Tiendas 3B

Tu Despensa Inteligente

2023

Sustainability Report



Index

03 About This Report

04 CEO Letter

05 What We Do
How We Do It

10 Our Story

12 Our Products

13 Our Clients

14 Our Team

18

OUR SUSTAINABILITY STRATEGY

19. Our Materiality Analysis

21. 2023 Material Topics

22. GHG Emissions

24. Product Quality and Safety

27

OTHER ENVIRONMENTAL TOPICS

28. Sustainable Supply Chain

29. Water and effluents management

29. Waste Management

30

OTHER SOCIAL TOPICS

31. Team Members' Health and Safety

34. Team Members' Development And Talent Attraction

37. Labor Practices and Human Rights

38. Customer Satisfaction

39. Community Impacts

40

CORPORATE GOVERNANCE

41. Corporate Governance

41. Board of Directors

46. Business Ethics

49. Legal and Regulatory Environment Management

50. Risk Management

Appendix

52. Our stakeholders

54. Our Contribution to the UN's SDGs

57. GRI Content Index

GRI 2-1, 2-3, 2-4, 2-5, 2-14

About this report

This report contains the economic, environmental, social, and governance results of BBB Foods, Inc.'s ("Tiendas 3B") business for the period beginning January 1st and ending December 31st, 2023. From this initial publication onward, our sustainability reports will be prepared annually, including historical data when applicable. Since this is our first report, it does not contain restatements of information regarding previous years. It also has not been verified by a third party.

This report was structured in accordance with GRI Standards (Global Reporting Initiative), whose various disclosure tags can be found at every page´s header on the top left corner for reference.

If you have any questions, comments, or concerns on this report's content, please contact:

Iván Emmanuel Mondragón Linares
iml@tiendas3B.com
Av. Pdte. Masaryk # 8 C.P 11560, Polanco V Secc, Miguel Hidalgo, CDMX
Tel : +52 1 5511021200
https://tiendas3B.com
www.investorstiendas3B.com

GRI 2-22

CEO Letter

Our mission has always been simple: to offer great products at unbeatable prices. But we know that creating real value means balancing profits with social and environmental responsibilities.



That is why sustainability isn't just an add-on for us—it has always been at the core of how we operate and grow. In 2005, we were one of the first companies to stop offering free plastic bags to customers. Instead, we sold reusable bags and encouraged our customers to bring their own, helping them save money and reduce their environmental impact.

2023 was a milestone year. We prepared to be listed on the New York Stock Exchange, a goal we proudly achieved in 2024. We also completed our first materiality analysis, which will guide our sustainability strategy moving forward.

This report reflects our commitment to delivering long-term value to everyone—our customers, employees, investors, and the communities we serve. We hold ourselves to the highest standards as we work to reduce our environmental impact, support local economies, and improve lives.

Looking ahead, we are doubling down on sustainability in everything we do—from responsible sourcing and minimizing our environmental footprint to driving inclusion and innovation. Our future success depends on creating shared value for all.

Thank you for your continued support and trust in Tiendas 3B.

Together, we will continue building a better, more sustainable future.

Sincerely,

Anthony Hatoum
Chairman of the Board and CEO of Tiendas 3B

2,288
stores in 2023

GRI 2-1, 2-6

What we do



T3B opened its first store in 2005 in Mexico City. We are the pioneers and leaders of hard discount grocery retail Mexico and one of the fastest-growing retailers in the country as measured by our sales and store growth rates.

Our name, T3B, means: *“Bueno, Bonito y Barato”* – a Mexican saying which translates to “Good, Nice and Affordable”. It summarizes our mission of offering irresistible value to budget-savvy consumers through great quality products at bargain prices. By prioritizing affordability without compromising on quality, we have carved a niche that appeals to a wide demographic. We foster customer loyalty through our commitment to providing value.

As of December 31, 2023, our 2,288 stores were strategically located close to our customer´s homes to provide a more efficient and cost-effective shopping experience. They are concentrated in 15 states in the central region of Mexico, including: Mexico City, State of Mexico, Hidalgo, Puebla, Tlaxcala, Morelos, Querétaro, Guanajuato, Michoacán, Guerrero, Veracruz, Aguascalientes, Nayarit, Jalisco, and San Luis Potosí.

HOW WE DO IT

We remain focused on supporting our customers by offering high-quality Private Label brands at low prices. Private label products are products that we have developed ourselves and which we believe are of comparable or better quality than the equivalent branded alternative offered at our stores. We own 95 different private label brands representing over 422 SKUs that cover an array of food and non-food products. We outsource the manufacturing of these products to over 100 carefully selected local manufacturers with tested supply reliability and quality controls. **Overall, our product portfolio ranges approximately 800 stock keeping units (“SKUs”) of branded, private label and spot products.**

Embracing a no-frills approach, the stores are efficiently designed, and the product selection is curated to prioritize essential high-rotating items, further optimizing operational efficiency. At Tiendas 3B, we also look to leverage technology for inventory management and supply chain optimization, contributing to streamlined operations.

Our hard discount model allows us to offer value for money in the Mexican market. This is achieved thanks to having:

- Private Labels
  We focus on developing great private labels. In 2023, we increased our private label share to 46.5% of sales.

- Competitive Costs
  We are experts in supply chain negotiations and partnerships. We work to find the fairest costs in the market and transfer these savings and efficiencies to the client.

- Efficient management
  We keep our processes simple by eliminating operating costs that do not add value to the client.

- Expansion Plans
  We are one of Mexico's fastest-growing hard discount supermarket chains, opening a new store every 22 hours, on average.

Our five strategic pillars can explain our success:

- High product rotation:
  By limiting our selection of products, we have been able to achieve a high turnover of sales per SKU, which makes us a relevant buyer of the products we sell, in turn allowing for favorable terms with suppliers.

- Strong private label offering:
  We own 95 different private label brands representing over 422 SKUs that cover an array of food and non-food products. We outsource the manufacturing of these products to over 100 carefully selected local manufacturers with tested supply reliability and quality controls. We are generally able to offer our private label products at a lower cost than that of the branded products they compete with, while our customer satisfaction studies and product analysis indicate that the quality of our private label products is comparable, if not better, than the competing branded products.

- Value for money:
  By consistently delivering and improving value for money to our customers, including through our private label products, we have earned their trust, increased our share of wallet and attracted new customers.

- Low-cost operations and virtuous cycle of efficiency:
  We have built a business model that allows us to generate operating profit while operating at market-leading low gross profit margins by limiting our SKUs, decentralizing operations, focusing on simplicity, maintaining low capital expenditures per store, having a nimble and agile decision-making process, a horizontal management structure, and promoting a strong culture of efficiency. This allows us to offer low prices to our customers every day.

- Rapid expansion:
  Our operations actively involve our regional personnel in the store opening process, aiming to locate and secure the most attractive locations for new stores. Further, our low capital expenditure needed per new store which, combined with our stores' attractive cash flow generation capacity, allows us to achieve a -month Payback Period on average. In addition, our negative working capital dynamics allow us to self-fund these investments. We are systematic in our approach to opening stores, and our recent vintages show a faster sales ramp-up and higher profitability vis-à-vis our older vintages for the same comparable period. With an estimated white space for at least 12,000 additional Tiendas 3B stores in Mexico, we are constantly looking to increase our number of stores and expand into new regions.

GRI 2-29

How we interact

With our Customers

We strive to earn the trust of our customers. When you shop with us, we provide the best quality at the best price.

With our Suppliers

We negotiate with our suppliers to get the best terms, but we take care of their situation and make sure their business is successful.

With our Community

We participate in the communities where we operate. We take care of our neighbors. We empower small local entrepreneurs so their businesses stay in the community.



GRI 2-6

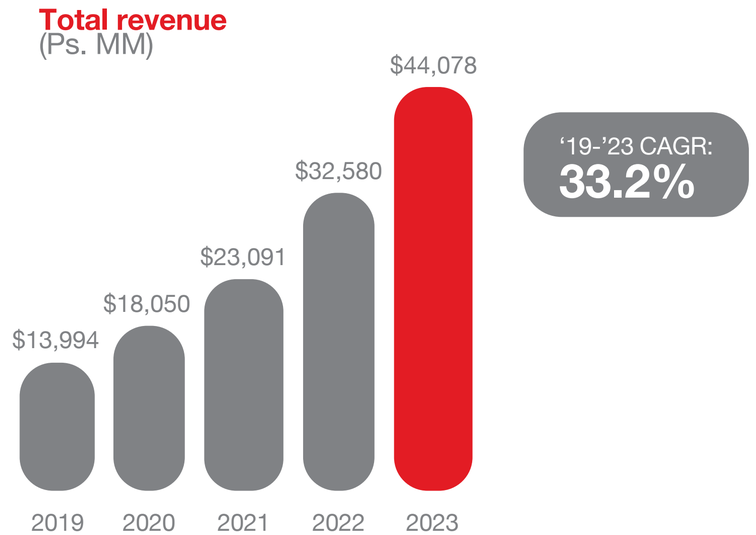
Who we are

- We are Reliable: Our word is a bond. We deliver what we promise in a timely manner, inside and outside of T3B. Our return policy[1] shows our commitment to reliability and customer satisfaction.
- We are Honest: We say what we think face to face. We act without cheating or lying. We do not take false shortcuts to take advantage.
- We are Modest: We are always one more in the community. We invest in having the most valuable equipment without overspending to show off. Never arrogant, no matter the size of our company.

[1]We have a no-questions asked, no receipt needed money-back return policy to instill customer confidence in our product offering.

GRI 2-6

Tiendas 3B In Numbers



2,288
Stores as of December 2023

every 22 hours
A new store opening in 2023

44,078 M pesos
(US$2.6 billion) in revenue

21,924
team members as of December 2023

33.2%
revenue CAGR from 2019 to 2023

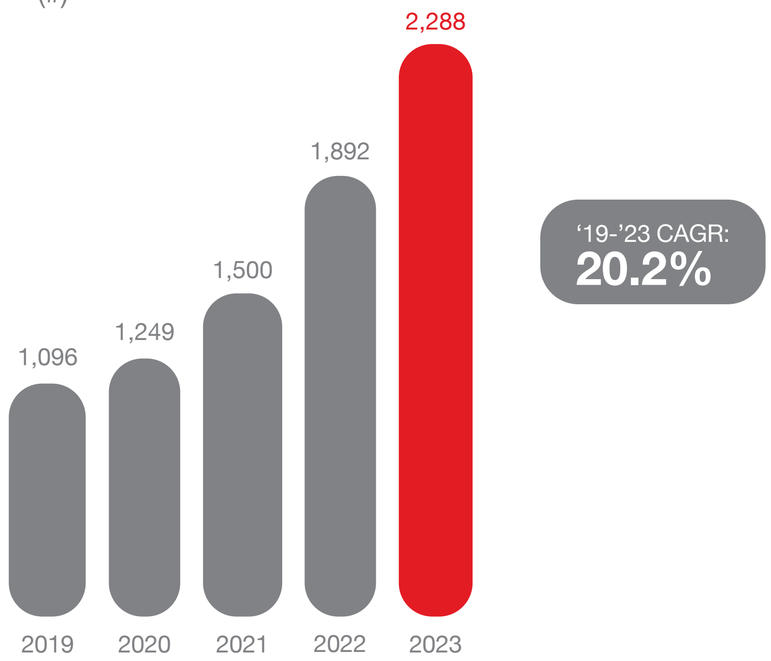
14
distribution centers as of December 2023

20.2%
store CAGR from 2019 to 2023

800 ~ SKUs
of branded, private label and spot products

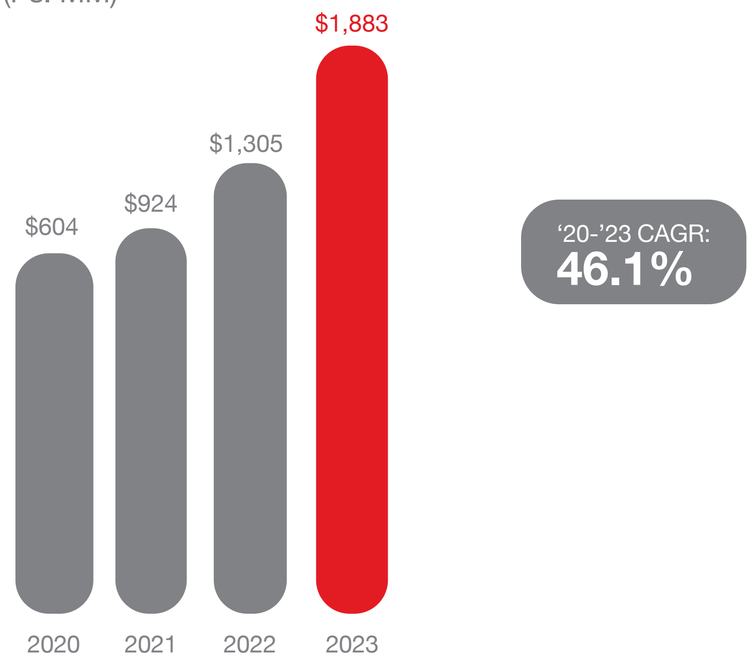
16.0%
gross profit margin for 2023

Number of stores
(#)



‘19-’23 CAGR:
20.2%

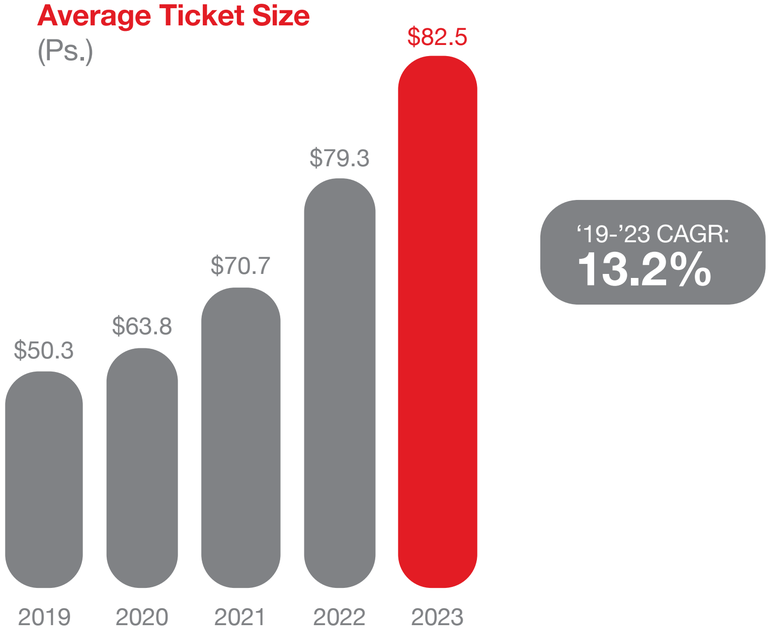
EBITDA
(Ps. MM)



‘20-’23 CAGR:
46.1%

Notes: We calculate “EBITDA” as net income (loss) for the period, plus income tax expense, financial costs, net, and total depreciation and amortization. We calculate “EBITDA Margin” for a period by dividing EBITDA for the corresponding period by total revenue for such period.

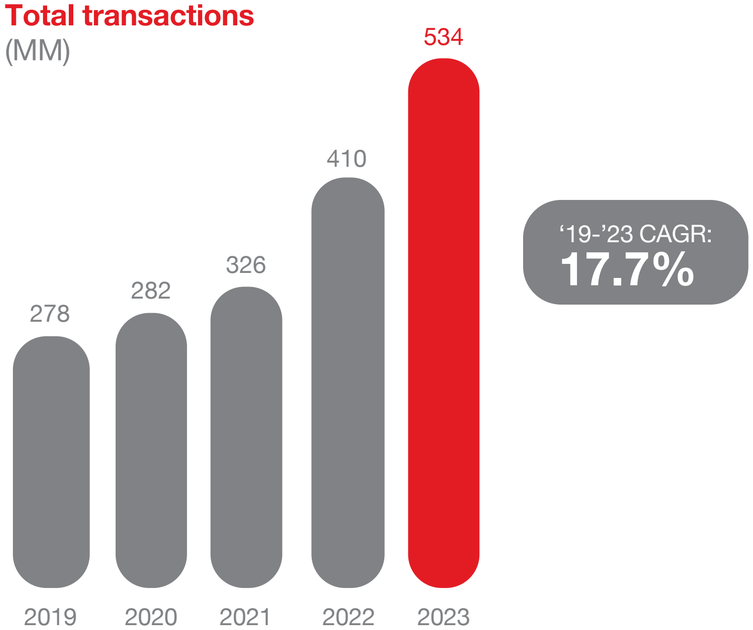
Average Ticket Size
(Ps.)



‘19-’23 CAGR:
13.2%

Notes: We calculate Average Ticket Size by dividing revenue from sales of merchandise by total number of transactions.

Total transactions
(MM)



‘19-’23 CAGR:
17.7%

Key milestones in our history

2005

- First store in Mexico City is opened
- The first private label Lacti bu is launched

2006

- First Distribution Center is opened in State of Mexico

2007

- First store located in the metropolitan area
- Private labels:
  - Vaca Blanca
  - Mayorela
  - Impek
  - Milena

2008

- Private label “Nuestro Campo”:
- 100 stores in operation

2009

- New Distribution Center in State of Mexico

2010

- Private Label “Best Race”
- 150 stores in operation

2011

- 300 stores in operation

2012

- New Distribution Center in State of Mexico
- Expansion to Querétaro, Morelos, and Puebla

2013

- 475 stores in opertion
- First store to reach Ps. 2 mm annual sales
- First Private Labels fair

2014

- New Distribution Center in Morelos
- Ps. 4,375 mm in
- annual sales

2015

- 600+ stores in operation
- Creation of the “Angel dry” Private Label
- Ranked #283 at Expansión’s Magazine rankings “500 Most important companies in Mexico”

2016

- Expansion to the state of Guanajuato
- Tiendas 3B reaches over Ps. 6,500 mm in annual sales

Key milestones in our history

2017

- New Distribution center in State of Mexico
- Expansion to Guerrero and Michoacán

2018

- New Distribution center in Mexico City
- 945 stores in operation
- 3B university (UT3B)
- Ranked #254 at Expansión's Magazine rankings

2019

- New Distribution centers in Puebla and Guanajuato

2020

- New Distribution center in State of Mexico
- Ranked #171 at Expansión's Magazine rankings
- Tiendas 3B reaches Ps. 18,049 mm annual sales

2021

- 1,500 stores in operations
- Ps. 23,091 mm annual sales
- Private Label "Helados El Eden"
- Ranked #162 at Expansión's Magazine rankings

2022

- New Distribution Centers in Mexico City, Morelia, and Hidalgo
- Ranked #157 at Expansión's Magazine rankings
- Named Socially Responsible Company (ESR)

2023

- New Distribution Center in Aguascalientes
- Ranked #137 at Expansión's Magazine rankings

2024

- Successful listing on the New York Stock Exchange

GRI 2-6

Our products

We take pride in maintaining a well-curated selection of products that caters to the diverse needs of households, ensuring that our customers find everything they require to stock their pantries.

Each Tiendas 3B store carries approximately 800 SKUs, as compared to 3,000 SKUs for a convenience store and approximately 10,000 or more SKUs for a conventional supermarket based on analysis of publicly available information.

Our stores carry the leading brand products in their most popular size, as well as our private label products that we believe are of equivalent or better quality but at a lower price. In addition, we introduce an assortment of approximately 50 spot products every two weeks on average that offer notably high value for money and higher gross profit margins. They add a treasure hunt factor to our stores. We call them "Los Irrepetibles," as they are offered at prices so low that they will not be “repeated” (replenished) once we sell out.

Unlike conventional supermarket practices, we proudly uphold a distinctive customer-centric policy that guarantees a full refund for customers dissatisfied with their purchases—no questions asked. This commitment reflects our unwavering dedication to customer satisfaction and underscores our confidence in the quality of our products.

FOOD
HOME CLEANING
JELLIES AND DESSERTS
BABIES
DRINKS
PERSONAL HYGIENE
COSMETICS AND BEAUTY
PETS
COFFEE, TEA AND CHOCOLATE
BREADED
REFRIGERATED
PHARMACY
SNACKS AND SWEETS
TOILET PAPER AND NAPKINS
GENERAL MERCHANDISE

GRI 2-6

Our Clients

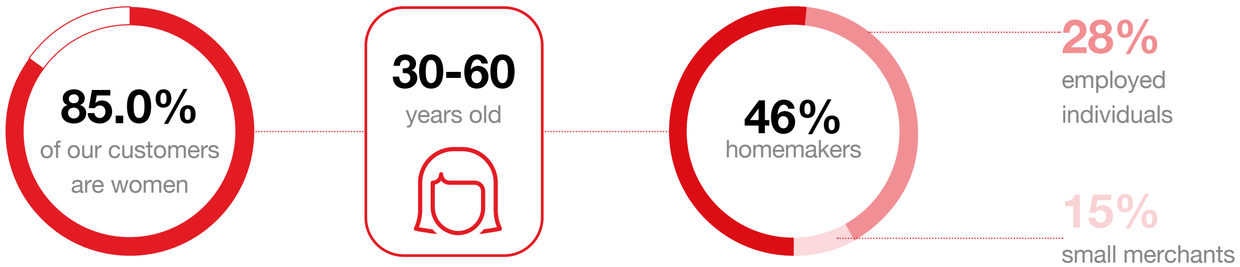
Our customer base is largely composed of smart value shoppers—aligned with our slogan “tu despensa inteligente” or “your smart pantry choice.”

We serve Mexico's low-to-middle socioeconomic segments, specifically those in the second to ninth income deciles. However, our broader target increasingly encompasses value shoppers across all income brackets.

Approximately 85.0% of our customers are women, primarily between the ages of 30 and 60. The majority are homemakers (46.0%), followed by employed individuals (28.0%), and small merchants or shopkeepers (15.0%). New customers initially buy in our stores because of the competitive pricing of our branded and spot products. Over time, as they become more familiar with our offering, customers begin to try our private label products.

Most customers live within a 10-street (800-meter) radius of their favored store. They visit our stores three to four times a week, purchasing enough for a maximum of two days. For items we currently do not offer, like fresh fruits and vegetables, they complete their shopping needs within the neighborhood.



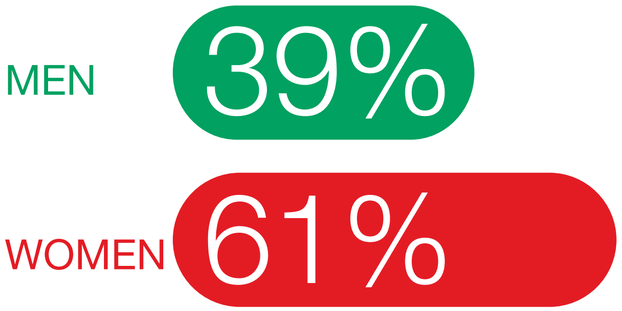


GRI 2-7, 2-30

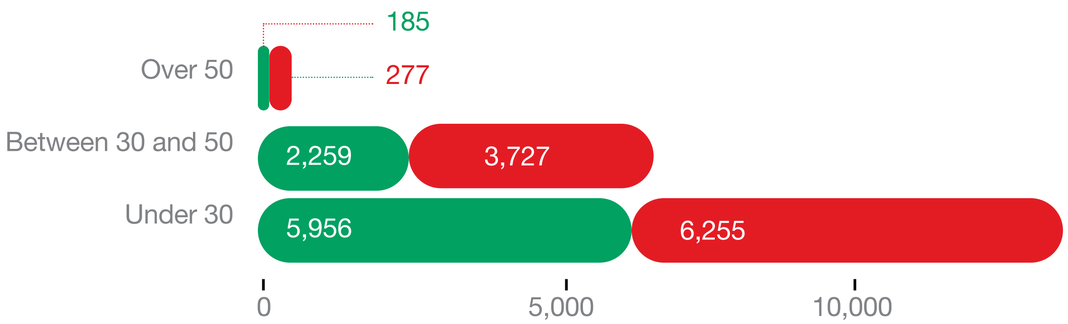
Our Team

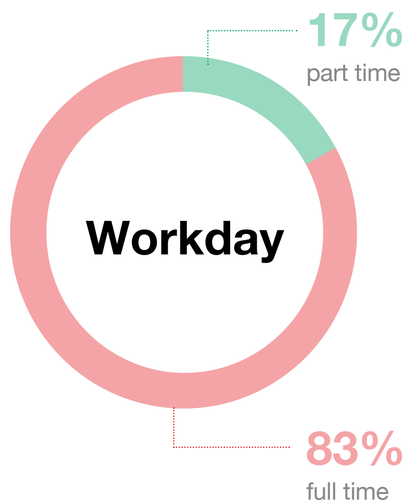
In the dynamic world of consumer staples, where market trends evolve swiftly and consumer expectations change continuously, our company's success results largely from our team members.

Gender



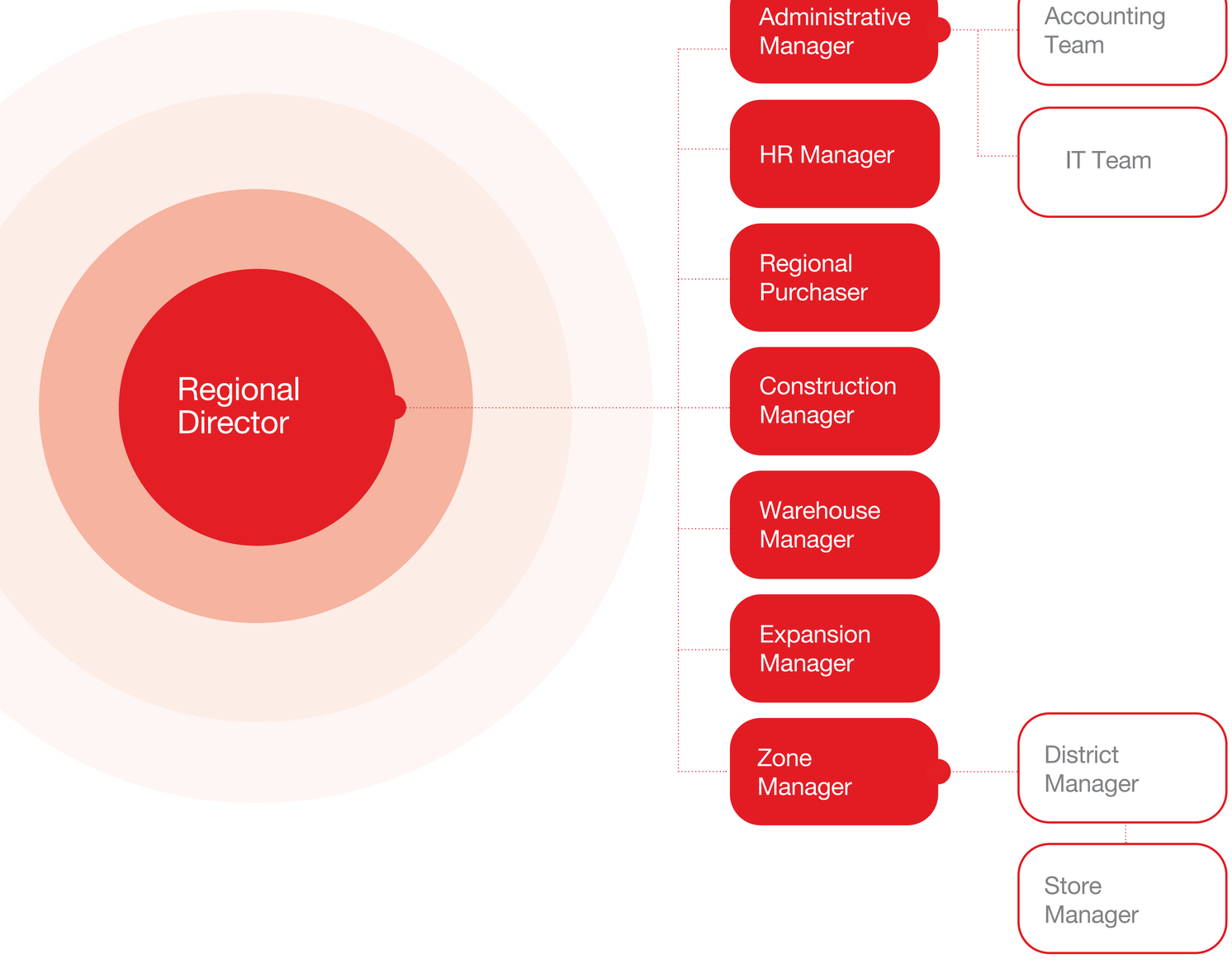
Hires by Age and Gender





As of 2023, our team was composed of 21,924 team members spread across our operations in Mexico. Approximately 3,400 were employed in our warehouses and distribution centers, 18,200 at our stores, and 250 in our corporate offices.

All (100%) of our team members have permanent contracts.



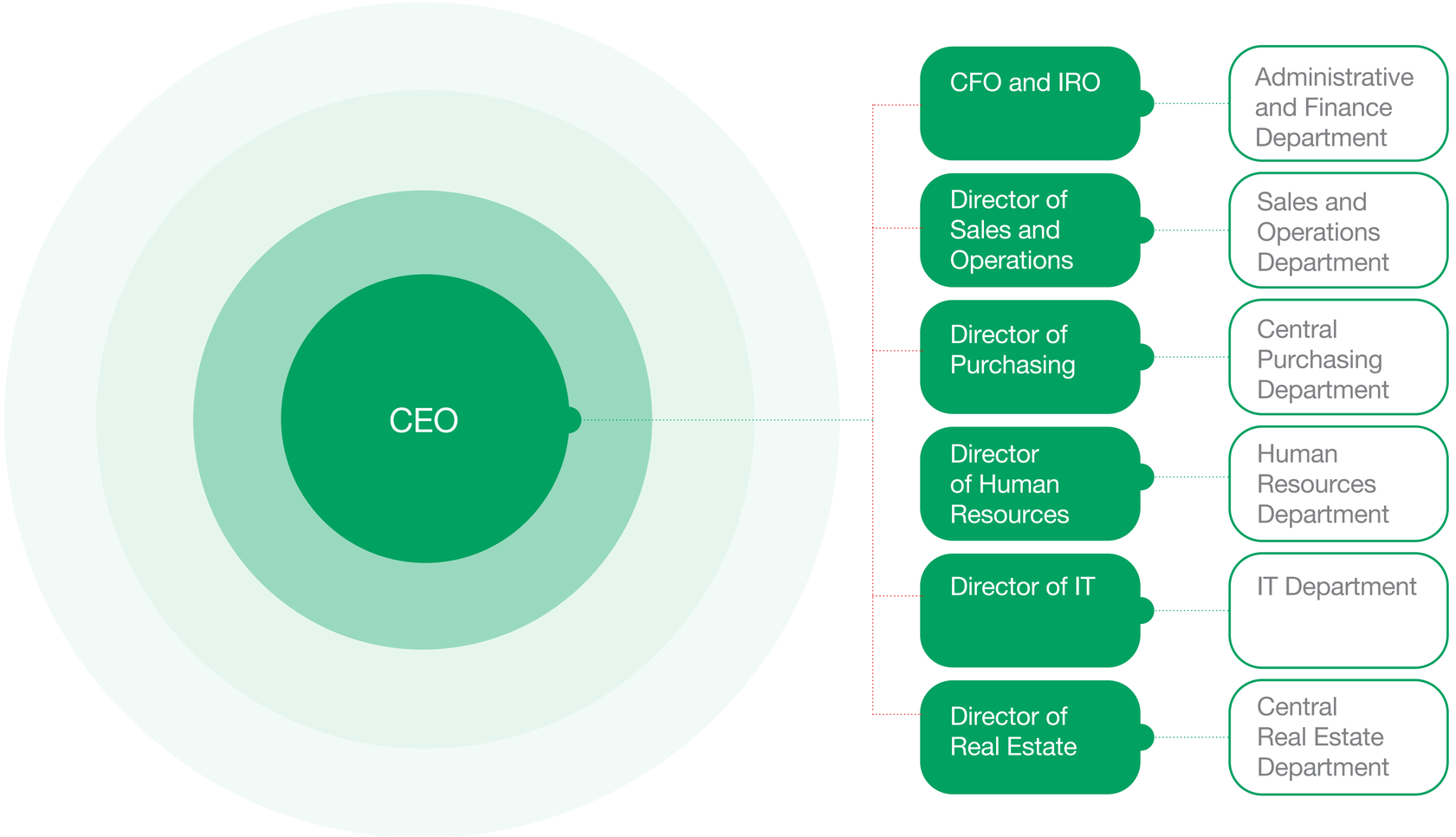
We have a decentralized and lean organizational structure built around autonomous regions, each led by a Regional Director. Each region consists of approximately 150 stores and a distribution center. A region has all the functional areas it needs to operate autonomously. These include human resources, real estate, logistics, IT, and regional purchasing and accounting. All regions are similarly sized, organized, and operated.

Each region typically has two Zone Managers, each of whom is responsible for 40 to 80 stores. The Zone Manager reports directly to the Regional Director on all matters related to store operations and sales. A Zone Manager is responsible for ensuring the efficient operations of stores and for their maintenance and must visit each of their stores at least once every two months.

Each Zone Manager oversees 6 to 10 District Managers. A District Manager ensures that the stores' operations are conducted in compliance with our procedures and rules. They are responsible for visiting each store at least twice a week and monitoring competition and general market conditions, controlling inventories and ordering procedures, and recruiting new store team members.

Our Headquarters

Our central office is located in Mexico City and is home to our leadership team.



Our Leadership

Our executive officers are appointed by the board of directors. The table below outlines our current executive team, including their titles, ages, and tenure with the company as of December 31, 2023.

Officer	Position	Age	Years with our company
K. Anthony Hatoum	Chief Executive Officer	60	19
Eduardo Pizzuto	Chief Financial Officer and Investor Relations Officer	53	16
Diego Apalategui	Director of Sales and Operations	47	19
Luis Bermúdez	Purchasing Director	53	5
Javier Suárez	Human Resources Director	47	19
Pablo Grattarola	Information Technology Director	51	<1
Alejandro Dávila	Real Estate Director	46	1

GRI 2-22, 2-25

OUR SUSTAINABILITY STRATEGY

We recognize the importance of effectively managing our economic, environmental, social, and governance (ESG) risks and opportunities to strengthen our long-term resilience, build consumer trust, and align with the evolving market demand for ethical and sustainable business practices. This understanding motivated us to formally initiate the development of our ESG strategy in 2023.

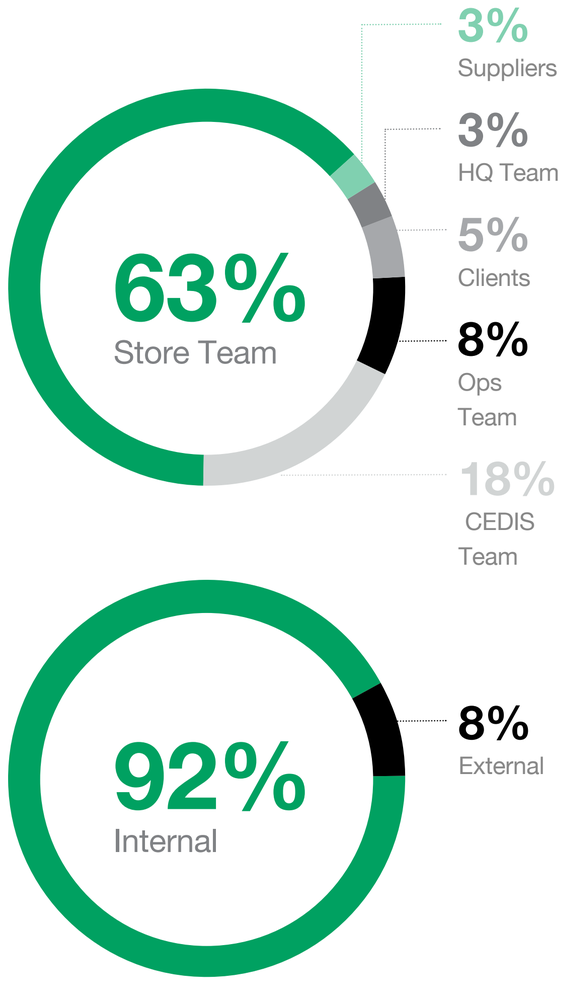
GRI 3-1, 3-2

Our Materiality Analysis

In 2023, we conducted our first materiality analysis to identify the most relevant topics for our organization and its stakeholders. Beyond its primary objective, this assessment also enabled us to uncover potential operational risks and opportunities for improvement. We plan to update this analysis periodically to ensure we remain aligned with the evolving interests and needs of our stakeholders.

To start the analysis, together with our ESG advisors, we built a list of the 30 most relevant sustainability topics for consumer staples globally. Using a double materiality approach, we considered a wide range of industry standards and global peers' practices. We then surveyed our stakeholders to be able to understand their needs and concerns. We received over 5,600 responses from them.

The following graphics show the breakdown of the responses among stakeholders.



Stakeholder groups

Involved	Amounts
Associations	9
Board members	9
CEDIS Team	1,031
Clients	261
Creditors	12
HQ Team	165
Investors	3
Management	10
NGOs	1
Ops Team	484
Potential Investors	3
Regulators	2
Stores Team	3,538
Suppliers	147
Total	**5,657**
Internal	5,219
External	438
Total	**5,657**

With this, we identified 14 material topics:

MATERIAL TOPICS

4 Product Quality

11 Business Ethics

1 Anti-Corruption

2 Talent Attraction

3 Sustainable Supply Chain

30 Product Safety

5 Human Rights

6 Team Member Development

20 Labor Practices
Legal and Regulatory

15 Environment

26 Team Member Health and Safety

16 Corporate Governance

28 Customer Satisfaction

13 Risk Management

EMERGING TOPICS

22 Product Pricing and Availability

18 Innovation & Technology

27 Team Member Satisfaction

7 Diversity & Inclusion

25 Community Health and Safety

9 Energy Efficiency
Sales Practices and Product

21 Labeling

12 Waste Management

23 Relationship with Communities

14 Water Management

19 Grievance Mechanisms

10 GHG Emissions

29 Data Security / Cybersecurity
Physical Impacts of Climate

17 Change

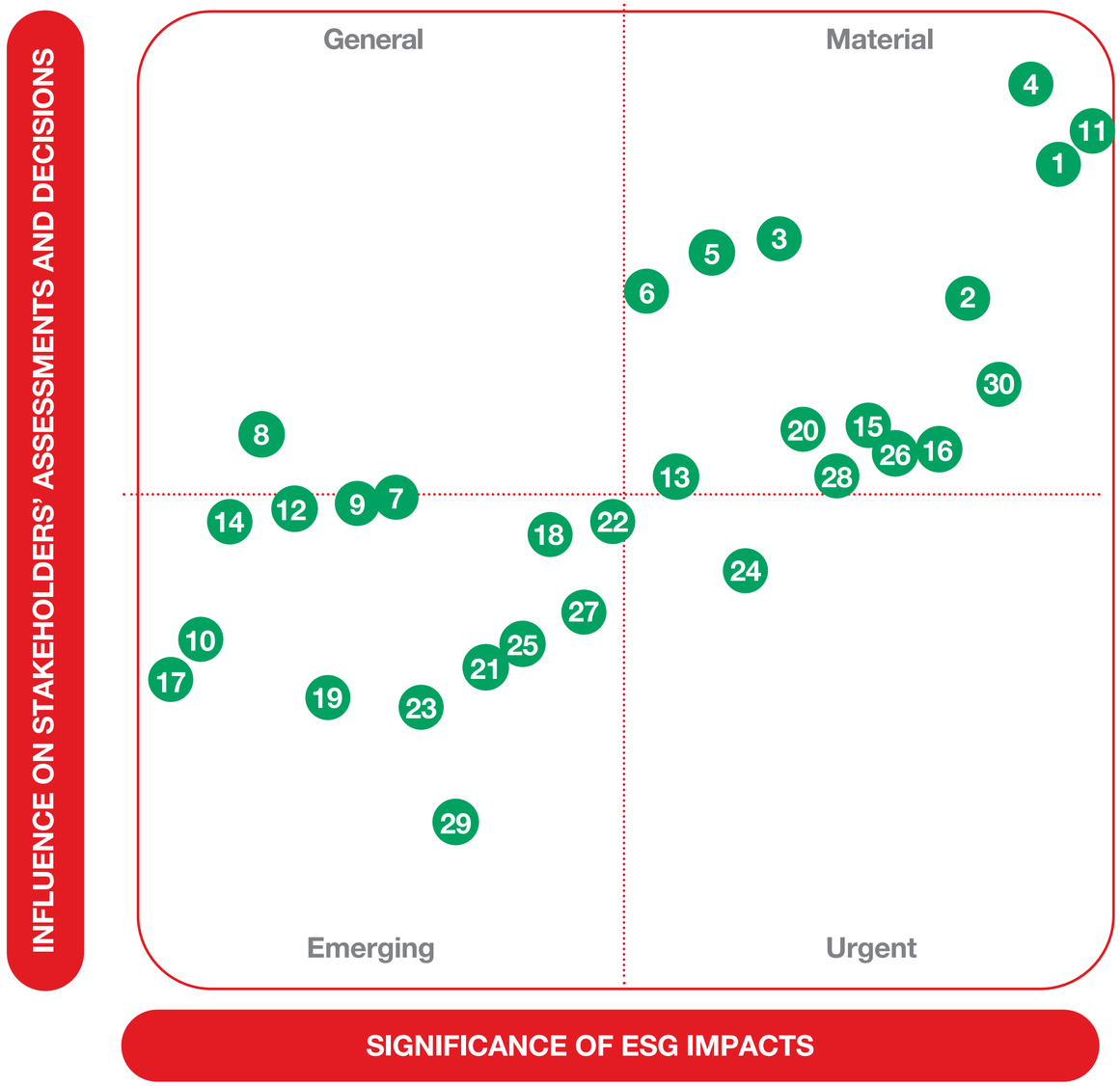
URGENT TOPICS

24 Business Model Resilience

GENERAL TOPICS

8 Circular Economy

- Already working on it
- Next topics to be managed



2023 Material topics

KICKING OFF OUR ESG EFFORTS

Following our initial materiality analysis, we have started addressing our key topics by establishing policies, key performance indicators (KPIs), baselines, and goals aimed at enhancing our performance and exceeding market best practices.



The rest of this report details the progress we've made, as well as the strategic course we have defined for our sustainability efforts.

As our first step we have started working on a combination of two Material Topics, **Product Quality and Safety,** and one Emerging Topic, **GHG Emissions**, to reinforce our existing practices. In our second phase, which we estimate to begin working on, we are going to focus on two more material topics: Corporate Governance and Business Ethics.

Usually, sustainability strategies are structured to address and manage all Material Topics before digging into any of the topics in the Materiality Matrix's other three quadrants. We understand that it may seem counterintuitive for us to focus on an Emerging Topic (GHG Emissions) before finalizing a strategy for all our Material Topics first.

However, we believe that the reason GHG Emissions were categorized as an Emerging Topic and not a Material one was that some external stakeholders may still be in the process of understanding the potential effects climate change could have on our business. Since we remain convinced that this issue is critical, we aim to prioritize this topic over other material ones to prepare for significant changes in our industry over the medium term. We believe this will also help our stakeholders better understand its importance.

GRI 3-3, 203-1, 203-2, 302-4, 305-1, 305-2, 305-3

GHG Emissions

WHY IS THIS TOPIC MATERIAL FOR T3B?

We have decided to treat emissions as a material topic, considering the potential impact we may have on the environment and the risks that are likely ahead. With this, we intend to identify our areas of improvement in energy efficiency, transportation, and supply chain processes.

Additionally, as regulatory frameworks tighten globally, tracking and reducing GHG emissions positions us to comply with evolving environmental standards, mitigating risks and ensuring long-term viability. After fully capturing our GHG emissions inventory, we are now better positioned to identify areas for improvement and set goals to reduce our environmental impact.

How are we managing this topic?

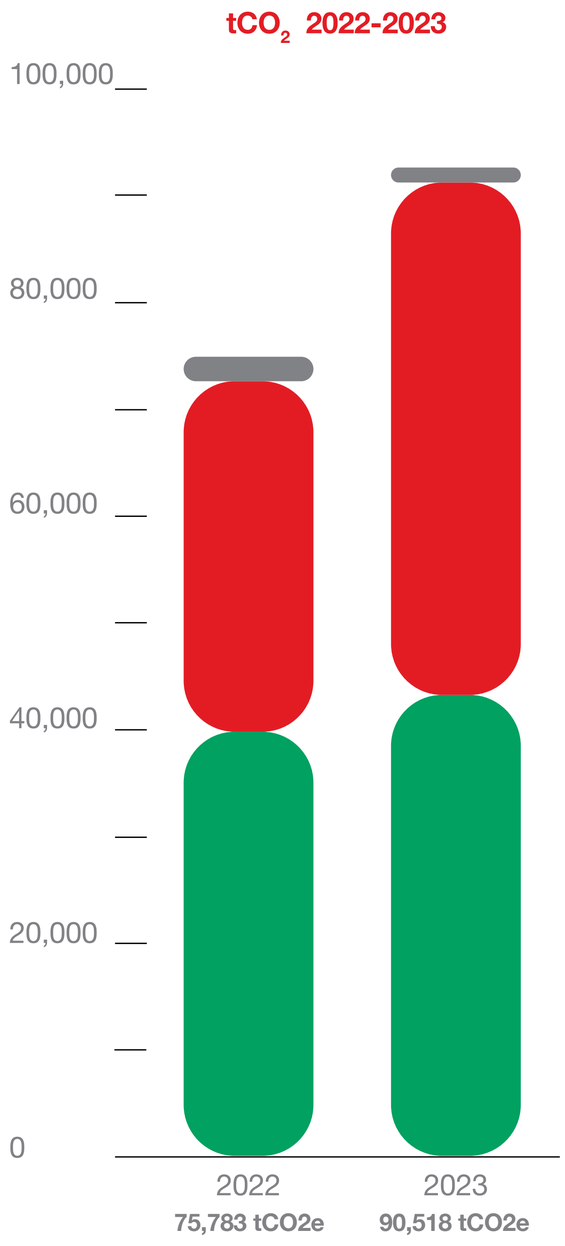
As a first step, we measured our carbon footprint (scopes 1 and 2) for 2022 and 2023, with support from South Pole, a leading climate consultancy. This first assessment measured stationary combustion, mobile combustion, and fugitive emissions for our Scope 1 calculations and utility-purchased electricity for our Scope 2 calculations. Results are aligned with the GHG Protocol.

KPI 1: ANNUAL GHG EMISSIONS (SCOPE 1 AND 2) IN tonCO_2

Our main objective is to establish a clear emissions baseline that will allow us to monitor progress effectively and develop specific mitigation actions in the future.

KPI 2: ENERGY FROM RENEWABLE SOURCES

Our ambition is to increase our renewable energy consumption. Our goals and progress as of 2023 were the following: **4%** of T3B's total energy consumption/year will come from renewable sources, equivalent to an estimated **717** tCO2e/year.



Scope 1
Scope 2
Out of scope

Scope 1:
Energy use at T3B facilities
-Stationary combustion
-Mobile combustion
-Fugitive emissions

Scope 2:
-Electricity

Out of scope:
-Fugitive emissions not included in the Kyoto Protocol

Our total scope 1 and scope 2 emissions added up to 90,518 tCO_2e in 2023.

Considering this data, our 2023 emissions intensity was 38.7 tCO_2e per million USD of revenues sold.

Mitigation strategies

In 2023, we launched a dual strategy focused on improving our primary data collection methods to obtain a clearer understanding of our carbon footprint, while simultaneously reducing that footprint through investments in cleaner energy sources.

We are reducing our environmental footprint by increasing investment in clean energy while driving progress toward sustainable business practices across our industry.

T3B SOLAR PANELS

Our ambition is to increase our consumption of renewable energy

We intend to increase our use of renewable energy sources, a pivotal step in our commitment to reducing our overall carbon footprint. By intensifying our investment in clean energy, we aim not only to decrease our environmental impact but also to contribute positively to the broader shift toward greener business practices in our industry. In the last months of 2023, T3B's first solar panels started operations in Tulancingo, and Morelia was in the last installation phase.

Estimated savings:

- Tulancingo (December 2023): 783,420 kWh per year
- Morelia (February 2024): 831,108 kWh per year

In 2024, we expect to install solar panels in at least three distribution centers: Acapulco, Aguascalientes, Veracruz.

REFORESTATION

In 2023, a group of 11 volunteers composed of team members from all areas participated in the annual reforestation of the "Barranca Tarango."



GRI 3-3, 416-1

Product Quality and Safety

WHY ARE THESE TOPICS MATERIAL FOR T3B?

We recognize that the reliability, excellence, and safety of the products we offer directly impact the trust our customers place in us, fostering loyalty and repeating business. By upholding high standards, we focus on providing the conditions for our customers to receive products that meet or exceed their expectations. We constantly test and analyze our products and only work with commercial partners that are committed to manufacturing products with high-quality ingredients and materials. This aligns with our long-term vision as we strive to build a brand synonymous with reliability, integrity, best value for money, and unwavering commitment to customer well-being.

HOW ARE WE MANAGING THESE TOPICS?

Our approach to these topics is based on three fronts:

1. Tasting
   We are the first to taste and approve our products. During the "tasting" phase, we test all of our products' taste, smell, texture, and overall quality. We also compare every 3B-brand product with at least two from our competitors currently being sold at other retailers.

2. Laboratory Analyses
   3B-brand products are also submitted to laboratory assessments to ensure that they comply with quality standards and that they contain the ingredients we say they do.

KPI 1: NUMBER OF SAMPLES TASTED AND TESTED (TWICE A YEAR)

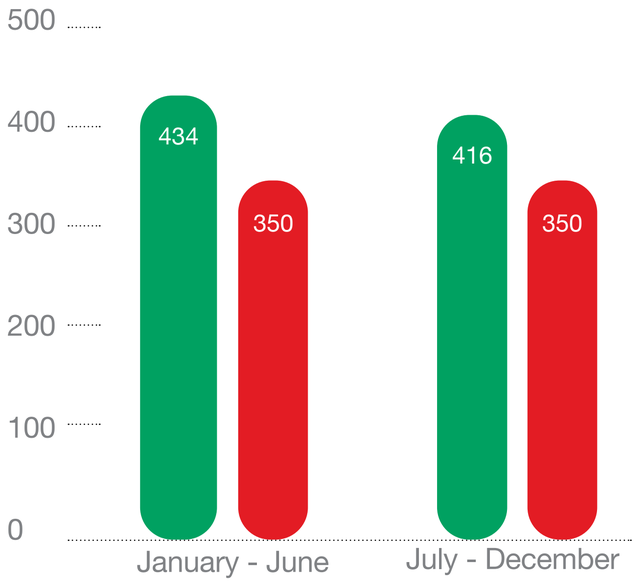
Goals:
- 100% 3B-brand products tasted twice a year.
- 100% 3B-brand products analyzed twice a year.

T3B has been above 100% target since we started tracking this data

Progress	Jan – Jun 2023	Jul – Dec 2023
Tested	434	416
Analyzed	351	428
3B-brand products	350	350

Although we closed 2023 with 422 own-brand products, 350 of them were active when this analysis was carried out.

T3B Tasted products 2023



TASTING

350 Target Jul-Dec

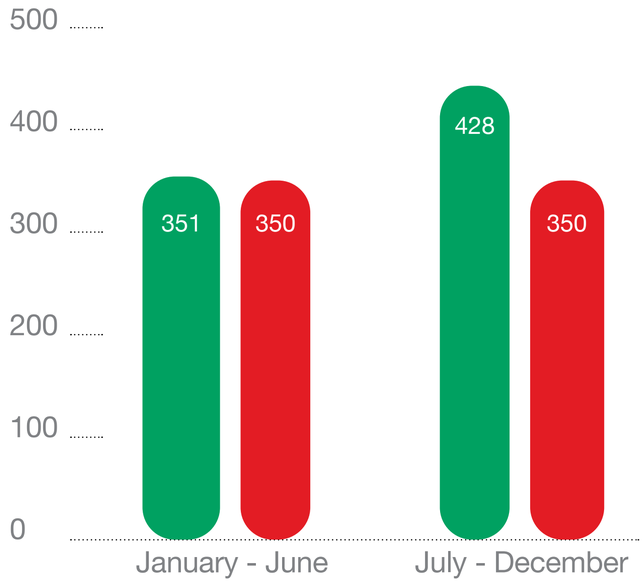
416 Progress to target Jul-Dec

119%

Goal:
100% 3B-brand products tasted every 6 months

- Tasted products
- Target

T3B Analysed products 2023



LABORATORY ANALYSES

350 Target Jul-Dec

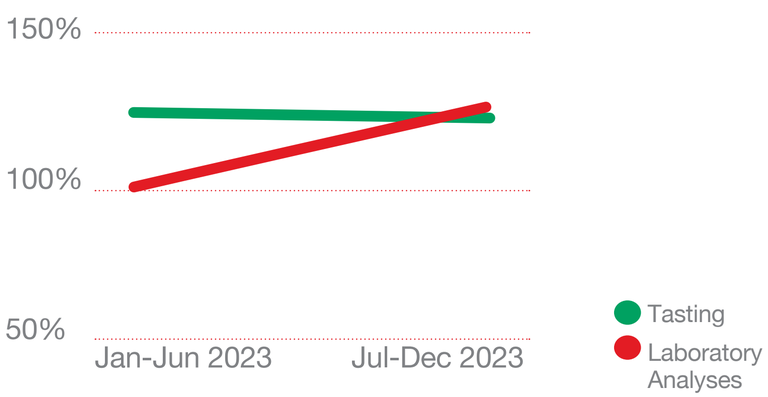
428 Progress to target Jul-Dec

122%

Goal:
100% 3B-brand products analyzed every 6 months

- Analyzed products
- Target

Number of samples tested for quality standards



3. Suppliers Audit Program

The Global Food Safety Initiative (GFSI) is a program that seeks to continuously improve food safety management systems and ensure confidence in the delivery of safe food items to consumers worldwide. At T3B we implemented an audit program in August 2023, led by the procurement department, to evaluate suppliers on food quality standards in line with this initiative.

We also have a Supplier Code of Ethics that ensures that our entire supply chain understands and complies with our ethical, operational, and sustainable expectations.

109
T3B Suppliers

100%
(109 audited)
Audit Progress

We are proud to announce that we have reached our goal of evaluating 100% of our supply chain.



KPI 2: % OF SUPPLIERS EVALUATED ANNUALLY ON QUALITY STANDARDS

Goals:

- To audit 100% of T3B suppliers within 10 months (Aug 2023 – Jul 2024)
- Subsequent audits will take place annually, the next period will start in 2024



OTHER ENVIRONMENTAL TOPICS

We understand our impact on the environment and the impact the environment can have on our operations. We strive to comply with consumer expectations and regulatory requirements, while contributing to mitigate climate change. We want to ensure our long-term business resilience. This is why we consider it critical to address our GHG Emissions.

GRI 3-3, 204-1, 408-1, 409-1, 417-1

Sustainable Supply Chain

WHY IS THIS TOPIC MATERIAL FOR T3B?

By partnering with local, ethical suppliers, we strengthen our community ties, reduce supply risks, and position our brand further. A sustainable supply chain helps us manage risks associated with climate change and resource scarcity, safeguarding future supplies and protecting their long-term viability.

It's not just about "doing good," it's about building a resilient, profitable business that thrives in harmony with the Mexican people and environment.

HOW ARE WE MANAGING THIS TOPIC?

At T3B, our Code of Business Conduct and Ethics ensures our partners adhere to the highest ethical standards. This code emphasizes transparency, fair labor practices, and responsible sourcing, which align with our company values and commitment to ethical business conduct. Many of our relationships with suppliers are incredibly close, with some even operating on an open-book basis, fostering trust and collaboration.

We prioritize working with suppliers committed to fair trade practices and providing good working conditions for their team members. This ensures that everyone involved in our supply chain benefits from ethical treatment and a fair share of the value they help create. Furthermore, we are proud to support the local economy by prioritizing Mexican suppliers, strengthening ties with our communities, and contributing to the growth of local economies.

In our efforts to increase efficiency and sustainability, we have focused on reducing packaging materials, making them lighter and easier to unpack during store replenishments. This enhances efficiency and saves significant labor hours, allowing us to operate more effectively.

Our commitment to sustainability extends to our distribution centers (CEDIS) as well. We have installed solar panels to boost energy efficiency and have implemented measures to reduce energy waste through power factor optimization. These initiatives have reduced our carbon footprint and improved our overall energy management.

Lastly, we ensure our product labels are transparent and compliant with applicable regulations regarding nutritional information, including clear indications of excess calories and fats. We strive to adapt swiftly to any legislative changes to maintain compliance and transparency with our customers.





GRI 303-1, 303-2

Water and effluent management

Minimizing water use reduces costs, lowers the risk of fines for exceeding water permits, and ensures reliable sourcing for operations essential to our suppliers' activities, like food cleaning and preparation.

Effectively managing effluents, the wastewater produced in our operations, is crucial for protecting the environment and public health. Untreated effluents can pollute waterways, harm ecosystems, and pose health risks to communities. By investing in proper treatment systems and implementing water-saving practices, we can be good stewards of water resources and build trust with our customers.

At T3B, we are committed to raising awareness of sustainability and environmental issues throughout our company. To reinforce this, we have placed signs in all bathrooms across our facilities promoting water conservation. These reminders encourage team members and visitors to use water responsibly, reflecting our dedication to preserving this vital resource and fostering a culture of environmental stewardship.

GRI 306-1, 306-4

WASTE MANAGEMENT

Food waste can be a significant issue for retailers. Implementing effective waste management strategies like optimizing our inventory, partnering with food banks, and investing in recycling programs will not only reduce environmental impact but also cut disposal costs and generate social benefits.

In each of our Distribution Centers, we operate baling and compacting machines specifically designed to process and recycle the cardboard we use in our business. These machines play a crucial role as they help us transform what might otherwise be waste into a significant revenue stream for T3B.



2023

27,681
tons of cardboard recycling

3,257
tons of stretch film recycling

Compostable and biodegradable bags: In 2023, we sold 65,389,742 2-peso T-shirt bags, which decompose in 180 days.

Collection of bottle caps: In 2023, in alliance with Banco de Tapitas de México, we collected 1,107 kg of bottle caps during the Brands Fair (Feria de Marcas).



OTHER SOCIAL TOPICS

Social responsibility is intimately woven into our brand. We actively seek to create the best possible environment for our team members while finding innovative solutions to generate value for consumers and communities.

GRI 3-3, 403-2, 403-3, 403-5, 403-6, 403-9, 403-10

Team Members' Health and Safety

WHY IS THIS TOPIC MATERIAL FOR T3B?

Having proper safety measures implemented across our operation prevents costly workplace accidents. It also demonstrates how relevant our team members are to our operation. We care about our stakeholders beyond transactions. Prioritizing team members health and safety is not just an ethical duty; it's a vital investment in Tiendas 3B's own success and long-term prosperity.

HOW ARE WE MANAGING THIS TOPIC?

We have a medical office in our Headquarters and every distribution center is well-equipped to provide occupational health and safety services. When someone is injured or showing symptoms of illness during working hours in our distribution centers, he/she must go for an assessment and when necessary, they are given a pass to go to a health clinic. We also offer psychological support to our team through Fundación Origen, which is available to them and their families, via telephone.

COMPLAINTS AND SUGGESTIONS

We offer a complaints and suggestions mailbox in our distribution centers and a corporate hotline for all team members where anyone can report work-related situations. We foster an open communication culture. Our team can also report anything directly to their immediate line manager so it can be solved promptly.

HEALTH AND SAFETY INITIATIVES

We are committed to maintaining a secure and healthy work environment by implementing rigorous health and safety protocols. We also continuously train our staff on safety practices and emergency procedures. Our team's well-being is our responsibility, and we are dedicated to safeguarding it every step of the way. Among other things, our initiatives include:

1. Hazard identification, risk assessment, and incident investigation (GRI 403-2)
   a. Identification: Every four months we tour all our distribution centers to identify possible occupational risk factors.

   b. Application of hierarchy of controls: after identifying risks, the respective corrective actions are assigned.

2. Occupational health services (GRI 403-3)
   a. Occupational Medicine: medical consultations and examinations.

   b. Occupational Health: focus on the prevention of occupational hazards through an annual health plan.

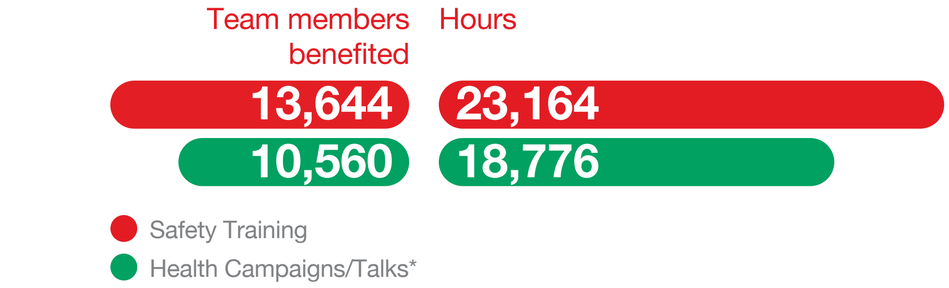
   c. Preventive Medicine: intervene in case of epidemic outbreaks, offer health campaigns, monitor chronic degenerative diseases, offer annual deworming supplies for workers through public health services, as well as health prevention campaigns.

3. Training (GRI 403-5)
   a. Health Courses: Lower back pain course (ergonomics), Pink October Breast Cancer Campaign, Give yourself a healthy life.

   b. Safety At Work: Defensive handling, Safe driving, Warehouse safety courses (Personal protective equipment, Hydraulic skate, Cargo handling, Safety on the road).

In 2023 there were no reports related to health and safety risks or complaints in our hotline.

In 2023, we offered a total of 41,940 hours of health and safety training for 24,204 of T3B's team members.





GRI 403-3

WORK-RELATED INJURIES AND ILL HEALTH

The medical service team also records and manages cases of work-related injuries and sicknesses, particularly for workers at T3B's various Distribution Centers (CEDIS). These are registered under different categories of circumstances when incidents occur, including regular activities in the workplace, commuting, activities on commission, and when working extra hours or shifts.

Comprehensive medical services offered at our Distribution Centers included:

- General and occupational medical consultations
- Pre-employment and periodic medical examinations
- Occupational health records
- Preventive medicine initiatives
- Therapy administration (including medication management, wound care, splints and bandages, physiotherapy or rehabilitation, minor surgeries, and immunizations)
- Issuance of medical leave or exit passes
- Conducting specific drug and alcohol testing

27,251
Medical services provided in offices

*199 different trainings and 62 preventive health campaigns

Case study: T3B Helpline

At T3B, we always have a Helpline available for our team members and their families' health and safety. Users can report both physical and psychological risks or threats they experience. We are making an effort to raise awareness around domestic violence, how to identify it and encourage reporting on this matter. Psychological aid is offered, and interventions or investigations can be carried out when deemed necessary.

The T3B Helpline is run in collaboration with Fundación Origen, a partnership that strengthens our ability to provide comprehensive support and resources to those in need. All reports made through the Helpline are handled with the utmost confidentiality, ensuring that individuals can voice their concerns without fear of retribution.

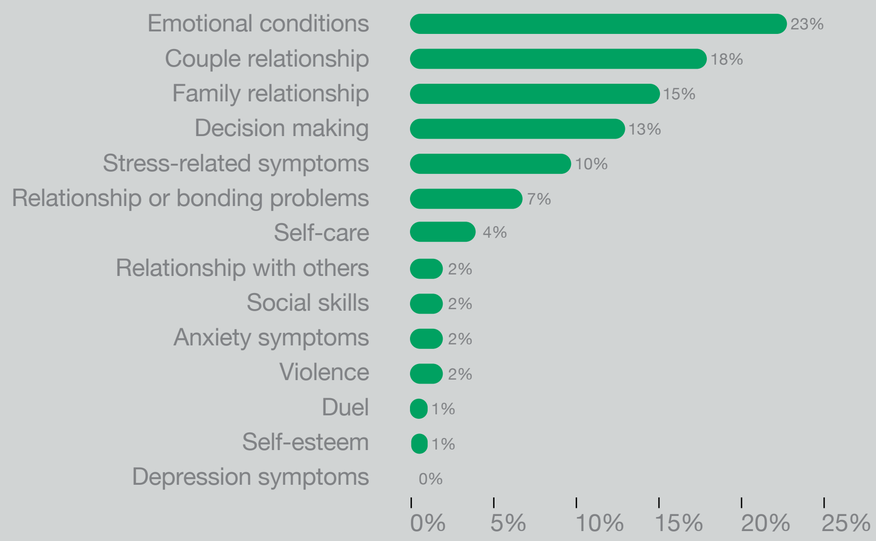
From January to December 2023, 471 services were provided through the Helpline, directly benefiting 433 people.

86% of the services provided were offered to women, while only 14% were for men.

Total services provided in the month



Psychological orientation



GRI 3-3, 404-1, 404-3

Team Members' Development and Talent Attraction

WHY ARE THESE TOPICS MATERIAL FOR T3B?

Investing in our team is a strategic choice. By nurturing existing potential through training and offering growth opportunities, we keep our workforce engaged and productive while having them perform at the best of their capacity. We are looking to recruit a larger, more diversified pool of team members. This will empower our team to innovate and adapt to changing market trends, securing a competitive edge.

HOW ARE WE MANAGING THESE TOPICS?

We prioritize continuous learning and development for our team. In 2018, we introduced "3B University" (or "Universidad 3B"), an online training initiative. Our team members are automatically enrolled in the platform, which offers over 100 courses, from theoretical insights to practical applications, covering key areas such as our business model, process protocols, safety guidelines, exclusive brand knowledge, and role-specific certifications.

In 2023, we offered several training programs to develop skills, improve competencies, close technical gaps, generate knowledge, and disseminate T3B's culture. We have the dual purpose of improving our performance and fostering the development of our team members.

Programs were focused on four areas:

- Tools: understanding how to use tools or complementary resources that help improve the performance of any function.
- Functional Training: develop and/or update job-specific technical competencies, directly related to the job functions.
- Leadership Program: evaluate and develop leadership skills by level for team members who oversee a team.
- T3B Culture: Courses that contribute to our team member's knowledge and experience of the organization's culture.

A total of 163 training sessions were given on the aforementioned topics, benefiting a total of 3,191 team members, with a total of 25,528 hours of training.

8
hours of training per team member in 2023.

100%
of our team members received T3B Culture courses.

25,528
hours of training.

Case study: Safe Driving in our Supply Chain

In collaboration with MindUp Academy, a company with more than 20 years of experience providing effective business training solutions in various industries, we offered a safe driving course for all the drivers that make up our supply chain's distribution network. It was specifically designed to help participants become aware of the risks they are exposed to while transporting T3B products and how to avoid them. It was aimed at operators of cargo transportation, utility vehicles, and administrative personnel responsible for transportation and platforms. The course was taught both in the classroom and on the road.

These learning opportunities keep our team engaged and allow them to grow and harness useful skills. These will not only help us manage better working conditions but also attract market talent by demonstrating our commitment to our members' safety and professional development.

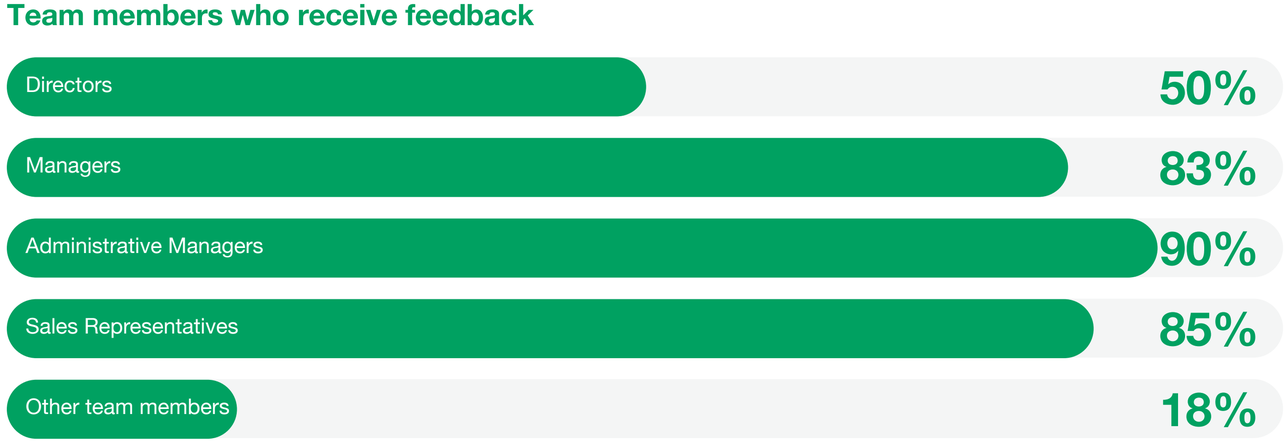


2023 Recruiting Initiatives

In 2023, we started using our Operations Process Guide to manage recruitment processes for strategic operational positions at the corporate level.

This Guide describes three different stages we have implemented to standardize these processes, which is particularly relevant when hiring Zone Managers and Regional Directors. It has allowed us to be more professional and improve the overall recruitment experience.

We also conduct employment background investigations to streamline the recruiting process and gather detailed information on candidates. This screening aims to expedite the hiring process by evaluating candidates' labor and social backgrounds, employment history, as well as any lawsuits or issues related to union demands. Implemented through a specialized platform, this approach enables informed decision-making on whether to proceed with candidates based on their comprehensive background results.



GRI 404-3

FEEDBACK

Team member feedback is important for T3B because it helps us create a better workplace for everyone. By listening to what our team members have to say, we can spot opportunities for improvement and innovation and catch potential issues early on. When team members feel heard and valued, they're more likely to be engaged and satisfied with their jobs, which leads to better retention and morale. Plus, feedback gives us valuable insights into how things are going in the company so we can make smarter decisions that align with our goals. In short, embracing team member feedback is key to building a positive and productive work environment that drives our success.

64% of Sales Representatives who received feedback in 2023 were women.

GRI 3-3

Labor Practices and Human Rights

WHY ARE THESE TOPICS MATERIAL FOR T3B?

We are committed to upholding and promoting fundamental human rights. Our goal is to ensure that all our stakeholders are treated with dignity and respect, fostering an environment where they feel protected and valued. By doing so, we also safeguard our brand image and uphold our core values.

HOW ARE WE MANAGING THESE TOPICS?

At T3B, we place great emphasis on caring for our people, who are the most important element of our growth and success. We believe in creating opportunities for career advancement within our company, where an AV (Sales Associate) can become a GT (Store Manager) within a short period of time. In our highly competitive industry, we prioritize good practices and protecting human rights as fundamental values. By investing in our team members and maintaining a supportive work environment, we ensure that our team is motivated and empowered to excel.

2023 INITIATIVES:

My T3B Experience

- Program/Initiative Overview: This initiative is implemented across all company distribution centers (CEDIS) and is audited quarterly. It is based on five fundamental approaches to ensure workers' rights are respected, as per our Code of Ethics:

1. **Integration Plan:** activities used to improve team members' overall work environment, sense of belonging, and development.
2. **General Working Conditions:** verification of all actions towards complying with the best working conditions.
3. **Work environment and communication:** actions taken to uphold a favorable work environment among all workers in every region.
4. **Occupational health and safety:** analyze, promote, and propose better solutions to existing health and safety conditions.
5. **Fundamental Rights:** guarantee work spaces free from discrimination and violence.

- Key Implementation Points: Monitoring each region's processes to safeguard the plan's execution has allowed us to comply with the NOM 035 principles.

Zero Tolerance for Harassment and/or Sexual Harassment

- Program/Initiative Overview: Training courses are provided at 3B University for all staff, focusing on preventing workplace violence and sexual harassment. Permanent campaigns are deployed across all company work centers to eradicate, prevent, and expose such behaviors.

- Key Implementation Points: This program aligns with the country's legal provisions and ILO Convention 190, evaluating situations with a gender perspective to eradicate such behaviors in the workplace. Reporting hotlines are enabled, with their designated Committee providing timely follow-ups to sanction these reported cases.

There were no discrimination cases reported in 2023

GRI 3-3

Customer Satisfaction

In 2023 alone, we reformulated 10 products, demonstrating our commitment to quality and innovation.

WHY IS THIS TOPIC MATERIAL FOR T3B?

Happy customers mean repeat business. Understanding our customers' needs through feedback helps us tailor our offerings and improve their shopping experience, ensuring we stay ahead of the competition.

HOW ARE WE MANAGING THIS TOPIC?

At T3B, we are committed to providing exceptional customer service and continuously improving our products. We look at different strategies that allow us to better understand our customers' evolving needs. By listening to their feedback and giving them the flexibility they need to feel taken care of when they shop at our stores, we show them that they are truly our priority.

Return policy:

We have a no-questions-asked, no-receipt-needed money-back return policy. To instill customer confidence in our product offering, we allow customers to return any product if they are dissatisfied with it, with no questions asked and without requiring a receipt. This strategy allows customers to test our private label products and break ingrained consumption patterns associated with very traditional brands. When customers know they can return a product without any hurdles if it doesn't meet their expectations, they feel more secure in making a purchase, increasing the likelihood of a positive shopping experience. Our return policy not only increases customer confidence but also promotes a relationship of transparency and trust, which is essential for achieving high levels of customer satisfaction and retention.

Customer satisfaction surveys

Whether it's cookies, milk, or any other item, our products today are not the same as they were two years ago, let alone five. To achieve this, we regularly conduct customer satisfaction surveys and employ mystery shoppers to evaluate every aspect of our stores. In fact, each store is thoroughly assessed, and part of the store staff's bonuses depend on these evaluations. We also perform blind taste tests to refine our products and formulas, ensuring we meet the highest standards.

GRI 413-1

Community Impacts





$1,860,387
pesos donated to Comedor Santa María

Comedor Santa María

During the year, we started collaborating with the "Boys and Girls Club" Organization in Mexico City and the State of Mexico. Through them, we got to know the Comedor Santa María, a civil association that, since 1995, has been dedicated to helping the most vulnerable children in society meet their primary need: food. By providing this support and dignified and caring treatment, their team creates opportunities for these children to become better individuals and, in the future, productive members of society.

We decided to donate a total of **$1.86 million pesos** to this initiative to fund the construction of a larger dining room, as well as allocate resources for their overall expenses. This donation was made in two installments at the beginning of 2024.

79.7% of participants felt that the Club's food gives them energy to carry out their activities.

95.4% have more time to eat leisurely since they started eating at the Club.

99.3% like coming to the dining room because they eat better, the food is tasty and because they learn values, make friends, and live with classmates they did not know before.







CORPORATE GOVERNANCE

We’re committed to maintaining and further strengthening our robust corporate governance and ethical business practices. We are driven by the conviction that regulatory compliance and transparency are the foundations for an effectively led corporation.

GRI 2-9, 2-10, 2-11, 2-12, 2-17, 3-3

Corporate Governance

WHY IS THIS TOPIC MATERIAL FOR T3B?

A robust governance framework ensures transparency, accountability, and fairness in our decision-making processes. It safeguards the interests of all our stakeholders. By upholding strong governance principles, we instill confidence and foster trust and long-term relationships. A well-defined structure is instrumental in mitigating risks, promoting compliance with legal and regulatory requirements, and steering the company toward sustained success.



HOW ARE WE MANAGING THIS TOPIC?

GRI 2-9, 2-10, 2-11, 2-12

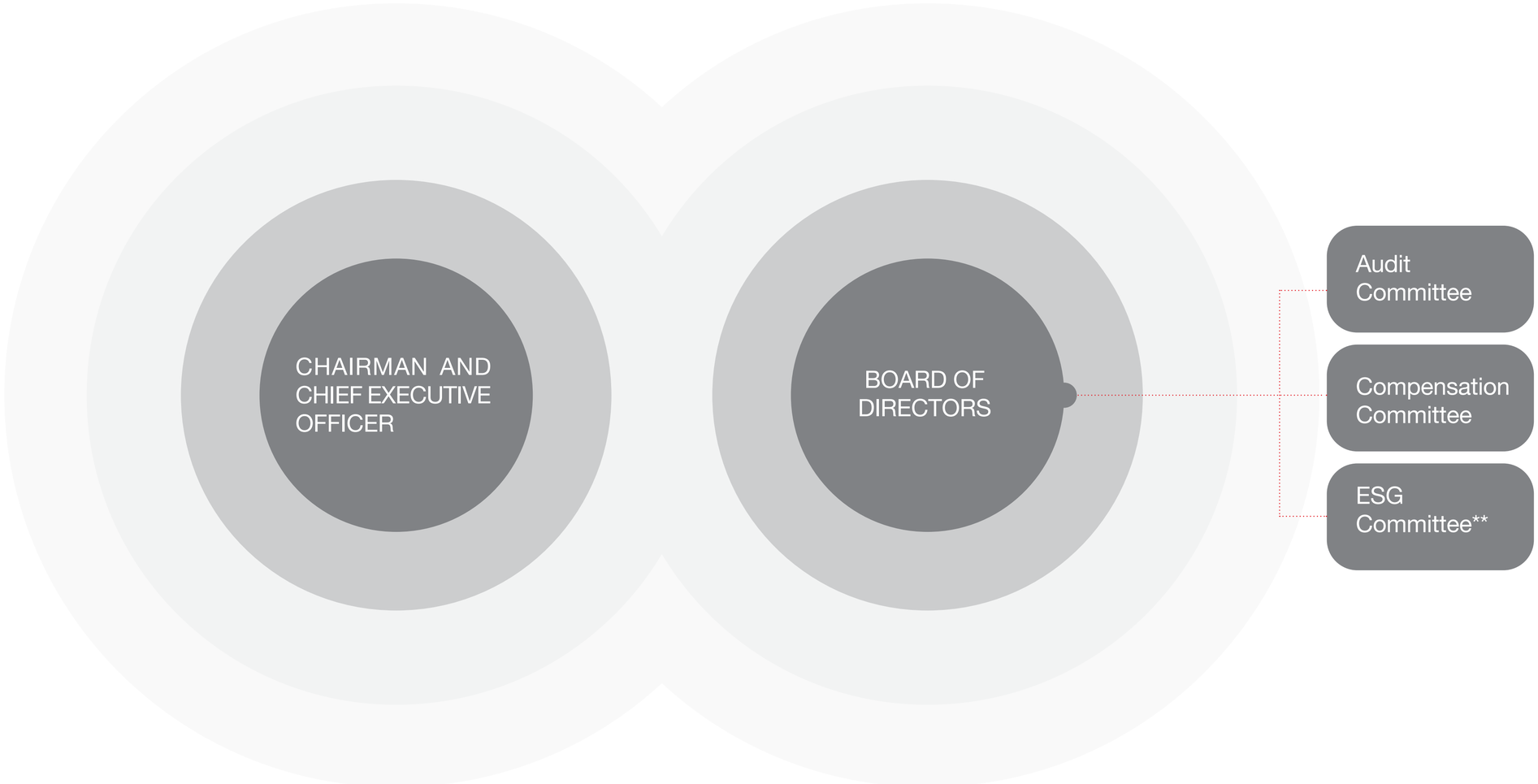
Board of Directors

Our Board of Directors is the highest governing body in T3B's corporate structure. It guides the Company's path by establishing key strategies and overseeing their execution. It monitors financial and operating results, approving necessary actions. It delegates responsibility for managing social, environmental, and ethical impacts while maintaining oversight and ensuring transparency. It also has the following functions:

- Strategic Planning: Participating in the development and approval of the organization's culture and strategic goals.
- Risk Management: Identifying and mitigating risks to the organization, including legal, financial, operating, and sustainability risks.
- Monitoring Performance: Evaluating the organization's overall performance and assessing the effectiveness of management in achieving strategic goals.
- Oversee Compensation: Our directors, executive officers, and management in general receive fixed and variable compensation. The Board of Directors is responsible for establishing appropriate and fair compensations.

GRI 2-9, 2-13

Governance Structure



**ESG Committee members: Jean-Francois Le Ruyet and Dan Gerstacov

GRI 2-10

Board members' appointments

Subject to certain exceptions, the Board of Directors are elected by our shareholders.

Member	Position	Tenure (Years)	Gender	Independence	Audit Committee	Compensation Committee	ESG Committee
Anthony Hatoum	CEO and Chairman of the Board	19	M	No			
Nicole Reich	Director	1	F	Yes	Chair	Member	
Dan Gertsacov	Director	1	M	Yes	Member		Member
Jean-Francois Le Ruyet	Director	1	M	No			Member
Alexander Fuster	Director	9	M	Yes	Member	Member	
Juan Pablo Cappello	Director	4	M	Yes	Member		
Sami Khouri	Director	9	M	Yes		Member	
Alexis Meffre	Director	1	M	No			
Stephanie Martínez	Director	1	F	Yes			

This process requires the affirmative vote of a plurality of the votes cast on the resolution by shareholders entitled to vote who are present, in person or by proxy, at our shareholders' meeting (although such votes may represent less than a majority of the votes represented at the meeting and entitled to vote). Each director is appointed and elected for the term set forth in the memorandum and articles of association or until his or her earlier death, resignation, or removal.

In addition, the two support Committees (Audit and Compensation) are comprised of three or more members of the Board, with the exact number determined by the Board. All Committee members shall be appointed by the Board and shall serve at its pleasure. The Board may designate one member of the Committee to serve as Chair of the Committee. Following British Virgin Islands (BVI) corporate governance rules, Tiendas 3B does not have a Nominations Committee for Directors.

Nominations of persons for election or re-election as directors of the Company at an Annual Shareholders' Meeting may only be made by (i) the Board of Directors (acting in its sole and absolute discretion); or (ii) any Shareholder (or Shareholders collectively) holding not less than five percent (5%) of the voting rights exercisable at the Annual Meeting entitled to attend and vote at such meeting and who meets the deadline specified in Article 11. 4(a) and Article 11.5 of the BVI law.

Any Proxy Shareholder who is entitled to and wishes to nominate a person for election as a director of the Company must provide the Company with written confirmation from such person that he or she is not disqualified from appointment as a director under Section 111 of the Act.

66.6%
Independent Members

22.2%
Female Members

GRI 2-9, 2-13

SUPPORT COMMITTEES' FUNCTIONS

Committees efficiently address specific aspects of governance and oversight. These committees focus on key areas such as finance, audit, compensation, governance, and sustainability. By delegating responsibilities to these specialized groups, we can delve deeper into complex matters, ensuring thorough examination and informed decision-making, ultimately contributing to the effective governance of T3B.

► Compensation Committee

Among other things, this committee oversees:

- Assessing and providing recommendations to the board on executive compensation, including salaries, bonuses, and stock options.
- Administering the 2004 Option Plan and the Equity Incentive Plan.

► Audit Committee

Among other things, this committee oversees:

- Overseeing the financial reporting process.
- Reviewing financial statements and ensuring compliance with accounting standards.
- Appointing and overseeing external auditors.
- Monitoring internal controls and risk management.

► ESG Committee

Among other things, this committee oversees:

- Overseeing the selection of material topics.
- Reviewing the development of T3B's sustainability strategy.
- Monitoring the sustainability strategy's implementation and progress.

GRI 2-19, 2-20

Compensation

Our senior executives' compensation is overseen by the Compensation Committee. This Committee supports our Board on compensation matters, including:

- Evaluating, recommending, reviewing, and approving, subject to ratification by the Board, the Company's senior executive compensation arrangements (both salary and bonus), plans, policies, and programs maintained by the Company.
- Evaluate, recommend, and review any equity incentive awards issued to any senior executive officer and director of the Company that may be made under any equity-based compensation plan adopted by the Board.
- Such other matters relating to executive compensation as the Board may request from the Committee from time to time.

Our Board of Directors has adopted, and the shareholders have approved, an equity incentive plan. The purpose of the 2024 Equity Incentive Plan is to provide a means by which we can attract and retain key personnel and to provide a means by which directors, officers, team members, consultants, and advisors of the Company and the other members of the Company Group can acquire and hold a stock interest in the Company, or receive incentive compensation measured by reference to the value of the Common Stock, thereby strengthening their commitment to the well-being of the Company Group and aligning their interests with those of the Company's stockholders. The Stock Incentive Plan is administered by the Compensation Committee.



GRI 2-15, 2-20, 2-23, 2-24, 3-3, 205-3

Business Ethics







WHY IS THIS TOPIC MATERIAL FOR T3B?

Upholding ethical standards is a fundamental principle that defines our corporate culture and guides our operations. Embracing global best practices on this matter ensures fair treatment of all stakeholders and the communities in which we operate. By fostering a culture of integrity and transparency, at Tiendas 3B we build trust with all internal and external groups. Additionally, conducting an ethical business reduces legal and reputational risks.

HOW ARE WE MANAGING THIS TOPIC?

► Code of Business Conduct and Ethics

Building trust and fostering responsible relations are at the core of our Code of Ethics, which was last updated in 2023. This dynamic guide outlines the expectations for ethical behavior toward all our stakeholders, including shareholders, customers, suppliers, and communities. It also provides a clear channel for reporting any potential wrongdoing, ensuring we stay accountable and continue making a positive impact.

GRI 2-15

CONFLICTS OF INTEREST

The first section of the Code of Ethics focuses on conflicts of interest. It stipulates that the Company recognizes and respects the right of its directors, officers, and team members to engage in outside activities that they deem appropriate and desirable, provided that these activities do not affect or interfere with the performance of their duties to the Company or their ability to act in the best interests of the Company.

Any material transaction or relationship that could reasonably give rise to a conflict of interest must be promptly reported to the Compliance Officer. The Compliance Officer may notify the Board of Directors or a committee as he or she deems appropriate. Actual or potential conflicts of interest involving a director or executive officer other than the Compliance Officer must be disclosed directly to the Compliance Officer. Actual or potential conflicts of interest involving the Compliance Officer must be disclosed directly to the Chief Executive Officer or the Acting General Counsel.

GRI 2-16, 2-26

Communication of critical concerns

There were no corruption cases reported in 2023.

Customers, team members, suppliers, or anyone else can ask for advice on how they can implement the organization's policies and practices to their activities in relation to T3B or raise concerns about our business conduct or that of any person within or outside of the company. This communication channel can also be used to suggest any possible improvements in how we operate.

Along with our team, we pride ourselves on our "No Dejar Pasar" (Don't Let it Pass) culture, within which we encourage:

- That all improvement proposals and needs coming from any team member are heard.
- Going beyond reporting concerns or opportunities with an e-mail or message; we follow up on cases or suggestions and do not stop until they are addressed.
- Communicating that there will always be someone in our company who cares about each reported opinion.
- Not only reporting complaints but also proposing improvements and solutions.
- Implementing new solutions and efficiencies when appropriate.

GRI 3-3, 205-3

ANTI-CORRUPTION

A strong anti-corruption stance fosters a culture of transparency and accountability. We prioritize establishing anticorruption measures like having clear policies, ethical training, and open communication. We have a zero-tolerance policy towards corruption in all its forms. Our commitment to ethical business practices is unwavering, and we continuously work to ensure that our operations are free from bribery, fraud, and any other corrupt activities. Our Code of Business Conduct and Ethics reiterates our stance against corruption.

GRI 2-23, 2-24

Policies

Policy owners, including our CFO, lead the effort to maintain and update our comprehensive framework for responsible conduct, which emphasizes integrity, ethics, and due diligence.

They present these policies to the Board for approval and oversee their implementation, monitoring progress and advising on fulfilling our commitments.

We currently have the following policies in place to guide our strategy and decision-making:

- Code of Business Conduct and Ethics: As a foundation for all other policies.
- Supplier Code of Conduct: Aimed specifically at our supply chain and the expectations we have for business relationships with any participating parties.
- Anti-corruption Policy: we prohibit anyone acting on its behalf, directly or indirectly, from making or receiving unlawful or improper payments. Unlawful and improper payments include paying or receiving bribes or offering, paying, giving, promising, receiving, or authorizing payment of money or anything of value to any person, including any Government Official, to improperly influence any act or decision of a person, to obtain or retain business, or otherwise to gain an any improper benefit for the Company.
- Insider Trading Policy: applies globally regardless of location or nationality, and applies to all officers, directors, regular employees, temporary employees, contingent workers (including agency temporary employees, independent contractors, and vendor employees), interns, and any member of the Company's economic group.
- Compensation Policy: states that the fixed component of our compensation program is established by market terms and is adjusted annually. The variable component consists of cash bonuses and stock option grants. Cash bonuses are paid to executives and members of our management based on previously agreed objectives for the business and have been approved by the board of directors each year. Options have been granted under our 2004 Stock Option Plan or the Equity Incentive Plan.
- Incentive Compensation Recovery Policy: requires the recovery of certain incentive-based compensation in accordance with stated terms and is intended to comply with Section 303A.14 of the New York Stock Exchange Listed Company Manual, as such section may be amended from time to time.
- Return Policy: We have a no-questions-asked no-receipt-needed money-back return policy. To instill customer confidence in our product offering, we allow customers to return any product if they are dissatisfied with it, with no questions asked and without requiring a receipt. This marketing strategy allows customers to test our private label products and break ingrained consumption patterns associated with very traditional brands.

GRI 2-27, 3-3

Legal and Regulatory Environment Management



WHY IS THIS TOPIC MATERIAL FOR T3B?

Understanding evolving laws and regulations on everything from labor practices to consumer protection enables strategic decision-making and operating efficiency. We are committed to full regulatory compliance in all aspects of our operations.

HOW ARE WE MANAGING THIS TOPIC?

We adhere to all local, national, and international laws and regulations to ensure our business practices meet the highest standards. Our dedication to compliance includes regular audits, continuous team member training, and a robust internal monitoring system. By maintaining strict adherence to regulatory requirements, we protect our customers, team members, and stakeholders while fostering a culture of integrity and accountability.

Our business and operations are subject to various laws and regulations, as well as local governmental authorizations to open and operate our stores. Our subsidiaries' operations are primarily governed by the Mexican Corporations Law and associated provisions, while real estate property leasing activities in Mexico are governed by the Mexican Constitution, state civil codes, and various laws and regulations, which provide a legal framework for the use, operation, and transfer of real estate properties in Mexico, including environmental matters.

We are also subject to the provisions contained in the Mexican Intellectual Property Law (Ley de Propiedad Industrial) with respect to the use of our trademarks, to the Mexican General Health Law (Ley General de Salud), and the Mexican Official Standards (Normas Oficiales Mexicanas) for the health and safety practices involved in the preparation, distribution, and sale of food products.

Our failure to comply with any of these laws and norms may result in the imposition of administrative penalties, including fines, and the temporary or permanent closure of our facilities. We believe that as of this date we are in substantial compliance with all such laws and norms.

GRI 3-3

Risk Management

WHY IS THIS TOPIC MATERIAL FOR T3B?

Risk management is vital to respond to unforeseen threats in Mexico's ever-shifting economic and social landscape. Proactively identifying and mitigating risks protects us from financial losses, operational disruptions, and reputational damage. From fluctuations in supply chains to evolving consumer preferences, strengthening our risk management system will allow us to adapt and thrive in the face of uncertainty. By anticipating potential pitfalls and developing contingency plans, we can operate with confidence and resilience, safeguarding our investments.

HOW ARE WE MANAGING THIS TOPIC?

We have identified several key risks that could potentially affect our business operations and strategic goals. Our identification process involves regular monitoring, comprehensive data analysis, and stakeholder consultations, ensuring that we capture a holistic view of all our risks. By leveraging advanced risk management tools and methodologies, we continuously evaluate these risks, prioritizing them based on their potential impact and likelihood. This proactive approach enables us to develop robust mitigation strategies and respond swiftly to emerging challenges.

Some of our Risks	Description
Intensifying competition from other discount grocery chains and convenience stores	Mexico's retail landscape is crowded, with established national and international players competing for market share. We need to innovate and differentiate our business to stay ahead constantly.
Potential entry of new players	New entrants could disrupt our established customer base and operating model.
Financial and exchange trade rates	Exposure to potential losses arising from fluctuations in currency exchange rates and financial market conditions.
Economic downturns leading to decreased consumer spending	Our core customer base is budget-conscious. Economic slowdowns could significantly impact their spending and our sales.
Inflation impacting operational costs and product pricing	Rising food and transportation costs could squeeze our margins and force us to raise prices, potentially affecting customer loyalty.
Supply chain disruptions affecting product availability and costs	We rely on efficient supply chains for low prices. Disruptions due to natural disasters, geopolitical issues, or transportation bottlenecks could lead to stock shortages and higher costs.
Changes in government regulations impacting the retail industry	New regulations on minimum wage, labor practices, or environmental standards could increase our operational costs and impact our business model.
Food safety incidents or product recalls damaging brand reputation	Any food safety issues or product recalls could severely damage our reputation and lead to losing our customer's loyalty and trust.
Negative publicity related to labor practices or environmental impact	Negative press regarding labor practices or environmental impact could damage our image and alienate customers.
Physical impacts of climate change	Disruptions to the supply chain due to extreme weather events, water scarcity affecting production processes, and damage to infrastructure impacting distribution and logistics.
Transition impacts of climate change	Increased costs associated with evolving regulations affecting production methods and shifts in consumer preferences towards eco-friendly products, potentially impacting market demand and competitiveness.
Social impacts	Reputational damage due to perceived internal and external social issues, as well as community backlash against unsustainable sourcing or production methods, may affect consumer trust and brand loyalty.


Tiendas 3B
Tu Despensa Inteligente
PAGA AQUÍ
TODOS TUS SERVICIOS
SERVICIOS DEL HOGAR
Sugerencia del mes
VERDAD 3B #46
AHORRA
TIEMPO
Y DINERO
EN TIENDAS 3B
NUEVO
NUEVO
ABIERTO

APPENDIX

GRI 2-29

Our stakeholders

Stakeholder Group	Main Interests and Concerns	Communication Channels	Communication Frequency
Investors	Anti-corruption Business ethics Product quality	• **Website** • **Direct communication** • **Quarterly Reports** • **Annual Reports** • **Events and forums**	• **Open channel** • **Open channel** • **Quarterly, available when necessary** • **Annual** • **Variable**
Potential Investors	Corporate governance Product quality	• **Website** • **Direct communication** • **Quarterly Reports** • **Annual Reports** • **Events and forums**	• **Open channel** • **Open channel** • **Quarterly, available when necessary** • **Annual** • **Variable**
HQ Team	Product quality Team members development	• **Website** • **Direct communication** • **Quarterly Reports** • **Annual Reports** • **Events and forums**	• **Open channel** • **Open channel** • **Open channel** • **Quarterly, available when necessary** • **Annual** • **Variable**
Operations Team	Product quality Human rights Team members development	• **Website** • **Direct communication** • **Quarterly Reports** • **Annual Reports** • **Events and forums**	• **Open channel** • **Open channel** • **Open channel** • **Quarterly, available when necessary** • **Annual** • **Variable**

Stakeholder Group	Main Interests and Concerns	Communication Channels	Communication Frequency
Stores Team	Product quality Human rights	• Website • Direct communication • Quarterly Reports • Annual Reports • Events and forums	• Open channel • Open channel • Open channel • Quarterly, available when necessary • Annual • Variable
CEDIS Team	Human rights Product quality Team members development	• Website • Direct communication • Quarterly Reports • Annual Reports • Events and forums	• Open channel • Open channel • Open channel • Quarterly, available when necessary • Annual • Variable
Associations	Human rights Team members' satisfaction Business ethics Team members' health and safety	• Website • Direct communication • Events and forums	• Open channel • Open channel • Quarterly, available when necessary • Annual • Variable
Suppliers	Product quality Business ethics Anti-corruption	• Website • Direct communication • Quarterly Reports • Annual Reports • Events and forums	• Open channel • Open channel • Quarterly, available when necessary • Annual • Variable
Regulators	Anti-corruption Business ethics Human rights	• Website • Direct communication • Quarterly Reports • Annual Reports	• Open channel • Open channel • Quarterly, available when necessary • Annual • Variable
Creditors	Sustainable supply chain Product quality Business ethics	• Website • Direct communication • Quarterly Reports • Annual Reports • Events and forums	• Open channel • Open channel • Quarterly, available when necessary • Annual • Variable
Clients	Product quality Sustainable supply chain	• Website • Direct communication • Stores team	• Open channel • Open channel • Open channel
NGOs, and others	Product quality Talent attraction Team members' development	• Website • Direct communication • Events and forums	• Open channel • Open channel • Quarterly, available when necessary • Annual • Variable

GRI 2-28

Our Contribution to the UN's SDGs

At Tiendas 3B, we are committed to making a positive impact. In alignment with the United Nations' Sustainable Development Goals (SDGs), we have identified key areas where our business activities contribute to global sustainability efforts.



The following table highlights our material topics, the corresponding SDGs, and the specific actions we are taking to drive meaningful change.

Material Topic	SDGs	Goals	T3B's 2023 IMPACT
Environmental			
GHG Emissions		7: 7.2, 7.2.1 9: 9.4 13: 13.2, 13.2.2, 13.3	As a first step, we measured our carbon footprint. Additionally, in the last months of 2023, T3B's first solar panels started operations in Tulancingo and Morelia.
Sustainable supply chain		9: 9.1, 9.3 11: 11.4, 11.6 12: 12.2, 12.3, 12.5, 12.6	We prioritize sourcing materials and products from responsible suppliers. Our commitment includes partnering with vendors who adhere to ethical labor practices and sustainable production methods. A key part of our strategy is partnering with local suppliers, which helps reduce transportation emissions and supports local economies.
Social			
Product Quality		3: 3.9 9: 9.5	We support the community's health and well-being by ensuring our products meet rigorous quality standards. We provide safe and reliable products that enhance consumer health. We allow for innovation to be able to offer the highest quality products possible at an accessible price point.
Talent Attraction		8: 8.3, 8.5, 8.8	We foster an inclusive and supportive work environment, ensuring fair wages, safe working conditions, and opportunities for career advancement.
Product Safety		3: 3.8, 3.9 9: 9.5	We support the community's health and well-being by ensuring our products meet rigorous safety standards. We provide safe and reliable products that enhance consumer health. We allow for innovation to be able to offer safe products at an accessible price point.
Human Rights		5: 5.1, 5.4, 5.5 8: 8.3, 8.5, 8.8 10: 10.3	We ensure fair labor practices and advocate for safe working conditions. We foster dignity and equality in the workplace through our efforts to eliminate discrimination and promote inclusivity. We provide equal access to development opportunities to our team members.
Team member Development		8: 8.3, 8.5, 8.8	We invest in continuous learning and skills development, empowering our team members with the knowledge and capabilities needed to succeed in a rapidly changing world. We provide career growth opportunities, fostering a skilled and motivated workforce.
Team members' Health and Safety		3: 3.8, 3.9	We implement rigorous health and safety protocols, including regular training and safety equipment provision. Ensuring a safe work environment also promotes physical and mental well-being among our team.

Customer Satisfaction		2: 2.1, 2.2, 2.4 3 (General) 10 (General)	We deliver high-quality products and services, promoting access to nutritious and sustainable food choices. We provide accurate product information and promote healthy options. We ensure equal access to quality products and services for all. We are committed to continuously improving our offerings to enhance customer satisfaction while advancing these important global goals.
Labor Practices		8: 8.3, 8.5, 8.7, 8.8, 8.b	We offer fair wages, safe working conditions, and opportunities for career advancement; we empower our team members and contribute to sustainable economic growth.
Business Ethics		16: 16.3, 16.5, 16.6	Our adherence to ethical business practices, including anti-corruption measures and fair competition, promotes stakeholder trust. Through ethical decision-making and compliance with regulatory standards, we uphold fairness and integrity in our business operations.
Corporate Governance			
Corporate Governance		16: 16.3, 16.5, 16.6, 16.7	Effective corporate governance fosters trust among shareholders, team members, and other stakeholders by promoting accountable and inclusive institutions.
Risk Management		8: 8.3 13: 13.1, 13.3, 13.b 16: 16.6, 16.10	We safeguard business continuity and protect our team's jobs by identifying and mitigating risks effectively, including climate risks. We promote accountable and inclusive decision-making processes. Our commitment to managing risks responsibly enhances our ability to create long-term value for stakeholders while mitigating potential adverse effects.

GRI content index

Disclosure	Disclosure name	Answer in table, omission, and/or modification	Page(s)
T3B has prepared the report in accordance with the GRI Standards for the period from January 1 to December 31, 2023.			
GRI 1: Foundations 2021			
GRI 2: General Disclosures 2021			
1. The organization and its reporting details			
2-1	Organizational details	Tiendas 3B was incorporated in Mexico City on July 9th, 2004, and later went public on the New York Stock Exchange as BBB Foods Inc, in February 2024.	3, 5
2-2	Entities included in the organization's sustainability reporting	The entities included in this report are BBB Foods Inc., together with its consolidated subsidiaries.	Answer in table
2-3	Reporting period, frequency and contact point	Period: January 1st to December 31st, 2023 Frequency: Annual Point of contact: Jorge Luis Bejarano (lbt@tiendas3B.com) and Iván Mondragón (iml@tiendas3B.com)	3
2-4	Restatements of information	There were no restatements of information, considering that this is T3B's first sustainability report.	3
2-5	External assurance	This report has not been externally assured.	3
2. Activities and workers			
2-6	Activities, value chain and other business relationships		5, 7, 8, 12-13
2-7	Employees		14-15
2-8	Workers who are not employees	Tiendas 3B currently has no workers other than its direct employees.	Answer in table
3. Governance			
2-9	Governance structure and composition		42-43, 45
2-10	Nomination and selection of the highest governance body		42, 44
2-11	Chair of the highest governance body		42

Disclosure	Disclosure name	Answer in table, omission, and/or modification	Page(s)
2-12	Role of the highest governance body in overseeing the management of impacts		42
2-13	Delegation of responsibility for managing impacts	Our CFO and sustainability team hold quarterly review meetings to be updated on the implementation and execution of our ESG strategy.	43, 45
2-14	Role of the highest governance body in sustainability reporting		3
2-15	Conflicts of interest		47
2-16	Communication of critical concerns		48
2-17	Collective knowledge of the highest governance body		42
2-18	Evaluation of the performance of the highest governance body	All details regarding Board Practices can be found in our 20-F Filing, available here: LINK	Respuesta en tabla
2-19	Remuneration policies	All details regarding Compensation Practices can be found in our 20-F Filing, available here: LINK	46
2-20	Process to determine remuneration	All details regarding Compensation Practices can be found in our 20-F Filing, available here: LINK	46-47
2-21	Annual total compensation ratio	The aggregate compensation expense for the members of the board of directors and our executive officers for services in all capacities can be found in our 20-F Filing, available here: LINK	Respuesta en tabla
4. Strategy, policies and practices			
2-22	Statement on sustainable development strategy		4, 18
2-23	Policy commitments		47, 49
2-24	Embedding policy commitments		47, 49
2-25	Processes to remediate negative impacts		18
2-26	Mechanisms for seeking advice and raising concerns		48
2-27	Compliance with laws and regulations		50
2-28	Membership associations		55
5. Stakeholder engagement			
2-29	Approach to stakeholder engagement		7, 53-54
2-30	Collective bargaining agreements		14-15
GRI 3: Material Topics 2021			
3-1	Process to determine material topics		19-21
3-2	List of material topics		19-21

GRI Standard	Content	Answer in table, omission and/or clarification	Page(s)
Material topics			
Product Quality			
GRI 3: Material Topics 2021			
3-3	Management of material topics		25-27
GRI 416: CUSTOMER HEALTH AND SAFETY 2016			
416-1	Assessment of the health and safety impacts of product and service categories		25-27
Business Ethics			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics		29
GRI 417: MARKETING AND LABELING 2016			
417-1	Requirements for product and service information and labeling		29
Anti-Corruption			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics		48
GRI 205: ANTI-CORRUPTION 2016			
205-3	Confirmed incidents of corruption and actions taken		47-48
Talent Attraction			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics		35
Sustainable Supply Chain			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics		29
GRI 204: PROCUREMENT PRACTICES 2016			
204-1	Proportion of spending on local suppliers		29
Product Safety			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics		25-27
Human Rights			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics		29
GRI 408: CHILD LABOR 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor		29

GRI Standard	Content	Answer in table, omission and/or clarification	Page(s)
GRI 409: FORCED OR COMPULSORY LABOR 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		29
Team Member Development			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics		32, 35
GRI 404: TRAINING AND EDUCATION			
404-1	Average hours of training per year per employee		35
404-3	Percentage of employees receiving regular performance and career development reviews		35, 37
Labor Practices			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics		38
Legal and Regulatory Environment			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics		50
Team member Health and Safety			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics		32
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018			
403-2	Hazard identification, risk assessment, and incident investigation		32
403-3	Occupational health services		32-33
403-5	Worker training on occupational health and safety		32
403-6	Promotion of worker health		32
Corporate Governance			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics		42
Customer Satisfaction			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics		39
Risk Management			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics		51

GRI Standard	Content	Answer in table, omission and/or clarification	Page(s)
Emerging topics			
Emissions			
GRI 302: ENERGY 2016			
302-4	Reduction of energy consumption		22-24
GRI 305: EMISSIONS 2016			
305-1	Direct (Scope 1) GHG emissions		22-24
305-2	Energy indirect (Scope 2) GHG emissions		22-24
305-3	Other indirect (Scope 3) GHG emissions		22-24