



Getting Started with Climate Risks and Opportunities in

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In line with its commitment to take action to limit climate change, and recognizing the importance of transparently disclosing how climate change could affect the company, the Port of Liverpool (EPL) seeks to align its disclosures and internal practices with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This initiative builds on previous efforts, including greenhouse gas (GHG) emissions accounting exercises and responses to CDP questionnaires. This report is intended to complement EPL's annual disclosure efforts. Its main objective is to identify (i) the areas in which the disclosed information is already aligned with the TCFD recommendations, and (ii) what additional information should be included to strengthen disclosure in accordance with the TCFD guidelines. Identification and prioritization of key risks and opportunities To determine the key physical and transition risks and opportunities to which EPL may be exposed, a review was conducted of the most relevant issues for the retail sector, taking into account the Mexican context. As a first step, twenty-one risks and opportunities were identified and presented during workshops held over several sessions with twelve key departments at EPL. The sessions provided an overview of the potential impacts of the risks identified in EPL's business strategy, thereby prioritizing 10 risks and opportunities for qualitative assessment.

Summary of the Impact and Projections of Selected Climate Risks and Opportunities To conduct the analysis of climate risks and opportunities, the following climate scenarios were considered: For physical risks • Representative Concentration Pathway (RCP) 8.5: RCP8.5 is associated with a very significant increase in global average temperature by the end of the century (1.6–4.8°C) and is the scenario with the greatest impact. • RCP 4.5: The RCP 4.5 scenario assumes a moderate level of mitigation and is aligned with a rise of approximately 1.1–2.6 °C in global average temperature by the end of the century. Regarding transition risks and opportunities: With the disclosure of this information, EPL is among the first companies in Mexico's retail sector to publish a TCFD-aligned disclosure, thereby consolidating its leadership role in the industry in response to climate change. Given that

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physical climate risks show clear patterns of change only over the long term, climate projections through 2050 were analyzed; to gain a closer look at potential changes in risks, 2030 was also selected as a medium-term horizon. Regarding transition risks and opportunities, since many countries have set ambitious climate targets for 2030 and since some have set net-zero emissions targets for 2050, these two time frames were chosen as the medium and long term, respectively.

- Business-as-usual (BAU) scenario: This scenario is based on the International Energy Agency’s (IEA) projections for the Stated Policy Scenario (STEPS) and the Network of Central Banks and Supervisors for the Greening of the Financial System (NGFS) for the current policy scenario.
- Below 2°C: This scenario aligns with the IEA’s Announced Policy Scenario (APS) and the NGFS’s Below 2°C scenario.

Physical Hazards

Category	Risk	Impact	RCP 4.5 2030	RCP 4.5 2050	RCP 8.5 2030	RCP 8.5 2050
Acute	Increase in the intensity and frequency of tropical cyclones	■ Disruptions to product deliveries (supply chain) to stores and homes	Uncertain	Uncertain	Medium	Medium
Acute	Increase in the frequency, intensity and duration of extreme precipitation events	■ Closure or temporary suspension of operations at stores or distribution centers ■ Losses due to inventory damage	Medium	Medium	Medium	High
Acute	Increase in the frequency and intensity of river flooding	■ Difficulties for customers traveling to stores ■ Increase in the cost of insurance policies	High	High	Medium	Medium
Chronic	Sea-level rise and coastal flooding	■ Potential impacts on distribution routes in coastal areas ■ Potential partial loss in property value in these areas ■ Limited feasibility for the development of new infrastructure	Low	Low	Low	Low
Chronic	Increase in the frequency, intensity and duration of droughts	■ Low availability of raw materials ■ Potential increase in product prices and impacts on product availability ■ Impacts on warehouse and store coverage due to population displacement caused by water scarcity ■ Operational impacts and increased service costs due to higher water supply requirements	Medium	High	Medium	High

Transition Risks

Category	Risk	Impact	RCP 4.5 2030	RCP 4.5 2050	RCP 8.5 2030	RCP 8.5 2050
Policy	New carbon pricing mechanisms, such as carbon taxes and the emissions trading system	■ Increase in operating costs due to the expansion of the national carbon tax, subnational taxes, and the implementation of the national emissions trading system	Low	Low	High	Low
Policy	Implementation of circular economy policies	■ Increase in the price of plastic packaging due to changes in suppliers' raw materials ■ Creation of public policies that involve consumers through economic requirements or requirements regarding the use of plastic packaging	Medium	Low	High	Medium
Market	Decrease in product demand due to increases in prices and production costs	Increase in production costs across the value chain due to: ■ The expansion and increase of the carbon tax ■ Increase in fuel costs in the short and medium term ■ Development of public policies aimed at reducing emissions in the buildings sector	Medium	Medium	High	Medium
Technology	Use of technologies to improve energy efficiency and resource consumption in sustainable buildings	■ Progress in the adoption of lower-energy-consumption devices ■ Reduction in operating costs ■ Increase in the development of energy-efficiency standards for equipment and building codes ■ Short-term investment opportunities for the installation of efficient equipment ■ Reduction in medium- and long-term operating costs through energy-efficiency savings	Medium	Low	High	Medium
Technology	Advances in technologies focused on an efficient, low-carbon and non-polluting transportation and goods distribution system	■ Possibility of replacing the company-owned internal combustion vehicle fleet with hybrid and/or electric vehicles that reduce emissions ■ Progressive decrease in the acquisition cost of hybrid and/or electric vehicles due to technology standardization	Medium	Low	High	Medium

In 2024, we worked on updating our risk assessment, which resulted in an in-depth analysis of two critical risks: water scarcity and carbon pricing. This analysis is part of an iterative process of continuous improvement aimed at strengthening our capacity for adaptation and resilience.