupons.
- Life insurance.
- Gym passes.
- Development platform.
- Social aid and support.
- Employee profit sharing and/or annual bonuses.
- Corporate telephones.
- Car rentals.
- Birthday leaves.

In Central America, our internal Occupational Health & Safety management model is based on industry best practices and ISO 45001, which seeks to sustainably reduce accidents and occupational diseases through preventive programs and procedures and includes regulatory compliance.

Corporate Governance

2-12, 2-13, 2-14, 2-24, 3-3

Our organization's biggest challenge is integrating sustainability topics throughout the company from a social and environmental perspective. Although some of these matters are already in our DNA, they must be part of a culture and an institutional position transmittable to all coordinated teams working to take our products to consumers.

We have worked to improve our corporate governance to make better financial and strategic decisions. We maintain a strong governance body, which includes the Board of Directors and a Finance Audit Committee, which meet regularly to approve investment, debt, and financing plans. Our Board of Directors fundamentally integrates the sustainability strategy throughout the Lala Group.

Their experience and leadership and the performance of our corporate governance allow us to achieve our objectives and goals. We adhere to the Code of Corporate Best Practices issued by the Business Coordination Council and follow its recommendations to improve our governance continuously.

The Board of Directors has nine members: five proprietary directors and four independent directors, with their respective alternates. The Shareholder's Assembly appoints them based on their experience, capacity and reputation. The Board meets at least four times a year.

³¹ The reduction compared to the reported Distribution Centers (CEDIS) in the 2021 Report is because the processes of changing the business name in the Secretary's system have not yet been completed.

³² The reduction compared to the factories reported in the 2021 Report is due to three plants exiting the program.

The Audit and Corporate Practices Committee and the Evaluation and Compensation Committee support the Board of Directors in its duties.

In 2022, we strengthened our sustainable governance by incorporating key leaders and actors from within the company that monitor sustainability indicators, projects and innovations. Thus, we guarantee that a multidisciplinary team will be aware of the main ESG risks and opportunities for Lala.

In addition, in 2022, we began implementing the dissemination and communication processes of our main actions to all Group employees to ensure their engagement with our strategy and that sustainability is part of all departments and not limited solely to one specific team.

2-13, 2-14, 2-24

Main Functions of the Board of Directors:

- Establish the general strategies to conduct the business of the company and the legal entities it controls.
- Supervise the management and conduct of the company and the legal entities it controls, as well as the performance of the relevant executives.
- Approve the policies and guidelines for the use or enjoyment of corporate assets and of the legal entities that it controls by related parties.
- Follow up on the main risks to which the company and legal entities it controls are exposed, identified according to the information presented by the committees, the CEO and the independent audit firm, as well as the accounting systems, internal control and internal audits, registration, filing of information, or both, which may be carried out through the committee performing audit functions.
- Overall, the Board of Directors is responsible for monitoring compliance with the agreements adopted by the Shareholders' Meetings, which may be carried out through the committee responsible for audit functions.

Main functions of the Audit and Corporate Practices Committee:

- Supervise the internal and external audit of the company established by the Securities Market Act and those determined by the Board of Directors.
- Permanently validate internal controls.
- Analyze operations with related parties.
- In general, it ensures that the company issues and discloses financial information under the highest criteria of responsibility, transparency, sufficiency, timeliness, and reasonableness.

Main functions of the Evaluation and Compensation Committee:

- Evaluate the design and implementation of adequate and reasonable policies to stay competitive.
- Ensure that the organization's talent and structure are aligned with the strategic plan approved by the Board of Directors.
- Suggest to the Board of Directors the criteria for the performance evaluation and compensation of the CEO and other senior management officers and determine CEO severance pay.
- Analyze the proposal made by the CEO about the compensation structure and criteria for all company employees.
- Present the Formal Succession Plan for the CEO and C-suite executives to the Board of Directors for approval.

2-12

Main functions of the Finance, Planning and Sustainability Committee:

- Evaluate the company's CAPEX, working capital, and cash flow policies.
- Study and propose to the Board the strategic direction for the company to ensure its stability and permanence over time.
- Ensure that the strategic plan contemplates generating economic and social value for shareholders, as well as the sources of employment and the existence of interested third parties.
- Evaluate the company's investment and financing policies and give its opinion to the Board.



Structure

2-9, 405-1

Independent Directors

Name	Board Member Type	Committee Participation	Sex	Age Group
Pablo Roberto González Guajardo	Owner	Advisory Audit and Corporate Practices Evaluation and Compensation	Male	Over 50
Carlos Antonio Danel Cendoya	Owner	Advisory Finance, Planning and Sustainability Evaluation and Compensation	Male	Over 50

Proprietary Advisors

Name	Board Member Type	Sex	Age Group
Miguel Gil Zamorano	Owner	Male	Over 50
José Antonio Tricio Haro	Owner	Male	Over 50
Carlos Gerardo Valdes Bohigas	Owner	Male	Between 30 and 50
Ricardo Alberto Valdes Quintanilla	Owner	Male	Between 30 and 50
Salvador Vicente Álvarez Cruz	Owner	Male	Over 50
Juan Eduardo Gómez González	Owner	Male	Between 30 and 50
Genaro Macías Grageda	Owner	Male	Between 30 and 50
Eduardo Tricio Gómez	Owner	Male	Under 30
Carlos Villarreal Tricio	Owner	Male	Between 30 and 50
Juan Carlos Larrinaga Sosa	Owner	Male	Over 50
Marcelo Fulgencio Gómez Ganem	Owner	Male	Over 50
Carlos Guillermo Braña Rubio	Owner	Male	Over 50
José Manuel Tricio Cerro	Owner	Male	Over 50
Santiago Gómez Martín	Owner	Male	Over 50
Gerardo de Jesús González Dueñes	Owner	Male	Over 50
Agustín Felipe Cedillo Vela	Owner	Male	Over 50
Carlos Fernández Gómez	Owner	Male	Over 50
Eduardo Tricio Haro*	Owner	Male	Over 50

*Chairman of the Board of Directors does not hold an operational position within the company.

Relevant Executives [Member]

Name	Board Member Type	Sex	Age Group
Alberto Alfredo Arellano García	Owner	Male	Between 30 and 50
Manuel Alejandro Zenteno Sánchez	Owner	Male	Over 50
Antonio Hernández Astorga	Owner	Male	Over 50
Ana María Orozco Henao	Owner	Female	Between 30 and 50
Miguel Ángel Fuertes Bojorges	Owner	Male	Between 30 and 50
César De Los Santos Llamas	Owner	Male	Between 30 and 50
Raúl Mauricio Cameras Moreno	Owner	Male	Between 30 and 50
Arquímedes Adriano Celis Ordaz**	Owner	Male	Over 50

** Chief Executive Officer

Committee Compositions

2-9, 405-1

Advisory Committee ³³	Audit and Corporate Practices Committee	Evaluation and Compensation Committee	Finance, Planning and Sustainability Committee
Eduardo Tricio Haro*	Carlos Antonio Danel Cendoya*	Pablo Roberto González Guajardo*	Eduardo Tricio Gómez*
Pablo Roberto González Guajardo	Eduardo Tricio Haro	Carlos Antonio Danel Cendoya	Carlos Villarreal Tricio
Carlos Antonio Danel Cendoya	Pablo Roberto González Guajardo	Eduardo Tricio Haro	Carlos Antonio Danel Cendoya
Marcelo Fulgencio Gómez Ganem	*Chair	*Chair	Carlos Gerardo Valdés Bohigas
Juan Carlos Larrinaga Sosa			Juan Eduardo Gómez González
Carlos Villarreal Tricio			*Chair
Juan Eduardo Gómez González			
Arquímedes Adriano Célis Ordaz			

Initiatives and Partnerships

2-28

We know working together has a greater impact in any circumstance; therefore, we adhere to various national and international bodies and participate with public and private organizations as the best way to share our experience and learn from other institutional practices.

Business Organization Associations

Mexico

#	Business Guild	Acronym	Main Line of Business
1	National Association of Private Transport Users	ANTP	Transport
2	National Dairy Chamber	CANILEC	Dairies
3	Water Advisory Board*	CCA	Water
4	Mexican Business Council	CMN	Business strategy
5	National Agricultural Council	CNA	Food industry
6	Consejo Mexicano de la Industria de Productos de Consumo, A.C.	CONMEXICO	Consumer products
7	Association of SEDEC Santa Fe Residents	-	Neighborhood guild
8	Business Ecology and Commitment	ECOCE	Waste recycling
9	COPARMEX Laguna	COPARMEX	Labor
10	CANACINTRA Gómez Palacio	CANACINTRA	Industries
11	ESR Laguna Network	RED ESR	Social Responsibility
12	Centro Mexicano para la Filantropía, A.C.	CEMEFI	Social Responsibility
13	Mexican Meat Council	COMECARNE	Meat protein
14	National Association of TIF Establishments	ANETIF	Safety
15	National Chamber of the Transformation Industry (Legislative Liaison Commission)*	CANACINTRA	Food industry
16	Mexican Chapter of the International Dairy Federation	FIL Mexico	Regulations, sustainability and animal welfare
17	Round Table on Sustainable Livestock Mexico	MRGSM	Livestock sustainability
18	Business Coordination Council	CCE	Private sector guild
19	Metropolitan Coparmex	COPARMEX	Labor
20	Confederation of Industrial Chambers	CONCAMIN	Industrial sector guild
21	Union of Businessmen of the Industrial City of Torreón	UECITAC	Industrial park
22	Global Compact Mexico Network	GLOBAL COMPACT	Business sustainability

³³ It entered into force in 2023.

*We participated in these initiatives during 2022 but are no longer part of them in 2023.

#	Business Guild	Acronym	Main Line of Business
1	Brazilian Association of Food Industries	ABIA	Agricultural production
2	Brazilian Association of Queijos Industries	ABIQ	Cheese dairy farmers
3	Brazilian Dairy Association	VIVA LÁCTEOS	Dairy industry
4	International Life Sciences Institute	ILSI Brazil	Research Center
5	Milk Industries Union	SINDILEITE	Trade union
6	Federation of Commerce of the State of São Paulo	FECOMERCIO	Industries
7	Brazilian Association of Company-Customer Relations	ABRAREC	Business relations
8	American Chamber of Commerce	AMCHAM	Industries
9	Business Commitment to Recycling	CEMPRE	Waste recycling
10	Trade Union of the Dairy and Milk Products of the State of Rio Grande do Sul	SINDILATE	Trade union
11	Long Life Milk Association of Brazil	ABLV	Dairy industry
12	Dairy Industry Union of the State of Minas Gerais	SILEMG	Trade union


United States

#	Business Guild	Acronym	Main Line of Business
1	International Dairy Foods Association	IDFA	Dairy industry


Central America

#	Business Guild	Acronym	Main Line of Business
1	Dairy guild		Industries
2	Food guild		Industries
3	Ice cream guild		Industries
4	Guatemalan Standards Commission	COGUANOR	Regulations
5	Chamber of Commerce: Dairy Guild		Industries
6	Guatemalan-Mexican Chamber of Commerce and Industry	CAMEX	Industries
7	CODEX Alimentarius	CODEX	Food standards
8	Codex Nutrition Technical Committee	CODEX	Food standards
9	Codex Hygiene Technical Committee	CODEX	Food standards
10	Codex Pesticide Technical Committee	CODEX	Food standards
11	Codex Additives Technical Committee	CODEX	Food standards
12	Codex Additives Technical Committee	CODEX	Food standards
13	National Committee on Sanitary and Phytosanitary Measures	MSF	sanitary standards
14	Superior Council of Private Enterprise	COSEP	Industries
15	Chamber of Industries of Nicaragua	CADIN	Industries
16	Mexican-Nicaraguan Chamber of Industry and Commerce	CAMEXNIC	Industries
17	Association of Producers and Exporters of Nicaragua	APEN	Exportation
18	Nicaraguan Dairy Sector Chamber	CANISLAC	Dairy producers
19	National Livestock Commission of Nicaragua	CONAGAN	Dairy producers
20	Cooperativa Multisectorial de Lácteos	NICACENTRO	Dairy producers
21	Asociación de Ganaderos Cerro Alegre	ASOCIACIÓN CERRO ALEGRE	Dairy producers



Ethics and Compliance

3-3, 2-24

Our Code of Ethics (CoE) is the document that guides our behavior and decision-making processes at Grupo Lala. Our employees and stakeholders must all adhere to it. In 2021, we began a training process, which included signing our Code of Ethics, formalizing our commitment to 32,552 employees. In 2022, we continued the process with all the new hires to include 100% of the Group's employees.

We are committed to promoting an ethical, diverse and inclusive workplace culture and recognize that it is essential to achieving our long-term business goals and meeting our social and environmental responsibilities.

[Click here to read our Code of Ethics](#)

The Ethics Committee's main task is to promote the general application of the Code of Ethics at all levels across the organization and analyze, monitor and resolve—through the Reporting Channels—reports and cases of non-compliance.

These mechanisms are available to all groups related to Grupo Lala and seek to preserve ethical values within the company, so we must use these channels responsibly.

To safeguard our employees and the organization, all Lala personnel can report a breach of the Code of Ethics. These reports are handled confidentially and with full respect to avoid retaliation against those filing the claims.

2-16, 2-25, 2-26

Reporting Channels:

- 🌐 www.lineadedenuncia.com/lala
- ✉ lala@lineadedenuncia.com
- ☎ 800 112 0616 in Mexico

In addition, the CDE Mailbox supports people who work at Lala and have questions, queries or need advice about an ethical issue. The email address is comite.etica@grupolala.com. This mailbox provides guidance on the following:

- Ethical labor dilemmas.
- Behavior before making a decision.
- Interpretation of any section of the Code of Ethics.
- Questions regarding conflicts of interest.

To guarantee that the groups involved with the organization comply with the Code of Ethics, we carry out the following actions:

- Signature and knowledge of the CoE.
- Recurring campaigns on values and culture of legality with videos and infographics on ethical issues.
- Policy and regulations of the Ethics and Research Committee.
- Confidentiality protocols for investigations and ethics clearances (investigations about sexual harassment).
- Dissemination, access and correct use of the complaint channel (physical in workplaces and electronic).
- Electronic repository of ethical issues.
- Assurance procedure for the application of disciplinary measures.
- Mandatory and constant training aimed at all stakeholders on ethics, the culture of legality, human rights, diversity and inclusion, prevention of workplace harassment, anti-corruption, prevention of fraud and money laundering, protecting personal information, and environmental protection, among others.

205-2



100% of our employees have received training on the Code of Ethics and anti-corruption practices



Ranked 13 in Mexico among companies with the best Ethics and Governance reputation in Merco ranking 2022

2-24, 205-3

We recorded the following results from our Reporting Channels in 2022 compared to 2021:

- 1.4% increase in complaints.
- 13% decrease in complaints related to non-compliance with processes.
- 6% increase in complaints related to ethical aspects.
- 4% more of the complainants provided their names.

To promote integrity across the company, we established a global employee training program and an ethics and integrity program for leaders. We also created a protocol for cases of sexual harassment, designed an infographic, and launched an improved system for signing conflicts of interest disclosures. We created these initiatives to improve our control of the Code of Ethics and promote a culture of legality within our organization.

A member of the Ethics Committee delivers the ethics and integrity program for leaders. These activities are carried out in person and review what ethical practices are like in our daily lives to prevent unethical situations that could imply legal consequences for our employees and Lala.

The program's main topics are as follows:

- Difference between ethics and morals.
- Context of the implication of a Code of Ethics.
- Decision-making model for ethical dilemmas.
- Practical cases of unethical decisions in other companies and their consequences.
- Prevention of workplace and sexual harassment.
- Tools to improve dealing with your team.
- Structure, operation and monitoring of the Ethics Committee.

As an additional action related to our ethics training programs, 2022 was the first year in which Grupo Lala worked hand in hand with the Mexico United Against Crime Association and the Mexican Business Council to implement 115 licenses of the Culture of Legality course for Champions (employees selected to take the course because of their ethical development within the company) and for "critical sites" needing to reinforce the culture.

Similarly, we strengthened the confidentiality, ethics and values protocols by offering various training courses and updating our Code of Ethics. We are also working to involve senior management in programs that promote a shared ethical culture and are implementing training sessions in commercial areas.

Raising awareness about diversity is one of our short, medium and long-term objectives; therefore, we work to adapt diversity messages to the operation to ensure that relevant cultural issues harmonize with the organization's core values.



Cybersecurity, information management and asset security

418-1

FN-CB-230a.2, FN-CF-230a.3

In 2022, we continued to practice the 2021-2024 Cybersecurity Strategy that seeks to safeguard the information of our operations and customers' personal information. For this, we have a set of policies that support our duty to protect sensitive data as follows:

- Security Policy in the Use of IT Services and Information Management.
- VPN (Virtual Private Network) Use Policy.
- IT Services, User Account, and Password Policy.
- Mobile Security Policy for Devices and/or Remote Work.
- Policy for Access to IT Services by external personnel.
- Cybersecurity Reporting Procedure.
- Instructional Incident Report.

We ran internal campaigns about specific concerns and conducted regular ethics drills³⁴ to reinforce our global cybersecurity culture. All new hires must take a course in IT security.



+250 people attended the ULALA Cybersecurity Week events



87.6% of all Lala employees completed the cybersecurity course on the talent platform

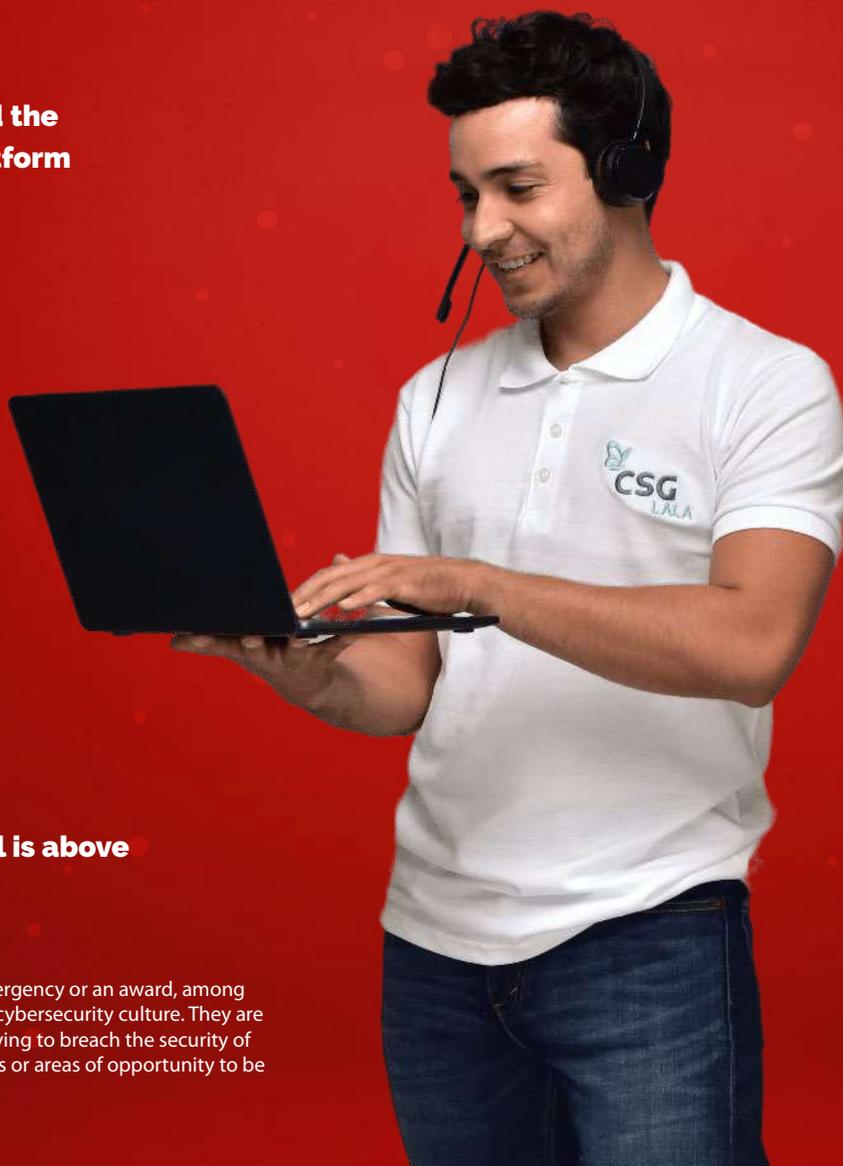
In 2022, the main actions carried out to identify and address data security risks were as follows:

- USB storage device lock management.
- Enabling monitoring and response to SIEM Incidents.
- Definition and implementation of Information Labeling.
- Threat intelligence and response.
- Comprehensive vulnerability management (premises and cloud) and their respective remediation processes.
- Continuation of actions and resilience and business continuity plan.
- Enabling MAM, MDM and EMM for EndPoint devices and application management.
- Response to internal and external incidents.
- Business continuity and resilience.
- Secure code analysis.



Our Information Security maturity level is above the industry average in Mexico

³⁴ Cybersecurity Attack Drills. For example: false emails simulating an emergency or an award, among other topics, to measure the level of awareness of the staff and the users' cybersecurity culture. They are called ethical or PenTests because they are executed by ethical hackers trying to breach the security of the computer system. They are authorized by Lala to look for security gaps or areas of opportunity to be corrected before the company falls victim to a cyberattack.



We identify the risks and preventive and improvement actions regarding Lala's cybersecurity. The main information security challenges and achievements we have been on are as follows:

- 10% decrease in the number of phishing victims.
- The enabling of six new security shields: device management, advanced antimalware, O365 Information, Identities, CleanPipes and SASE F1.
- Preparing and updating regulatory documents (Classification, Identities, Navigation, Access to the network, Mobile devices and social media, among others).
- Safety Committee with key players, in sync with business priorities.
- Ongoing campaigns, courses, events, communications, agreements with ULALA, Human Resources and leaders.
- 100% closure of gaps due to insecure protocols and obsolescence.
- Patch distribution at 80% (VS 30%) in 15 days.
- Antimalware standardization in the USA.
- Blocking new threats (~3-5 per week).
- Managed SOC/ERI integration.
- All Distribution Centers migrated to the cloud (140).

In 2022, the Asset Security Department conducted 681 specialized investigations, 126 responding to ethical complaints, 69 at the Sales Department's request, and an additional 486 cases requested by different users such as plants, quality, and the Customer Service Department. We also conducted 5,493 surprise inspections of our delivery routes.

In addition, we prepared 183 vulnerability analyses for different facilities nationwide (Distribution Centers, plants, warehouses, and offices). We inspected 1,843 route exits in different Distribution Centers in Mexico and addressed 1,808 theft events, investigating the veracity of the facts and assisting employees in filing the corresponding criminal complaints.

We executed 1,808 shrinkage checklists on sales routes and Distribution Center warehouses. We conducted 590 nightly inspections at different facilities to verify adherence to current policies and procedures and filed 174 criminal complaints with the corresponding authorities against the parties allegedly responsible for having committed illegal acts affecting the company's assets.



58,316 employees took the Induction Course on Asset Security



756 MSPV Security Guards trained on service instructions in different facilities

Risk Atlas

3-3

In 2022, our Property Security team prepared and published our Risk Atlas, a tool that seeks to safeguard people's life and physical integrity, together with the assets and infrastructure of Grupo Lala, as well as the environment. of the communities in which we operate. The Atlas aims to provide a consultation instrument to generate actions to prevent and mitigate risks and contribute to sound business decision-making processes.

It contains the risks by phenomenon, cause and location within the territory in which we carry out our operations. It also notes the vulnerability of people, assets, infrastructure and environmental hazards. It also contemplates measures and recommendations to mitigate each risk or reduce its effects and/or the probability of occurrence.

Certifications and Recognitions

Grupo Lala has earned several awards and recognitions because of its outstanding work focused on Environmental, Social and Corporate Governance aspects. We continue working together to meet our goals with all team players.

Corporate Governance

- IC500 2021 Ranking with a 90.20/100 score on the Business Integrity Index.
- YouGov ranked Grupo Lala among the Top Ten in the Global Best Brands Rankings 2022.
- It ranked 12 out of 100 in the general MERCO reputation ranking of the most responsible companies in 2022 and 13 at the ethics and governance level.
- Ranked Fourth in the MERCO Ranking of companies with the best ESG reputation in the food sector.
- Top 10 in the Corporate Reputation ranking by Summa magazine, the leading business publishing group in Central America and the Caribbean.

Environment

- Clean Transportation Award for the fourth year in a row by the Secretariat of Environment and Natural Resources, SEMARNAT, in Mexico.
- SEMARNAT awarded five plants Clean Industry certifications.
- Four factories were awarded Clean Industry Certifications by the Office of the Federal Attorney General for Environmental Protection, PROFEPA, in Mexico.
- We were ranked 26 among the best 100 national companies in the MERCO ESG Responsibility ranking for our actions related to the environment.
- We ranked 15 in the general MERCO ranking of environmentally responsible companies.
- All of our long-life packaging suppliers in Brazil are FSC certified.
- Recognition of the Friend of Recyclers Seal 2022.



Quality

- Four certified products: Whole Pasteurized Organic 1 liter, Organic UHT Lactose-Free 1 liter, Whole Organic UHT 1 liter, Organic Lactose-Free 1 liter.
- All of our products are SQF certified.
- SQF Safety-Quality recertification of our 13 factories in Mexico, with Excellent scores.
- Our meat plant is TIF-certified.
- 93% of supplier facilities are certified by a Global Food Safety Initiative (GFSI) food safety program.
- 82.2% of ingredients supplied from production facilities are GFSI-certified.
- GFSI certifications of all our products in Mexico.
- 13 food factories are endorsed by the GFSI: 12 dairy and one meat plant.
- Ten factories in Mexico are Kosher certified.
- Lala® and Nutri® are positioned as the third and fifth most popular consumer product brands in Mexico, respectively, according to the Kantar World Panel.
- Ranked 12 in the MERCO ESG Customers and Society category.
- Ranked 4 in the MERCO ESG Food Responsibility category.
- Lala was ranked as the brand most selected in the dairy industry in the Brand Footprint Mexico 2022 ranking published by the Kantar World Panel, ranking third among mass consumption brands.
- Two factories in the US maintain their SQF Level 3 certifications.
- Two factories in Central America maintain their SQF Level 2 Safety Certifications.
- Two plants in Brazil have BRC certifications recognized by the GFSI.
- Top of Mind Award for Vigor Greek and Vigor Curd.
- Gold Award for Parmesan Blue Belt Cheese and Super Gold for Gorgonzola Blue Belt at the World Cheese Contest.

Social Responsibility and Human Capital

- Grupo Lala has been awarded a Socially Responsible Business Distinction 17 years in a row.
- Éntrale Distinction for the fourth year in a row. Top Three among 200 companies.
- Ranked 12 by MERCO ESG Responsibility 2021 Index of 100 Most Responsible Companies Known for Good Practices.

Health & Safety

- 15 Distribution Centers and 12 factories are enrolled in the Self-Management Program run by the Secretariat of Social and Labor Welfare (STPS) in Mexico.
- 17 factories and 139 Distribution Centers comply with the health security guidelines issued and evaluated by the Mexican Institute of Social Security (IMSS) and the STPS.

About This Report

2-3, 2-4

We publish our Sustainability Report aligned with the guidelines and standards established by the Global Reporting Initiative (GRI) to disclose our most relevant results in Environmental, Social and Governance (ESG) matters corresponding to the January 1 through December 31, 2022 reporting period.

Under the GRI requirements, we updated the contents GRI 1: Foundation 2021, GRI 2: General Disclosures 2021 and GRI 3: Material Topics 2021.

The topics reported were determined per our updated Materiality Analysis described below. All information published is collected through transparent processes to ensure the quality of the information.

We continue to report in accordance with the Sustainability Accounting Standards Board (SASB) and select the standards that are most closely related to our material topics and the industry to which we belong according to the Sustainable Industry Classification System (SICS): Meat, Poultry and Dairy (FB-MP); Processed Foods (FB-PF); and Food Retailers and Distributors (FB-FR). Thus, we provide more information on sustainability issues with a focus on investors.

We ratify our commitment to contributing to the United Nations Sustainable Development Goals and the ten principles of the UN Global Compact.

The data reported in this document are a follow-up to the 2022 Annual Report published on June 1, 2023.



Contact the following for further details about this report:

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Materiality

3-1, 3-2, 3-3

In May 2022, we updated our Materiality Analysis to identify actual and potential topics and impacts, as well as positive and negative impacts on economic, social, environmental, ethical, and human rights matters. We thus generate a stronger impact and create long-term value inside and outside the organization and for our stakeholders.

We completed a sectoral benchmark to identify how stakeholders have influenced sustainability trends in the market. Our double materiality is based on analyzing the internal information provided from Grupo Lala concerning our Sustainability Model, relevant business topics and the priority indicators to achieve our objectives of each division and ESG operating subcommittee.

We also incorporated stakeholders such as companies in the sector, regulators, opinion leaders, suppliers and consumers, analyzing sustainability and financial reports and public information from recent years. Regarding investors, rating agencies and the media, the level of disclosure of each material topic was included per the GRI and SASB requirements established for the related sectors.

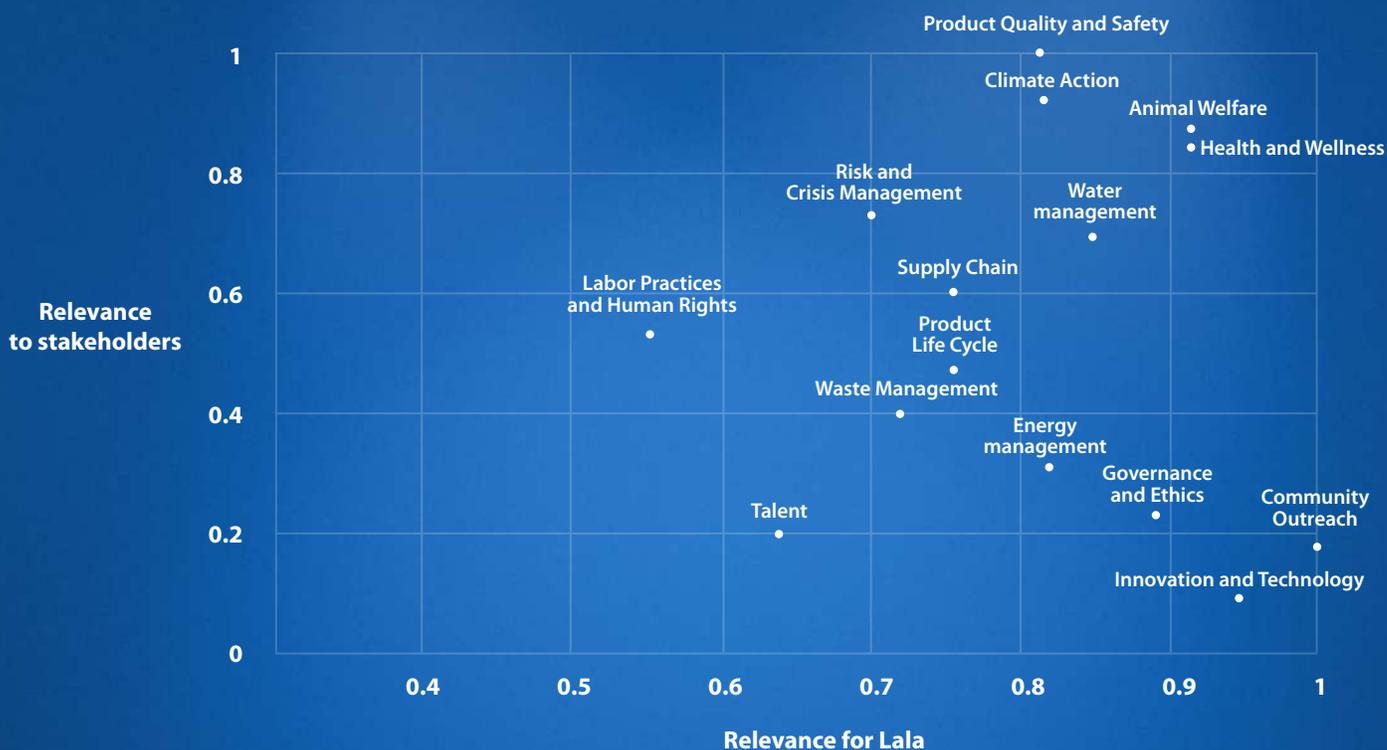
As part of our monitoring efforts to validate if our 2030 strategy has been effective, we answer questionnaires and participate in sustainability indices voluntarily. In 2022, we improved our rating and recertified our environmental, social and governance operations per recognition programs. We also continued to participate in domestic and international business forums to present the results of our strategy, trend-tracking activities, and our stakeholders' requirements.

We were evaluated against 83 performance indicators in the following categories: social, governance, environmental and management to determine our compliance with these topics, classify our outstanding performance topics, and identify the main topics with room for improvement.

We thus identified 15 material topics prioritized by their importance and impact (real or potential) inside and outside Lala.

Updated List of Material Topics:

- | | | |
|--------------------------------|-------------------------------|---------------------------------------|
| 1) Product Quality and Safety. | 6) Climate Action. | 11) Product Life Cycle. |
| 2) Health and Wellness. | 7) Community Outreach. | 12) Energy management. |
| 3) Animal Welfare. | 8) Supply Chain. | 13) Waste management. |
| 4) Water Management. | 9) Innovation and Technology. | 14) Labor practices and human rights. |
| 5) Risk and Crisis Management. | 10) Governance and Ethics. | 15) Talent. |



We will use our Sustainability Model to monitor and ensure compliance with our ESG objectives under Grupo Lala's three key pillars.

Stakeholder Relations

2-29

The ESG Operating Committee and its multidisciplinary subcommittee teams integrate and analyze sustainability business risks and opportunities monthly. The update of our material topics also updates all data related to our stakeholders.

The consequences of failing to comply with each interest group's commitments or expectations (impact) consider the following aspects:

1. Presence in the organization.
2. The existence or not of a contractual relationship with Grupo Lala.
3. If there is a committed relationship with Lala or the organization must be accountable to the interest group for its actions.
4. If the interest group directly impacts the company's internal or external economy.



We work with our interest groups and their specific ESG interests to offer them transparent and open communication channels. In this way, our Board of Directors, the Committees and the Group's Divisions create links with each one and comply with the ethical, legal, social and environmental standards everywhere we operate.

Updated Stakeholder Table

Interest Group	Type	Description	Communication Channel	Key Material topics	Attention Priority
Collaborators	Internal	Everyone working for Grupo Lala and its subsidiaries worldwide: Mexico, United States, Central America, and Brazil.	Intranet and internal networks Email Code of Ethics Channel Talent Suite Human Resources	2. Health and Wellness 5. Risk and Crisis Management 7. Community Outreach 10. Governance and Ethics 13. Labor Practices and Human Rights 14. Talent	PRIORITY
Shareholders, investors and directors	Internal	Shareholders participating in any Grupo Lala company or subsidiary.	Board of Directors Personal Contact Email Specific Work Groups Forums or Public Events	1. Product Quality and Safety 2. Health and Wellness 3. Animal Welfare 4. Water Management 5. Risk and Crisis Management 6. Climate Action 7. Community Outreach 8. Supply Chain 9. Innovation and Technology 10. Governance and Ethics 11. Product Life Cycle 12. Waste Management 13. Labor Practices and Human Rights 14. Talent 15. Energy Management	PRIORITY
Financial Community	Internal	Potential investors and members of the financial community, advisers and banks	Personal Contact Email Specific Working Groups Forums or Public Events	5. Risk and Crisis Management 10. Governance and Ethics	POTENTIAL ALLIES
Consumer Public	External	Buyers or end users of Grupo Lala products	Social Media Contact Center Website Public Events Email	1. Product Quality and Safety 2. Health and Wellness 3. Animal Welfare 6. Climate Action 7. Community Outreach 11. Product Life Cycle	PRIORITY

Interest Group	Type	Description	Communication Channel	Key Material topics	Attention Priority
Cientele	External	Business and potential customers distributing the Group's products to consumers	Social Media Contact Center Personal Contact Website Public Events Email	1. Product Quality and Safety 3. Animal Welfare 8. Supply Chain 9. Innovation and Technology 11. Product Life Cycle	PRIORITY
Value Chain: Suppliers and Subcontractors	External	Supplies and material distributors, service providers, and companies subcontracted by the Group	Personal Contact Email Forums or Public Events Specific Working Groups	1. Product Quality and Safety 3. Animal Welfare 4. Water Management 5. Risk and Crisis Management 6. Climate Action 8. Supply Chain 9. Innovation and Technology 12. Waste Management 15. Energy Management	PRIORITY
Impact Communities	External	Municipalities and towns housing the Group's work centers: town halls, community leaders, local representatives	Social Media Contact Center Website Personal Contact Forums or Public Events Email	1. Product Quality and Safety 2. Health and Wellness 6. Climate Action 7. Community Outreach	PRIORITY ATTENTION
Civil Societies	External	Public opinion organizations, educational and academic institutions, trade unions, associations, NGOs, and international organizations	Social Media Contact Center Website Personal Contact Forums or Public Events Email	1. Product Quality and Safety 2. Health and Wellness 3. Animal Welfare 4. Water Management 5. Risk and Crisis Management 6. Climate Action 7. Community Outreach 8. Supply Chain 9. Innovation and Technology 10. Governance and Ethics 11. Product Life Cycle 12. Waste Management 13. Labor Practices and Human Rights 14. Talent 15. Energy Management	POTENTIAL ALLIES
Business Sector	External	The competition, business allies, industries in different sectors	Personal Contact Email Forums or Public Events Specific Working Groups	1. Product Quality and Safety 2. Health and Wellness 3. Animal Welfare 4. Water Management 5. Risk and Crisis Management 6. Climate Action 7. Community Outreach 8. Supply Chain 9. Innovation and Technology 10. Governance and Ethics 11. Product Life Cycle 12. Waste Management 13. Labor Practices and Human Rights 14. Talent 15. Energy Management	POTENTIAL ALLIES
Collective Unions and Trade Unions	External	Trade unions, collective associations or employee representatives	Personal Contact Email Specific Working Groups	2. Health and Wellness 5. Risk and Crisis Management 7. Community Outreach 10. Governance and Ethics 13. Labor Practices and Human Rights 14. Talent	KEEP INFORMED
Regulators	External	Government entities, business oversight bodies, secretariats or agencies	Personal Contact Email Forums or Public Events Specific Working Groups	1. Product Quality and Safety 2. Health and Wellness 3. Animal Welfare 4. Water Management 6. Climate Action 10. Governance and Ethics 11. Product Life Cycle 12. Waste Management 13. Labor Practices and Human Rights 15. Energy Management	KEEP SATISFIED
Business Partners	External	Permanent Joint ventures, partnerships or strategic short, medium and long-term associations	Personal Contact Email Specific Working Groups Forums or Public Events	1. Product Quality and Safety 2. Health and Wellness 3. Animal Welfare 4. Water Management 5. Risk and Crisis Management 6. Climate Action 7. Community Outreach 8. Supply Chain 9. Innovation and Technology 10. Governance and Ethics 11. Product Life Cycle 12. Waste Management 13. Labor Practices and Human Rights 14. Talent 15. Energy Management	POTENTIAL ALLIES
Media Outlets	External	National and international news channels	Personal Contact Email Website Specific Working Groups Social Media Announcements and newsletters	1. Product Quality and Safety 2. Health and Wellness 3. Animal Welfare 4. Water Management 5. Risk and Crisis Management 6. Climate Action 7. Community Outreach 8. Supply Chain 9. Innovation and Technology 10. Governance and Ethics 11. Product Life Cycle 12. Waste Management 13. Labor Practices and Human Rights 14. Talent 15. Energy Management	KEEP INFORMED

Annex 1. Board Member Bios

2-9

Company Advisors

Independent

González Guajardo Pablo Roberto

Appointment Date: 2022-04-14

Tenure	Position	Time working at the Issuer (years)
2022-04-14 through 2023-04-14	None	9

Additional Information

Pablo González is a graduate of the Escuela Libre de Derecho with an MBA from Stanford University. He is CEO and member of the Kimberly-Clark de México Board of Directors, a leading consumer products company. He also sits on the Boards of Directors of América Móvil, Grupo Sanborns, NPF/EUPAC/NW Funds, AMF/ICA/AMCAP/GBAL Funds and CGPCS/GIF/IVE/EMGF Funds of the American Funds of Capital Group and The Conference Board. Mr. González is also part of the Advisory Board of GE International Mexico and the International Advisory Council of The Brookings Institution. He is a founding member of Mexicanos Primero, president of the Education Commission of the Business Coordinating Council, he is a founding member of México, ¿Cómo Vamos? and chairs the UNETE's Council of the City and the State of Mexico, as organizations seeking to improve the quality of education and economic results in Mexico. He is also a founding partner of the Alliance for the City, which strives to make Mexico City one of the world's most inclusive and innovative cities.

Carlos Antonio Danel Cendoya

Appointment Date: 2022-04-14

Tenure	Position	Time working at the Issuer (years)
2022-04-14 through 2023-04-14	None	3

Additional Information

Mr. Danel is a Universidad Iberoamericana graduate with a master's degree in Business Administration from the IPADE Business School. He has completed microfinance programs at The Economic Institute in Boulder, CO, in the USA and taught at various universities such as Harvard Business School. He currently serves as Chairman of the Board of Directors of Genera, S.A.B. de C.V. and is a member of the board of Banco Compartamos, S.A., a full-service banking institution. He has more than 25 years of experience in microfinance and business.

Relevant Directors [Member]

Alberto Alfredo Arellano García

Appointment Date: 2016-01-08

Tenure	Position	Time working at the Issuer (years)
Undefined	Vice President of Administration and Finance	3

Additional Information

Alberto has served as CFO for Grupo Lala for six years. With more than 25 years of experience in consumer goods issuers in multiple countries, including Russia, Belgium, France, Venezuela and the United States, he has worked in companies such as Danone, Procter & Gamble and more recently as Director of Finance at Microsoft Mexico. He is known for his experience in M&As, Strategy and Business Intelligence projects, and SAP implementations. He has a degree in Industrial Engineering and a Master's Degree in Business Management Engineering from Universidad Anáhuac in Mexico and has completed Senior Management studies at the IPADE and Wharton University in the USA.

Manuel Alejandro Zenteno Sánchez

Appointment Date: 2016-01-08

Tenure	Position	Time working at the Issuer (years)
Undefined	Vice President of Human Resources	8

Additional Information

He has extensive professional experience of more than 26 years in Human Resources management in companies in the consumer sector, such as PepsiCo, Industrias ALEN, Sabritas, PepsiCo International, KidZania, and Alsea. He has held positions such as Director of Human Resources for the Sales and Manufacturing areas, Director of Strategic Planning for Human Resources, Director of Organizational Development and Training, Director of Cultural Transformation and Director of Human Resources in Mexico and Latin America. Mr. Zenteno has also worked as an independent consultant and lecturer on human resources. He has a degree in Psychology from the Popular Autonomous University of the State of Puebla and a Master's Degree in Public Image from the College of Public Image.

Antonio Hernández Astorga

Appointment Date: 1984-01-05

Tenure	Position	Time working at the Issuer (years)
Undefined	39	39

Additional Information

He has more than 30 years of experience at Grupo Lala. He has served as Technical and Operations Director at Lala since 1984, where he has assumed various challenges and several areas, such as the Packaging, Technical, and Production Departments. He previously served as Production Superintendent and Technical Corporate Advisor of Grupo Continental (a Coca-Cola Company bottler) and Technician at the Federal Electricity Commission. He is an Electrical Engineer with a degree in Executive Management and a Master's Degree in Administration from the Laguna Campus of the TEC de Monterrey.

Ana María Orozco Henao

Appointment Date: 2019-07-01

Tenure	Position	Time working at the Issuer (years)
Undefined	Regional Director for Central America	4

Additional Information

Ana María has over 20 years of experience developing corporate strategies in mass consumption companies. Her successful career spans a ten-year tenure at Unilever, where she held several positions in the commercial and marketing areas, including the Trade Marketing Department, after spending 11 years at SABMiller, where she led the non-alcoholic beverage business unit. After the merger between SABMiller and Anheuser-Busch InBev, she directed the corporate brand and social responsibility strategies. In addition to directing Grupo Lala's business in Central America and the Caribbean, Ana María is a member of the Board of Directors of the Chamber of Commerce of Guatemala. Her academic training includes a degree in Business Administration and a specialization in Strategic Marketing from the Colombian College of Higher Education Studies (CESA), in addition to completing leadership and business programs in different countries.

Miguel Ángel Fuertes Bojorges

Appointment Date: 2019-02-01

Tenure	Position	Time working at the Issuer (years)
Undefined	Vice President, Commercial and New Business	8

Additional Information

He has an Industrial and Systems Engineering Degree from the TEC de Monterrey, specializing in Quality Systems. He has a Master's in Business Administration specializing in Strategic Retail Alliances from the Sam M. Walton College of Business in the USA and the Consortium of Management and Business Analysis in Italy. He completed the General Management program at Harvard University (USA) and has specialties and certifications in Marketing, Efficient Consumer Response, Negotiation, and Digital Transformation, among others. He acquired extensive experience of more than 20 years in mass consumption before joining Grupo Lala by working at Procter & Gamble, where he held leadership positions in different functions and geographies, including the United States, Central America and the Southern Cone. His experiences include brand development and marketing, distribution models for different markets and channels, creating and launching new products and categories, managing multifunctional and multicultural teams, optimizing revenue management processes, strategic plan designs, and developing commercial relations. He has spent six years at Grupo Lala, serving in different positions, including Vice President of National Sales and the Dairy Products Business Unit Vice President. He currently serves as Commercial and New Business Vice President, in charge of our foray into the Cold Meats business.

César De Los Santos Llamas

Appointment Date: 2019-02-01

Tenure	Position	Time working at the Issuer (years)
Undefined	Vice President Sales Retail Channel and Supply Chain	20

Additional Information

César has spent close to 20 years at Grupo Lala, where he has held practically all the relevant positions across the company's supply chain: He was Head of General Cargo Traffic at SETYLSA (April 2003 to May 2006), Transportation Module Leader for SAP implementation (May 2006 to December 2007), Logistics and Services Manager in the Western Zone (January 2008 to February 2010), Regional Sales Manager in the Mexico City Greater Metropolitan Area, VDM (March 2010 through 2011), LACSA Corporate Sales Manager (October 2011 through June 2013), and Commercial Director of the Northern Zone (July 2013 to July 2018), Supply Chain Director (August 2018 through February 2019), and currently serves as Vice President of Sales in the Traditional Channel. He has a degree in Electronic Systems Engineering and a Master's Degree in Administration from the Monterrey Campus of the TEC de Monterrey.

Raúl Mauricio Cameras Moreno

Appointment Date: 2021-09-20

Tenure	Position	Time working at the Issuer (years)
Undefined	Legal Director	1.5

Additional Information

Raúl has a Law Degree from Universidad Panamericana and a sound background as a lawyer in renowned law firms and national and international consumer companies. During his career in the commercial field, he served as the regional lawyer for Colgate Palmolive and as General Counsel and Compliance Officer for Mexico, Central America and Colombia at Danone.

Arquímedes Adriano Célis Ordaz

Appointment Date: 2020-12-12

Tenure	Position	Time working at the Issuer (years)
Undefined	Managing Director	22

Additional Information

Mr. Célis has over 40 years of experience in general management, marketing, sales and operations. He is an industrial engineer. Mr. Célis joined Lala in 2001, serving as Managing Director until early 2015. Between 1994 to 2001, Mr. Célis served as Managing Director of Bachoco, S.A.B. de C.V., when he led the company's initial public offering in 1997. Mr. Célis also served as Managing Director at Barcel, SA de CV, a subsidiary of Grupo Bimbo, SAB de C.V., a company he was part of for over 20 years.

Annex 2. Subsidiaries

• Entities included in the Sustainability Report

Lala Administración y Control, S.A. de C.V.

Servicios Especializados de Transporte y Logística, S.A. de C.V.

Lala Torreón, S.A. de C.V.

Lala Monterrey, S.A. de C.V.

Lala Arrendadora Monterrey, S.A. de C.V.

Lala México, S.A. de C.V.

Lala Arrendadora México, S.A. de C.V.

Lala Acapulco, S.A. de C.V.

Lala Guadalajara, S.A. de C.V.

Lala Mazatlán, S.A. de C.V.

Lala Sureste, S.A. de C.V.

Ultra Lala, S.A. de C.V.

Lala Derivados Lácteos, S.A. de C.V.

Comercializadora de Lácteos y Derivados, S.A. de C.V.

Mexilac, S.A. de C.V.

Lala Servicios y Procesos Globales, S.A. de C.V.

Leche Bell, SA de CV (share method)

Trax Llantas, S.A. de C.V.

Fundación Grupo Lala, A.C.

Lala Elopak, S.A. de C.V. (share method)

Envases Elopak, S.A. de C.V.

Innovación en Alimentos, S.A. de C.V.

Comercializadora y Distribuidora del Noreste, S. de R.L. de C.V.

Lala Centroamérica, S.A. de C.V.

GRI Content Index

Grupo LALA has reported in accordance with the GRI Standards for the period January 1 to December 31, 2022.

GRI 1	GRI 1: Foundation 2021
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GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation

GRI 2: General Disclosures 2021

1. The organization and its reporting practices

2-1	Organizational details	p. 4-5 a. Grupo Lala, S.A.B. de C.V. b. Sociedad Anónima Bursátil de Capital Variable por acciones. c. Calzada Carlos Herrera Araluce número 185, Parque Industrial Carlos A. Herrera Araluce, C.P. 35079, Gómez Palacio, Durango. d. 5 countries: Mexico, Brazil, Guatemala, Nicaragua and United States.			
2-2	Entities included in the organization's sustainability reporting	p. 80			
2-3	Reporting period, frequency and contact point	p. 73 a. Annual. b. The financial reporting is annual and reports from January 1 to December 31, 2022.			
2-4	Restatements of information	p. 16, 73 i and ii. No restatements of information from previous reporting periods were presented.			
2-5	External assurance	Our sustainability report is not subject to any external verification.			

2. Activities and workers

2-6	Activities, value chain and other business relationships	p. 4-5, 7-9, 17-19			
2-7	Employees	p. 46-49			
2-8	Workers who are not employees	p. 49			

3. Governance

2-9	Governance structure and composition	p. 64-65, 77-80			
2-10	Nomination and selection of the highest governance body	Our Board of Directors is currently composed of 9 directors and a secretary who is not a member of the Board of Directors. Each director is elected for a term of one year, may be reelected and must remain in office until his or her successor has been elected and takes office. The directors are elected by the shareholders at the Annual Meeting. All current directors were elected and/or ratified in their positions at the Annual General Meeting of Shareholders held on April 14, 2022. As of this date, no alternate directors have been appointed. Pursuant to the Mexican Securities Market Law and our bylaws, at least 25% of the directors must be independent, and such independence is qualified by the Shareholders' Meeting that appoints them. For further information: https://www.lala.com.mx/storage/app/media/Reportes%20anuales/Reporte%20Anual%202022.pdf p. 156			
2-11	Chair of the highest governance body	Eduardo Tricio Haro, Chairman of the Board of Directors, only holds this position and does not hold any other executive position within the organization.			
2-12	Role of the highest governance body in overseeing the management of impacts	p. 62-63			

2-13	Delegation of responsibility for managing impacts	p. 13, 62-63			
2-14	Role of the highest governance body in sustainability reporting	p. 62-63 We have strong ESG governance, which has been fundamental to integrating our sustainability strategy into our day-to-day operations. Lala's environmental, social and corporate governance practices have been intrinsic to its corporate purpose since its inception more than 70 years ago. In an effort to strengthen these practices, the ESG Operating Committee was created in the last quarter of 2020. This Committee is comprised of the leaders of each business function. This Committee reports to the Board of Directors through its Finance and Sustainability Committee.			
2-15	Conflicts of interest	In the ordinary course of our business, we engage in, and in the future may engage in, various transactions with our shareholders and with companies owned or controlled by, directly or indirectly, the Issuer or our controlling shareholders, subject to the approval of the Board of Directors. In addition, pursuant to our by-laws and the Mexican Securities Market Law, relevant transactions with related parties are reviewed by our Audit and Corporate Practices Committee, which is comprised of independent members. Furthermore, in accordance with the Mexican Corporate Law, a shareholder who has an interest in a specific transaction that is contrary to that of the Issuer, either on its own behalf or on behalf of another party, must abstain from any deliberation related to such transaction. The shareholder who contravenes this provision will be liable for damages when without his vote the majority necessary for the validity of the determination would not have been achieved. For further information: https://www.lala.com.mx/storage/app/media/Reportes%20anuales/Reporte%20Anual%202022.pdf p. 152-155, 176			
2-16	Communication of critical concerns	p. 67			
2-17	Collective knowledge of the highest governance body		a	Information unavailable	Responses for this content are being consolidated for future reports
2-18	Evaluation of the performance of the highest governance body		a, b, c	Information unavailable	Responses for this content are being consolidated for future reports
2-19	Remuneration policies		a, b	Confidentiality constraints	As this is sensitive information, it is not possible to disclose this data
2-20	Process to determine remuneration	The compensation of the directors and members of the Issuer's Committees is determined by the Ordinary General Assembly of Shareholders of LALA. We have established that each member of the Board of Directors will be paid an emolument equivalent to two centenarians, for each meeting of the Board or Committee that they attend, in addition to being granted insurance for major medical expenses for them and their direct family members. For more information: https://www.lala.com.mx/storage/app/media/Reportes%20anuales/Reporte%20Anual%202022.pdf p. 156-157			
2-21	Annual total compensation ratio		a, b, c	Confidentiality constraints	As this is sensitive information, it is not possible to disclose this data

4. Strategy, policies and practices					
2-22	Statement on sustainable development strategy	p. 3			
2-23	Policy commitments	p. 51-52, 54, 57			
2-24	Embedding policy commitments	p. 11-12, 51-52, 54, 62-63, 67-68			
2-25	Processes to remediate negative impacts	p. 67			
2-26	Mechanisms for seeking advice and raising concerns	p. 67			
2-27	Compliance with laws and regulations		a, b, c, d	Confidentiality constraints	As this is sensitive information, it is not possible to disclose this data
2-28	Membership associations	p. 65-66			
5. Stakeholder engagement					
2-29	Approach to stakeholder engagement	p. 75-76			
2-30	Collective bargaining agreements	p. 49			
GRI 3: Material Topics 2021					
2. Disclosures on material topics					
3-1	Process to determine material topics	p. 74			
3-2	List of material topics	p. 74			
3-3	Management of material topics	p. 11, 74			
GRI Topic Standards					
Environmental					
Animal Welfare					
GRI 3: Material Topics 2021					
3-3	Management of material topics	p. 31			
Climate Action					
GRI 3: Material Topics 2021					
3-3	Management of material topics	p. 20-21			
GRI 201: Economic Performance 2016					
201-1	Direct economic value generated and distributed	p. 15			

GRI 305: Emissions 2016					
305-1	Direct (Scope 1) GHG emissions	p. 21-22			
305-2	Energy indirect (Scope 2) GHG emissions	p. 21-22			
305-4	GHG emissions intensity	p. 22			
305-5	Reduction of GHG emissions	p. 22			
Water Management					
GRI 3: Material Topics 2021					
3-3	Management of material topics	p. 23			
GRI 303: Water and Effluents 2018					
303-2	Management of water dischargerelated impacts	p. 23, 25			
303-3	Water withdrawal	p. 24			
303-4	Water discharge	p. 24			
303-5	Water consumption	p. 24			
Product Life Cycle					
GRI 3: Material Topics 2021					
3-3	Management of material topics	p. 27			
Energy Management					
GRI 3: Material Topics 2021					
3-3	Management of material topics	p. 26			
GRI 302: Energy 2016					
302-1	Energy consumption within the organization	p. 26			
302-4	Reduction of energy consumption	p. 26			

Waste Management					
GRI 3: Material Topics 2021					
3-3	Management of material topics	p. 29			
GRI 306: Waste 2020					
306-1	Waste generation and significant waste-related impacts	p. 29			
306-2	Management of significant wasterelated impacts	p. 29			
306-3	Waste generated	p. 30-31			
306-4	Waste diverted from disposal	p. 30-31			
306-5	Waste directed to disposal	p. 30-31			
Social					
Health and Wellness					
GRI 3: Material Topics 2021					
3-3	Management of material topics	p. 32, 37			
GRI 416: Customer Health and Safety 2016					
416-1	Assessment of the health and safety impacts of product and service categories	p. 32 In terms of product health and safety, 100% of the inputs are constantly evaluated in order to make improvements and this is reflected in the results and quality certifications, as well as consumer preference for the brand.			
Community Outreach					
GRI 3: Material Topics 2021					
3-3	Management of material topics	p. 39			
GRI 413: Local Communities 2016					
413-1	Operations with local community engagement, impact assessments, and development programs	p. 39-40, 44, 45, 58			
Labor Practices and Human Rights					
GRI 3: Material Topics 2021					
3-3	Management of material topics	p. 57, 59			

GRI 403: Occupational Health and Safety 2018

403-1	Occupational health and safety management system	p. 57			
403-3	Occupational health services	p. 57			
403-4	Worker participation, consultation, and communication on occupational health and safety	p. 57 Through the Health and Safety Commissions and Committees, the correct implementation of the Zero Risk Model is validated by detecting risk situations that may affect the daily lives of the Group's workers and those coming from a subcontractor or service provider that has activities within Lala's work centers. As of 2022, there are 30 Health and Safety Management Committees and 156 commissions, achieving a total of 94,045 accumulated person hours of training on topics that allow the prevention of accidents and monitoring the implementation of the best safety and health measures throughout Lala.			
403-5	Worker training on occupational health and safety	p. 59			
403-6	Promotion of worker health	p. 59-61			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 57-60			
403-8	Workers covered by an occupational health and safety management system	The occupational health and safety system through the zero risk model complies with national and international best practices on the working conditions in which our collaborators develop. i. In 2022, 568 collaborators who are not employees of the organization were accounted for, which represents approximately 1.7% with respect to the total recorded by the SISO area.			
403-9	Work-related injuries	p. 60			
403-10	Work-related ill health	p. 60			

GRI 405: Diversity and Equal Opportunity 2016

405-2	Ratio of basic salary and remuneration of women to men	For unionized positions, salaries are determined without distinction of gender based on the tabaldores stipulated in the Collective Bargaining Agreement. In the case of non-unionized positions, our Salary Administration policy, based on our organizational culture, mainly on the values of "We Give Results" and "We Grow through Meritocracy", determines that job performance is the fundamental factor for differentiation and salary growth in the company. The policy textually refers to our philosophy: "This policy operates in strict adherence to the promotion of a culture based on the recognition of performance, equity and competitiveness of employees in positions within Grupo Lala". The policy is national in scope.			
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Talent

GRI 3: Material Topics 2021

3-3	Management of material topics	p. 46, 50, 52			
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GRI 404: Training and Education 2016					
404-1	Average hours of training per year per employee	p. 50-51			
404-2	Programs for upgrading employee skills and transition assistance programs	p. 50			
GRI 405: Diversity and Equal Opportunity 2016					
405-1	Diversity of governance bodies and employees	p. 64-65			
Governance					
Risk and Crisis Management					
GRI 3: Material Topics 2021					
3-3	Management of material topics	p. 70			
Governance and Ethics					
GRI 3: Material Topics 2021					
3-3	Management of material topics	p. 62-67			
GRI 205: Anti-corruption 2016					
205-1	Operations assessed for risks related to corruption	The Ethics Committee monitors 100% of our operations in terms of corruption. No significant sustainability risks have been identified.			
205-2	Communication and training about anti-corruption policies and procedures	p. 68			
205-3	Confirmed incidents of corruption and actions taken	p. 68			
GRI 417: Marketing and Labeling 2016					
417-2	Incidents of non-compliance concerning product and service information and labeling	No cases of non-compliance related to product and service information and labeling have been identified.			
417-3	Incidents of non-compliance concerning marketing communications	PROFECO issued three penalties for promotions.			
Management					
Supply Chain					
GRI 3: Material Topics 2021					
3-3	Management of material topics	p. 17			
GRI 308: Supplier Environmental Assessment 2016					
308-1	New suppliers that were screened using environmental criteria	p. 17-19 2.1% of the suppliers were evaluated and selected according to environmental criteria.			
308-2	Negative environmental impacts in the supply chain and actions taken	p. 17-18 0.1% of suppliers presented negative environmental impacts.			

GRI 414: Supplier Social Assessment 2016					
414-1	New suppliers that were screened using social criteria	p. 17-19 100% of the suppliers were evaluated and selected in accordance with social criteria.			
414-2	Negative social impacts in the supply chain and actions taken	p. 17-18 No suppliers with negative social impacts were identified during the reporting period.			
GRI 407: Freedom of Association and Collective Bargaining 2016					
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No operations or suppliers were identified in which the right to freedom of association and collective bargaining could be at risk during the reporting period.			
GRI 408: Child Labor 2016					
408-1	Operations and suppliers at significant risk for incidents of child labor	No operations or suppliers were identified with significant risk of child labor during the reporting period.			
GRI 409: Forced or Compulsory Labor 2016					
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	No operations or suppliers were identified with significant risk of forced or compulsory labor during the reporting period.			
Innovation and Technology					
GRI 3: Material Topics 2021					
3-3	Management of material topics	p. 10, 21			
Product Quality and Safety					
GRI 3: Material Topics 2021					
3-3	Management of material topics	p. 32-33			
GRI 416: Customer Health and Safety 2016					
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	During 2022, there were no cases of non-compliance with standards or codes related to health and safety impacts.			
GRI 417: Marketing and Labeling 2016					
417-1	Requirements for product and service information and labeling	p. 33			

SASB Content Index

Material topic	Topic	Industry	Accounting Metric	Code	Response
Product Quality and Safety	Food Safety	Food retailers & distributors	High-risk food safety violation rate	FB-FR-250a.1	Zero high-risk food safety violations. Quality Assurance Section.
			(1) Number of recalls, (2) number of units recalled, (3) percentage of units recalled that are private-label products	FB-FR-250a.2	p.35 In 2022, Lala voluntarily recalled four products as follows: 1. Lala's Pasteurized Whole Milk. Pieces recovered: 140,191 (205,821.55 kiloliters), equal to 63.9%. 2. Nutri UHT. Pieces recovered: 262,902 (262,902 kiloliters), equal to 47.53%. 3. Lala UHT 1 liter Lactose-Free milk. Pieces recovered: 43,173 (43,173 Kiloliters), equal to 59%. 4. Lala Plenia Pork Chorizo 200 g (2,620 kiloliters). Pieces recovered: 13,100, equal to 100%.
	Food Safety	Meat, poultry & dairy	Global Food Safety Initiative (GFSI) audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	FB-MP-250a.1	Non-conformance rate: 0.0060 Corrective action rate for major non-conformances: 0.0 (zero - no major non-conformances). Corrective action rate for minor non-conformances: 0.0060
				FB-PF-250a.1	
		Processed foods	Percentage of ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognized food safety certification program	FB-PF-250a.2	Lala Mexico: 93.7% of GFSI suppliers for the packaging category and 92.7% for the raw materials category. 93% overall. Vigor: We have 367 suppliers of raw food materials and primary packaging approved by the Quality Department. Of these, 122 (33.24%) have a Food Safety certification recognized worldwide by the Global Food Safety Initiative (GFSI), such as those of the British Retail Consortium - BRC and the Food Safety System Certification - FSSC 22000.
				FB-PF-250a.3	In 2022, no cases of failure to comply with the codes and standards related to health and safety impacts were reported.
				FB-PF-250a.4	p.35 In 2022, Lala voluntarily recalled four products as follows: 1. Lala's Pasteurized Whole Milk. Pieces recovered: 140,191 (205,821.55 kiloliters), equal to 63.9%. 2. Nutri UHT. Pieces recovered: 262,902 (262,902 kiloliters), equal to 47.53%. 3. Lala UHT 1 liter Lactose-Free milk. Pieces recovered: 43,173 (43,173 Kiloliters), equal to 59%. 4. Lala Plenia Pork Chorizo 200 g (2,620 kiloliters). Pieces recovered: 13,100, equal to 100%.
		Meat, poultry & dairy	Percentage of supplier facilities certified to a Global Food Safety Initiative (GFSI) food safety certification program	FB-MP-250a.2	93%.
				FB-MP-250a.3	p.35 In 2022, Lala voluntarily recalled four products as follows: 1. Lala's Pasteurized Whole Milk. Pieces recovered: 140,191 (205,821.55 kiloliters), equal to 63.9%. 2. Nutri UHT. Pieces recovered: 262,902 (262,902 kiloliters), equal to 47.53%. 3. Lala UHT 1 liter Lactose-Free milk. Pieces recovered: 43,173 (43,173 Kiloliters), equal to 59%. 4. Lala Plenia Pork Chorizo 200 g (2,620 kiloliters). Pieces recovered: 13,100, equal to 100%.
			Discussion of markets that ban imports of the entity's products	FB-MP-250a.4	No restrictions on the importation of Lala products have been identified.

Health and Wellness	Product Health & Nutrition	Processed foods	Revenue from products labeled and/or marketed to promote health and nutrition attributes	FB-PF-260a.1	MXN 43.886 billion in Lala Mexico and MXN 1.057 billion in Vigor (conversion to MXN pesos, maximum 2022 exchange rate in BRL = MXN 3.82, 2022 revenue from products labeled to promote health benefits in Vigor of BRL 276,846).
		Food retailers & distributors		FB-FR-260a.1	
	Salud y nutrición de los productos	Food retailers & distributors	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	FB-FR-260a.2	In product health and safety matters, 100% of the materials are constantly assessed for improvement, as reflected in the results, quality certifications, and consumer preference for the brand. https://www.kantar.com/latin-america/inspiracion/marcas/2022-marcas-mas-elegidas-en-mexico
	Product Labeling & Marketing	Processed foods	Percentage of advertising impressions (1) made on children and (2) made on children promoting products that meet dietary guidelines	FB-PF-270a.1	p.16-17 Lala Mexico: Percentage of advertising impressions made on children: 8% Percentage of advertising impressions on children promoting products that meet dietary guidelines: 100%. This indicator measured compliance with dietary guidelines as compliance with official Mexican standards on labeling and nutritional statements (NOM-051 and 086). Vigor: Percentage of advertising impressions made on children: 0%.
			Revenue from products labeled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	FB-PF-270a.2	p.16 Lala Mexico: Revenue from products labeled as containing genetically modified organisms (GMOs): 0%. Revenue from products labeled as not containing genetically modified organisms (GMOs): 0.1%
Product Labeling & Marketing	Food retailers & distributors	Number of incidents of non-compliance with industry or regulatory labeling and/or marketing codes	FB-FR-270a.1	MXN 80,658 was paid for the three penalties issued by the Mexican Consumer Protection Agency (PROFECO) for promotions.	
Animal Welfare	Land Use & Ecological Impacts	CMeat, poultry & dairy	Animal protein production from concentrated animal feeding operations (CAFOs)	FB-MP-160a.3	Not applicable since the meat supply is through processors that validate USDA and Mexican Federal Inspection (TIF) criteria.
	Antibiotic Use in Animal Production		Percentage of animal production that received (1) medically important antibiotics and (2) not medically important antibiotics, by animal type	FB-MP-260a.1	Zero: given the highest quality standards within Grupo Lala, we do not use milk from animals that have received antibiotics in our production process.
	Animal Care & Welfare		Percentage of production certified to a third-party animal welfare standard	FB-MP-410a.3	p.19 We are collaborating with farmers to increase their certified production percentages related to animal welfare standards. In 2022, we worked with the Federation of Colleges and Associations of Zootechnical Veterinary Doctors (FedMVZ) on a project to certify good livestock practices, animal welfare and sustainability. Project objective: The purpose of the project is to ensure that the majority of Livestock Production Units (LPU) from which Lala sources its milk obtain their SENASICA (National Service for Agrifood Health, Safety and Quality) certificates in Good Livestock Practices (GLP), as well as carry out an evaluation of greenhouse gas emissions within the next three years. The training was conducted to certify the 12 Lala technical advisors as Authorized Doctors of Veterinary Medicine in Good Livestock Practices.
	Environmental & Social Impacts of Animal Supply Chain		Percentage of supplier and contract production facilities verified to meet animal welfare standards	FB-MP-430a.2	It is monitored internally, but there is no control or on-site verification. This indicator will be monitored through the FEDMVZ.
"Management of Environmental & Social Impacts in the Supply Chain"	Food retailers & distributors	Revenue from products third-party certified to environmental or social sustainability sourcing standard	FB-FR-430a.1	Grupo Lala has GFSI certifications for all of its products in Mexico, obtaining a grade of excellence in 2022.	
Climate Action	Air Emissions from Refrigeration	Food retailers & distributors	Gross global Scope 1 emissions from refrigerants	FB-FR-110b.1	At the moment there is no count of this criterion, however measures are being taken to be able to report it in the next sustainability disclosures
			Percentage of refrigerants consumed with zero ozone-depleting potential	FB-FR-110b.2	100%.
			Average refrigerant emissions rate	FB-FR-110b.3	Not applicable.
	Greenhouse Gas Emissions	Meat, poultry & dairy	Gross global Scope 1 emissions	FB-MP-110a.1	p.22 216,658 tCO ₂ e in Lala Mexico. 60,000 tCO ₂ e in Vigor.
			Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	FB-MP-110a.2	p.21-22 Scope 1: Fleet emissions 1. Renewal plan for hybrid and electric vehicles 2. Improvements in refrigeration systems to avoid impact gases. 3. Follow-up and monitoring of the units 4. Plan to renovate the fleet of combustion forklifts to electric. Scope 2: Direct plant emissions: 1. Minimization of the environmental impact on the atmosphere in compliance with the regulatory framework. 2. Generation of a strategy to minimize the carbon footprint from the generation of its baseline, leading to a company with zero emissions. 3. Creation of compensation projects that minimize the impact of the current carbon footprint.

Water Management	Water Management	Processed foods	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	FB-PF-140a.1	p. 24-25 Water extraction from water-stressed regions by Lala Mexico in 2022 totaled 5,532.33 megaliters.		
		Meat, poultry & dairy		FB-MP-140a.1			
		Processed foods	Number of incidents of non-compliance with water quality permits, standards, and regulations	FB-PF-140a.2	At the Laguna Industrial Complex in Mexico, we identified metrics above the allowed BOD5 limit. We have started with corrective actions to mitigate this risk of environmental impact		
		Meat, poultry & dairy		FB-MP-140a.3			
		Risk and Crisis Management	Water Management	Processed foods	Description of water management risks and discussion of strategies and practices to mitigate those risks	FB-MP-140a.2	p.23, 25 -Continuous inspection of our pipelines to detect and repair leaks to keep them in good condition and keep from wasting water. -The use of separate drains in our facilities to keep rainwater pollutants separate from water from our services or processes. -The use of water treatment systems in boilers, avoiding the incrustation of salts in their internal systems, improving the closed circuit of water use in boilers, thus consuming smaller volumes of drinking water. -We use dosing faucets and water-saving nozzles in all sinks and showers. -We installed ecological urinals, which use a much smaller volume of water, while some are even waterless. -The continuous promotion of water-saving campaigns, inviting users to verify that there are no drips in the faucets and to report leaks. -In Grupo Lala's UHT Plants, we implement programs to recover water from the bottling machines, reducing consumption. In 2015, this program was extended to recover water from the sterilization packaging process; this program is currently under implementation. As of the date of this report, the recovery process operates continuously. -At our Mexico City, Torreón Industrial Complex and Aguascalientes plants, condensates are recovered and reused in boilers, closing the steam cycle in this service to the extent possible, generating considerable savings in water and energy resources.
				Meat, poultry & dairy			
Processed foods	FB-PF-140a.3						
Ingredient Sourcing	List of priority food ingredients and discussion of sourcing risks due to environmental and social considerations		FB-PF-440a.2	This measurement needs to be carried out specifically concerning priority food ingredients. Within the action plan, the development and documentation of a procedure to classify suppliers according to the level of risk they represent for Grupo Lala and define the characteristics of a critical supplier are planned as an alternative action.			
Animal & Feed Sourcing	Meat, poultry & dairy	Percentage of animal feed sourced from regions with High or Extremely High Baseline Water Stress	FB-MP-440a.1	Not applicable.			
		Percentage of contracts with producers located in regions with High or Extremely High Baseline Water Stress	FB-MP-440a.2	Not applicable.			
		Discussion of strategy to manage opportunities and risks to feed sourcing and livestock supply presented by climate change	FB-MP-440a.3	p.20 We work hand in hand with our livestock partners to assist them in incorporating the dairy sector's 11 Sustainability Pillars as defined by the International Dairy Federation (IDL). We have established sustainable best practices under these pillars. Our Producer Support Department collaborates with partners to identify, prevent or mitigate any risk or impact related to climate change. Within our strategy, we have set the following objectives: Increase the percentage of products certified according to external animal welfare standards. Promote the implementation of good ESG practices among farmers. Train critical suppliers and farmers on sustainability issues. Continue to monitor the condition of animals in barns and stables. Progressively reduce the percentage of cattle in CAFOs.			
Supply Chain	Environmental & Social Impacts of Ingredient Supply Chain	Processed foods	Percentage of food ingredients sourced that are certified to third-party environmental and/or social standards, and percentages by standard	FB-PF-430a.1	It is not monitored.		
			Suppliers' social and environmental responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	FB-PF-430a.2	2.1% compared to the total number of suppliers in 2022 who complied with their review process, which includes analysis of environmental and social issues in Lala Mexico.		
	"Management of Environmental & Social Impacts in the Supply Chain"	Food retailers & distributors	Revenue from products third-party certified to environmental or social sustainability sourcing standard	FB-FR-430a.1	Grupo Lala has GFSI certifications for all of its products in Mexico and obtained the grade of excellence for all in 2022.		
			Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	FB-FR-430a.3	p. 19 Our internal committees work to ensure compliance with environmental standards of waste generation and management to manage environmental and social risks within our value chain. In addition, we participate in the sustainability and best practices committees of the Mexico Competitiveness Center (CCMX) with offices in Mexico City, Monterrey, Nuevo León and Mérida, Yucatán, focused on promoting best sustainability practices and developing SME suppliers in these concepts. We do similar work through the National Chamber of the Transformation Industry (CANACINTRA) in Torreón, Coahuila.		

Supply Chain	Land Use & Ecological Impacts	Meat, poultry & dairy	Percentage of pasture and grazing land managed to Natural Resources Conservation Service (NRCS) conservation plan criteria	FB-MP-160a.2	It is not monitored.
	Environmental & Social Impacts of Animal Supply Chain		Percentage of livestock from suppliers implementing the Natural Resources Conservation Service (NRCS) conservation plan criteria or the equivalent	FB-MP-430a.1	It is not monitored.
	Ingredient Sourcing	Processed foods	Percentage of food ingredients sourced from regions with High or Extremely High Baseline Water Stress	FB-PF-440a.1	Not applicable.
	List of priority food ingredients and discussion of sourcing risks due to environmental and social considerations		FB-PF-440a.2	This measurement needs to be carried out specifically concerning priority food ingredients. Within the action plan, the development and documentation of a procedure to classify suppliers according to the level of risk they represent for Grupo Lala and define the characteristics of a critical supplier are planned as an alternative action.	
Governance and Ethics	"Product Labeling & Marketing"		Number of incidents of non-compliance with industry or regulatory labeling and/or marketing codes	FB-PF-270a.3 FB-FR-270a.1	PROFECO issued three penalties for promotions.
			Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labeling practices	FB-PF-270a.4 FB-FR-270a.2	MXN 80,658 was paid for the three penalties issued by PROFECO for promotions.
Product Life Cycle	Management of Environmental & Social Impacts in the Supply Chain	Food retailers & distributors	Discussion of strategies to reduce the environmental impact of packaging	FB-FR-430a.4	p. 29 Our work on implementing the circular economy includes various initiatives, including the following: -Classification and sale of cardboard and plastic. -Use of cells to shape the sausages, thus preventing material waste. -Keep waste from ending up in landfills. Instead, it is sold to plants for animal feed. We focus on reducing waste generation, making our packaging more recyclable and incorporating more recycled raw materials into our processes. We are completing individual projects and multiple approaches to achieve these goals in each product family.
	Packaging Lifecycle Management	Processed foods	(1) Total weight of packaging, (2) percentage made from recycled and/or renewable materials, and (3) percentage that is recyclable, reusable, and/or compostable	FB-PF-410a.1	p. 30 Non-renewable materials: 59,098 tons Renewable materials: 134,684 tons We are strengthening our circular economy strategy by incorporating alternative materials like recycled resins into our packaging.
			Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	FB-PF-410a.2	p. 29 Our work on implementing the circular economy includes various initiatives, including the following: -Classification and sale of cardboard and plastic. -Use of cells to shape the sausages, thus preventing material waste. -Keep waste from ending up in landfills. Instead, it is sold to plants for animal feed. -In 2017, we adhered to the PET and HDPE packaging materials recycling program by joining the special handling waste management initiative developed by ECOCE, a leading civil association in Mexico specializing in waste recovery.
Energy Management	Energy Management	Processed foods	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	FB-PF-130a.1	p. 26 Total Grupo Lala: 3,989.84 GWh Total Mexico: 313.42 GWh Total Vigor: 63.61 GWh Total Central America: 3,612.81 GWh
		Meat, poultry & dairy		FB-MP-130a.1	Mexico: 86.9% clean energy Vigor: 1.6% clean energy Central America: 0% clean energy Brazil: 97% renewable energy Central America (Guatemala): 91% renewable energy
	Fleet Fuel Management	Food retailers & distributors	Fleet fuel consumed, percentage renewable	FB-FR-110a.1	34,253,536 L.
	Energy Management		(1) Operational energy consumed, (2) percentage grid electricity, (3) percentage renewable	FB-FR-130a.1	p. 26 Energy from the grid: MX 13%, BRA 2.6%, CAM 9% Non-renewable clean energy: MX 86.9%, BRA 1.6% CAM 0% Renewable Energy: MX 0%, BRA 97%, NIC 0%, GUA 91% US consumption is not reported in this report

Waste Management	Food Waste Management	Food retailers & distributors	Amount of food waste generated, percentage diverted from the waste stream	FB-FR-150a.1	In Mexico, the total food waste from the loss of the product is: 11,680 tons in 2022 For the other countries it is not monitored individually. It will be reported in the next disclosures
	Land Use & Ecological Impacts	Meat, poultry & dairy	Amount of animal litter and manure generated, percentage managed according to a nutrient management plan	FB-MP-160a.1	They are not monitored.
Labor Practices and Human Rights	Labor Practices	Food retailers & distributors	(1) Average hourly wage and (2) percentage of in-store and distribution center employees earning minimum wage, by region	FB-FR-310a.1	There is no minimum wage by taking the average wage, which is the sum of the base salary plus the variable salary.
			Percentage of active workforce covered under collective bargaining agreements	FB-FR-310a.2	p. 49 Total Group: 29,949 of our employees are unionized, and 10,340 are trusted employees. Collective bargaining agreements cover 74.3% of our employees.
			(1) Number of work stoppages and (2) total days idle	FB-FR-310a.3	There were no work stoppages in the year in question, and therefore there were no days of inactivity due to work stoppages.
			Total amount of monetary losses as a result of legal proceedings associated with: (1) labor law violations and (2) employment discrimination	FB-FR-310a.4	There were no labor law violations since labor defense and litigation policies, as well as the termination procedure, were issued preventively.
	Workforce Health & Safety	Meat, poultry & dairy	(1) Total recordable incident rate (TRIR) and (2) fatality rate	FB-MP-320a.1	p. 60 Lala Mexico: Recordable work-related injury rate: 2.88% Work-related injury fatality rate: 0.009%. Vigor: Recordable work-related injury rate: 55.1% Work-related injury fatality rate: 0%. Guatemala: Recordable work-related injury rate: 1% Work-related injury fatality rate: 0%. Nicaragua: Recordable work-related injury rate: 13% Work-related injury fatality rate: 0%.