

RESPONSIBLE SOURCING POLICY



A. GOAL

To fulfill the vision of responsible sourcing (as stated below), all companies that purchase goods and/or merchandise, for example, but not limited to: i)

Distribuidora Liverpool, S.A. de C.V. ii)

Suburbia, S. de R.L. de C.V. (hereinafter

"The Companies"), must ensure that their suppliers within the scope of this policy

(hereinafter **"The Suppliers"**) comply with

the Responsible Sourcing Program

(hereinafter "The Program"). Additionally,

they must adhere to the provisions

outlined in the Supplier Code of Conduct

(hereinafter **"The Code"**) Annex 1.

B. SCOPE

This Policy applies to all **"The Companies"** that make up Puerto de Liverpool, especially those involved in the acquisition and/or commercialization of products that:

i) Contain any of **"The Companies"** own brands,

ii) Are considered exclusive brands, where at least one of **"The Companies"**:

a) Distributes the product and/or brand exclusively within the national territory.

b) The sole or main point of sale is **"The Companies"**.

iii) Are covered by a brand use license granted to one of **"The Companies"**.

iv) Where the product or merchandise supplied is indirectly added to the same products or merchandise, and its use is to identify and/or distribute the product (packaging, trimmings, etc.),

v) Are strategic suppliers.



C. RULES

VISION OF RESPONSIBLE SOURCING

- 1) El Puerto de Liverpool's commitment is to drive our world-class supply chain to be a catalyst for social change that improves working conditions and people's quality of life, promotes continuous improvement, protects the environment, and guides and inspires others to do the same.

COMPLIANCE AND AUDITS

- 2) To verify compliance with **"The Code"** and **"The Program"**, **"The Suppliers"**, at the request of **"The Companies"**, will hire at their own expense and present to the Supplier Management - Responsible Sourcing areas (hereinafter **"Responsible Areas"**), the social responsibility audit from one of the following accepted Social Responsibility protocols (hereinafter **"The Protocols"**), where merchandise within the scope of **"The Program"** is manufactured, stored, produced, assembled, etc., including but not limited to.
 - I. World Responsible Accredited Production (WRAP).
 - II. Business Social Compliance Initiative (BSCI - AMFORI).
 - III. Sedex-Smeta.
 - IV. Ethical Toy Program ICTI
 - V. Responsible Jewelry Concil (RJC)

"The Suppliers" must follow the requirements and/or guidelines of each protocol and/or of **"The Responsible Areas"** for compliance with the Social Responsibility audits (hereinafter **"The Audits"**), including the hiring of specialized companies to conduct the audit of these protocols (hereinafter **"Third-Party Auditors"**).

OTHER AUDITS OR PROTOCOLS

- 3) If the type of service or the category of **"The Suppliers"** is not covered by **"The Audits,"** the **"Responsible Areas"** will determine the validity and currency of the audits submitted, considering the following:
 - 3.1 **"The Suppliers"** with artisanal manufacturing methods will be exempt from complying with **"The Audits"**; however, they must have approval from the **"Responsible Areas"** (Annex 3).
 - 3.2 For strategic suppliers' own programs, **"The Suppliers"** classified as **"Strategic"** (Scope Section, point v) may share their internal Responsible Sourcing program with the **"Responsible Areas"** for review and validation, according to the criteria defined in (Annex 4).

INFORMATION REQUIRED IN "THE AUDITS"

4) "The Suppliers" must provide to "The Companies" and the "Third-Party Auditors" conducting "The Audits," at the outset, during the business relationship, or when requested, information according to the following points:

- I. Information about the workplaces they use for assembly, production, storage, and other production facilities (hereinafter "**The Factories**") of the merchandise within the scope of this policy.
- II. Information regarding the type of product, processes, workers, and general information related to the pillars, vision, and scope of "**The Program.**"



SUSPENSION OR TERMINATION OF THE COMMERCIAL RELATIONSHIP WITH "THE SUPPLIERS"

5) The commercial activities with "**The Suppliers**" may be suspended or terminated, at the discretion of the "**Responsible Areas,**" in the event of any of the following circumstances:

- I. If "**The Suppliers**" engage in the production of merchandise within this scope at factories that are not registered, approved, and/or not associated with "**The Audits**".
- II. If "**The Suppliers**" fail to provide complete and/or truthful information for "**The Audits,**" **Third-Party Auditors,** and/or for the Companies.
- III. If the audits at the supplier's factories have expired and they do not have an approved audit renewal plan by the **Responsible Areas.**
- IV. If all factories of "**The Suppliers**" receive a RED assessment and they do not present a remediation plan within 30 calendar days after their audit.
- V. In the event that "The Suppliers" and/or "The Factories" receive a CRITICAL RED assessment.

6) EVALUATION, MONITORING, AND VALIDITY OF "THE AUDITS"

The **"Responsible Areas"** will be in charge of evaluating the audits for each of **"The Suppliers"** factories involved in the production of merchandise within this scope (hereinafter **"The Factories"**).

The **"Responsible Areas"** will be responsible for informing and monitoring "The Suppliers" regarding the validity and renewal of **"The Audits"** for **"The Factories."** **"The Suppliers"** will be responsible for requesting third parties to conduct the audit in a timely manner to comply with this policy.

RISK LEVELS IN THE AUDITS

- 7) Once the audit report is received, the **"Responsible Areas"** will assign a risk assessment to the audited factories, which will determine their status. This assessment is necessary to release orders and, consequently, proceed with the placement of purchase orders (hereinafter **"Orders"**) and the production of **"The Products."**

Risk Results in **"The Audits"**

Based on the obtained results, a risk level (Annex 5) will be assigned to "The Factories," which will be classified into the following categories:

- a. Green
- b. Yellow

The **"Responsible Areas,"** based on the comparative table, will assign the audit evaluations to "The Suppliers" and the commercial areas responsible for placing purchase orders (Annex 6).

Validity of "The Audits" and Their Effects

The validity of "The Audits" will be based on the results obtained, according to the following table:

Rating	Validity	PURCHASE ORDERS AND AUDIT FOLLOW-UP
Green	2 years	<ol style="list-style-type: none"> Purchase orders can be placed, and "The Products" can be received. At the end of two years, the supplier must submit a new Responsible Sourcing audit.
Yellow	1 year	<ol style="list-style-type: none"> Purchase orders can be placed and "The Products" can be received. At the end of one year, the supplier must submit a new Responsible Purchasing audit.
Red	30 calendar days or as indicated by each protocol	<ol style="list-style-type: none"> Here is the translation of the provided text: No new purchase orders will be placed; however, previously confirmed orders can be received in case of manufacturing downgrade as referred to in Annex 6. If a new facility receives a RED assessment, purchase orders can only be placed after submission of a mitigation plan accepted by the Responsible Areas. Suppliers have 30 calendar days to address critical findings through a Corrective Action Plan (CAP). If Suppliers fail to comply with the above point, Responsible Areas will proceed with deactivating The Factories and/or Suppliers. Any audit with an expired status and without a renewal plan is considered RED. A RED assessment, after submission and approval of a mitigation plan, retains this evaluation in history until it is renewed within a period not exceeding one year. If a factory receives a RED assessment due to expiration or audit result and Suppliers do not wish to continue with the remediation plan, they have 30 calendar days to withdraw merchandise within the scope of this policy from these facilities
Rojo Crítico	None, Termination of the business relationship	<ol style="list-style-type: none"> If "The Suppliers" are current and production has not been shipped, existing purchase orders are canceled, and the goods are not received. If the merchandise is already in the possession of "The Companies," the rejection of the goods will be notified, and the supplier relationship will be terminated.

77.3 To maintain traceability of the audit evaluation information, the audit rating will be kept for one year without re-evaluation in case of findings closure, or it will be changed when the supplier submits a new audit for the facility.

TRIAL PERIOD – OPPORTUNITY PURCHASE

8) In the event that a purchase must be closed with "The Suppliers" without being able to validate the audit results beforehand, a process for a single purchase order (hereinafter "Opportunity Purchase") may be initiated under the following criteria:

8.1 The "Opportunity Purchase" order cannot exceed 500,000 pesos; otherwise, actions must comply with the current policy.

8.2 An "Opportunity Purchase" cannot be assigned to a supplier for two consecutive years. Subsequent use of disclosed factories will be subject to audit evaluation based on the criteria established in this policy.

AREAS INVOLVED

9.1) It is the responsibility to monitor and enforce this policy by:

I Suburbia

- a. From the CATMEX Management (Textile Supply Chain) when the acquisition of merchandise or products is managed by this department.
- b. By the direct commercial area when the product is not managed by CATMEX.

II. Almacenes Liverpool

From the Private Brands Management when the acquisition of merchandise or products is managed by this department.

By the direct commercial area when the product is not managed by Private Brands.

III. Abastecimientos

When the acquisition of merchandise or products is managed by this department.

IV. The "Responsible Areas" are responsible for ensuring and implementing controls to guarantee compliance with this policy among suppliers and commercial areas through:

- Quarterly reporting to the commercial areas indicating:
 - Non-compliant and/or suspended suppliers
 - Factories with RED audits and those due to expire
 - Reconciliation of payments and purchase orders
 - Progress and deviations in program compliance (Annex 7)

9.2) - Informing commercial areas about cancellation, suspension, blocking, or discontinuation of subcontracting and/or suppliers.

In light of the above, it is the responsibility of the person issuing (employee of "The Companies") a purchase order and/or confirmation to ensure that "The Suppliers," whether new or recurring, comply with the provisions of this Responsible Purchasing policy.

9.3)

Based on communication from the "Responsible Areas," commercial areas must ensure that once they receive the report, they share the necessary actions with the supplier and their facilities to comply with this policy.

10) TRAINING AND COMMUNICATION OF "The Program"

10.1) It will be the responsibility of the Commercial Purchasing or Supply Directors of "The Companies" to follow up with the various areas under their charge to ensure annual compliance with the Training Program of "The Program."

10.2) It is the responsibility of the employees who negotiate, issue, and/or place a purchase order to comply with the training plans of "The Program."

11) EXCEPTIONS

Exceptions to compliance with this policy may only be authorized by the Corporate Purchasing Directors of "The Companies" or their designees, including Sourcing Directors of each organization, after consultation with the "Responsible Areas," in the following cases:

a) When making "Opportunity Purchases" from newly registered suppliers with "The Companies."

b) When "The Suppliers" are in the process of suspension or termination of the commercial relationship with "The Companies."

c) When "The Suppliers" considered strategic (point v - SCOPE) make a one-time delivery of merchandise within the scope of "The Program."

d) The reactivation of a supplier that has been suspended or ceased activities and has fulfilled the suspension period. This reactivation only applies to the entity of "The Companies" that wishes to work with "The Suppliers."

D. ANNEXES

The following annexes are an integral part of this policy:

Number	Document
1	Code of Conduct for National and Imported Suppliers
2	Responsible Sourcing Program
3	Artisanal Suppliers
4	Classification of Suppliers by Type of Product Delivered

Número	Documento
5	Comparative Evaluation Table
6	Process to Deactivate Outsourcing
7	Control Panels (Dashboards)



Thank You!