

El Puerto de Liverpool



2022 Integrated Annual Report

Highlights

Operations	2022	%Var.	2021	2020	2019
Number of Liverpool stores	124	1.6%	122	122	123
Number of Suburbia stores	179	9.1%	164	165	157
Number of Galerías shopping centers	28	0.0%	28	28	28
Store brand credit cards ¹	6,679,150	10.3%	6,052,762	5,692,357	5,570,058
Results					
Total Revenues	176,033,720	16.6%	151,021,745	115,472,547	144,233,507
Retail Revenues	159,111,900	16.3%	136,793,173	100,939,628	127,322,604
Credit Revenues	13,199,946	18.5%	11,138,534	11,953,744	13,357,448
Real-Estate Revenues	3,721,874	20.4%	3,090,038	2,579,175	3,553,455
Operating income ²	25,515,379	36.2%	18,733,360	3,812,100	19,171,201
Majority net income	17,384,903	35.1%	12,868,176	750,115	12,383,120
EBITDA ²	30,686,464	28.3%	23,908,737	9,006,327	23,876,638
EBITDA margin ²	17.4%	1.60pp	15.8%	7.8%	16.6%
Earnings per share	12.95	35.1%	9.59	0.56	9.23

(1) Including Suburbia cards.

(2) Including IFRS 9 and 16 as of 2019.

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



176,034

million pesos
in total revenues;
+16.6% vs 2021

30,686

million pesos
in EBITDA;
+28.3% vs 2021

17,385

million pesos
in net income;
+35.1% vs 2021

76,976

employees;
+5.9% vs 2021



61.3%

of women in our
workforce;
+40 bps vs 2021

87%

of suppliers assessed
as low or very low risk
(Responsible Sourcing
Program), +700bps
vs 2021

20%

of store brand
revenues from
products classified
with sustainable
features

38%

of electricity from
renewable sources

Key Milestones



Included in the **Dow Jones Sustainability MILA Pacific Alliance Index**, which recognizes companies with the best ESG (Environmental, Social and Corporate Governance) performance in Mexico, Chile, Colombia, and Peru. This index is generated based on the answers provided by participating companies to the S&P CSA questionnaire and the evaluation carried out by the rating agency's analysts. Only two companies in the commercial business are included in the index.



Included in the **S&P/ BMV Total Mexico ESG Index**, local version of the index for the Mexican Stock Exchange (BMV), with returns higher than the IPC. It also includes the results from the S&P CSA questionnaire.



Completion of the **first stage of our new Arco Norte Logistics Platform (PLAN)** with the beginning of operations of our Big Ticket warehouse.



Execution of a **comprehensive analysis on climate change risks and opportunities**, which reinforces our climate change roadmap. In this way, we are responding for the first time in this report, to the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**.



Strengthened employee development, focusing on opportunities for women in executive positions. Launched the **Women Who Inspire**, training program, with mentoring and training to prepare them for possible management succession.

INTEGRIDAD
CORPORATIVA
500

We maintained our **leadership position in the Corporate Integrity 500 (IC500) index**, developed by Mexicanos Contra la Corrupción y la Impunidad and Transparencia Mexicana.



Through Liverpool's Virtual University (UVL), we offer **4 undergraduate degrees certified by the Ministry of Public Education (SEP)**, which provide training opportunities for our employees.

ESG

Progress has been made on our **ESG commitments** through our Sustainability Strategy and disclosed to the financial market in 2021, as well as to other stakeholders *(see of EPL chapter)*.

Report from the **Chief Executive Officer**

GRI 2-22

In 2022, El Puerto de Liverpool was lucky to continue to count on and strengthen our Customers' preferences, to whom we owe the existence of our company. Revenues from the commercial segment grew 16.3% compared to 2021, while financial business revenues increased 18.5% and real estate revenues 20.4%, compared to the same period.

This preference motivates us to continue improving day by day to serve the changing needs of our Customers. That is why our main investments are focused on two strategic areas of the company: logistics and technology.

In logistics, we opened the first phase of our Arco Norte Logistics Center (PLAN, by its Spanish acronym), focused on large items such as white goods and furniture, and began the second phase, which will be completed in 2025 and will focus on smaller items. Also, in logistics, we began the replacement of our order management system, a transition that will be completed in 2023 and will allow us to provide greater certainty and better communication in deliveries we make to our Customers' homes.

We opened the first phase of our Arco Norte Logistics Platform (PLAN), focused on large dimensions articles.



In the supply chain, we also completed the planning phase of a system that, through artificial intelligence, will help us better plan, select, and distribute merchandise when purchasing and replenishing products. By 2023 we will complete the distribution phase. In technology, we began by strengthening the internal capabilities of our teams, seeking to hire and develop new skills required by the company, as well as outlining the path to follow in terms of systems and technological tools for the next 5 years.

In our omnichannel strategy, we strengthened our Marketplace, achieving a substantial increase in the items we can now offer to our Customers in Liverpool Pocket and Liverpool.com. With the product cell working in an agile methodology, we managed to launch a greater number of small improvements that help with



Revenues from the commercial area **grew 16.3%** compared to 2021, while financial business revenues **increased 18.5%** and real estate revenues increased **20.4%**.

Liverpool
Mitikah

better navigation and facilitate the use of our digital channels in areas such as search and payment. We know that our stores and shopping centers are a fundamental part of this omnichannel strategy; that is why we invested in improving and renovating some locations such as Galerías Insurgentes, Galerías Monterrey and Liverpool Santa Fe. In addition, we invested in transforming our stores towards new functions they require, strengthening areas such as Click & Collect and shipping and receiving, since stores are critical for the proper functioning of our national logistics, where we want to be closer to our Customers every day.

2022 was a year in which, as a company, we came out stronger and with great encouragement to continue transforming ourselves. We are increasingly becoming a diverse company, while also focusing on social and environmental issues, where we understand that we contribute positively to various society groups.

We see a very promising future for our beloved Mexico, and we want to continue to be a fundamental part of its life.

Thank you,

Graciano F. Guichard G.

Chief Executive Officer
December 31, 2022

About **El Puerto de Liverpool**


GRI 2-1, 2-2, 2-6, SASB CG-MR-000.A;
CG-MR-000.B; FN-CF-000.B



We are an omnichannel retail group that, for **175 years**, has been offering unique experiences, meeting our Customers' expectations.

In recent years, we have implemented an omnichannel ecosystem, with progress in digital channels and integration with the physical commerce experience. In this way, we meet the needs of our Customers, being available to them anywhere and at any time.

Our purpose puts people first, seeking to improve their quality of life. Therefore, we also work on the environment, contributing to a sustainable development.



We are present in Mexico's 32 states, through physical and online operations.

Mission

We serve the Customer, everywhere, every day, anytime.

Vision

To be the most attractive option in service, assortment, and value.

Values

Productivity; Teamwork; Innovation and Integrity.

Business segments

We operate in the commercial, financial services and real estate segments, and we offer other complementary services.* We represent leading international brands through various formats, including boutiques and a presence in Liverpool, and operation of the travel business.

El Puerto de Liverpool, S.A.B. de Liverpool, S.A.B. de C.V. is listed on the Mexican Stock Exchange (BMV) under the ticker symbol LIVEPOL. The company also holds a 50% stake in Unicomer, a company that has retail chains in 26 Latin American countries..

* Travel, Gourmet and food experiences, Extended warranty, Marketplace (commissions), Rate plans and airtime.

	Commercial	Financial	Real Estate
Description	Department store and retail chain operation, offering a wide variety of products and brands.	It provides financing to Customers through credit cards, both for exclusive use in the Group's stores and externally through the VISA system. It also offers insurance services.	Designs and executes expansion and remodeling work for stores, shopping centers and other facilities. Additionally, it leases commercial spaces.
Brands	Liverpool, Suburbia, Sfera and other clothing, footwear, cosmetics, and home stores.	Financial business (Liverpool and Suburbia) Insurance Center	Galerías
Products/Services	Department stores	Departmental credit cards, Premium Card, Credit Cards, Digital wallets Insurance: comprehensive family protection, vehicle, home, cell phone purchases, extended warranty, among others.	Operation and leasing of shopping centers
	<p>Liverpool</p> <p>124 stores</p> <p>1,779,927 m² Leasable area</p> <p>124 Click & Collect locations</p> <p>10 Liverpool Express</p> <p>32 own brands</p>	<p>Liverpool</p> <p>5.28 million credit cards</p> <p>Total new credit: 717,000 new cards for \$19,500 million pesos in 2022</p> <p>Suburbia</p> <p>1.39 million credit cards</p> <p>Total value of credit: 406,000 new cards for \$3,241 million pesos in 2022</p>	<p>28 shopping centers</p> <p>603,770 m² Leasable area</p>
	<p>Suburbia</p> <p>179 stores - 648,785 m² surface</p> <p>179 Click & Collect locations at Suburbia stores</p> <p>7 own brands</p>		
	<p>112 boutiques -67,055 m²</p> <p>Textile: 17 GAP; 7 Banana Republic; 51 Sfera</p> <p>1 Punt Roma</p> <p>14 cosmetics: MAC, Kiehl's, NYX, Urban Decay</p> <p>22 furniture and home appliances: Pottery Barn, West Elm, Williams Sonoma</p>		
	<p>45 stores - 512,649 m² surface area</p> <p>Arco Norte Logistics Platform (PLAN)</p> <p>Total land area: 1,866,426 m² surface</p> <p>Construction Area of Unit 3 227,157 m²</p>		

Digital evolution

SASB CG-EC-000.A, CG-EC-000.C

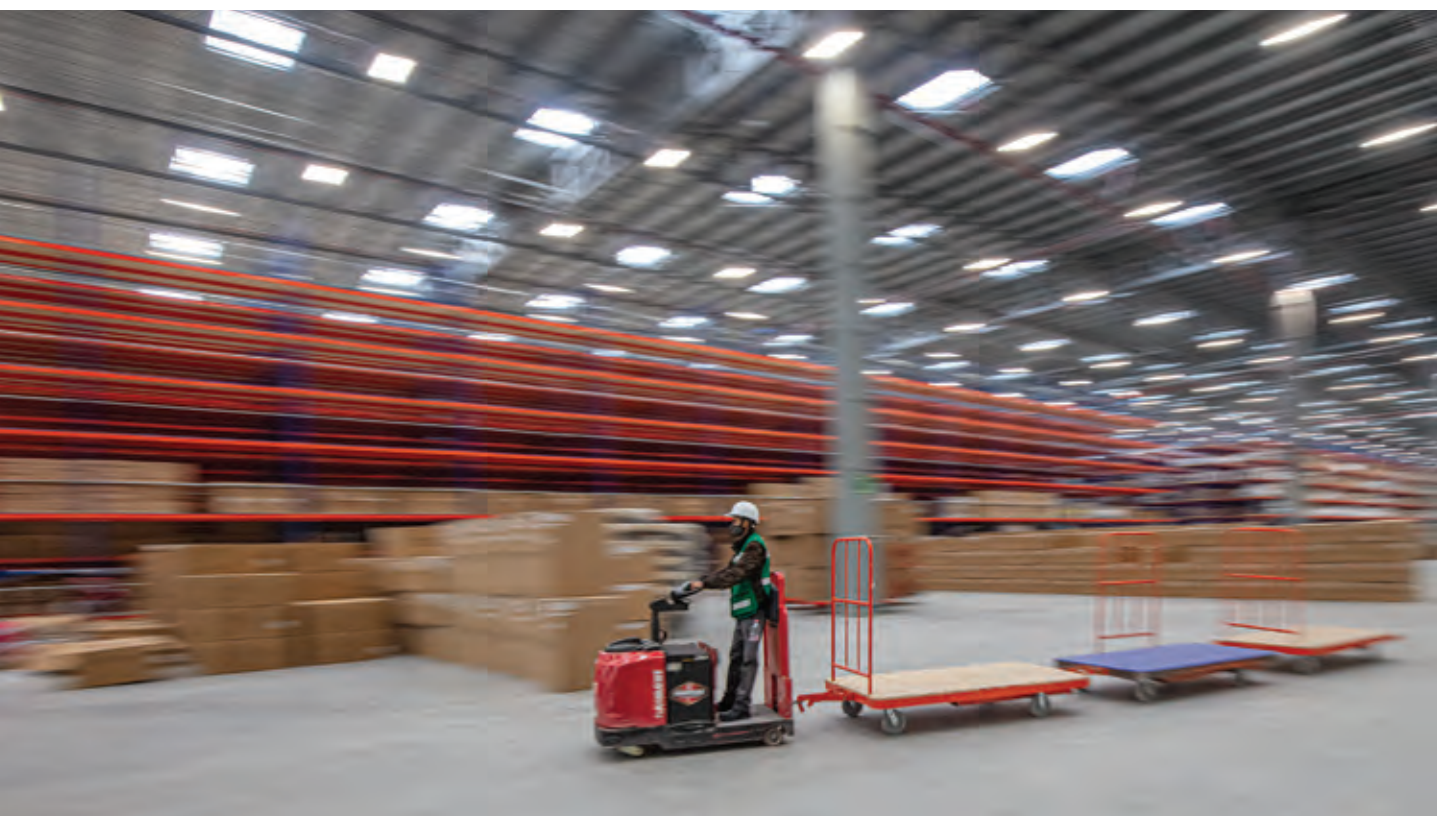
El Puerto de Liverpool’s digital transformation towards an omnichannel ecosystem is already yielding the following data:

2022	Digital Participation	Variation in total revenue from online sales	Variation in new digital Customers	Variation in active mobile app users
E-Commerce El Puerto de Liverpool	+23.1%	+20.9%	+17%	+36.6%

Arco Norte Logistics Platform

This year, we completed the first stage of our new Arco Norte Logistics Platform with the beginning of operations of the Big-Ticket unit. We now have the capacity to serve up to 70% more Customers with better service, integrating, for the first time, the processes of Liverpool, Suburbia and the Boutiques products for furniture and home appliances.

We continue to transform our supply chain, which will bring important innovations in management, merchandise distribution, logistics infrastructure and transportation. For the second stage of the project, we completely redesigned Softline’s processes based on a deep understanding of our Customer, to provide a memorable experience in every interaction. Over the next 2 years we will build an innovative national distribution center at PLAN, as well as 7 units in key locations throughout the country to create a more efficient and far-reaching unified network.



Strategic priorities



“We aspire to be on
our Customers’ cell
phone home screen”.

To that end, El Puerto de Liverpool's Ecosystem strategy and key initiatives have been built on the company's strongest assets:

Brand:

It is the most recognized brand by consumers in a wide variety of categories.

Loyal Customer base:

Nearly 12 million unique and trackable Customers

Financial services capacity:

One of the leading credit card companies in the market, generating practically half of our sales with our credit cards, as well as offering an attractive and broad financial services portfolio.

Nationwide stores and shopping centers network: more than 400 points of sale and real estate network.

Brands and assortment in **exclusive and private label** categories

Strong workforce with **76,976 employees**

The ambition of El Puerto de Liverpool is "to be part of your life" for all Customers, in all channels, making us the first shopping option for Mexicans. In line with this, we visualize ourselves:

- Growing digital commerce capabilities
- Being the leaders in e-commerce
- Creating a differentiated and consistent experience for our Customers.

To achieve this, we drive key initiatives through Technology, Data Analytics, Supply Chain and Logistics, and relations with Commercial Partners, focused on:

- Better offer of categories according to the Customer's needs
- Financial services marketplace
- Providing the best advice and inspiration
- Differentiate our offer with value-added services.
- Loyalty and rewards
- Maximize ecosystem reach.

Report of the **Board of Directors** to the Shareholders' Meeting

GRI 2-22



Liverpool Tijuana

El Puerto de Liverpool celebrated its **175th anniversary** strengthening its capacity for innovation, growth, and profitability.



The successful development and implementation of the various initiatives of our ecosystem in terms of logistics, omnichannel and Customer service has been fundamental to achieve greater satisfaction and service level for our Customers. All this, with a solid financial structure in terms of revenues, profitability, and balance sheet.

Our consolidated revenues were 16.6% higher than the previous year, totaling \$176,034 million pesos.

In the Commercial segment, our revenues grew to a total of \$159,112 million pesos, representing an increase of 16.3% compared to the previous year. In same-store terms, Liverpool grew 16.4% and Suburbia 9.0%.

During the year, we observed a consumption recovery in Softline sales. By geographic area, the Southeast of Mexico and the Mexico City Metropolitan Area reported above-average growth.

Liverpool has been focused on offering our Customers a unique shopping experience. During the year, with the objective of offering the best service, we re-launched the “*Sentido de la Experiencia*” (Sense of Experience), reinforcing the “*Sí Hay*” (Yes, we have it). We have oriented our stores as experience, service, and procurement centers. Likewise, we continue to position Liverpool as the best ecosystem offering for general merchandise and value-added services, while offering our Customers solutions that generate value and ease their daily lives. This will increase their preference for us and differentiate us from our competitors.

**In the
Commercial
segment,
revenues totaled
\$159,112
million pesos.**

33% of digital sales were delivered through **Click & Collect** modules.

At Suburbia, 2022 was a year of change, learnings and evolution. Significant progress was made in the main strategic initiatives, such as the updating of our own brands, the arrangement and signage of departments, seeking a consistent offer in all our locations, and Customer care. We strengthened our value proposition based on fashion merchandise at affordable prices. We continued to work on improving our stores' image, as well as the checkout experience.





Our **Liverpool Pocket** App had a 36% growth in Active Users.

Merchandise and service options are displayed in a personalized way in our digital channels according to search and purchase behaviors.

Our Liverpool Pocket App had a 36% growth in Active Users. It is a pillar of the omnichannel strategy and has become the most relevant app in terms of sales, transactions, and sessions. Our 1.5 million registered digital ticket Customers can consult all their transactions in this application.

We started the operation of the Single Customer Registry, focusing on security.

We launched the virtual credit card processing functionality with immediate approval and availability for use. We served more than 13 million Customers through virtual platforms and by telephone. 70% through WhatsApp, social networks, and email, and 30% through our Contact Center - CAT Morelia.

This year, we concluded the first stage of our new Arco Norte Logistics Platform (PLAN by its Spanish acronym) with the Big-Ticket unit starting operations. We now have the capacity to serve up to 70% more Customers with better service, integrating for the first time the processes of Liverpool, Suburbia and Boutiques for furniture and white goods.

The Group's total digital sales represented a 23% share, with total growth of 20% and Marketplace standing out with an increase of 54%.

33% of digital sales were delivered through the Click & Collect centers located in each of our Liverpool stores, Liverpool Express locations, and Suburbia stores.

We have identified operational efficiencies throughout the delivery process. Through our stores and distribution centers, we achieved 66% of deliveries to be within a maximum range of 30 kilometers, reducing delivery times by 31% and achieving logistical savings.



PLAN - Arco Norte Logistics Platform

We invested a total of **\$7,841 million pesos**, 29% of which was dedicated to logistics projects, 33% to openings, while 12% was dedicated to computer science projects.

Real Estate ended the year with an index of occupancy rate of **90.3%**.

The Financial Businesses division delivered an 18.5% growth in revenues. Our credit risk management achieved low levels of loan delinquency rate, ending the year at 2.4%. The past-due portfolio coverage ratio ended the year at 4.1 times. Following the growth strategy, Suburbia cards exceeded 1.3 million accounts at the end of the fiscal year.

Our Real-Estate division ended the year with an occupancy rate of 90.3%, slightly higher than at the end of the preceding year, indicating a 20.4% improvement in revenues.

The gross merchandise margin ended the year at 32.4%, an improvement of 1.1 percentage points compared to the previous year. In merchandise imports, there was adequate planning, which allowed us to have inventories in a timely manner. Thanks to operating expense control and healthy collections, EBITDA was \$30,686 million pesos, an increase of 28.3% compared to 2021.

Net income totaled \$17,385 million pesos, 35.1% above the previous year figure.

At the year-end, we had a cash position of \$24,516 million pesos as a result of good performance in sales and the quality of the loan portfolio. We paid in full the LIVEPOL 12-2 and 17-2 bonds for a total of \$3,400 million pesos using our own resources.

We invested a total of \$7,871 million pesos, 29% of which went to logistics projects, 33% to store openings, and 12% to IT projects projects.

Income taxes totaled \$7,045 million pesos, an increase of 28.2% over the previous year. Other taxes retained and paid, taxes and import duties, as well as IMSS, SAR and INFONAVIT contributions, totaled \$15,299 million pesos.

We opened **Liverpool Tijuana** in Baja California and **Mitikah** in Mexico City, along with **15** new Suburbia stores.

We opened Liverpool Tijuana in Baja California and Mitikah in Mexico City, along with 15 new Suburbia stores.

Grupo Unicomer, a company dedicated to the commercialization of furniture, electronics, housewares, motorcycles, eyewear, and consumer credit in 26 countries of Latin America and the Caribbean, reported a \$22.0 million dollars for the year and an EBITDA of \$228 million dollars. Unicomer has 25 commercial brands and more than 13,000 employees.

For El Puerto de Liverpool, our employees are our priority. Therefore during 2022, we continued to strengthen their work experience with digital applications focused on: facilitating access to their benefits (vacations, loans, account statements); improving their physical and emotional well-being, with vaccination programs, disease prevention, mental health and quality of life. Likewise, we promoted the development of leadership, safety and integrity skills through asynchronous educational platforms that allowed them to go at their own pace.

We also strengthened our executive evaluation model by promoting talent development, with experiential plans at all management levels and improved variable compensation.

Through the efforts made by the Company, and our commitment to ESG principles, El Puerto de Liverpool joined the Dow Jones Sustainability Index for the Latin American Integrated Market (MILA) and the Pacific Alliance, as well as the S&P / BMV Total Mexico ESG Index, thus serving all our stakeholders. We also obtained 1st place in the 2022 Corporate Integrity 500 (IC500) evaluation, conducted by Mexicanos Contra la Corrupción y la Impunidad for the second consecutive year.

Our Ordinary Shareholders' meeting on March 10, 2022, declared a dividend of \$2,282 million pesos on the 1,342,196,100 shares representing the company's capital stock. The Board of Directors set the payment dates for May 27 and October 14, both in 2022.

Liverpool Mitikah





Our Annual Report continues to evolve, focusing on Sustainability. The documents and information are aligned with international standards such as SASB, GRI, TCFD and the SDGs (Sustainable Development Goals). This reflects the commitment held by El Puerto de Liverpool through its “La Huella” strategy, and our stated goal of becoming a zero-emissions company by 2040.

During 2022, the strengths of the organization and the operation were consolidated. In this environment of normality, our Customers found their satisfaction in omnichannel interaction through the channel of their choice. The company’s finances have once again shown their solidity, strengthening the Group’s vitality.

We would like to take this opportunity to express our deep gratitude to our shareholders, Customers, suppliers, tenants, and employees for their trust.

Sincerely,

The Board of Directors

Mexico City, December 31, 2022

Risk Management



Integral

GRI 2-12, 2-13, TCFD GDR-C

At El Puerto de Liverpool, we are aware of the risks that could affect our activities, including ESG risks (focused on environmental, social, and corporate governance aspects). Our objective is to address them in a preventive manner with precaution and mitigation plans.

Risk identification is carried out by different specialized teams depending on the type of risk, which also propose prevention and mitigation measures.

At the Group level, we delimit corporate governance and regulatory compliance risks; in the operation, by store, we integrated compliance and environmental performance risks. This year at the company level, we added the analysis of possible risks and obstacles to the progress of our Sustainability Strategy, as well as those related to climate change (read the following section). In addition, we have a matrix of the main financial and ESG risks.

The compliance team is responsible for the identification of regulatory risks and participates in the implementation of controls.

Regarding climate change risks, as of 2023, they will be reported to the compliance team given their recent identification.

We also promote a culture of risk prevention among our employees. This is especially true for environmental risks, in which we instruct those positions mostly related (e.g., maintenance managers, store managers, etc.). Additionally, our staff is trained in health and safety, to prevent accidents and promote self-care.

In terms of labor issues, we also encourage our employees to be alert to any risks they identify and report them to their immediate supervisor. Moreover, the human capital team of every location works closely with the corporate team to respond and prevent these risks.

In environmental matters, we have an experienced team that analyzes the operation of our locations, identifying critical points from which internal audits are carried out, risks are identified, and a response is given; this is aligned with our environmental management standard, based on the ISO 14001 standard.

Physical risks involving infrastructure damages, are communicated, and handled by our internal personnel under the policies and protocols for the mitigation of incidents. In this way, with the commitment and support of all our collaborators, we advance towards a stronger management.

The following table shows a classification of risks by potential impact; each risk can have multiple causes (e.g., climate change incidence).

MAJOR RISKS – EL PUERTO DE LIVERPOOL

Risk	Description
Market	
Consumer spending	Customer spending may be affected by many factors beyond our control, including the economic conditions, the disposable income levels of Customers, consumer confidence levels, the cost of basic needs, among others. It also considers the seasonality of Customer spending.
Competition in the retail industry	There are several competitors at both the national and local levels in Mexico, including omni-channel retailers, traditional department stores, e-commerce and mail order retailers, and informal retailers which may sell products like those we commercialize.
Consumer preferences	Given that Customer preferences change rapidly, we need to be aware to anticipate significant patterns, manage inventories and avoid the need to sacrifice profit margins.
Sales channel strategy	The evolution of the omnichannel strategy, through the combination of the network of physical stores and stores with the development of digital channels, to create an integrated experience for the Customer.
Real estate sector dynamics	There may be a negative impact by the evolution of land prices, the availability of land, the evolution of leasing costs, the competitiveness of our rates and the tenants' ability to pay.
Regulatory	
Regulations related to marketing and product information	Evolution of regulatory and normative provisions, involved in the relationship with the Customer/potential Customer, especially regarding information on promotions, discounts, payment terms, and other sensitive aspects.
Information privacy regulations	Evolution of regulatory and normative provisions on managing Customer information, preventing it from being used without their consent. This is complemented by the mitigation of cybersecurity risks.
Environmental, labor and health and safety laws	Evolution of the regulatory and normative provisions linked to water discharges and waste treatment, as well as those for the promotion of the circular economy that involve the Customer. Additionally, the provisions on labor relations, specialized services and occupational health and safety measures.

Operational	
Supply chain disruptions	Ability to find qualified suppliers and access products in a timely and efficient manner, especially outside of Mexico. Likewise, product availability, given the difficulties experienced in global trade.
ESG practices in supply chains	Implementation of quality standards and practices in environmental, social (labor practices) and governance (and ethics) issues with our suppliers. For this purpose, an analysis is available within the Responsible Purchasing Program framework, in line with El Puerto de Liverpool's strict guidelines.
Talent acquisition and retention	Includes the availability and commitment of management teams and strategic personnel, as well as the availability of collaborators in the workforce, in the face of other employment alternatives, especially in the most innovative positions, such as those linked to technology.
Interference and/or interruptions in the systems	Includes possible damage to the computer systems' infrastructure, and possible attempted attacks through the network, which could compromise the operation of the systems and the safeguarded information.
Financial	
Capital availability	Potential capital requirements, especially in capex, used to upgrade the network of shopping centers, stores, and department stores, as well as the logistics infrastructure for distribution. There may be difficulties on accessing additional capital.
Customer's ability to pay	Possible difficulties from Clients in the credit segment, to meet their payment obligations, due to the volatile economic and social environment.
Evolution of product prices	Conditions that cause the price of the products to increase, in a generalized manner and/or particularly, for certain types and/or source. For example, the impact that the volatile price of fuels may have.
Operating input and utility price evolution	Conditions that cause our operating costs to rise, such as the cost of fuel used for our distribution.
Exchange rate volatility	Given the acquisition of products in USD, related to commercializing imports from abroad, when the merchandise is sold in Mexico in local currency.
Physical	
Locations' remodeling or repair	Damage to infrastructure, products and/or merchandise due to natural phenomena, such as heavy rain, floods, lightning, tornadoes, or hurricanes, among others.
Consequential losses	From the closure of locations due to direct damage or from closure during an event and/or collateral damage.
Failure in merchandise delivery	From damage occurring in distribution centers or stores that prevent the delivery of sold merchandise or inventory assortment, as well as from the obstruction of communication routes that obstruct logistic traffic.

Climate change is one of the causes and/or accelerator of part of the risks presented in the previous section. In the following section, we detail this connection and the implications for our Company.

Related to emerging risks, there are three, that we consider to be directly related to people:



- **Change in consumer expenditure patterns**, related to the type of product they want and the channels through which they are acquired. The connection is as follows:
 - 1)** the evolution of digital media, e-commerce, and omni-channel.
 - 2)** the trend to “use over acquisition”, in an economic practice that promotes collaborative/sharing models.
- **Impact of climate change** on two aspects, especially on the textile portfolio:
 - 1)** product and sale seasonality
 - 2)** raw material availability for suppliers.
- **Labor market evolution**, the requirements of the next generations to join the workforce, talent availability in emerging professions and the competition for operational talent with other sectors in the evolution of Mexico’s economic activities.

Climate change risks and opportunities

GRI 3-3, TCFD EST-A, EST-B, EST-C, GDR-A, GDR-B, GOB-B

At El Puerto de Liverpool, we are aware of the wide range of risks and opportunities to which we are exposed, particularly the major challenge that climate change represents for our industry worldwide. Therefore, in 2022 we began our risk and opportunity analysis related to climate change, to ensure we are aligned with the recommendations of the Climate-Related Financial Disclosures (TCFD) task force.

We develop the process through the following activities:

- 1.** We identified our sector’s potential risks and opportunities, integrating Mexico’s background, into the analysis.
- 2.** The potential risks and opportunities identified were presented in workshops with strategic teams to integrate every perspective on the impact our business strategy could suffer. During these workshops, we evaluated the following: severeness, probability of happening and mitigation/exploitation potential; as a result, the 10 main risks and opportunities for El Puerto de Liverpool were obtained.



3. For our main risks, based on the above, a scenario analysis was performed under two term horizons, 2030 and 2050. The scenarios are the following:

For physical risks:

- RCP¹ 8.5: High-emissions scenario with no changes in mitigation policies. This is the worst scenario in terms of potential impacts, since it considers an increase in temperatures of between 2.6 and 4.8°C above pre-industrial levels, by 2100.
- RCP 4.5: This scenario contemplates relatively ambitious mitigation actions, where GHG emissions increase slightly, before decreasing around 2040. This scenario considers a temperature increase of between +1.1 and 2.6°C above pre-industrial levels.

For transition risks, two International Energy Agency (IEA) scenarios were addressed:

- Business as-usual (BAU): STEPS²-based scenario, which performs a business-as-usual trajectory including existing and announced government policies and plans. This scenario contemplates a temperature increase of 2.5°C above pre-industrial levels.
- APS³: This higher mitigation scenario considers the full implementation of announced plans and policies, as well as stricter climate targets. The temperature reduction achieved under this scenario would be 1.7°C, by the end of the century.

4. Based on the scenario projections, risks and opportunities were rated as high, moderate, low, or uncertain, subject to the projected significance each risk and opportunity reports, compared to the current situation.

The identification of these risks and opportunities will allow us to:

- Develop and implement initiatives to enhance our operations’ resilience.
- Identify and prevent related financial impacts.
- Integrate identified climate opportunities into our business strategy.

The following tables show the risks and opportunities identified, as well as the classification assigned under each scenario and time horizon.

We present the result, according to TCFD’s proposed nomenclature:

Transition risks:

Those associated with changes towards a low-carbon economy (e.g., in legislation to mitigate and address climate change).

Physical hazards:

Those associated with higher intensity events and/or long-term changes in weather patterns (e.g., temperature). They can cause damage to infrastructure, affect operational stability, etc.

¹ RCP: Representative Concentration Pathway provided by the IPCC.

² STEPS: Stated Policies Scenario

³ APS: Announced Pledges Scenario

H: High; M: Moderate; L: Low; U: Uncertain

RISKS					
Type and Subtype	Designation	Description (causes and effects)	Scenario implications	Risk rating	
				2030	2050
Transition: Market and politics	Climate policies that increase prices and manufacturing costs within the supply chain	<p>Increased manufacturing costs in the value chain due to:</p> <ol style="list-style-type: none"> Expansion and increase in carbon pricing under existing instruments or new carbon pricing instruments that may affect suppliers. Public policies' implementation requiring biofuels adoption in the transportation sector, which could increase fuel costs in the short and medium term. The development of energy efficiency policies to reduce emissions in the buildings sector. 	<p>In a BAU scenario:</p> <ul style="list-style-type: none"> Moderate increases in carbon prices where the main international LPE suppliers are located. Lack of government incentives to promote biofuel production, which could lead to high price volatility and low economic viability. Implementation of minimum energy efficiency standards. <p>In a below 2°C scenario:</p> <ul style="list-style-type: none"> Significant increase in carbon prices and inclusion of new sectors in current mechanisms. Political momentum for increasing biofuels production. Development of new sustainable building metrics and new refurbishing requirements for buildings. 	M	M
				M	H
Transition: Politics	Policies to promote the circular economy	<p>Impacts on EPL's procurement strategy, Customer relationship and waste management, due to:</p> <ol style="list-style-type: none"> Increase in plastic containers' prices due to changes in suppliers' raw materials. Creation of public policies that integrate consumers in economic requirements or in the use of plastic containers. 	<p>In a BAU scenario:</p> <ul style="list-style-type: none"> Circular economy policies focused on the recycling of aluminum, steel, paper, and plastics. More stringent policies on the prohibition of single-use plastics. <p>In a below 2°C scenario:</p> <ul style="list-style-type: none"> Defining national recycling targets or implementing taxes on plastic waste generation. Stricter circular economy policies to reduce oil demand in plastic production. 	L	M
				M	H
Transition: Politics	Introduction and expansion of mechanisms to fix carbon prices, such as carbon taxes and emissions trading systems	Mexico's Emissions Trading System (ETS) is being implemented and its final application could raise fuel prices (currently in pilot stage). In addition, prices could be affected by decisions on national and subnational carbon taxes. The impact could further impact domestic supplier costs and direct transport of EPL.	<p>In a BAU scenario:</p> <ul style="list-style-type: none"> No significant change in carbon prices in Mexico; however, we expected carbon taxes to continue increasing at the federal level and that subnational instruments will continue expanding. <p>In a below 2°C scenario:</p> <ul style="list-style-type: none"> No significant change by 2030 in carbon prices. High probability that existing instruments will expand to other sectors, as well as developed in new states. In the medium term there is a high probability that Mexico's ETS begins operations. In the long term, a substantial increase in carbon prices is expected. 	L	L
				L	H
				L	H

Type and Subtype	Designation	Description (causes and effects)	Scenario implications	Risk rating	
				2030	2050
Physical: Acute	Increase in the intensity and frequency of tropical cyclones	Due to the heavy rainfall associated with cyclones, the following are foreseen: 1) Impact on the arrival of products (supply chain), 2) Closure or interruptions in stores or distribution centers, 3) Loss due to inventory damage, 4) Difficulty in the transportation of Customers to stores, 5) Impact in product distribution, 6) Deterioration of Customers' financial wellbeing and purchasing power, 7) Increase in insurance costs for EPL.	By 2030, we expect high uncertainty surrounding the tropical climate projections for the two scenarios presented. In both scenarios, by 2050, an increase in the number of very intense tropical cyclones is expected, especially those originating in the Pacific Ocean.	U	M
Physical: Acute	Increased frequency, intensity, and duration of extreme precipitation events	Same impacts as in the previous risk.	RCP 4.5: A moderate change in the intensity and duration of extreme precipitation events will be observed for both time horizons. RCP 8.5: Significant increases in the intensity of both events are projected for 2050.	M	M
				M	H
Physical: Acute	Increased frequency and intensity of river floods	Same impacts as in the previous risk.	Increase in the intensity of river flooding in both scenarios, most remarkable for 2030.	H	M
Physical: Chronic	Sea level rise and coastal flooding	<ul style="list-style-type: none"> Possible impact on distribution routes in coastal areas. Possible loss of property value in these areas. Low feasibility for the development of new infrastructure. 	EPL is somewhat located in coastal areas, however, its exposure to coastal flooding in the medium and long term is very low. Projected increases in Mexico's sea levels could affect the mobility and distribution of products in coastal areas.	L	L
Physical: Chronic	Increased frequency, intensity, and duration of droughts	<ul style="list-style-type: none"> Low availability of raw materials. Possible increases in product prices and impact on product availability. Constrained store coverage due to population displacement because of water scarcity. Operational disruptions and increase in service costs due to constrained water supply. 	<ul style="list-style-type: none"> Low availability of raw materials. Possible increases in product prices and impact on product availability. Constrained store coverage due to population displacement because of water scarcity. Operational disruptions and increase in service costs due to constrained water supply. 	M	M
				H	H

OPPORTUNITIES					
Type and Subtype	Designation	Description (causes and effects)	Scenario implications	Scenario implications	
				2030	2050
Transition: Technology	Technologic progress focused on an efficient, low-carbon and non-polluting transportation and distribution system	Possibility of replacing the company's fleet of internal combustion vehicles with hybrids and/or electric vehicles that reduce emissions. Progressive reduction in acquisition costs of hybrid and/or electric vehicles through the standardization of technologies.	<p>In a BAU scenario:</p> <ul style="list-style-type: none"> Low economic feasibility of existing technologies (e.g., hydrogen) for freight transportation. Few technological advances to increase sales of electric charging vehicles in the medium to long term. <p>In a below 2°C scenario:</p> <ul style="list-style-type: none"> The use of electric vehicles is promoted through incentives and electromobility pilot programs. Higher probability of governments setting carbon neutrality targets for the transportation sector. Decrease in the cost of electric vehicles. Increased feasibility of new green technologies for freight transportation. 	L	M
				M	H
Transition: Resource efficiency	Use of technologies to improve energy efficiency and resource consumption in sustainable buildings	<ul style="list-style-type: none"> Progress in the incorporation of lower energy consumption devices: LED lighting in stores, and warehouses. Decrease in operating costs. Improvement in the implementation of energy efficiency standards for equipment and building metrics (heating, cooling, ventilation, insulation, among others). Increase in short-term capital expenditures to install new and efficient equipment. Reduced operating costs in the medium and long term due to energy efficiency savings. 	<p>In a BAU scenario:</p> <ul style="list-style-type: none"> Voluntary programs increase by 2030 <p>In a below 2°C scenario:</p> <ul style="list-style-type: none"> Focus on the development of zero-emission buildings. Considerable progress in equipment's energy efficiency (e.g., air conditioning). Use of renewable energy sources. Decrease in capital expenditures for the refurbishment of existing buildings. 	L	M
				M	H

The Footprint of El Puerto de Liverpool



Introduction

GRI 2-14, 2-23, GOB-A, GOB-B, MYO-C

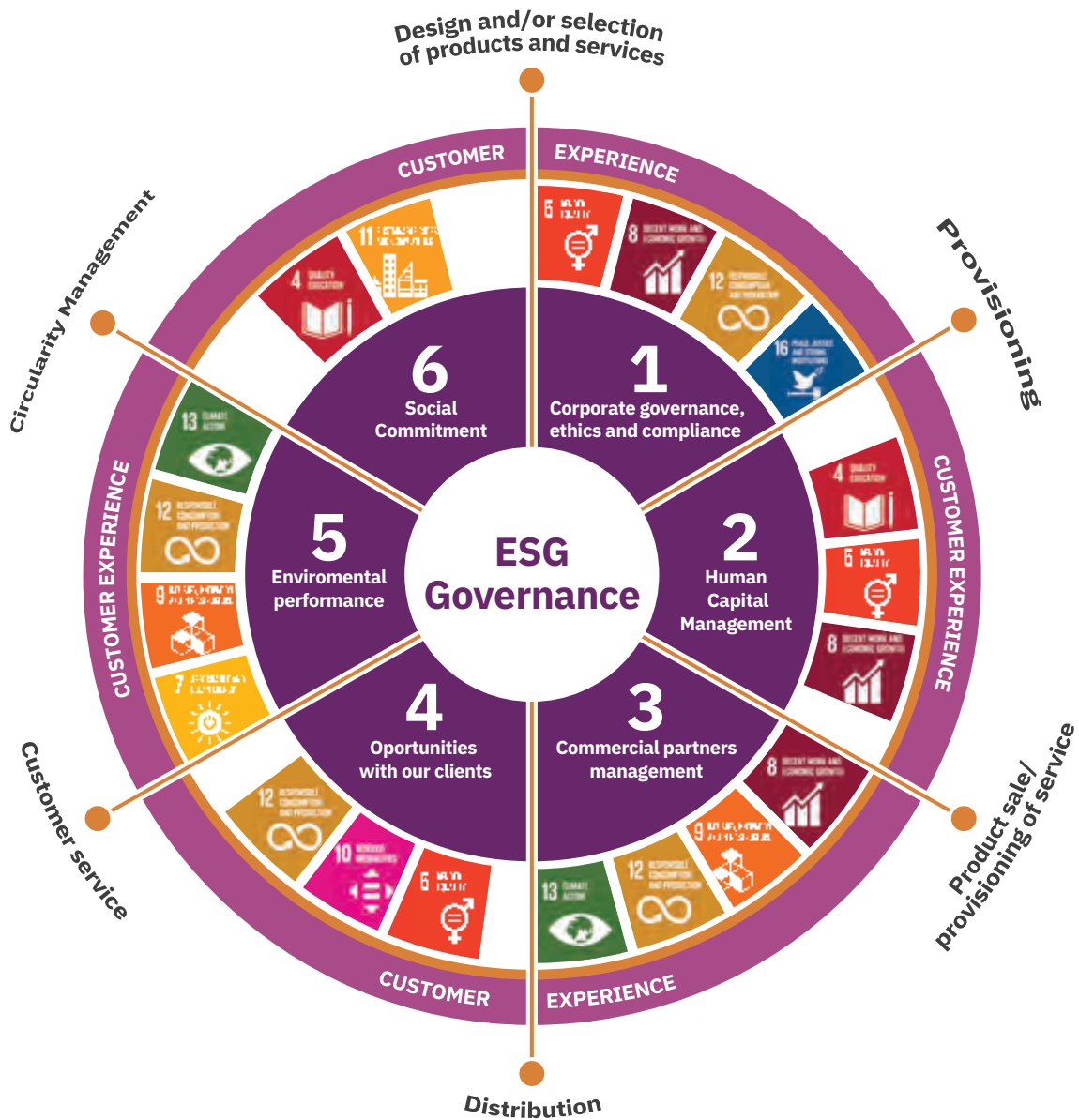
At El Puerto de Liverpool we are committed to generating value for all our stakeholders, which is closely linked to actively contributing to a more sustainable development.

“The Footprint of El Puerto de Liverpool”, the company’s sustainability strategy, establishes priorities based on material issues that are critical to the relationship with our stakeholders and/or to the company’s results.

The successful implementation of our strategy involves the company’s different areas and teams. It is monitored by the Footprint Committee, chaired by our CEO, on a quarterly basis..

Among the topics addressed by the Footprint Desk lies the climate agenda, which reflects the risks and opportunities of our operation, further contributing to our integrated strategy..

Below, we present our ESG (environmental, social, and corporate governance) model:



SDGs that El Puerto Liverpool adheres to



In **Annex I.1** we provide a list of stakeholders, our value proposition, and the channels for our relationship; in **Annex I.2** we present a materiality process backing the Strategy’s priorities.

Focus	Purpose
0. ESG Governance	Promote ESG culture at the institutional level, developing every initiative within the strategy.
1. Corporate governance, ethics, and compliance	Nurture integrity, from policies to decision-making.
2. Human capital management	Cherishing the quality of life and talent development, aligned with Diversity and Inclusion principles.
3. Relations with Commercial Partners	By fostering our supply chain, we guide suppliers in ethical labor development and focus on sustainable development.
4. Customer Opportunities	To better serve our Customers, we provide services that facilitate their mobility and their financial inclusion.
5. Environmental performance	Bolstering the efficient use of natural resources, minimizing the impact on the environment, and contributing to climate change.
6. Social commitment	Promoting education as a driving force of change to help younger generations in Mexico and contribute to their professional future and development.



Along these priorities, we have set medium-term objectives that mobilize the company and demonstrate our ESG commitment.

Dimension	Goals	Progress
Environmental	<p>By 2040:</p> <ul style="list-style-type: none"> • Reduce 268,000 tCO₂eq, achieving carbon neutrality. • Recycle 100% of the waste, incorporating, in accordance with available technology, circular economy models. • Achieve water balance: <ol style="list-style-type: none"> i) Reduce clean water consumption by at least 1,070,000 m³. ii) Treat approximately 885,000 m³ of used water. iii) Continue and increase rainwater harvesting. 	<ul style="list-style-type: none"> • 195,585 tCO₂eq emissions in 2022 (a 27% progress towards the 2040 reduction target). • Progress in our waste recycling goal, as it stands at 34.5%. • Water consumption of 0.47 m³/m². <p>2021 is considered as base year.</p>
Social	<p>By 2030:</p> <ul style="list-style-type: none"> • Increase the promotion of women in middle and upper management positions, contributing to their professional development in leadership roles. • Contribute to the education of 100,000 active users on a cumulative basis, through the expansion of the Liverpool Virtual University and other complementary programs. 	<ul style="list-style-type: none"> • Women in middle and upper management stand at 40.6%. • Active users in education programs stand at 10,363. <p>2021 is considered as base year.</p>
Governance	<ul style="list-style-type: none"> • Label 100% of the products with sustainable features, making it easier for Customers to identify and purchase them. • Audit 100% of our strategic suppliers* on social and environmental practices through the Responsible Purchasing program. <p>* Suppliers with a relationship of more than 1 year and a purchase volume of more than MXN\$500,000 annually.</p>	<ul style="list-style-type: none"> • A 3.8 pp increase in products with sustainable features, vs 2021. • Audited strategic suppliers stand at 30%. <p>2021 is considered as base year.</p>



Opportunities for the Customer

We are focused on continuously improving our Customers' service, while promoting responsible consumption habits and creating inclusive spaces where everyone feels comfortable, finding products relevant to their needs.

Inclusion

We strengthened our facilities' accessibility, as we carried out the first phase of refurbishments in stores, shopping centers and corporate offices. These remodeling works include the installation of restrooms and toilets for people with mobility problems and the provision of access ramps to guarantee wheelchair access for our Customers and within our working centers. In addition, signage was reinforced to make it more visible to the public and facilitate our Customers' access to the stores.

Inclusion also considers financial aspects, as our credit offer allows Customers to access credit products and use them in our stores as well as in digital channels. In 2022, we reinforced the placement of new cards through our website, improving processes and the Customer experience, which considers Customers with and without credit history. In addition, at Suburbia, we increased our credit options by implementing the Mini Pagos product, which facilitates item purchases through financing and fixed payments.

To complement the credit access we provide, we help our Customers improve their financial education. We make informative clips on relevant topics related to proper credit management, available to everyone through our YouTube channels.

Responsible consumption

GRI 3-3, 417-1

In response to our strategy on Omnichannel Alignment on Sustainable Product (*AOPS*, by its Spanish acronym), we continue to strengthen our product supply with these characteristics.

We have the international Better Cotton Initiative (BCI) certification for various of Liverpool's textile products. In addition, this year we achieved U.S. Cotton Trust Protocol (USCTP) certification for Suburbia.

These efforts will help us improve our work with our commercial partners, improving traceability and the conditions under which our products are manufactured.

We have also made it easier for Customers to search for products with sustainable features, in-store and online, at both Liverpool and Suburbia.

We also highlight the release of our "Product with a Cause" program. Through Liverpool's Restaurants and Gourmet Experience, we offered a product whose benefits are destined to education in Mexico, through organizations committed to reducing the lack of educational opportunities for children. These resources seek to furnish schools that are near our working centers.

We are certified by the **Better Cotton Initiative (BCI)** for some of Liverpool's textile products. Additionally, this year we incorporated the **U.S Cotton Trust Protocol (USCTP)** certification in Suburbia.

Human capital management



At El Puerto de Liverpool, our teamwork is an essential piece of our success. For this reason, issues such as diversity and inclusion, personal and professional development, and the physical and emotional well-being of our people are important pillars of our organizational culture.

Diversity

GRI 3-3

We are committed to fostering a diverse, inclusive, and non-discrimination working culture in all our locations because we value “talent for its talent”. To achieve this, we developed and implemented our Equality, Diversity and Non-Discrimination Policy. The values that guide us are based on our Code of Ethics and Code of Conduct and Integrity.

We participate in the “Companies for Equality” program, an International Finance Corporation (a World Bank’s company) initiative which is focused on



reducing gender gaps and promoting Diversity and Inclusion in the Mexican labor market. Additionally, we conducted a gender pay gap analysis, establishing performance-based criteria to avoid bias.

We highlight our efforts and progress in the inclusion of employees with disabilities, especially through accessibility reviews in our administrative offices, and Liverpool and Suburbia stores. We have also achieved the NMX-R-025-SC-FI-2015 certification on labor equality and non-discrimination in 16 of our locations.

Training and development

GRI 3-3, 404-2

Through the Training and Learning area we promote the development of employees for the operation, and for talent and leadership capabilities. We highlight the integration of additional courses that improve the team's soft skills, by conducting three mentoring

programs: The leader as a strategist; Developing your leadership, Leader who inspires followers (Suburbia) and a New Managers Workshop.

We encourage professional and personal development of each of our employees. To achieve this, we rely on Liverpool Virtual University, offering programs from the basic, middle, and higher levels of education, up to the master's degree level.

In 2022, UVL obtained approval from the SEP to add four new bachelor's degrees, increasing academic offerings for the professional development of our employees.

In addition, we have strengthened our managing and monitoring comprehensive performance evaluation system, to ensure that 100% of our employees who meet the required yearly requirements have at least a semi-annual and annual review evaluation.

Occupational health and safety

GRI 3-3, 401-2, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6

The health and well-being of our employees will always be a priority, hence, this year we focused on:

- Conducting the first mental health screening tests to identify potential mental health issues within our employees. We integrated the findings into a strategy entitled “No mental health, no health”.
- We continue to operate the “Creating a better me” program, in which we held informative talks on handling depression and anxiety, as well as health campaigns for the timely detection of breast, cervical and prostate cancer, and vaccination against influenza and COVID, (reaching 29,765, the company’s record).
- We conducted analysis at the operational and administrative positions to identify possible areas that could represent occupational accidents and establish the necessary preventive measures.

We also developed other initiatives of great value for our employees:

- We launched the Emergency Medical Attention Protocol.
- Through the Medical and Nursing Service, as required by the law, in a face-to-face approach,

we provided treatment for chronic degenerative diseases, promoting a culture of self-care.

- We implemented the questionnaire of the NOM-035-STPS-2018 of the Ministry of Labor and Social Welfare (STPS) to identify psychosocial risks.
- We continue to offer a free psychological support hotline for employees.
- We encourage the participation of employees and their families in sports activities such as the Running Fest, our virtual race.

All these efforts allowed us to, once again, be recognized by the Top Employers 2022 ranking, placing us in 19th position. We also renewed our Top Employer 2022 certification, which endorses our best practices in Human Resources.

Through the program **“Creating a better me”**, we conducted informative sessions on the handling of depression and anxiety, among other topics.



Relations with Commercial Partners

GRI 3-3

We share our commitment to sustainability with our suppliers, helping them address the main social and environmental impacts in order to operate efficiently. The process involves auditing working centers of critical suppliers.

In addition, we proactively encourage our suppliers to change toward sustainable products in terms of components and durability. Likewise, we seek to incorporate the aforementioned criteria internally through our packaging. At El Puerto de Liverpool, we are committed to provide visibility to our Customers by promoting responsible consumption.

Likewise, we prioritize offering high-quality products to our Customers, meeting the necessary standards, responding to their trust and preference.

Responsible sourcing

As part of our history, we continue implementing the Responsible Sourcing Program, through which we evaluate the social and environmental performance of our strategic merchandise suppliers. This program began in 2018 for the entire company; it includes suppliers of all Suburbia and Liverpool store brands, suppliers with orders totaling more than \$500 thousand pesos, and suppliers of goods not for sale.

We prioritize offering high-quality products to our Customers, meeting the necessary standards, responding to their trust and preference.





We require all suppliers to sign and follow our Code of Ethics.

We are guided by a stoplight system, and in case of orange or red categories scenarios, the supplier is required to take action in order to be hired.

We also evaluate suppliers' international certifications issued by third parties, especially if issuers have global reach, as well as their own sustainability programs.

Additionally, we require all suppliers to sign and follow our Code of Ethics.

Product development

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

We are committed to incorporating sustainability criteria into our store-brand products, focusing our efforts on two main lines of action:

1) Reduction of materials in containers and packaging, those that are made up of recycled components and/or that can be recycled. This way, we have been able to significantly reduce the use of plastic in packaging for home deliveries, as well as in reusable bags provided to the Customer. Regarding reusable bags, we were able to reduce the grammage and incorporate 50% of recycled material. In addition, we adopted different regulations throughout the country regarding the restrictions on single-use plastics.

2) Products' raw materials should be produced according to sustainability criteria, prioritizing certification(s) that support it. Our initial focus is on textiles, incorporating cotton of sustainable origin with BCI certification (Better Cotton Initiative) and/or recycled fibers.

We seek to ensure that waste generated from our containers and packaging is separated according to its material, to be removed by third party specialists for recycling.



Likewise, we promote product development within our portfolio in order to achieve sustainability certifications, and subsequently communicate this to our Customers through our different channels. Some examples include certifications such as: US Cotton Trust Protocol (USCTP), Better Cotton Initiative (BCI), Fair Trade and Global Recycled Standard (GRS).

To reinforce sustainability culture among suppliers, we have launched a specialized course, in addition to the evaluations previously mentioned.

Quality

GRI 3-3, 416-1

The products of our portfolio have quality certifications, providing confidence and security to the Customer.

Regarding restaurants, we carry out food safety audits in our facilities, supported by third parties.

We also train our employees, who are responsible for food handling, on food safety. We have H distinction certification in all our establishments.

In addition to quality aspects, we progressed in our commitment to use cage-free hen eggs, with which we already supply 26 of our restaurants, which represent 38% of our total restaurants. This way, we are reaffirming our commitment to achieve 100% supply of cage-free hen eggs by 2026.

We also focus on avoiding food waste. We implement measures in our processes and food durability, compatible with its quality and freshness, avoiding waste if they are in optimal conditions for consumption.

Integrity

Our Group is characterized by its solid ethical culture and compliance with external regulations, which we reinforce with internal guidelines. It's involved in the way we relate to each other, to our Customers and suppliers, as well as to other stakeholders.

Self-regulation and reporting mechanism

GRI 2-15, 2-23, 2-24, 2-25, 2-26, 3-3, 205-1, 205-2

Our Code of Ethics incorporates our work philosophy, which prioritizes honesty as an outstanding value in the search for the responsible use of information, avoiding the incidence of conflicts of interest. In addition, we have a Code of Conduct and Integrity, which details the behavior we expect from our collaborators in all the relationships derived from the operation of El Puerto de Liverpool.

Complementarily, we have policies that reinforce performance in higher risk processes and/or operations, such as the Zero Tolerance to Corruption and Bribery Policy, which includes guidelines for relations with suppliers and other third parties, as well as donations.

At El Puerto de Liverpool, we care for and train our employees on ethics and compliance issues, reaching more than 51,000 employees and providing them with different awareness approaches throughout the year.

In our relationship with Customers, we promote responsible marketing, with transparency regarding product information and aiming to ensure that the Customer purchases the most convenient product. This commitment begins with advertising.

We have an Ethics Hotline to identify and report behaviors or signs of behaviors that are not aligned with expectations. The Ethics Office and the Ethics Committee attend this hotline, communicating relevant issues to the Audit and Corporate Practices Committee, which is made up of, among others, certain members of the Board of Directors.

At the corporate level, we have established a solid control and monitoring system, which includes auditing and internal control, complemented by the external auditors' annual reviews.

As a publicly traded company, being listed on the Mexican Stock Exchange, we comply with the disclosure requirements related to the Securities Market Law, publishing financial information on a quarterly and annual basis, as well as complying with the Directors and/or Officers' statements regarding Related Parties.

In cases of non-compliance, we have a Disciplinary Measures Policy that can go up to the early termination of the employment contract, without restricting the reports and other legal actions that El Puerto de Liverpool decides to implement.

These efforts have allowed us to maintain our leadership position in the Corporate Integrity Index 500 (IC500), developed by "Mexicanos contra la Corrupción e Impunidad" (Mexicans Against Corruption and Impunity in English) and Transparencia Mexicana.



Data Protection

GRI 3-3, 418-1, SASB CG-EC-230a.1;
CG-MR-230a.1; FN-CF-230a.3

Our employees are guided by the Personal Data Policy, which demands strict data processing for collected information, and it's supported by external regulations. We are very careful when using data and avoid any abusive practice that could generate a damage to our Customers, who may exercise their rights to access, rectification, cancellation or opposition (ARCO by its acronym in Spanish) to the processing of personal data, with instructions available on our website.

We also have an Information Security Policy, which is part of a robust system that responds to potential cybersecurity risks. The structure is integrated by the Cyber Security Operation Center (SOC), which is responsible for active monitoring and responding to potential threats.

Our information security performance integrates systems support with user training and awareness, especially within our staff.

We continuously test and monitor our systems, both internal and externally. The infrastructure for online card payments is certified and complies with the international PCI-DSS standard, both in Liverpool and Suburbia.

To ensure our employees are both educated and aware, we implement an annual training plan, complemented by regular updates throughout the year.

Cybersecurity is integrated into our business continuity plans, which include strategies and responsibilities to address any potential risks and their materialization, avoiding any impact on our business operation.

Environmental Performance

At El Puerto de Liverpool, we aim to continuously improve our operations, to optimize resource utilization and to reduce the impact of our environmental footprint. This way, we seek to incorporate a circular economy approach, water consumption management and initiatives focused on reducing greenhouse gas emissions (GHG).



As part of our Footprint strategy, we have defined a series of top-priority environmental projects focused on our public commitments (see El Puerto de Liverpool's Footprint chapter, which includes the current progress on these commitments).

The execution of these projects, as well as of all our processes, is based on the Environmental Policy and our management standards, which are built upon the ISO 14001 International Standard.

This year we have also worked on identifying the risks and opportunities related to climate change, which will enable us to develop resilient plans (see specific chapter).

Environmental culture

To permeate a culture aligned with our environmental strategy, we reinforced our employee training and awareness programs during the year. We identified roles that are highly involved in environmental management, to focus on their training in sustainability, carbon footprint, waste management, water footprint, compliance, energy efficiency and biodiversity. Likewise, in order to involve employees in the company's environmental efforts, we periodically share our progress.

In addition, this year we launched the “¡Cada gota cuenta!” challenge (Every Drop Counts! in English), aimed to generate ideas among employees to reduce water consumption. The call included all of our staff and the winning initiative was focused on raising awareness on responsible water use among all of our employees.



Energy and emissions

GRI 3-3

We remain committed to optimizing energy consumption in our operations and reduce the GHG emissions we generate. To achieve this, we are focusing our efforts on two main lines of action:

- 1. Energy efficiency,**
- 2. Increased use of renewable energies.**

We have LED-technology lighting fixtures with a lower level of consumption in our corporate facilities, as well as in our stores. To access renewable energy, we have wind, hydro and solar energy supplied by third parties; in self-generation, we are making progress installing solar panels. At the end of the year, we had solar panels in 13 locations distributed as follows: 9 Liverpool stores, 2 Galerías shopping centers, 1 corporate center and 1 Suburbia store.

We also highlight our transition to sustainable transportation and logistics processes, using electric and hybrid transportation units, and improving route planning and merchandise management, which has resulted in a reduction of fuel consumption.

At El Puerto de Liverpool, we are committed to transparency regarding our GHG emissions for Scopes 1 and 2, which are presented in detail in the ESG Annex.





Liverpool
Querétaro Antea

Regarding self-energy-generation, we continue to make progress installing solar panels, closing 2022 with 13 equipped locations.

As for waste management involved in our operations, we follow procedures that allow us to properly identify and separate them, increasing reuse and/or recycle possibilities.



Circularity in processes

Since we implemented our sustainability strategy “El Puerto de Liverpool’s Footprint”, we have been committed to incorporating sustainable criteria in the products that make up the commercial offer.

In the Relations with Commercial Partners sub-chapter, we detail the initiatives incorporated in our Comprehensive Sustainable Packaging System. This aims to reduce the use of new materials and incorporate recycled ones, as well as to promote the use of sustainable raw materials in containers, bags and packaging.

Water and waste

GRI 3-3, 303-1, 303-2, 306-1, 306-2

We are aware of the importance of implementing initiatives that allow us to improve water management, looking for other sources of supply such as treated water and rainwater, and focusing our efforts especially in areas with high water stress

such as Mexico City and Nuevo León. We are also searching for efficient technologies that promote the reduction of water consumption.

As for waste management involved in our operations, we conduct procedures that allow us to properly identify and separate them, increasing reuse and/or recycle possibilities.

We highlight the integration of efforts in some locations in the country to manage waste such as: electronic waste, vegetable oil, toner cartridges and organic waste, aiming to expand reach and cover as many locations as possible.

In addition, at the Liverpool department store in Polanco (Mexico City), 18.9 tons of organic waste were processed with biodigesters and transformed into water.



ARCO NORTE LOGISTICAL PLATFORM (PLAN)

The Arco Norte Logistical Platform integrates LEED criteria into its development, adhering its operations to the sustainability principle and contributing to the environmental footprint commitments of El Puerto de Liverpool. We have implemented strategies that help guarantee our operational efficiency:

- 100% of our lighting is supplied through LED lighting fixtures, which will be incorporated into a comprehensive sub measurement and control system that will allow us to efficient our energy consumption, monitoring our electrical systems. In addition, our hot water supply will be generated through solar thermal energy, which will enable us to reduce electricity consumption and mitigate the carbon emissions generated by our operations.
- We have low water consumption equipment throughout our plumbing system, which along with treated water recirculation, allows us to reduce the extraction of this resource to a minimum.
- We implement American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) standards for ventilation and air extraction systems to ensure adequate air quality in our facilities for our employees.
- We reduce the consumption of refrigerant gases, installing high-efficiency air conditioning equipment.
- We manage the organic waste generated in our canteen services, using biodigesters that allow us to transform around 545 kg of waste per day.

Social Commitment

As part of our **Footprint Strategy**, we integrate our commitment and initiatives to contribute to the development of communities through education. We believe that the best way to do it is to foster and strengthen people's educational capabilities. We work by leveraging our capabilities and collaborating with strategic partners, thus maximizing the reach to a greater number of beneficiaries.

Holistic education program

We focus on:

1.

Students from 3 to 18 years of age and their families, working on the schools' infrastructure conditions and supporting the quality and resources available to teachers.

2.

Opportunities for employability. Professional internships for young people; and secondly, for society overall by opening Liverpool Virtual University (UVL) programs with a high school training course to take the single exam CENEVAL, among others.

The programs are presented below:

School sponsoring

We work on improving educational services and the quality of facilities in schools near our working centers. After a selection process, we began the pilot with the Benito Juárez Elementary School in Jilotepec and the José María Morelos y Pavón Community Development Center (CDC) in Cuajimalpa in the State of Mexico and Mexico City, respectively.

The program incorporates donating specific products such as furniture, educational materials, teacher development, and safety and hygiene items.

Likewise, through the visits of our volunteer co-workers, we contribute to improve locations and invite parents to participate in technical baccalaureate and UVL's open training.

Successful stories

In 2022 we started the program, and so far, we have a graduated class and more than 90 students participating in 12 Liverpool stores in cities such as Mexico City, Monterrey and Tijuana. We incorporated students from the Food and Beverage career into Liverpool restaurants, through a partnership with CONALEP (National School of Technical Professional Education (CONALEP)).

360 teaching space

We design six-month online update programs for school principals, vice principals, administrative and teaching staff. A part of the content depends on the particularities of each profile and includes leadership, management and teaching skills. During 2022, we worked with more than 200 teachers throughout the country.



UVL in your community

In 2020, we initiated the social opening of the UVL, in response to the pandemic and derived from the impact on employment on different sectors of the population. During 2022, we supported more than 3,000 people through this initiative.

Following this path, we launched “Growing with El Puerto”, focused on open and free training under 3-area model: employability, business and innovation, and leadership.

Additionally, in 2022 we launched:

- “Escuela para padres” (School for parents, in English), seeks to reinforce their role in their children’s education. The content development was designed with the support of Enseña por México, A.C.
- “Wellness”, which consists of a series of courses focused on promoting self-knowledge, mental and emotional management, resilience and relationship with the environment, as well as on a better financial culture, in the same way we impact our employees.
- “Regularízate” is a program for people who need to reinforce skills at high school level, specifically in subjects such as math, English, reading and writing. We provide online mentoring at no cost, with the support of teachers.

Other social initiatives

We continue with donations and volunteering for different social and environmental purposes, actively involving our employees and demonstrating our commitment to sustainable development.

Products with a cause

Initiative to benefit education through Enseña Por México, A.C., raising \$874,827 from the allocation of 10% of the profits from pastry sales in our Restaurants and Gourmet Experience. The funds from this donation will be allocated to set up computer rooms in different educational centers in Mexico City and the State of Mexico, in order for children to have the necessary tools to face the challenges of the 21st century.

Toy donation campaign

We donated toys to three institutions of the Red de Colegios Mano Amiga, A.C., located in the State of Mexico, Puebla and Querétaro, focused on maximizing the capabilities of elementary and middle schools. Through this opportunity, we increased the amount of last year’s donation by 10% and implemented it through the Gift Registry in Liverpool.

Collaborator volunteering

Our employees take part in different activities. They go to schools that are part of the School Sponsoring program, helping with the logistics involved in different activities: delivering materials, awareness-raising activities for families, adapting facilities, among others.

In addition, we carried out two reforestation projects in the State of Mexico in Toluca and Huixquilucan to promote environmental preservation.

Donating merchandise

We distribute, among different social organizations, products that have been withdrawn and/or are not going to be sold, if they are in good condition and do not compromise safety.

Results figures and impact are presented in the Appendix of Main ESG Indicators.

Corporate Governance

GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-15, 2-17, 2-18, 2-19, 2-20, 3-3, 405-1; GOB-A

At El Puerto de Liverpool, we prioritize transparency and accountability in our decision-making process, as well as Regularization the proper functioning of our internal governance and management bodies, fostering trust among our stakeholders. As part of this commitment, in 2022 we published our Corporate Governance Code, which integrates our guidelines and complies with the corresponding legal regulations, incorporating international practices.

Governance structure and functions

Governance structure and functions Our main decision-making bodies are described hereafter, as well as their responsibilities. Its structure seeks to create value as a company for all our stakeholders.

The 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. Likewise, it establishes compensation for directors. It meets once a year at the Ordinary Shareholders' Meeting.

The Board of Directors is responsible for defining El Puerto de Liverpool's strategy, as well as ensuring compliance with our mission and vision. It also reviews the performance and operations results that are the responsibility of the management team, ensures compliance with applicable laws and regulations, and approves the annual budget.

The Board is made up of professionals recognized for their extensive business careers, which enables them to analyze the main risks and opportunities involved in the Group's operations. It consists of 15 regular members, seven related and the remainder are independent (53% of the total); there are no alternates.

Independent directors perform their duties free of conflicts of interest, since they are not subject to personal, financial or economic interests, complying with the applicable law. They are selected for their experience, ability and professional prestige.

At El Puerto de Liverpool, we work to ensure that the Board has a broad vision of the business and the context, integrating different perspectives and backgrounds that nurture decision-making. The appointment of our Board members is aligned with our Corporate Governance Code principles. Regarding gender, 13% of our board members are women.

They are appointed annually and may be reelected without a limitation on the number of terms they serve, although there is an age limit. The current seniority of our board members is 16 years.

New directors receive orientation regarding our organization, their rights and obligations to perform their duties properly. Likewise, throughout the year, they are provided with updates on regulatory provisions, as well as on risks and emerging trends relevant for the Group.

The Board meets quarterly, in ordinary sessions, and may also meet for extraordinary sessions when necessary. The average attendance this past year was 97%. In addition, it delegates certain responsibilities to the Audit and Corporate Practices Committee, as detailed below.

Additionally, the Board of Directors is supported by the Patrimony Board, which issues recommendations on strategic matters and is made up of four members.

The Audit and Corporate Practices Committee supports the Board in monitoring compliance with the audit function, ensuring internal and external audits are carried out with the utmost objectivity and efficiency. It also checks to ensure the reliability of financial information and evaluates compliance within the company with self-regulation and external regulation. As the Group's ESG risk management matures (environmental, social and governance matters), the Committee is responsible for monitoring the management of the specialized teams, which operate complying with established prevention and mitigation plans.

All of its members are independent and its Chairman is appointed by the General Shareholders' Meeting. They meet periodically with the Executive Director of Internal Audit and the Chief Financial Officer.

As complementary committees, we have specialized working groups, which are especially connected to ESG factors management:

El Puerto de Liverpool's Footprint Desk reports to the Board on the management of ESG priorities and supplementary to the risk management structure. It is the highest-level group responsible for addressing the progress of the sustainability strategy, meeting quarterly. It is led by the Chief Executive Officer, working through complementary desks organized according to the relevant issues established in the Strategy - See chapter on El Puerto de Liverpool's Footprint.

Likewise, we also have additional committees, which are explained in the corresponding sections of these matters: Integrity and Compliance Committee and Ethics Committee.

Compensation for senior management is related to performance. It is made up of a fixed portion and variable bonuses associated with the achievement of established annual targets, which, depending on the case, may include ESG aspects and the Group's operating results. Specifically for the CEO, the variable bonus is calculated based on: performance factors, strategic initiatives and the consolidated operating result.

Board of Directors

Max David ¹

Chairman
41 years*

Madeleine Brémond S. ¹

Vice President
General Manager of Orion Tours,
S.A. de C.V.
30 years*

Enrique Brémond S. ¹

Victim Administrator,
S.A. de C.V.
26 years*

Carlos Danel ²

Chairman of the Board of Directors of
Gentera, S.A.B. de C.V.
2 years*

Juan David ¹

Member of the Board of Directors of Banco
Invex, S.A. de C.V.
30 years*

Graciano F. Guichard G. ¹

General Manager of El Puerto de Liverpool,
S.A.B. de C.V.
2 years*

Juan Miguel Gandouf ^{2,3}

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

Armando Garza Sada ²

President of Alfa, S.A.B. de C.V.
27 years*

Guillermo Simán ²

Vice President, Unicomer Group
12 years*

Maximino Michel G. ¹

President and Chief Executive Officer of
3H Capital
29 years*

Javier Arrigunaga ^{2,3}

Chairman of Grupo Aeromexico,
S.A.B. de C.V.
4 years*

Andrea Hernández Velasco ²

Fundación Legorreta Hernández, A.C.
3 years*

José Cohen Sitton ^{2,3}

Deputy General Manager of BabyCreysi
3 years*

Alejandro Ramírez Magaña ²

General Manager of Cinépolis de México,
S.A. de C.V.
3 years*

Pablo Guichard C. ¹

Investment Manager at Norante
1 year*

Ignacio Pesqueira

Secretary
Partner of Galicia Abogados, S.C.

Norberto Aranzábal

Assistant Secretary
Partner of Aranzábal Rivera Abogados, S.C.

Honorary President

Enrique Brémond P.

Honorary Directors

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

¹ Wealth Advisor

² Independent Director

³ Member of the Audit Committee

* Seniority within 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



Main Executives

Graciano F. Guichard G.

CEO, El Puerto de Liverpool
20 years*

Santiago de Abiega

Chief Financial Services Officer
24 years*

Jacobo Apichoto

Chief Legal Officer
25 years*

Zahíe Edid

Chief Organizational
Development Officer
19 years*

**Juan Ernesto
Gómez Enciso**

Chief Internal Auditor
14 years*

Enrique Güijosa

Chief Finance and
Administration Officer
14 years*

Carlos Marín

CEO, Liverpool
9 years*

Alejandro Melgar

CEO, Suburbia
16 years*

Ernesto Ynestrillas

CEO, Real-Estate Division
31 years*

* Years with the Group

About this report

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

At El Puerto de Liverpool, we publish information about our operations and financial results on an annual basis. Last year, following the launch of our ESG Strategy (regarding environmental, social, and corporate governance matters) we took a leap forward, integrating related information that complies with the main international standards. This year, we decided to continue this practice to demonstrate our commitment with our different stakeholders.

The information presented corresponds to El Puerto de Liverpool, S.A.B. de C.V., as a corporate group, and to its performance from January 1 to December 31, 2022*. We report on the progress of our ESG Strategy, which is made up of relevant issues established through a materiality analysis.

We have adopted a double materiality concept, integrating both impact and financial materiality, in line with international trends. GRI Standards are based on impact materiality, while financial materiality is the basis for SASB Standards. For the first time, we comply with the TCFD Recommendations as well.

This data is provided by the different teams responsible for implementing the ESG Strategy and are validated by the Footprint Desk.

* Excludes those companies where El Puerto de Liverpool does not have operational and/or financial control: Sfera México and Grupo Unicomer. We suggest respectively consulting the reports of their controlling entities.

Estándares internacionales aplicados:



This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, including its newest universal standards GRI 1, 2 and 3, launched in October 2021. In addition, we apply the GRI Financial Services Sector Supplement, due to the specific activity developed in the Group. The GRI Standards respond to impact materiality, and are intended for the widest audience possible.



The Standards established by the Sustainability Accounting Standards Board (SASB) were also applied to the following industries: Distributors and Specialty Retailers, E-commerce and Consumer Financing. SASB Standards refer to financial materiality, and respond to information requirements, especially from investors.



We also incorporated the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), on risk management and opportunities related to climate change.



We share our progress regarding our contribution to the Sustainable Development Goals (SDGs), a roadmap proposed by the United Nations (UN) to address major social challenges and achieve a sustainable future for all.

Identification of content:



The content of the GRI Standards, metrics of the SASB Standards and TCFD recommendations are indicated at the beginning of each.



At the end of the Report, we detail our progress regarding the SDGs, and specific indexes of the GRI, SASB and TCFD reporting standards and frameworks.

Information for shareholders

GRI 2-3

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