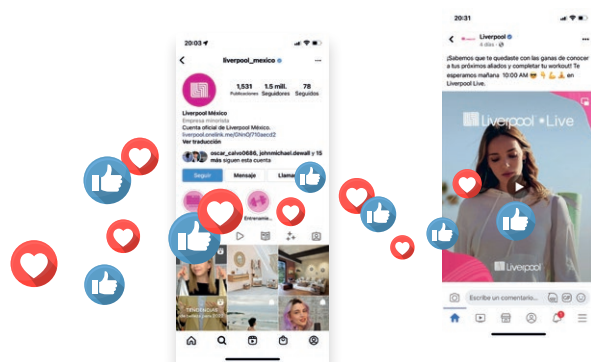
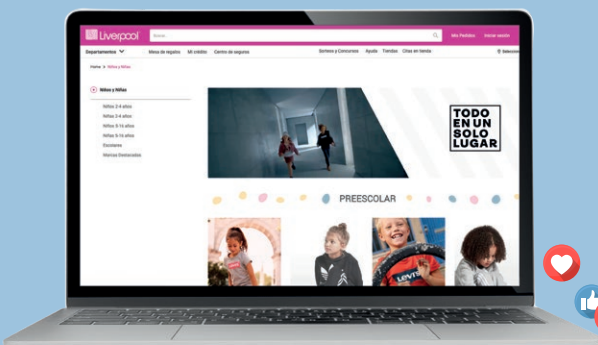
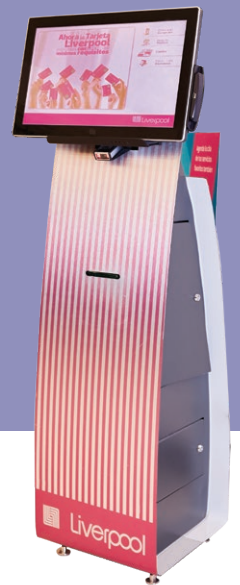


# El Puerto de Liverpool

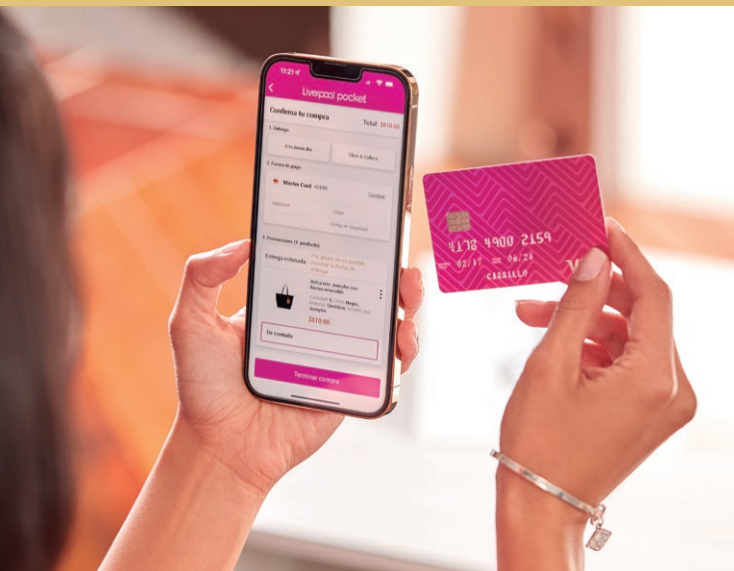


## 2021 INTEGRATED ANNUAL REPORT



80%

of suppliers assessed as low or very low risk (Responsible Sourcing Program).



151,022

billion pesos in total revenues.



28.3%

of electricity from renewable sources.



61%

of women in our workforce.

# Data Highlights

SASB CG-MR-000.A, FN-CF-000.B

8%

of store brand revenues from products classified with sustainable features.



72,719  
employees.

12,868  
billion pesos in net income.

Operations	2021	% Var.	2020	2019	2018
Number of Liverpool stores	122	0.0%	122	123 <sup>(3)</sup>	136
Number of Suburbia stores	164	1.8%	165	157	131
Number of Galerías shopping centers	28	0.0%	28	28	27
Store brand credit cards	6,052,762	6.3%	5,692,357	5,570,058 <sup>(1)</sup>	5,055,293
<b>Results</b>					
Total revenues	151,021,745	30.8%	115,472,547	144,233,507	135,534,751
Retail revenues	136,793,173	35.5%	100,939,628	127,322,604	120,276,234
Credit revenues	11,138,534	-6.8%	11,953,744	13,357,448	11,786,071
Real-estate revenues	3,090,038	19.8%	2,579,175	3,553,455	3,472,446
Operating income <sup>(2)</sup>	18,733,360	391.4%	3,812,100	19,171,201	16,925,369
Majority net income	12,868,176	1615.5%	750,115	12,383,120	11,704,347
EBITDA <sup>(2)</sup>	23,908,737	165.5%	9,006,327	23,876,638 <sup>(2)</sup>	20,236,643
EBITDA margin <sup>(2)</sup>	15.8%	8.03pp	7.8%	16.6%	14.9%
Earnings per share	9.57	1615.5%	0.56	9.23	8.72

(1) Includes Suburbia cards.

(2) Including IFRS 9 and 16 starting 2019.

(3) Includes transformation of Fábricas de Francia to Suburbia stores.

Figures in thousands of pesos, except for EBITDA margin and earnings per share.



23,909  
billion pesos in EBITDA.

# Report from the Chief Executive Officer

GRI 2-22



## A year of rebirth

The year 2020 was a defining moment for all of us. A series of profound crises emerged from the global pandemic, but amid all the problems, it was also a year in which we had to change, innovate, and reinvent ourselves to be able to survive, and we learned to be swifter and lighter. In 2021 our goal was to keep up our pace despite the changes; to continue renewing and reinventing ourselves in our various areas. To maintain and build the momentum we've learned to live with.

We designed and put in place many projects aimed at building capacities we didn't have before, always guided by the desire to improve our customers' experience. We began an artificial-intelligence-based planning, supply and distribution project that will enter the production phase in 2022 and will help us be quicker and more efficient in the purchase and delivery of products. We also began changing our order management system, from one focused on stocking our department stores and other retail sites to a more agile, flexible system that enables us to adapt to the new needs of every customer in every purchase; this system will also start up in 2022.

Work continues on our new logistics center at Arco Norte, which will open its doors in the first quarter of 2022. Our evolution in environmental, social and governance (ESG) aspects remains underway and will ultimately improve El Puerto de Liverpool's Footprint in society. This year we've committed ourselves to meeting the very ambitious goals we set regarding our environmental impact by the year 2040. In September, we made the largest change ever in the history of our website and in Liverpool Pocket: we replaced the search engine and category tree and introduced personalization, so that each client sees different products on the page depending on their preferences; we introduced geolocation to serve customers more quickly, and we improved online login and payment processes, among many other changes. We fully reorganized our technological resources to focus on three main "tracks": Persons, Processes and Technology. All of this was done in parallel with changes in the way we innovate and make products, adopting and improving an agile, cell-based system. These included adjusting to comply with various legal provisions, like the labor reform and the tax authorities' introduction of a new waybill law, which required considerable resources and time on our part.

In the midst of this transformation, and although many of our stores were closed throughout the month of January and half of February, results were well above what we expected when the year began. Our total revenues were 4.7% higher than in 2019 (before the pandemic), our net income was 3.9% higher than the year before the pandemic, and our EBITDA was 0.1% above the 2019 level, which meant that we recouped our EBITDA margin at least one year earlier than planned.

The Liverpool brand outperformed all the others, yielding results well above what we'd obtained in any year in our history. At Suburbia, although sales were higher than those of 2019, we still have a long way to go in terms of margins and profits for the next couple of years. In credits we offered to our cus-

We began an **artificial-intelligence-based planning, supply and distribution project** that will enter the production phase in 2022.

Work continues on our new **logistics center at Arco Norte**, which will open its doors in the first quarter of 2022.

tomers, we closed the year with the lowest non-performing loan rate of the past 20 years. In our shopping centers, we remodeled and expanded Galerías Insurgentes and Galerías Monterrey, while the percentage of locales rented improved over the course of the year, closing at 91.1%, still a few percentage points lower than our pre-pandemic level. One of our biggest achievements was in inventory management. The crisis taught us to live with a little less inventory and to be more efficient, and that helped our margin. Faced with possible supply-chain disruptions in various categories at the start of this new year, these lessons are invaluable. Our balance sheet looks stronger than ever: thanks to strong cash flow in 2021, we ended the year with more cash than cost-bearing debt (negative net debt), which puts us on very solid footing to continue our transformation.

Our changes will continue in 2022, with a steady focus on the omnichannel experience of each customer. We will direct our investments primarily to logistic, technology and digital media. We believe we are well positioned to enhance our customers' preference and add more customers every day, whom we will have the pleasure of serving and assisting in all the options that El Puerto de Liverpool has for them.

Thank you,



**Graciano F. Guichard G.**

Chief Executive Officer

December 31, 2021



# About El Puerto de Liverpool

GRI 2-1, 2-2, 2-6

We are **present in Mexico** through our retail brands **Liverpool, Suburbia, Boutiques, Galerías** shopping centers and **online channels**.



We focus on our **customers' needs**.

We are an omnichannel retail group that has transformed itself into an integrated ecosystem to serve our customers anytime, from anywhere. Our operations extend to the retail, financial and real-estate industries.

From our various divisions, we focus on our customers' needs with the capacity to respond to changes in their habits in both the products and services they require.

### **Mission**

We serve the customer, everywhere, every day, for a lifetime.

### **Vision**

To be the most attractive option for service, selection and value.

### **Values**

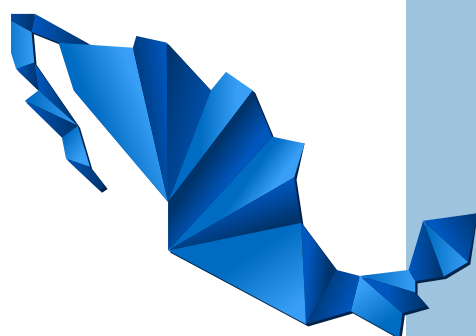
- Productivity
- Teamwork
- Innovation
- Integrity

Retail	Financial	Real-Estate	Services
<ul style="list-style-type: none"> <li>• Liverpool</li> <li>• Suburbia</li> <li>• Sfera</li> <li>• Williams Sonoma</li> <li>• Cosmetics</li> </ul>	<ul style="list-style-type: none"> <li>• Financial businesses (Liverpool and Suburbia)</li> <li>• Insurance Center</li> </ul>	<ul style="list-style-type: none"> <li>• Galerías</li> </ul>	<ul style="list-style-type: none"> <li>• Complementary to retail activity</li> </ul>
<ul style="list-style-type: none"> <li>• Department stores</li> <li>• Stores</li> </ul>	<ul style="list-style-type: none"> <li>• Department store credit cards</li> <li>• Premium Cards</li> <li>• Digital wallets</li> <li>• Digital wallets</li> <li>Insurance: comprehensive family protection, car and cell phone purchases,</li> </ul>	<ul style="list-style-type: none"> <li>• Operation and leasing of shopping centers</li> </ul>	<ul style="list-style-type: none"> <li>• Travel</li> <li>• Gourmet experience</li> <li>• Extended guarantee</li> <li>• Market place (commissions)</li> <li>• Rate plans and airtime</li> <li>• Miscellaneous: food, flowers</li> </ul>



El Puerto de Liverpool, S.A.B. de C.V. is listed on the Mexican Stock Exchange (BMV) under the ticker symbol LIVEPOL and it operates in Mexico. It also holds a 50% stake in Unicomer, a company that has retail chains in 27 countries of Latin America.

We represent leading international brands through various formats, including boutiques and a presence in Liverpool, and operation of the travel business.



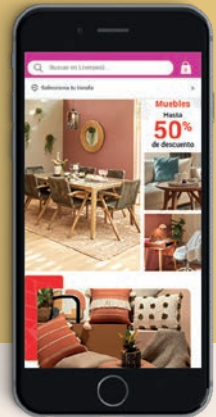
We are present in every state of Mexico.

# Strategic priorities

Omnichannel  
experience



Digital  
development







Subsidiary expansion



Logistical efficiency (PLAN)



Profitability



Sustainability



# Report of the Board of Directors to the Shareholders' meeting

GRI 2-22, SASB CG-EC-000.A

El Puerto de Liverpool remains focused on its strategy: omnichannel service, selective growth in Liverpool department stores, rapid expansion of Suburbia stores and lending through new functionalities. We plan to become the omnichannel leader of the e-commerce market, tripling our digital sales in the next five years.

Thanks to the progress of the El Puerto de Liverpool ecosystem, **we promote profitable development** of the business and its financial strength—both key goals for our company.

To develop this strategy, we intend to offer the best assortment of products in each category, according to the customer's needs; to differentiate our offering through value-added services; to maximize the scope of our ecosystem; to expand our offering of financial services; to develop a robust loyalty and rewards program; and to provide the best advice and inspiration to our customers.

We work by leveraging our technology, supply chain and logistics, data analysis and artificial intelligence, and above all, the talent and commitment of our people, to provide a memorable and different experience to our customers in all points of contact.

Thanks to the progress of the El Puerto de Liverpool ecosystem, we promote profitable development of the business and its financial strength—both key goals for our company.

We began 2021 amid a second wave of closures of department stores, shopping centers and other retail facilities as the authorities changed the color-coded "stoplight" system for monitoring COVID-19 contagion to "red" in certain areas of Mexico, particularly in the central region. Our stores were able to reopen between late January and mid-February, with restrictions on shopper traffic, closings certain days of the week and strict sanitary measures. During the rest of the year there were constant changes in the stoplight code throughout the country, which obligated us to adjust our operations accordingly. The priority at all times was to protect the health of our customers, employees and vendors.

Our consolidated revenues were 30.8% higher than in 2020, totaling 151.02 billion pesos. To put this in perspective, revenues showed a 4.7% advance over the 2019 level.

In the retail segment, our revenues grew to a total of 136.79 billion pesos, a 7.4% increase over 2019 and 35.5% higher than in 2020. In same-store terms, Liverpool grew 35.5% over the previous year, while Suburbia reported a 49.1% increase. The department stores affiliated with ANTAD reported a 28.9% increase.



Our consolidated revenues were **30.8%** higher than in 2020.





In the first half of the year there was a surge in demand for major household goods, particularly electronics, furniture, appliances and home exercise equipment. Toward the second half of the year consumer goods demand picked up, including clothing sales. These categories, together with housewares, contributed most of the growth. By geographic region, Western Mexico, the Gulf, Southeast and Northeast regions all reported above-average growth.

The Puerto de Liverpool ecosystem intensified its focus on the customer and on sales. We made substantial progress in modernizing and expanding our e-commerce platform, which was installed at Suburbia as both a website and mobile app. Our apps continued to incorporate various services, like the Digital Wallet or bill payment, so they made up the lion's share of our digital sales. The Personalization project, which incorporated the "Carrousel" format, displayed suggested merchandise in line with customer preferences, resulting in a fourfold rise in sales. The digital customer base grew by close to 20%. In our Omnichannel strategy, we mounted an offering of online sales with same-day pickup at Liverpool stores, or 24-hour delivery to the customer's home. In credit, we released a consumer credit management platform at Suburbia where clients can purchase goods with a down payment, fixed interest rate and immediate delivery. In Logistics, we started up the new transportation management

The digital customer base grew by close to

20%



system (TMS) and began modernizing the delivery order management system (OMS). A new version of the warehouse and store shelf stocking platform was launched, covering the processes of collection, packing and shipment.

Alongside our physical stores, digital operations added to the omnichannel nature of El Puerto de Liverpool, which continued posting solid performance. Digital sales grew 4.7% over the previous year and were 2.7 times the 2019 level, accounting for 22.6% of sales in 2021. This was sustained primarily by Marketplace, which saw a tenfold jump in sales compared to 2019. Suburbia followed close behind with a sixfold rise in sales over 2019.

During the year, Logistics met its on-time delivery promise 94% of the time—a 4-point improvement of the year before. Our goal is to reach 99% by 2025. In-store stocking strengthened our competitive advantage, increasing its weight in the total by 2.6 times. Click & Collect operations played a crucial role in servicing our customers, accounting for close to 30% of digital sales by the end of the year.

Development of the Arco Norte Logistical Center (called PLAN, for its initials in Spanish) continued on schedule, and is expected to start big-ticket processes in the first half of 2022. A second phase incorporating Soft Lines is planned for 2024. This new logistical node will be the main enabler of unified commerce capacities in our supply chain, designed to provide the best customer experience, sustainably.

Our Financial Business division reported a 6.8% decline in revenues, because of increased caution over lending. Our credit risk management brought the loan delinquency rate to record low levels, ending the year at 2.2%, which in turn meant a significant 64% reduction in the provision for uncollectable accounts. The ratio of reserves coverage closed at 5.7 times. In keeping with our growth strategy, there were more than a million Suburbia credit card accounts at the end of the fiscal year.



**Click & Collect** operations played a crucial role in servicing our customers, accounting for close to 30% of digital sales.



Our Real-Estate division ended the year with an **occupancy rate of 91.1%**, slightly higher than the close of the preceding year.

Our Real-Estate division ended the year with an occupancy rate of 91.1%, slightly higher than the close of the preceding year. Revenues improved by 19.8% and the remodeling and expansion work was completed at our Perisur, Galerías Monterrey and Insurgentes shopping centers.

The gross retail margin was 31.3% at year-end, 50 basis points lower than in 2019, attributed to changes in the product mix. Solid inventory control minimized the need for discount sales. Proper planning on merchandise imports gave us the inventory we needed, at the right time.

Expense control continued to play an outstanding role in an uncertain environment. Operating expenses before depreciation and the provision for uncollectible accounts rose by only 5.7% over 2019.

EBITDA for 2021 totaled 23.91 billion pesos, a significant recovery from the 9.01 billion reported for 2020, and back to its 2019 level of 23.88 billion pesos. The EBITDA margin was 15.8%, just about in line with where it was before the pandemic began.

Net income totaled 12.87 billion pesos, 3.9% above the 2019 figure.

At the close of the year, we had a cash position of 32.49 billion pesos. During the year we paid off some of the outstanding 2016 bond for 252.4 million dollars, in order to improve our maturity curve. We were able to do so because of strong sales performance.

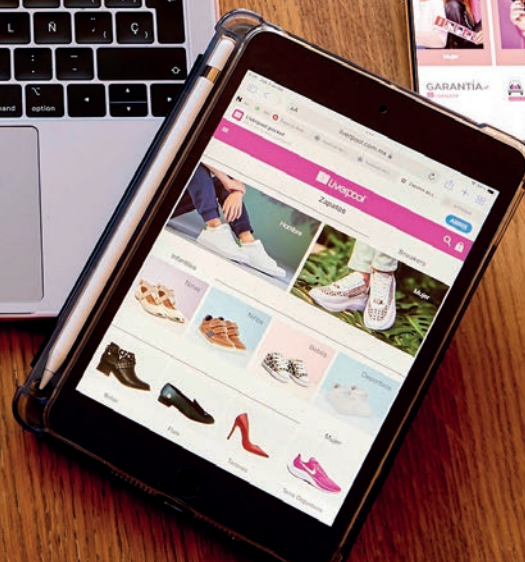
We invested a total of 5.97 billion pesos in 2021, 32% of which went to logistics projects, 23% to store openings and 19% to computer engineering processes.

We opened a Liverpool La Perla in the city of Guadalajara, Jalisco, along with seven new Suburbia stores.

Grupo Unicomer, a company that deals in furniture, electronics, housewares, motorcycles, eyewear and consumer credit in 27 countries of Latin America and the Caribbean,



We made **substantial progress** in modernizing and expanding our **e-commerce platform**.





reported profits of 34.7 million dollars for the year, better than expected, due primarily to a reduction in the provision for uncollectible accounts compared to 2020. Unicomer has 1,165 retail outlets and more than 13,000 employees.

Education is a very high priority for the group, so last year we once again made the course offerings of Liverpool Virtual University available to employees, family and friends. These programs include primary, high school and college education (official diplomas). During the year more than 4,200 employees took advantage of these programs. 488 earned their college diplomas and 137 earned primary and high school equivalency degrees.

The efforts made by this company, and our commitment to ESG principles, earned us first place in the Corporate Integrity 2021 rating, published in Expansión magazine last year. Furthermore, in recognition of our processes, policies and initiatives, we received Top Employer certification for 2022.

Our Ordinary Shareholders' meeting on March 18, 2021, declared a dividend of 2.01 billion pesos on the 1,342,196,100 shares representing the company's capital stock. The Board of Directors set the payment dates for October 29, 2021 and January 28, 2022.

We opened a **Liverpool La Perla** in the city of Guadalajara, Jalisco, along with seven new Suburbia stores.





This year we are reporting for the first time with a sustainability approach. The documents and information are aligned with international standards developed by organizations like GRI and SASB. This reflects the commitment held by El Puerto de Liverpool through its “Footprint” strategy, and our stated goal of becoming a zero-emissions company by the year 2040.

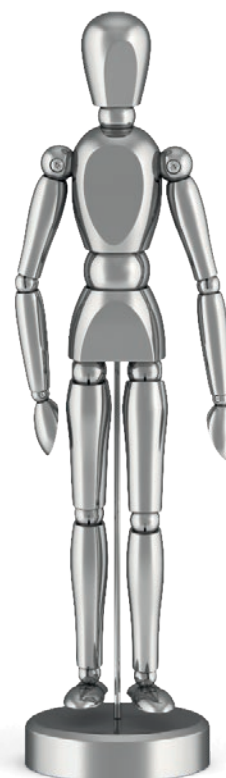
In 2021 we were favored by a climate of recovery, and through continuous improvement in our operations we were able to satisfy our customers through any channel and selected payment method, preserving their own health and that of our employees and vendors.

Now is the time to thank our shareholders, customers, vendors, tenants and employees for their confidence during this year of building the ecosystem at El Puerto de Liverpool.

Sincerely,

**The Board of Directors**

Mexico City, December 31, 2021



**+4,200**  
employees participated  
in Liverpool Virtual  
University programs.



# The Footprint of EL Puerto de Liverpool

GRI 3-3



## Opportunities for the customer

As part of our mission, we try to improve the quality of life for our customers with a complete value proposition of products and services, and a shopping experience that exceeds their expectations.

We serve Mexican families with respect to all forms of diversity, and we want to strengthen a shared culture of sustainable development.

Our priorities are inclusion and responsible consumption.

The following are our main initiatives.

### Inclusion

- **Accessible facilities.** We offer wheelchairs to clients with reduced mobility and began a comprehensive intervention plan at all our stores, beginning with an accessibility diagnosis of each of them and of our workplaces.
- Through **credit**, we facilitate access to products for our customers, with clear and above-board information about the terms. Our portfolio of store cards is complemented by a range of cards that can be used outside our stores, and accessible opportunities whatever the customers' specific circumstances may be. We also have insurance centers that facilitate and promote prevention and care for family wealth and personal property.
- We provide **financial education** through content in the Liverpool and Suburbia YouTube channels, to help reduce the knowledge gap.





## Responsible consumption

- We expanded our **offering of products with sustainable features**, which is constantly growing. We began with Liverpool and textile products, prioritizing cotton apparel that has the international Better Cotton Initiative label. We try to communicate to customers the importance of each certification and to contribute to environmental efforts with their shopping decisions.
- These efforts are augmented by the **development of store-brand products** that meet the highest standards of sustainability, as explained in the chapter on commercial partner management.
- To ensure sustainability is present throughout the Liverpool store experience and to involve customers as active participants in this effort, in 2022 we launched **products with a cause** in our restaurants and gourmet shops, which donate to various social causes.

## Human capital management

El Puerto de Liverpool is a place of professional opportunity for our employees, and we are concerned about their welfare.

Faced with the challenges of the pandemic, last year we reacted swiftly to guarantee their health and their jobs and 2021 we redoubled our efforts. We updated COVID-19 response protocols and encouraged vaccination. At the same time, we organized a flu vaccine campaign. Our medical team was available to employees at all times, as was our psychological help line.

Our culture of prevention and care among employees was crucial, including the efforts of staff who acted as Wellness Ambassadors and Contagion Control Supervisors. We set out awareness-raising message throughout the year.



We expanded our **offering of textile products with sustainable features** that have the international Better Cotton Initiative label.





We continue to advance in our basic strategy lines aimed at talent development: diversity, training and development and wellbeing in its broadest sense.

## Diversity

We promote a culture of diversity and inclusion in hiring and promotion within our teams, in keeping with our Code of Ethics.

That is why we believe it is fundamental to **train and build employee awareness**, which we do through talks on sexual diversity and gender.

We want to continue to strengthen ability to offer women options for **professional development**. At Suburbia, we offered leadership training to women in coordination, management and under-management positions, building a train of management succession. We will extend the scope of this program in 2022.

We have also brought in the first generation of trainees with disabilities, under an alliance with organizations specializing in effective integration.

Based on these efforts, in 2022 we will be working toward **certification** of the first set of workplaces by Mexican standard NMX-R-025-SCFI-2015, which addresses job equality and non-discrimination.

We continue to support **women's professional development**. Suburbia provides leadership training to women in executive positions.





**Liverpool Virtual University** offers primary, middle-school, high-school, technical, college and master's level education.



## Training and development

GRI 404-2

We facilitate and assist our employees with their professional and personal advancement.

- **Liverpool Virtual University** offers primary, middle-school, high-school, technical, college and master's level education, giving employees an opportunity to acquire stronger job skills.
- We added specialized **technical training programs** for the different positions in our teams.

To attract talent and promote professional opportunities for youth, we have **internship programs**, which we reinforced through eight additional agreements with universities and other educational institutions in 2021.

## Wellness

GRI 401-2

In addition to the abovementioned measures in response to the COVID-19 pandemic, we continued our efforts to ensure the health, safety and satisfaction of our employees.

During the year our **holistic wellness program** called “Creating a better me” publicized best financial health practices along with physical and emotional health talks. We also held our annual run, conducted virtually and joined by 2,558 employees.

Thanks to this holistic focus, we once again excelled in the working conditions. We came in 15th among the Super Workspaces in the 2021 Top Companies ranking, and Top Employer 2022 for our benchmark human resource practices in 2021.

## Relations with commercial partners

Our commitment to best environmental, social and governance practices (ESG) extends to our suppliers as well. We try to support them in managing their businesses sustainability, reducing the risk of supply-chain impacts.

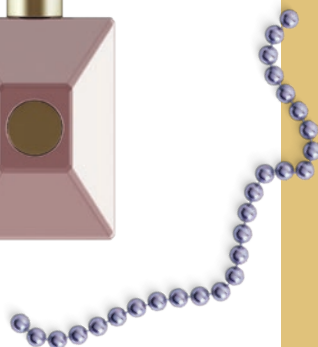
We encourage innovation focused on sustainable development, both in their management models and in their products and services, always guaranteeing the highest quality, for the safety of our customers.

Our priorities include vendor evaluations, sustainable product development and diligence about quality.

## Responsible sourcing

GRI 308-2, 404-2

- We request a Social Responsibility audit of all suppliers and installations, consistent with internationally recognized principles and codes like ETI®, BSCI, SEDEX, WRAP, and others, which examine auditing labor practices like fair wages, the absence of child labor, and working conditions in our suppliers’ factories. We also assess their environmental performance.
- The process is structured in phases: the first covers 520 suppliers and the second covers another 296. This assessment has already been applied to suppliers of all the Suburbia and Liverpool store brands, to suppliers with



Our **commitment to best ESG practices** (environmental, social and governance practices) extends to our suppliers as well.



We promote the **consumption of products** with containers or packaging that incorporate components that **lessen their environmental impact**.

orders totaling more than 500,000 pesos, and suppliers of goods not for sale. This program helps us to avoid negative impacts .

- To encourage governance and a culture consistent with high ethical standards, this year we published a Supplier Code of Ethics, which we distributed for their signature, beginning with those who are evaluated in the Responsible Sourcing Program. At the close of 2021, 100% of Suburbia suppliers, 62% of Liverpool suppliers and 40% of goods-not-for-sale suppliers had signed this code.

### Product development

GRI 306-1, 306-2, SASB CG-EC-410a.2; CG-MR-410a.3

- In store-branded merchandise, we made further progress on incorporating recycled, recyclable or environmentally friendly packaging and containers. For instance, our hangers now contain 50% recycled polystyrene. In our shoe boxes, currently 100% of the Suburbia and Liverpool store brands use Forest Stewardship Council (FSC)-certified cardboard, which guarantees it comes from sustainably managed forests.
- With regard to product composition, also in our proprietary brands, we focus on textile produces and require that all our cotton be sustainably sourced (certified by the Better Cotton Initiative), and use recycled fiber in their manufacture.
- We try to convey these management efforts to our suppliers' culture, and during the year we began developing a sustainability training program, which will be launched in 2022.

### Quality

GRI 416-1

- We comply strictly with all commercial labeling laws so that customers are able to make the best purchasing decision based on their needs.



- We also ask suppliers to provide quality certifications based on independent audits, so we can ensure they are also in compliance
- Because we offer a selection of foods in our restaurants and gourmet shops, we have H Distinction certification in all our establishments. This includes the measures and trainings necessary to ensure food safety and handling.

## Ethics and compliance

El Puerto de Liverpool encourages an organizational culture based on ethical management and compliance with internal and external policies and codes. Relations between our employees and other stakeholders are guided by company's **Code of Ethics and Code of Conduct and Integrity**.

The following are further details on our working framework and progress during the year.



We have **H Distinction certification** in all our food establishments.





We make our **Línea Ética** ethics hotline available to all of our employees and the general public and have campaigns to encourage people to learn about and use it.

## Business ethics and compliance

GRI 205-1, 415-1, 2-26, 205-1, 415-1

- Our employees receive **training** through a broad-based program covering issues such as guaranteeing free competition in procurement, among others. It is available online for our entire workforce.
- We make our **Línea Ética** ethics hotline available to all of our employees and the general public. We launched several campaigns last year to encourage people to learn about and use it, and also to remind them of the importance of following our policies and codes. The Compliance area is in charge of monitoring adherence to the codes, although the cooperation of all our teams and employees is also essential. All reports received are handled with absolute respect for all parties, a process involving the Ethics Committee.
- Liverpool does not receive financial aid or assistance from the government of any kind, nor does it make political contributions.



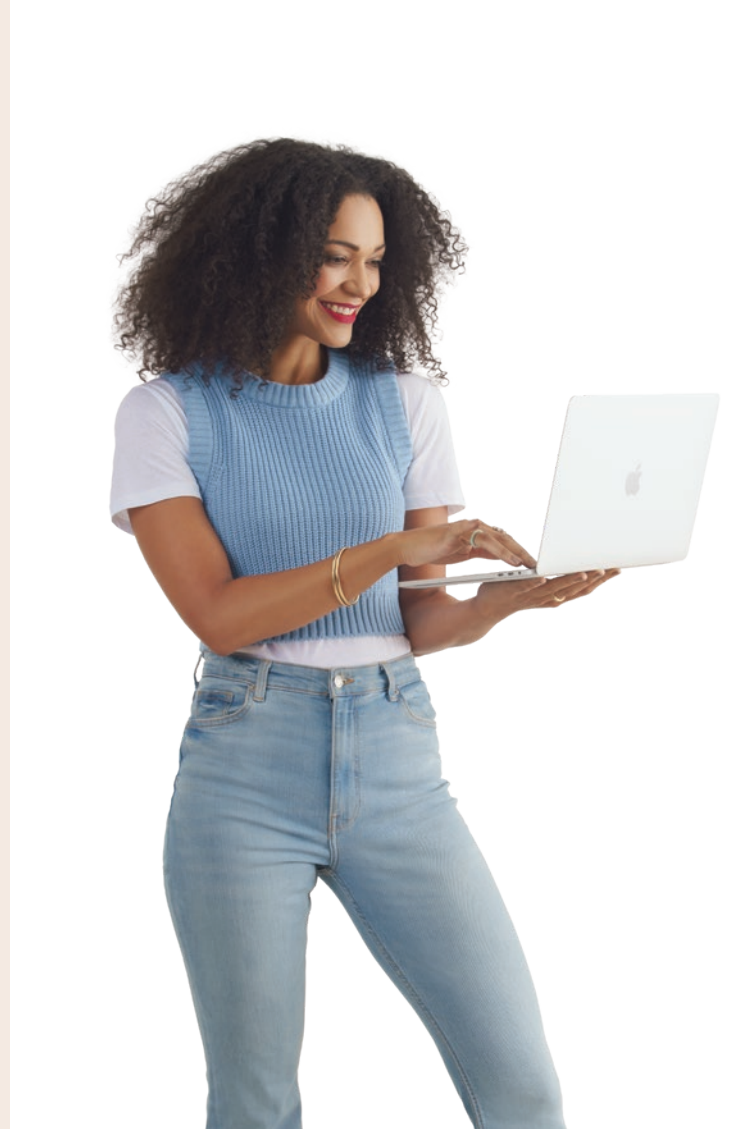


## Security and use of information

SASB CG-EC-230a.1; CG-MR-230a.1; FN-CF-230a.3

Operations at El Puerto de Liverpool are sustained by technology, which makes it possible to offer our value proposal, ensure process efficiency and learn about changes in our customer's purchasing habits in the digital environment.

- The Group has a solid structure for responding to the type of cybersecurity risk we are seeing today around the world. This includes a Cybersecurity Operation Center (SOC), responsible for actively monitoring and responding to possible threats.
- In our continuous monitoring we conduct access testing and evaluate platforms against benchmark standards. We have a certificate of compliance with International Security Standard PCI-DSS 3.2.1 for the use of credit and debit cards as payment methods.
- We also know that building employee awareness about security and use of information is a key aspect, so we conduct frequent campaigns throughout the year to ensure they exercise due care in all their activities.
- We are also very careful about how we use the data our customers supply us. We abide by the law and avoid any practice that might harm them. Our customers are able to exercise their rights to access, rectification, cancellation and opposition (ARCO) regarding the handling of their personal information.



The Group has a **solid structure for responding to the cybersecurity risks** we are seeing today around the world.



## Environmental performance

In order to operate with increasing respect for the environment, we have been working on our processes, incorporating the criteria of circular economy and eco-efficiency and reducing emissions of the greenhouse gases (GHG) that contribute to climate change.

Our roadmap incorporates initiatives designed to maximize our impact through collaboration between various areas and teams. The progress we made last year supported a statement of medium-term commitments, which reflect the priority that El Puerto de Liverpool places on the environment.

Our commitments for the year 2040 are:

- ✓ To be a Net Zero company in the GHG emissions we manage directly, reducing them by close to 268,000 metric tons of CO<sub>2</sub> equivalent.
- ✓ Set emission reduction goals based on international methodologies, specifically goals aligned with the Science Based Targets initiative (SBTi).
- ✓ Recycle 100% of the eligible waste, equivalent to around 26,000 metric tons a year.
- ✓ Progress on our water balance, with the following specific targets: 1) reduce freshwater consumption by at least 1,070,000 m<sup>3</sup>; 2) treat approximately 885,000 m<sup>3</sup> of the water we use; 3) continue increasing our rainwater capture.

### Environmental culture

As part of our sustainability training program for employees, we have developed content on environmental management, which includes specialized topics like waste storage.

We also distribute our Environmental Policy on a regular basis, encouraging all employees to align with these principles.

We work on processes to **improve our environmental performance**, incorporating the criteria of circular economy and eco-efficiency and reducing greenhouse gas (GHG) emissions.





## Energy and emissions

SASB CG-EC-410a.2

We manage these from two positions:

1. **Reduction of energy consumption** through efficiency initiatives. During the year we conducted an exhaustive analysis of technologies and systems in order to continue our progress, and completed phase 2, the most important in this process– the change of lighting fixtures to LED technology.
2. **Increased use of renewable energies.** We combined third-party supply under supply agreements with self-generation through solar panels on our buildings. In 2021 we also began incorporating the first hybrid and electric trucks for distribution of merchandise to customers, and we set up charging stations. This is the first step in a much broader commitment.

Additionally, we calculated our Scope 1 and 2 GHG emissions, which are reported in the ESG Annex. With this, we track them throughout the year and monitor the efficacy of the energy measures indicated.

We combined third-party supply under supply agreements with self-generation through **solar panels** on our buildings.





**The Arco Norte Logistical Platform** (PLAN, by its initials in Spanish) is the first El Puerto de Liverpool facility designed with a commitment to sustainability. Besides having LEED certification, it operates on a water-neutral, CO<sub>2</sub>-neutral and waste-neutral basis.

- **Scope 1** - direct emissions resulting from our activities: consumption of fuel in our locations, emissions of refrigerant gases leaked from air conditioning equipment and consumption of fuel in the group's own logistics fleet.
- **Scope 2** - electrical energy consumed from non-renewable sources.

### **Water and waste**

**GRI 306-1, 306-2**

Our strategy for water use efficiency is structured along the following axes: acquisition of technologically advanced equipment, rainwater capture in our buildings and reinforcement of monitoring and maintenance to immediately address any discrepancies in consumption.

Also, we have wastewater treatment plants at 24 locations, in which we reuse water for sanitary facilities and watering.

To manage the waste generated in our facilities, we acted to optimize its use and give it a second life. The key lies in correct separation through the availability of appropriate spaces and training of our employees, along with the hiring of companies that specialize in waste treatment. We address the specific aspects of each kind of waste: for example, we use biodigesters to treat the organic waste generated in our restaurants.



## Circularity in processes and products

SASB CG-EC-410a.2; CG-MR-410a.3

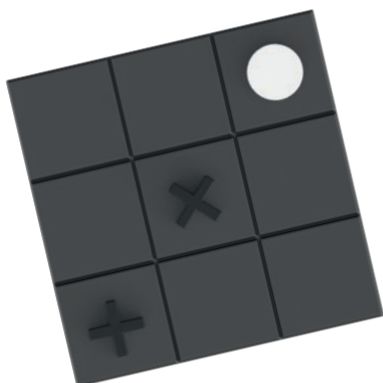
We incorporated the circular economy approach to our processes, seeking to optimize resource utilization and taking advantage of waste, as outlined previously.

A fundamental part of this is our Comprehensive Sustainable Packaging System, which we describe in the chapter on Relations with Commercial Partners.

### Arco Norte Logistical Platform: committed to sustainable operations

The Arco Norte Logistical Platform (PLAN, by its initials in Spanish) is the first El Puerto de Liverpool facility designed with a commitment to sustainability. Besides having LEED certification, it operates on a water-neutral, CO<sub>2</sub>-neutral and waste-neutral basis. To achieve this, PLAN incorporates the following measures in its operations:

- **Water:** We have rainwater capture systems covering all of our operating needs, primarily cleaning and watering. There is also a wastewater treatment plant with the capacity to handle 215,000 m<sup>3</sup> per year, so that the water can be returned to Xhitey creek.
- **GHG emissions:** We have planted 20 hectares of green areas with resilient species endemic to the region, which will attract more than 85,000 kg of CO<sub>2</sub> per year, offsetting what we generate in our operations by 1.2 times. We also substituted LP gas for electrical energy, which enabled us to avoid generating 1,190 metric tons a year of CO<sub>2</sub>.
- **Waste:** Our management system involves separating out waste that can be reused or recycled, to contribute to our goal of sending zero waste to landfills. We estimate that 3,100 metric tons of our cardboard are recycled each year, among other waste products. Also, the first PLAN biodigester plant will have the capacity to process 545 kg of waste per day.



We incorporated the **circular economy approach** to our processes, seeking to optimize resource utilization and taking advantage of waste.



## Social commitment

As a group, we want to support education, which is the engine of opportunity for society. We adopt a holistic approach for our contributions, supporting better infrastructure and quality of life, which benefit both students and teachers.

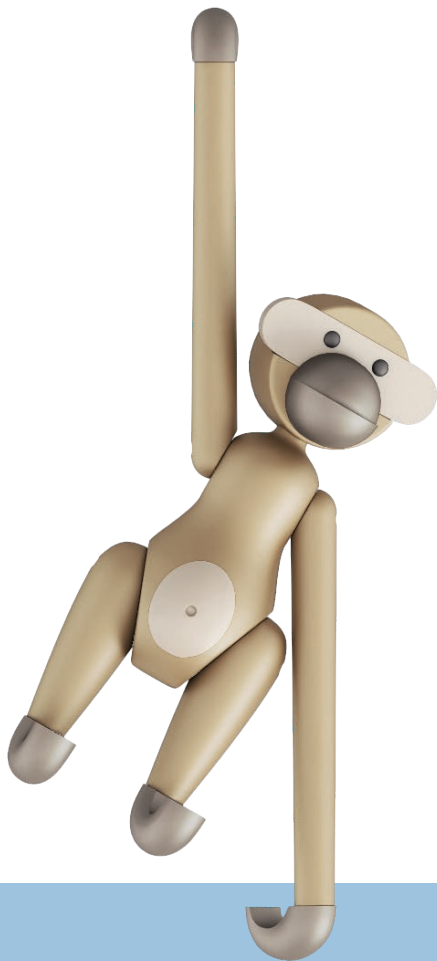
### Holistic education program

We develop various lines of action with our allies, with whom we share a purpose. We work to promote education in our communities, for students from 3 to 18 years of age and their families, and key educational agents. To this end, we pursue the following actions:

1. Strengthening Liverpool Virtual University as a platform open to all of society. Its course offering is structured into programs for professional development and in 2021 we added parenting courses and personal wellness topics. During the year, 3,504 students participated in these academic programs.

We also introduced the open digital high-school equivalency program through the same platform—focused especially on youth—developed by El Puerto de Liverpool together with our allies. The program will begin in 2022.

2. Improving our educational infrastructure and the capacities of teachers and administrators. We have made progress identifying the schools to sponsor in 2022, considering the areas of influence around our locations.
3. Developing an open course offering for teachers and administrators, where we have already structured programs for launch, aimed at school principals, vice principals, administrators and teachers.
4. Strengthening technical training including technical high-school degrees that connect the company’s talent attraction needs with opportunities in our value chain.



We strengthened **Liverpool Virtual University** as a platform open to all of society.



The “Successful Careers” program identifies positions within the professional qualifications at el Puerto de Liverpool and then generates ties with related high school programs that have the models for implementing professional internships.

During the year we signed various agreements and made particular progress in our program for the food and beverages team, starting by the position of cook.

### Other social initiatives

Our commercial activities allow to organize toy drives during the holiday season through online donations to a digital gift registry and containers in our headquarters. For the first time, we also placed collection bins in stores in our Puebla and Tlaxcala shopping centers. We are proud to have the unfailing support of our customers, which made this campaign a great success. This year, we presented 1,364 toys to disadvantaged children through specialized organizations.

In all of these actions, the involvement of our employees was crucial. Although we had to scale back volunteer activities and channel them through digital media in 2020, in 2021 we resumed face-to-face activity, with a focus on education and the environment. The following are two of the most important of these:

- We approached academic institutions facing a scarcity of resources and offered to restore sports facilities and leisure areas in their premises. We worked with schools in Mexico City and Mexico State with the participation of more than 90 volunteers, who donated a total of 368 hours of time.
- To benefit the environment, we took part in the reforestation of 300 endemic tree species in the municipality of Huixquilucan, thanks to the altruistic work of 45 volunteers from El Puerto de Liverpool.



# Corporate governance

GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-15, 2-17, 2-19, 2-20

Our corporate governance follows international best practices and is supported by informed decision-making guided by a long-term strategy.



53%  
of Board members  
are independent.



Our **General Shareholders' Meeting** is responsible for approving the group's annual results, which are presented by the Board of Directors. It also approves the appointment of Board members, which the board itself proposes.

The **Board of Directors** of El Puerto de Liverpool appoints the Chief Executive Officer, defines company strategy, approves the annual budget, reviews the performance and operations results that are the responsibility of the management team, and ensures the company remains in compliance with the applicable laws and regulations.

The Board is made up of professionals recognized for their extensive business careers. It consists of 15 regular members, seven related and the remainder independent (53% of the total). There are no alternates. Because we are committed to continuing to advance diversity in all of our governance bodies, 13% of our board members are women.

Board members serve for annual terms and may be reelected without a limitation on the number of terms they serve, although there is an age limit for remaining in the position. The current seniority of our board members is 21 years.

The Board meets quarterly, in ordinary sessions, and may also meet for extraordinary sessions when necessary. The average attendance this past year was 97%.

The Chairman of the Board, vice chairpersons and secretary are nominated by the board members and approved by the Shareholders' Meeting. Every year they receive training in different key aspects for strategic decision-making.

The **Audit and Corporate Practices Committee** supports the Board in monitoring compliance with the audit function, ensuring the internal and external audits are carried out with

This year saw the first meetings of the **El Puerto de Liverpool Footprint Desk**, led by the CEO, to advance the Group's sustainability strategy and commitment to ESG issues.

the utmost objectivity and efficacy. It also checks to ensure the financial information is reliable and evaluates compliance within the company with self-regulation and external regulation. All of its members are independent.

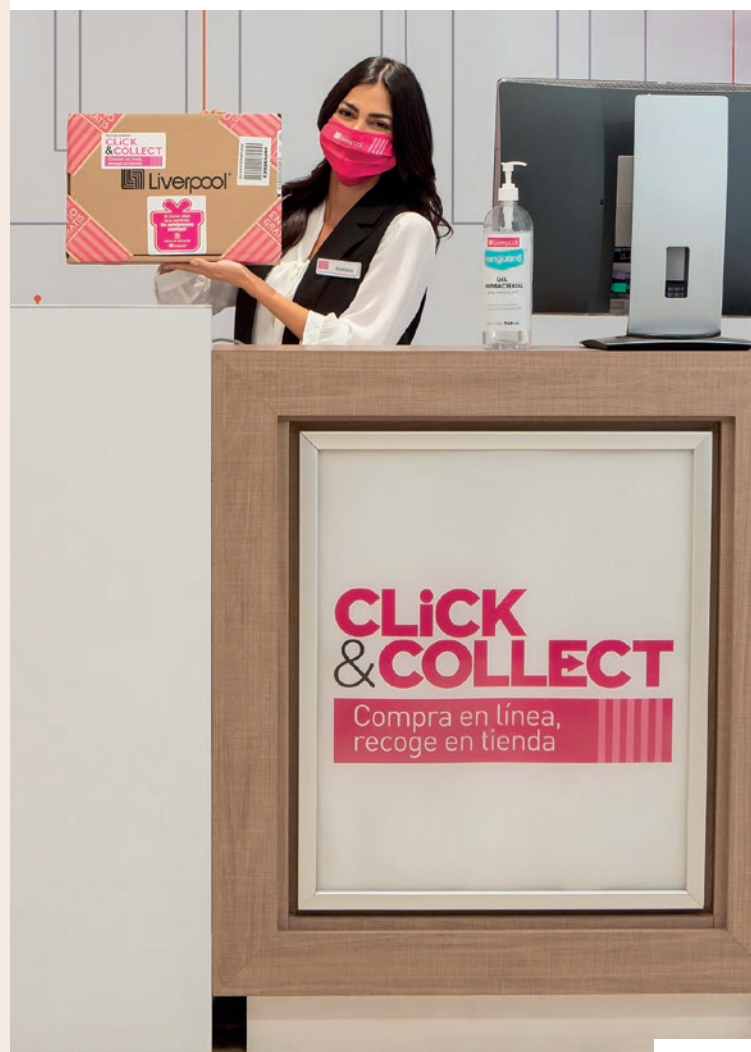
In 2021 a new group began its meetings: The **El Puerto de Liverpool Footprint Desk**, a top-level team that addresses the progress of our sustainability strategy in quarterly meetings. This task force, led by the CEO, is a sign of the Group's profound commitment to adopting ESG factors in decision-making at all levels.

The Board of Directors also has the support of the Patrimony Board, which issues specific recommendations and consists of four members.

The Group's **senior management** is comprised of professionals with considerable experience and a strong commitment, led by the Chief Executive officer, who is in turn appointed by the Board of Directors.

Compensation for Board Members is determined on the basis of their attendance at board meetings and is approved by the Shareholders' Meeting. In the case of senior management, the Board sets the compensation for the Chief Executive Officer, who in turn sets the compensation for the other company officers. Compensation is made up of a fixed portion and bonuses associated with the achievement of annual targets which, depending on the case, may include ESG aspects and the Group's operating results.

Risk management in the organization is carried out in each area, which facilitates in-depth analysis and specific awareness of factors. The efficacy of prevention and mitigation measures is monitored by the Audit and Corporate Practices committee, which in turn reports to the Board of Directors.



# Board of Directors

## Max David<sup>1</sup>

Chairman  
40 years\*

## Madeleine Brémond S.<sup>1</sup>

CEO of Orion Tours, S.A. de C.V.  
29 years\*

## Enrique Brémond S.<sup>1</sup>

Administrator, Victium, S.A. de C.V.  
25 years\*

## Carlos Danel<sup>2</sup>

Chairman of the Board of Gentera,  
S.A.B. de C.V.  
1 year\*

## Juan David<sup>1</sup>

Corporate Director, Banco Invex,  
S.A. de C.V.  
29 years\*

## Graciano F. Guichard G.<sup>1</sup>

Chairman of the Board of El Puerto de  
Liverpool, S.A.B. de C.V.  
1 year\*

## Juan Miguel Gandouf<sup>2,3</sup>

Director of Sagnes Constructores,  
S.A. de C.V.  
24 years\*

## Armando Garza Sada<sup>2</sup>

Chairman of the Board of Alfa,  
S.A.B. de C.V.  
26 years\*

## Graciano Guichard M.<sup>1</sup>

Chairman of the Board, M. Lambert  
y Cía. Sucs., S.A. de C.V.  
40 years\*

## Guillermo Simán<sup>2</sup>

Vice Chairman of Grupo Unicomer  
11 years\*

## Maximino Michel G.<sup>1</sup>

Chairman of the Board and CEO  
of 3H Capital  
28 years\*

## Javier Arrigunaga<sup>2,3</sup>

Chairman of the Board of Grupo  
Aeroméxico, S.A.B. de C.V.  
3 years\*

## Andrea Hernández Velasco<sup>2</sup>

President of Fundación Legorreta  
Hernández, A.C.  
2 years\*

## José Cohen Sitton<sup>2</sup>

Adjunct CEO, BabyCreysi  
2 years\*

## Alejandro Ramírez Magaña<sup>2</sup>

CEO, Cinépolis de México, S.A. de C.V.  
2 years

## Ignacio Pesqueira

Secretary  
Partner, Galicia Abogados, S.C.

## Norberto Aranzábal

Secretary Pro Tem  
Partner in Aranzábal Rivera Abogados, S.C.

## Honorary Chairman

Enrique Brémond P.

## Honorary Board Members

José Calderón  
Ricardo Guajardo  
Miguel Guichard  
Esteban Malpica  
Jorge Salgado  
Luis Tamés  
Pedro Velasco

- <sup>1</sup> Related Board Member
- <sup>2</sup> Independent Board Member
- <sup>3</sup> Audit Committee Member

\* Years on the Board

## Patrimony Board

### Enrique Brémond P.

Chairman

### Juan David

Member

### Miguel Guichard

Member

### Magdalena Michel

Member

### Madeleine Brémond

Alternate Member

### Monique David

Alternate Member

### Magdalena Guichard

Alternate Member

### Bertha Michel

Alternate Member

### Alejandro Duclaud

Secretary

## Senior Management

### Graciano F. Guichard G.

CEO, El Puerto de Liverpool  
19 years\*

### Santiago de Abiega

Chief Financial Services  
23 years\*

### Jacobo Apichoto

Chief Legal Officer  
24 years\*

### Zahíé Edid

Chief Organizational Development Officer  
18 years\*

### Juan Ernesto Gómez Enciso

Chief Internal Auditor  
13 years\*

### Enrique Güijosa

Chief Finance and Administration Officer  
13 years\*

### Carlos Marín

CEO, Liverpool  
8 years\*

### Alejandro Melgar

CEO, Suburbia  
15 years\*

### Ernesto Ynestrillas

CEO, Real-Estate Division  
30 years\*

\* Years with the Group



# About this report

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

At El Puerto de Liverpool, we are committed to sustainability. We have a strategy called “The Footprint” (La Huella) through which we create value for all our stakeholders.

To communicate our progress on this aspect to the public, we have prepared our first integrated report. It covers our performance in 2021, including the consolidated results of El Puerto de Liverpool<sup>1</sup>, except when a more specific scope is mentioned.

For the first time, we are applying international benchmark standards on critical issues, the result of a double materiality study<sup>2</sup>.

## Details on the socio-environmental materiality update

For our financial materiality, which reflects those ESG issues that have a specific impact on our financial stability, we included the topics established by the Sustainability Accounting Standards Board (SASB) for the industries in which we are involved (according to their classification): multiline and specialty retailers and distributors, e-commerce and consumer finance.

- We have also prepared this report in accordance with the standards of the Global Reporting Initiative (GRI), also considering the GRI supplement for the financial services industry.
- Additionally, we are reporting in accordance with the Sustainability Accounting Standards Board (SASB) for the abovementioned industries.
- Finally, we are reporting on our contribution to the United Nations Sustainable Development Goals (SDG).

The content of this report has been checked by El Puerto de Liverpool’s The Footprint Desk, the group that manages our sustainability with the involvement of senior management. For this first report we have not requested external assurance.

<sup>1</sup> The breakdown of the subsidiaries covered by this report is available in the Annual Report presented to the Mexican Stock Exchange

<sup>2</sup> There is no restatement of information from prior reports.

## Information for shareholders

GRI 2-3

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Mexico City

This 2021 annual report may include certain expectations regarding the results of El Puerto de Liverpool, S.A.B. de C.V. and its subsidiaries. These projections are based on Management’s assessments and on current information known to the company; however, expectations may vary depending on events and circumstances beyond the control of El Puerto de Liverpool, S.A.B. de C.V. and its subsidiaries.

design: [signi.com.mx](http://signi.com.mx)

[www.liverpool.com.mx](http://www.liverpool.com.mx)

Plataforma Logística Arco Norte (PLAN), Big Ticket 226,000 sq.m total area.



El Puerto de Liverpool