



**Sustainability
Report**
2023





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Message From Our CEO

Dear Shareholders and Stakeholders,

I am pleased to present Axo's first annual sustainability report at a very special time for us as we celebrate our 30th anniversary and what better way to celebrate than by sharing an unprecedented event for our company.

We live in an ever-evolving world, where our industry has faced numerous challenges, and as CEO, I am proud to share how we have addressed these challenges and highlight our Environmental, Social and Governance (ESG) achievements.

The fashion retail industry has undergone significant changes in recent years, and we have witnessed how our customers' consumption habits have evolved. The growing demand for a personalized, convenient, and fast shopping experience has been a challenge that we have proactively faced. By implementing innovative technologies and customer-centric marketing strategies, we have managed to adapt to these new expectations and stay competitive in the market.

In addition, increasing competition in e-commerce has led us to rethink our strategy and find ways to differentiate ourselves. Through the integration of our physical stores with our online platforms, we have created an omnichannel shopping experience that combines the convenience of e-commerce with the interaction and inspiration that can only be obtained in a physical store.

As one of the largest apparel and footwear retailers in Latin America, we are a link between the fashion industry's supply chain and end consumers, which confronts us with multiple environmental, social and governance challenges and uniquely positions us to contribute to solving them. For that reason, we have created a sustainability strategy that is integrated into our business.

In this strategy, we recognize that sustainability is not only an ethical imperative, but also a critical factor for our long-term growth and success. By adopting sustainable practices, we are strengthening our reputation, attracting increasingly conscious customers and generating value for our stakeholders. In addition, we are proud to be part of the United Nations Global Compact, reaffirming our commitment to the Ten Principles in the areas of Human Rights, Labor Standards, Environment, and Anti-Corruption.

We seek to make this strategy a sustainable style of interaction, so that in environmental matters it allows us to be more efficient in our operations, in social matters it allows us to provide better options to our people and in terms of governance to be able to collaborate towards a responsible value chain.

For the first time, we have established long-term commitments that will guide us on our path to greater environmental, social and governance responsibility. We have set goals on key issues, such as our climate strategy, sustainable approach to consumers, supply chain management, cybersecurity, health and occupational safety of our employees, to name a few.

Achieving these commitments will require initiatives that evolve our current operating model, and we know that these are difficult changes to make because they require a collaborative effort both within our own operations and with third parties. However, we are aware of the challenge and are proud to announce that these commitments are not only a statement of intent, but that we will seek to develop innovative action plans that will enable us to make accelerated change and deliver on each of the commitments set.

Looking to the future, we are excited about the opportunity to provide people with a sustainable style, offering products that are both stylish and environmentally friendly. Our business strategy now integrates sustainability criteria on which we will report progress annually. We strongly believe that fashion can be a positive force for change, and we are committed to being transparent and accountable in this sustainability report.

We seek to make a difference and create a lasting impact on our industry and the world around us. We appreciate the support of our customers, collaborators and strategic partners, we are sure that together we will achieve our goals in this important journey towards a more sustainable future.

Sincerely,

Andrés Gómez
Co-Founder,
Chairman and CEO, Axo





About Axo



About Axo

We are the leading company in Latin America in the field of fashion, accessories, footwear, beauty and personal care. Keeping the customer at the center is what guides our actions and allows us to provide them with great brand experiences throughout the Axo ecosystem.

In our 30 years of experience, we have created a portfolio of internationally recognized brands, bringing them closer to our customers with the level of excellence, quality and service that characterizes us.

This path of success and consistent growth is only possible through a focus on our talent, supported by a management team with strong commitment, leadership and experience that allow us to continue to evolve and adapt to the dynamic and changing environment we live in, promoting the omnichannel approach and customer experience.

Our Leadership Team

We have an experienced management team with an average of more than 22 years working together, backed by strong corporate governance.



Andrés Gómez

Co-Founder, Chairman and CEO
+30 years in Axo



Carlos Miranda

COO
+15 years in Axo



Raúl del Villar

CFO
+11 years in Axo



Lorena Flores

Sr. VP of Lifestyle
+30 years in Axo



Ricardo Bostón

Sr. VP of Athletics & Off-Price
+30 years in Axo



Santiago Figueroa

Sr. Vp of Axo South America
+10 years in Axo South America



Karina Awad

Sr. VP of HR
Recently Joined Axo



Rafael Delgado

VP of Marketing
Recently joined Axo



Strong Portfolio of Global Brands

Authenticity, inclusion, passion, loyalty, fairness and integrity are the values that are part of our DNA, forming a unique culture of support, collaboration and qualifications that allows us to meet the needs of our customers with authentic brand experiences and strengthening the trust of our strategic partners to continue enriching and growing their brands in Axo.

Our three main economic activities are: distribution and marketing of our own and international brands, management of international brands and manufacture of our own brands.

We are the distributors of excellence of more than 50 internationally recognized brands. Thanks to our more than 9,000 employees, we have operations in Mexico, Chile, Peru and Uruguay through physical and online stores.



Licensed Brands

29
brands

Owned Multi-brand Concepts

13
brand concepts

Owned Brands

14
brands



Diversified Multi-Brand, Multi-Segment Ecosystem

As of December 2023

We have three business segments: Lifestyle, Off-Price and Athletics & Outdoors. In the Lifestyle segment we have the management of 502 direct to consumer stores, 26 online stores and 6,171 sections of our brands in department stores. For the Off-Price segment, we have 232 direct to consumer stores and 2 online stores. Finally, in the Athletics & Outdoors segment we have 222 direct to consumer stores, 9 online stores and 743 spaces in department stores.



Lifestyle

Portfolio of international brands managed through JVs and exclusive partnerships sold in direct-to-consumer stores, wholesale and digital ecosystem

53%
net sales

502
DTC retail stores

26
online stores

6171
corners²

Off-Price

Online marketplace and physical multi-brand retail platforms that offer well-known brands at deep discounts

26%
net sales

232
DTC retail stores

2
online stores

Athletics & Outdoors¹

Portfolio of footwear & apparel multi-brand omnichannel platforms, international outdoor brands and Nike stores

21%
net sales

222
DTC retail stores

9
online stores

743
corners

1. The Athletics & Outdoors segment includes the DC and Stocked stores.

2. Referring to sections of department stores with our brands.

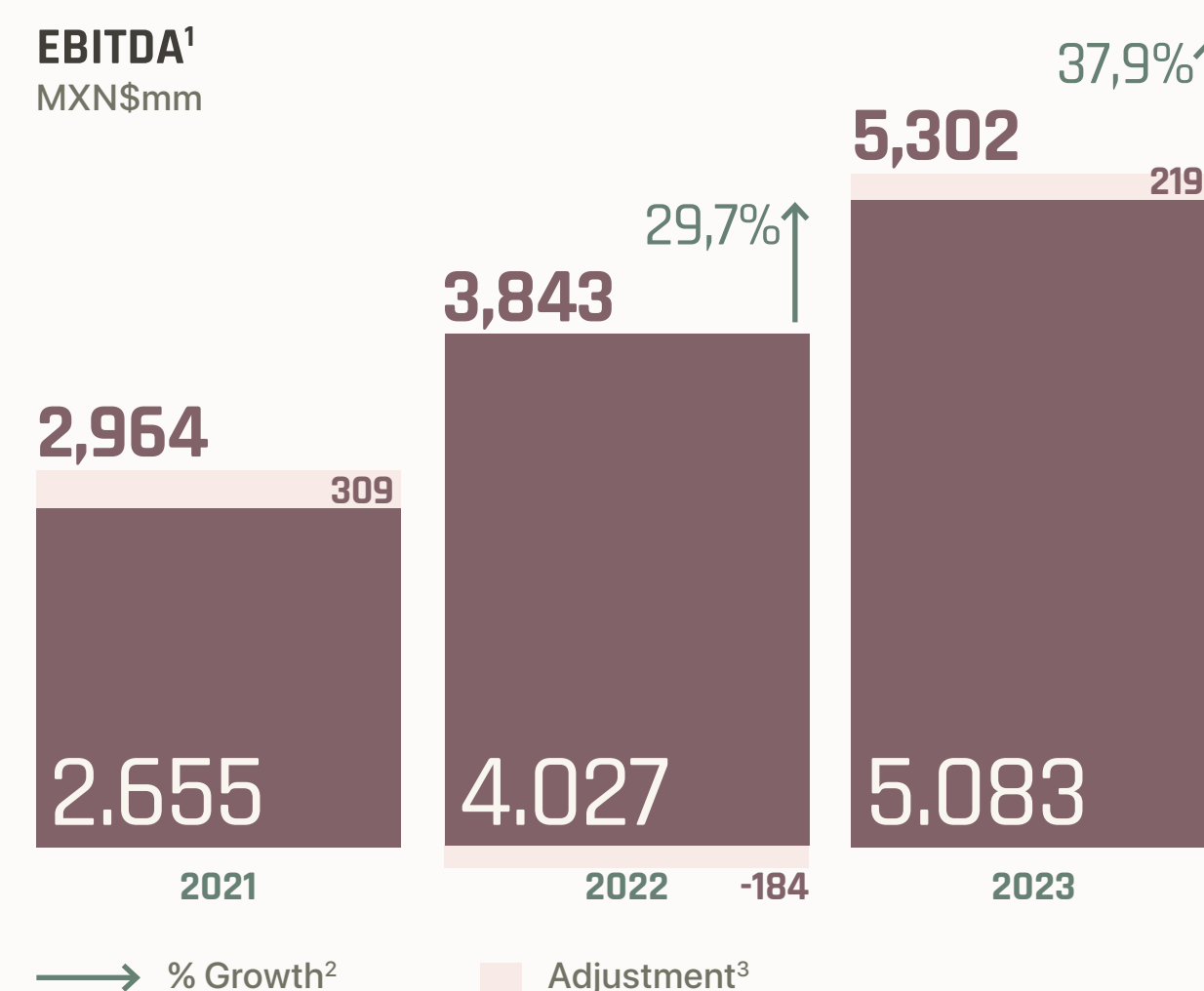
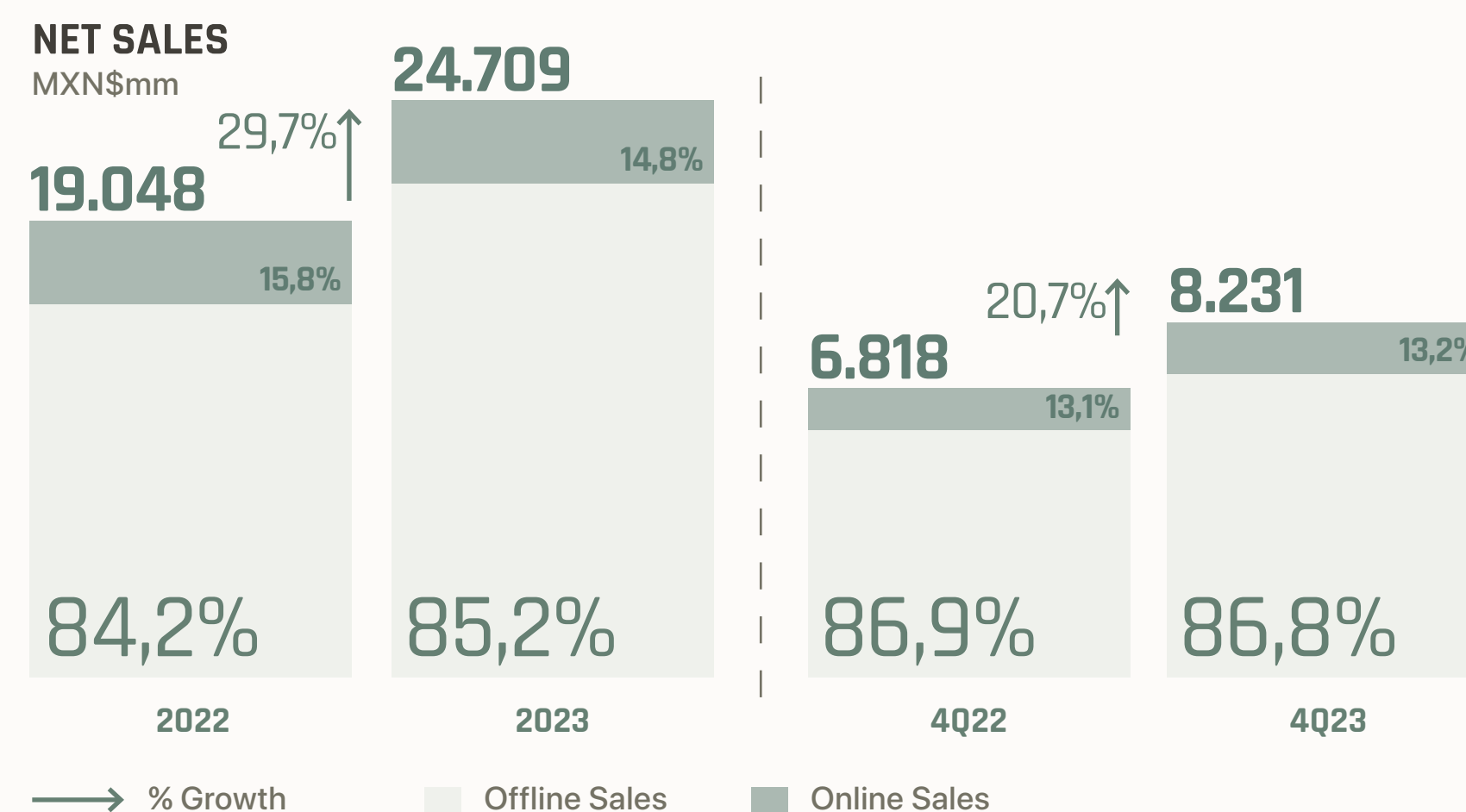


Sustained Growth While Maintaining Financial Discipline

As of December 2023, including South America acquisition figures.

During 2023, our net sales were \$24,709 million MXN, which represented an increase of 29.7% compared to 2022. Of the 100% of these sales, 85.2% were made in physical stores and the remaining 14.8% were made through our online platforms. Sales growth by business segment was as follows: Lifestyle +32.9%. Off-Price +15.5% and Athletics & Outdoors +43.1%. There was also an improvement in Gross Margin levels, reaching 50.6% compared to 48.2% in 2022.

The adjusted EBITDA reached 5,302.0 million with an annual growth of 37.9% between 2022 and 2023, representing an EBITDA Margin adjustment of 21.5% compared to 20.2% in the previous year. The Debt/EBITDA ratio closed at 2.6x, while the Net Debt/EBITDA ratio was set at 1.8x.



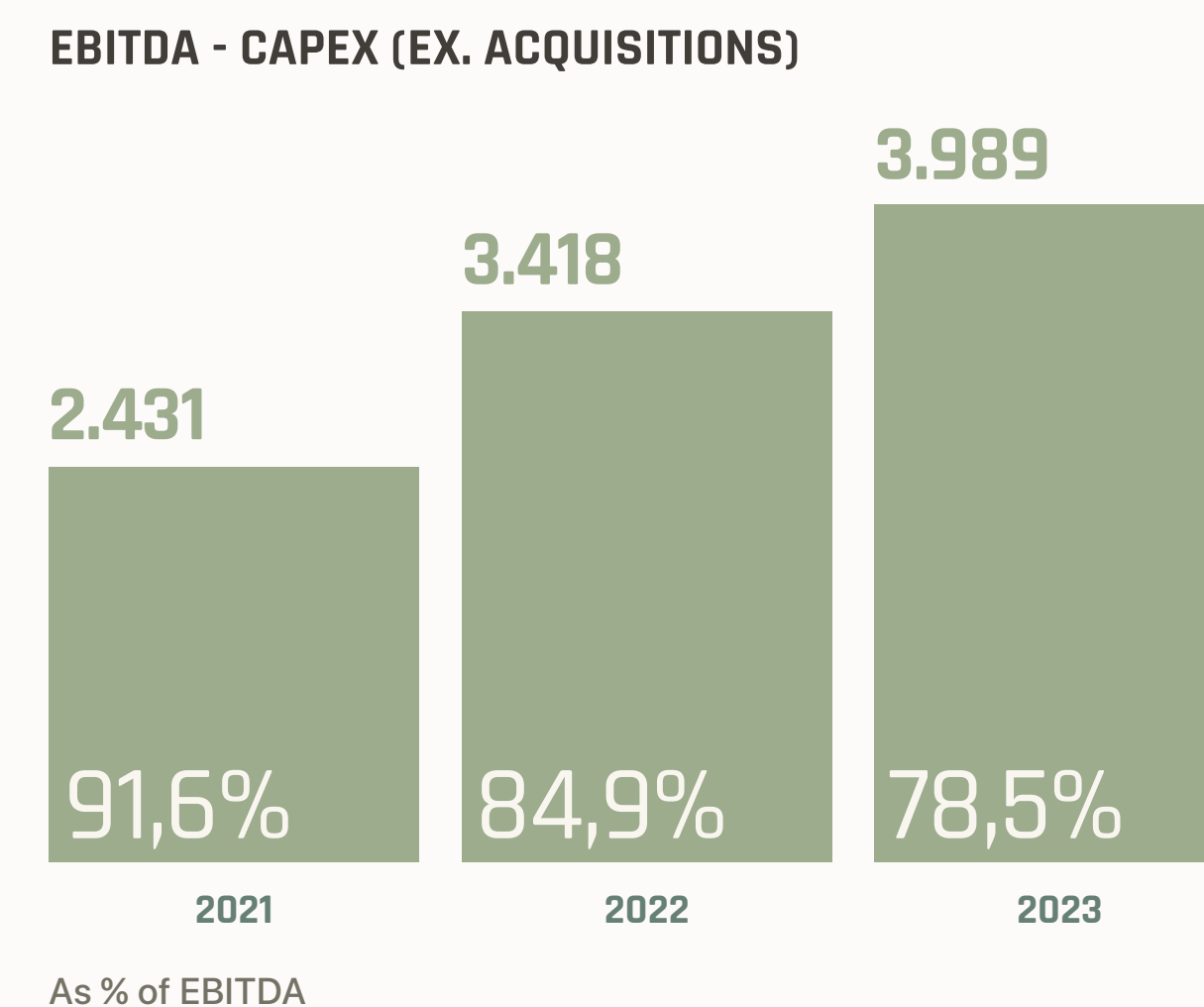
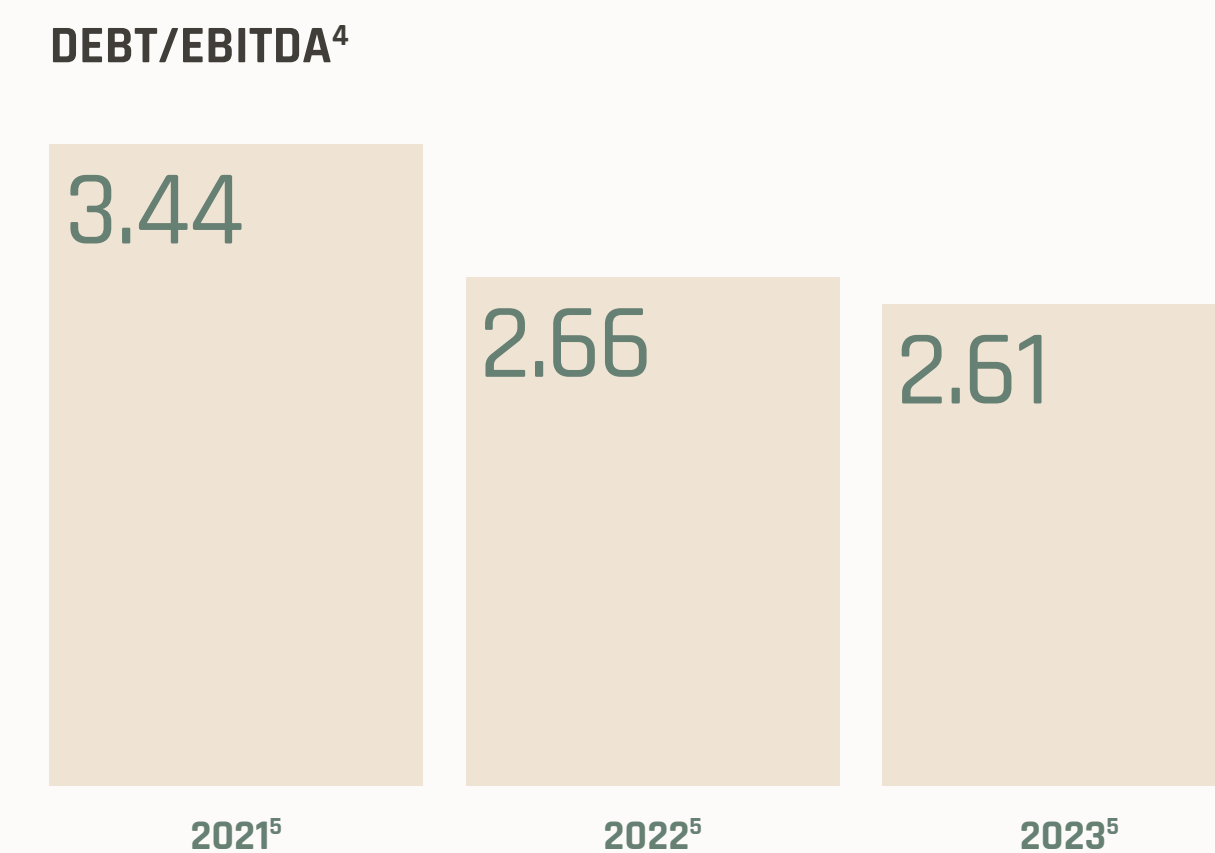
1. EBITDA includes non-monetary and non-recurring elements.

2. Annual growth compared to adjusted EBITDA.

3. Adjusted represents (+/-) non-recurring items. During 2022, the company had income derived from the acquisition of a business recognized as a bargain purchase. In 2023, the company had a non-recurring item with no cash flow resulting from an impairment of goodwill from a subsidiary.

4. Pro forma leverage ratio.

5. Ratio based on the agreement with local bondholders, excluding non-operating and non-recurring expenses.





Relationship With Stakeholders

GRI 2-29

At Axo, we recognize that our stakeholders are critical to the success and sustainability of our company. Their feedback, expectations, and needs provide us with valuable insight that guides our strategic and operational decisions. By actively engaging with these groups, we not only strengthen our ability to innovate and grow, but also ensure that we are contributing positively to the well-being of society and sustainable development.

Stakeholders

Importance and Commitments

Media and Communications

Customers and Consumers

Our customers are the heart of our business. Their satisfaction and loyalty determine our continued success and growth, which is why we are committed to delivering high-quality products and exceptional shopping experiences across multiple consumer touchpoints and a variety of price ranges to suit their capabilities. We actively listen to their needs and suggestions in order to continually improve our services and maintain the trust they place in us.

- Satisfaction surveys via email, cell phone or website
- Customer Service Email
atencionclientes@grupoaxo.com
- Customer Service Center
- Website and social media
- Staff at points of sale

Investors

Our investors are key to Axo’s growth. We recognize their importance and strive to maintain transparent and ongoing communication about our financial and strategic performance. Through responsible, efficient and results-oriented management, we ensure your trust and long-term support.

- Official Investor Relations Site
- Email or direct calls with our Investor Relations Manager
- In-person and virtual meetings

Collaborators

We firmly believe that our employees are one of our greatest competitive advantages. Their talent, dedication, and creativity not only contribute to our ability to innovate but are also essential to achieving success in a competitive marketplace. Our commitment to them is to provide a safe, inclusive and motivating work environment, as well as to offer opportunities for professional development and growth.

- Axo internal site
- Email campaigns, calls, virtual meetings, internal communications platforms
- Town Hall Lectures
- Resguarda Complaint Line
- Training, recognition, and forum event
- Satisfaction surveys
- Areas of Staff Relations

Brands and Joint Ventures

Collaborating with well-known brands and establishing strategic joint ventures helps us innovate and stay competitive, allowing us to diversify our offerings, expand into new markets and strengthen our presence in the fashion industry. We work closely together to ensure mutual success, sharing knowledge, resources and skills. We are committed to promoting sustainable and responsible practices in our collaborations, ensuring that together we contribute to the sustainable development of the fashion industry.

- In-person and virtual meetings
- Email
- Workshops and seminars
- Website

Stakeholders	Importance and Commitments	Media and Communications
Suppliers	<p>Our suppliers are key partners in our supply chain. Their ability to deliver quality products in a timely fashion is crucial to meeting our customers’ expectations. That’s why we build relationships based on trust and transparency, and we actively work to promote sustainable and ethical practices throughout our supply chain.</p>	<ul style="list-style-type: none">— Resguarda Complaint Line— In-person and virtual meetings— Competition processes, tenders and hiring processes
Civil Society Organizations	<p>Civil society organizations (CSOs) help us better understand the needs and concerns of communities in the geographies where we operate. Their collaboration is vital to carry out our social responsibility initiatives. At Axo, we are committed to actively collaborating with CSOs on community projects, campaigns, and volunteering that promote social well-being, and we are currently working to contribute to projects that also promote environmental well-being. We recognize the importance of being transparent in our actions and results, and we are committed to maintaining open and honest communication about our efforts and accomplishments in these areas.</p>	<ul style="list-style-type: none">— Email— Reports and publications— Collaborations and joint projects— Website and social media
Government Entities	<p>Government entities set the regulatory framework within which we operate. Their support and regulation are essential to ensure a fair and sustainable business environment. We are committed to complying with applicable laws and regulations, and to co-operating, to the extent possible, on government initiatives that promote sustainable development and social responsibility.</p>	<ul style="list-style-type: none">— Formal meetings: negotiations, consultations and hearings— Regulatory Reporting— Participation in forums and committees
Industry Associations	<p>They allow us to collaborate with other industry players to define standards, share best practices, and address common challenges. Given its importance, we seek to actively participate in the activities of industry associations, contributing to development and innovation in the fashion industry, and promoting responsible and sustainable practices in the sector.</p>	<ul style="list-style-type: none">— Meetings— Email: Industry Newsletters— Conferences and Seminars: Industry Events, Trade Shows— Publications and Reports: Trend reports, market research— Social media and Website



Our Sustainability Model

A Sustainable Style



Double Materiality

GRI 3-1, GRI 3-2

During 2023, we conducted a double materiality assessment to expand the visibility of the risks and opportunities that environmental, social, and governance (ESG) factors represent for our business, as well as the impact we have on the environment and society.

This study was supported by interviews and consultations with a significant sample of our stakeholders: from our corporate vice presidents to our consumers, including our employees, business partners, suppliers and investors.



This process led to the following milestones:





The identification of risks and opportunities for each ESG matter presented in this report was based on interviews conducted with senior management, as well as workshops held with management of Axo’s functional areas during the milestones described above. For its evaluation, 4 parameters were included, related to:

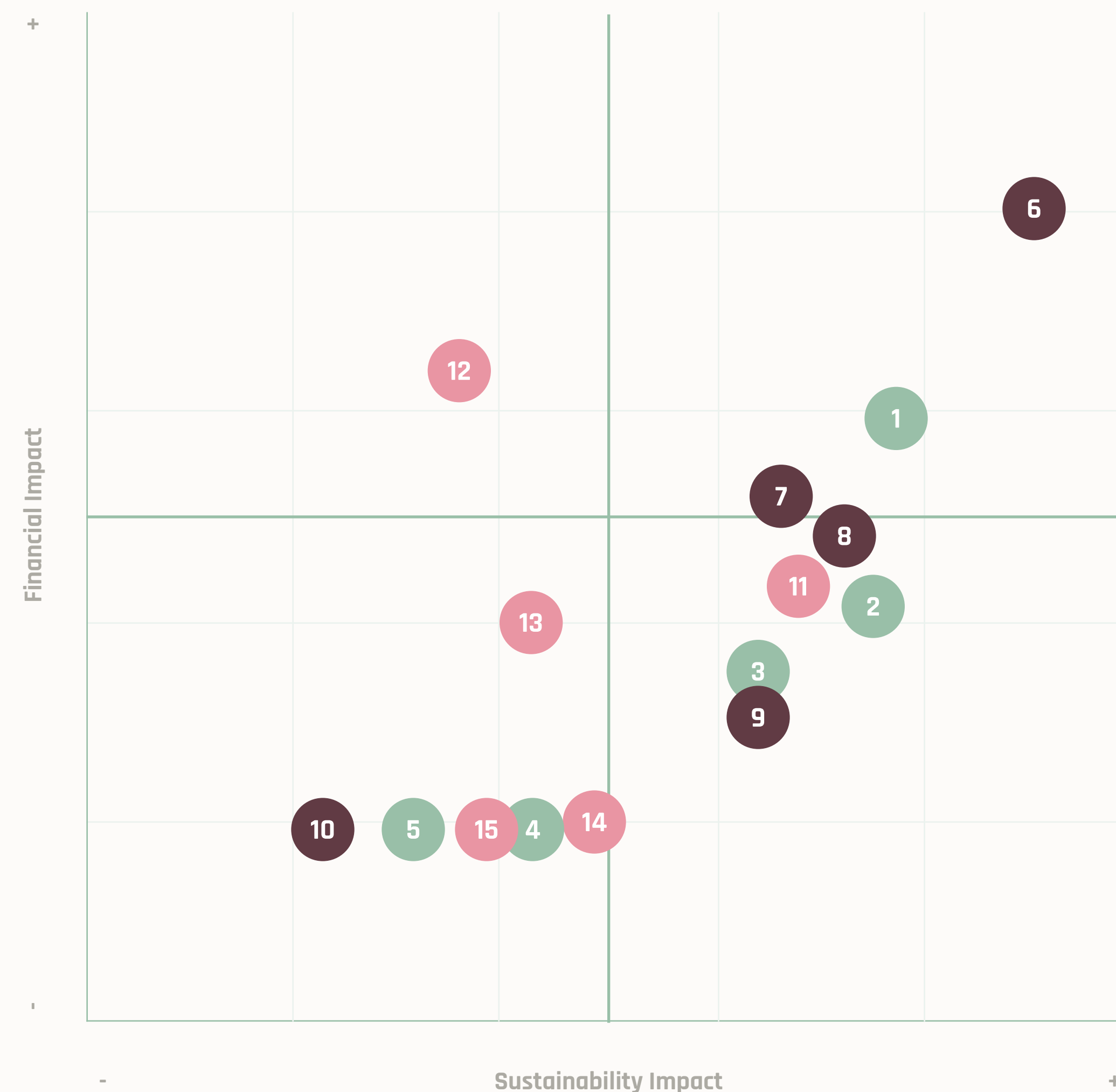
- a) The probability of risks and opportunities materializing.
- b) The potential financial relevance of risks and opportunities should they materialize
- c) The environmental impact resulting from the materialization of risks or the harnessing of opportunities
- d) The social impact resulting from the materialization of risks or the harnessing of opportunities

The materiality analysis was designed to complement the company’s overall risk analysis process. Currently, we are developing a methodology for comparing the different types of risks.

The information collected allowed us to build a double materiality matrix, which allows us to visualize the priority ESG issues for Axo in terms of the impact on the environment and society, as well as the financial impact they represent for our business.

The following sections of this report detail the most important material topics for each ESG factor.

Double Materiality Matrix



Material Topics

Environmental

- 1 Climate Strategy
- 2 Waste and Circularity
- 3 Energy Efficiency
- 4 Efficient Use of Water
- 5 Biodiversity Protection

Governance

- 6 Supply Chain Management
- 7 Corporate Governance
- 8 Cybersecurity
- 9 Risk Management
- 10 Business Ethics

Social

- 11 Occupational Health and Safety
- 12 Sustainable Approach to Consumers
- 13 Talent Attraction and Retention
- 14 Equality, Inclusion and Diversity
- 15 Respect for Human Rights



Our Sustainability Model

As a result of the materiality analysis, our management team made the decision to create a sustainability model that will allow us to have a better management of ESG factors, in addition to actively using them for the pursuit for competitiveness and risk mitigation.

A Sustainable Style will allow us to commit to and adopt sustainable practices that promote the integration of environmental, social and governance aspects into our business strategy with a long-term vision. It involves making conscious and responsible decisions in all areas of our organization, from the way we consume and move around, to how we relate to our environment and communities.

The following sections of this report detail the efforts we are making in each pillar of the strategy.

A Sustainable Style

We promote a Sustainable Style. To be eco-efficient in our operations, provide better opportunities to our people and collaborate towards a responsible value chain.



WE WILL BE ECO-EFFICIENT IN OUR OPERATIONS

Through initiatives and solutions that promote circularity, minimize resource consumption and reduce the impact on the climate, we seek to contribute to the protection of the environment and make our processes more efficient.



WE WILL PROVIDE BETTER OPPORTUNITIES FOR OUR PEOPLE

By offering sustainable product options and their information to consumers. Also, recognizing and valuing our employees, partners and communities by promoting social equity and justice, guaranteeing fair working conditions, equal opportunities, respect for human rights and inclusion.



WE WILL COLLABORATE TOWARDS A RESPONSIBLE VALUE CHAIN

Based on strategic actions that allow us to integrate sustainability into business decision-making and collaborate with our partners, brands and suppliers to have better environmental and social practices.

Our Sustainability Commitments



Aspect	Environmental	Social	Governance
ESG Pillar	 <p>OUR OPERATIONS</p>	 <p>OUR PEOPLE</p>	 <p>RESPONSIBLE VALUE CHAIN</p>
Goals	<p>— Reduce the amount of waste destined for landfill in our Distribution Centers in Mexico by by 90% by 2030.</p>	<p>— Map products with certifiable sustainable attributes of 100% of our brands in Mexico by 2027.</p> <p>— Generate awareness and marketing campaigns for products with certifiable sustainable attributes for 100% of our brands in Mexico by 2033.¹</p>	<p>— Create an ESG risk assesment program for critical suppliers by 2025.</p> <p>— Amend 5 policies by 2026, which will hold Axo key executives accountable for implementing sustainability business cases in the long term.</p> <p>— Integrate ESG criteria into the variable compensation evaluation parameters by 2027.</p>

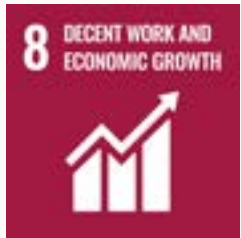


1. This commitment applies for all of Axo’s Lifestyle brands that offer products with certifiable sustainable attributes in our regions of operation. We will work with each brand to identify such products, as stated in this report “Sustainable approach to consumers” section.




Our Alignment with the SDGs

At Axo, we have made a strong commitment to advancing the Sustainable Development Goals (SDGs). Using the SDGs as a framework, we continuously assess our social, economic and environmental impact to ensure that our actions bring value to both society and the environment, aligning with national and international priorities. Below is a detailed overview of how Axo actively contributes to the Sustainable Development Goals.



SDG	Axo's efforts	Related Material Topics	Pages
<div></div> <div>Ensuring a healthy life and promote well-being from everyone to all ages.</div>	<ul style="list-style-type: none">— With the help of our health and safety protocols, we promote a culture of safety within our organization and maintain processes to prevent injuries and work-related health deterioration.— We offer our employees wellness-focused benefits that exceed legal requirements, including life insurance and health insurance, as well as a 24/7 telemedicine platform that provides medical and psychological counseling.— We implement information campaigns and health programs in both our offices and distribution centers, with the goal of preventing chronic diseases, cancer, and other conditions.	<ul style="list-style-type: none">— Occupational health and safety— Talent attraction and retention	42, 45
<div></div> <div>Achieve gender equality and empower all women and girls.</div>	<ul style="list-style-type: none">— Monitoring and follow-up of the average relationship between the base salary and the remuneration of women and men through studies of salary gaps, in addition to the implementation of a single remuneration tabulator regardless of the gender of the employee to mitigate the salary gap.— Commitment to the promotion of a safe workplace and equal opportunities for all employees, rejecting any form of discrimination through our Diversity, Inclusion, Labor Equity and Non-Discrimination Policy.— We participated in the HRC Equidad Mx labor equity program during 2023.— The percentage of women in leadership positions from jr management roles to VPs was 53% in 2023.	<ul style="list-style-type: none">— Diversity, equity and inclusion	48

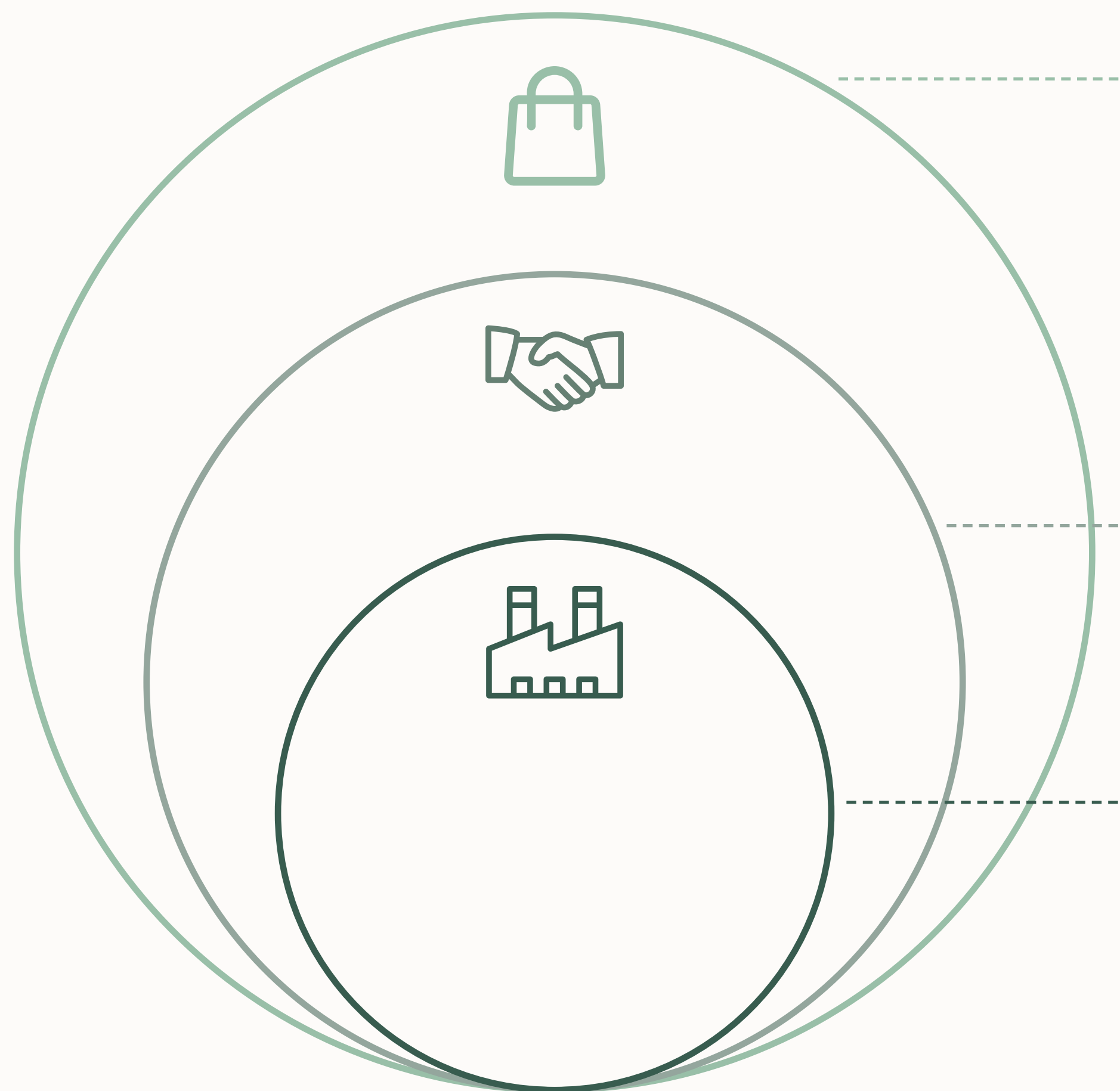
SDG	Axo's efforts	Related Material Topics	Pages
<div></div> <div>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</div>	<ul style="list-style-type: none">— At Axo, we implement wellness programs and continually review employee compensation and benefits to mitigate the risks of short-term employment relationships.— We have an internal mobility program that promotes the professional development of our talent.— We have a platform that allows us to launch learning paths based on business pillars such as diversity and inclusion, agility, customer at the center, omnichannel and change management that promote creativity, innovation and the fulfilling and productive employment of women and men.— We implement talent attraction programs for young professionals to promote their employability.— We have conducted a human rights due diligence process to identify, prevent, and mitigate human rights-related risks, such as forced labor in our supply chain.	<ul style="list-style-type: none">— Occupational health and safety— Talent attraction and retention— Human rights	42, 45, 51
<div></div> <div>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.</div>	<ul style="list-style-type: none">— We are committed to developing and implementing a plan for the renovation of lighting and HVAC equipment and promoting the adoption of environmentally sound technologies.— We implement waste management systems that allow us to revalue it in our distribution centers Axo Lifestyle and Promoda de México.	<ul style="list-style-type: none">— Energy efficiency— Waste and circularity	28, 31
<div></div> <div>Reduce inequality within and between countries.</div>	<ul style="list-style-type: none">— We have established internal policies that prohibit discrimination and promote diversity and inclusion in the workplace.— Since 2012, our Tailored Help program aims to promote equity and social inclusion, benefiting groups and communities in vulnerable situations.	<ul style="list-style-type: none">— Equity, diversity and inclusion	48

SDG	Axo's efforts	Related Material Topics	Pages
 <p>Ensure sustainable consumption and production patterns.</p>	<ul style="list-style-type: none">— We have set a goal to reduce the amount of waste destined for landfills in our Distribution Centers in Mexico by 90% by 2030.— We are committed to developing responsible consumption campaigns both internally and externally. In addition, we have set a goal to implement awareness and marketing campaigns for products with certifiable sustainable attributes in 100% of our brands in Mexico by 2033.— We have set ourselves the goal of mapping, by 2027, the products with certifiable sustainable attributes of 100% of our brands in Mexico.	<ul style="list-style-type: none">— Waste and Circularity— Sustainable Approach to Consumers	31, 39
 <p>Adopt urgent measures to combat climate change and its effects.</p>	<ul style="list-style-type: none">— To strengthen our company's resilience and adaptability in the face of climate-related risks and natural disasters, we have conducted our first Scope 1 and 2 emissions inventory for 2022 and 2023. In addition, we are developing a mitigation plan and plan to conduct a climate risk analysis in the coming years.	<ul style="list-style-type: none">— Climate strategy	22
 <p>Promote peaceful and inclusive societies for sustainable development, facilitate access to justice for all, and build effective and inclusive and accountable institutions at all levels.</p>	<ul style="list-style-type: none">— In response to structural injustices, inequalities and new human rights challenges, between 2023 and 2024, we conducted human rights due diligence to identify, prevent and mitigate risks in our direct operations and supply chain, based on international standards such as the OECD guidelines for Responsible Business Conduct.— We implement policies to prevent corruption, bribery and money laundering, promoting justice and transparency. In addition, we have ethical standards such as our Code of Ethics and Manual of Conduct that reinforce responsibility and integrity within the organization.— Our ESG Commission, which includes VPs, executives and managers of strategic areas, allows us to review issues of sustainability, human rights, the environment, anti-corruption and labor standards, which ensures effective and responsible supervision.	<ul style="list-style-type: none">— Human rights— Corporate governance— Business ethics	51, 62, 73



Sustainable Value Chain

We want every part of our value chain to reflect our commitment to sustainable style. To this end, we will continue to strive to make our value chain effectively integrate our ESG pillars, from the distribution and marketing of our own and international brands to the manufacturing of our own brands.



DISTRIBUTION AND MARKETING OF OWN AND INTERNATIONAL BRANDS

To a large extent, we control distribution and marketing, which allows us to implement environmental actions both in our logistics operations and in our points of sale. However, we also depend on strategic allies such as transport and logistics, to achieve our objectives. We are working to implement best practices and initiatives that minimize resource consumption and reduce emissions, thus generating a positive impact on the communities where we have a presence.

INTERNATIONAL BRAND MARKETING

We collaborate with the international brands we market to ensure compliance with the law where we operate and, to the extent possible, the adoption of environmental and social best practices in the extended supply chain.

PRIVATE LABEL MANUFACTURING

By taking responsibility for the production, distribution and marketing of our private labels, we have the ability to implement a greater number of environmental and social actions, in addition to improving our governance. This comprehensive management will allow us to take more effective measures to protect the environment, contribute to social well-being and ensure solid governance in our operations.



Being Efficient in

Our Operations



Being Efficient in Our Operations

In this section, we will focus on Axo's environmental aspects.

Our strategy focuses on improving eco-efficiency within our operations while considering the effects our activities have on the environment. We recognize the importance of reducing our environmental impact and are committed to implementing concrete actions to achieve this.

Below, we will present the plans and measures we have adopted to improve our efficiency and reduce our environmental impact, in line with our sustainability objectives.



Climate Strategy

Governance

IFRS S2.6

We recognize that global warming and anthropogenic climate change represent one of the most relevant challenges for our industry and society. For this reason, we conducted a Scope 1 and 2 greenhouse gas (GHG) emissions inventory to understand our contribution to global warming and the impact our business has on the climate. In addition, our materiality analysis helped us to identify some of the climate-related risks and opportunities to which we are exposed, as well as to be able to assess them qualitatively.

However, it is important to clarify that, at the time of publication of this report, we have not carried out a quantitative analysis of scenarios. Accordingly, the information contained in this chapter represents the initial efforts we have made to manage this issue. We will work to have a more complete analysis on our exposure to climate-related risks over different time horizons.

Given the relevance of our impact, as well as climate-related risks and opportunities, we involve multiple officials from our business in overseeing them, as shown below.

Function	Responsibilities for monitoring climate-related risks and opportunities
Sustainability Sub-Director Department	<ul style="list-style-type: none">— To consolidate information related to the organization’s GHG emissions and climate risks.— To collaborate with the rest of the functional areas to establish GHG emission reduction strategies.— To collaborate with the rest of the functional areas to establish risk mitigation strategies and capitalize on climate-related opportunities.
Chief Operating Officer (COO)	<ul style="list-style-type: none">— Through its direct reports, the COO identifies weather-related risks that could affect operations in distribution centers, offices and points of sale.— To implement GHG emission reduction strategies.
Supply Chain Management	<ul style="list-style-type: none">— To identify climate-related risks that could affect the supply chain, particularly critical suppliers and logistics.
Legal Department	<ul style="list-style-type: none">— To identify the regulatory requirements, including environmental and climate-related requirements, that we must meet in the regions where we operate.— To collaborate with the Supply Department to monitor our suppliers’ compliance with legal obligations, including environmental and climate-related obligations.
Vice Presidents in charge of brand management VP Lifestyle, VP Athletics, VP Marketing	<ul style="list-style-type: none">— To monitor the offer of products with sustainable attributes of the brands we manage and establish campaigns to market them.— To monitor customer and consumer demand for sustainability practices and products with sustainable attributes.
Chief Financial Officer (CFO)	<ul style="list-style-type: none">— To analyze the financial implications of climate-related risks and opportunities.

All the officers above jointly report to the Board of Directors on the company’s risks and opportunities on an annual basis, including those related to climate going forward.

Strategy

GRI 201-2, GRI 3-3d, IFRS S2.10, IFRS S2.14

At Axo, we recognize that climate change presents risks and opportunities for our business. Our climate strategy is focused on mitigating these risks and capitalizing on opportunities, aligning with international best practices and the expectations of our stakeholders. Although we have not yet performed a quantitative scenario analysis, we have conducted a qualitative analysis through our dual materiality study, which has allowed us to identify and prioritize the most relevant climate risks and opportunities for our operation.

Below is a description of the risks identified and categorized as physical or transition risk.

Type of Risk	Description
Physical Risk	Disruption of sales and impact on product availability and time to market due to operational stoppages in authorized factories of authorized brands due to extreme weather in Asia.
Transition Risk	Increase in investment requirements in projects to reduce the carbon footprint and waste by banks, investors, pension funds for the acquisition of financing or other financial products.

TRANSITION RISK REDUCTION

Axo’s strategy to reduce transition risks involves an approach focused on integrating sustainable criteria into the management of each brand in the portfolio, based on its current level of ESG ambition. These actions will be carried out between 2024 and 2033, with specific initiatives to move towards greater sustainability:

- 1

→ Sustainability Strategy Start: Communicate and, to an extent, collaborate with our brands to double down on Axo’s sustainability goals and objectives, and share sustainability best practices.
- 2

→ Mapping SKUs with Sustainable Attributes: Identify products within the portfolio that have sustainable attributes, with the aim of promoting their presence and visibility in the market.
- 3

→ Sustainable Promotion Campaigns: Implement campaigns focused on environmental and social issues to highlight sustainable products and share information with consumers about the benefits of opting for sustainable options.
- 4

→ Increasing the Percentage of Sustainable Products: Within our possibilities, work to gradually increase the percentage of sustainable products in Axo’s portfolio, promoting innovations in design and materials that reduce the environmental footprint.
- 5

→ Year-Round Campaigns for Sustainable Portfolios: Develop ongoing campaigns that highlight sustainable products throughout the year, fostering a long-term relationship with sustainability-conscious consumers.

These actions are designed to improve Axo’s position in the face of transition risks, ensure continued access to financing from banks, investors and pension funds, and strengthen the competitiveness of our brands in a market that is increasingly aware of environmental impacts.

In the near future, we will conduct an analysis of physical and transition risks related to climate change. This study will allow us to make more informed decisions to manage the risks associated with this material issue. Once we move forward with this initiative, we are committed to disclosing more details about it

Risk Management

We understand the importance of managing climate risks as an integral part of our sustainability strategy and commitment to IFRS S2. We are committed to developing a robust climate risk management approach that allows us to address physical and transition risks that could impact our business and operations.

Currently, we are working on the consolidation of a quantitative assessment plan for climate scenarios that is aligned with the requirements established by the IFRS S2 standard. Although we are in the early stages, we have identified the need to integrate climate risks within our overall risk management process, thus ensuring that these risks are systematically considered and are constantly monitored and evaluated.

Our approach to climate risk management includes:

We are committed to continuously improving our approach to climate risk management. As we move forward, we will progressively integrate quantitative data and develop scenario analyses that will allow us to obtain more complete and accurate information in future disclosures.

Action/Initiative	Description
Identification of Climate Risks	We have begun work on identifying climate risks that may affect our operations, and we are working to establish a plan for the assessment of climate scenarios.
Risk Assessment and Prioritization	Processes are being established to assess the magnitude and likelihood of identified climate risks. This assessment will consider both qualitative and quantitative factors that allow risks to be prioritized according to their possible impact on the business.
Integration into the general Risk Management processes	We want to integrate climate risks into our overall risk management system. This integration will ensure that climate risks are not managed in isolation, but as part of a broader approach that considers multiple types of risks to help our company make decisions that help us achieve a sustainable style.
Development of Mitigation and Adaptation Plans	For the physical and transition risks that we have identified in the climate-related materiality analysis, we have developed mitigation and adaptation plans that include everything from risk management strategies in the supply chain, to the intention to increase the supply and promotion of products with a lower carbon footprint. These strategies will be aligned with the company's sustainability objectives and will be reviewed periodically to ensure their effectiveness. During 2024 and 2025, a more robust analysis of physical risks and climate change transition will be carried out, which will give us greater visibility of risks and opportunities, as well as the actions we must take to manage them in the best way.
Continuous Monitoring and Review	The process of identifying and assessing climate risks will be continuous and dynamic. We seek to implement a monitoring and review system that allows mitigation plans to be adjusted based on changes in the climate, regulatory and market context.
Using Scenario Analysis	Although we have not yet implemented a quantitative scenario analysis, we are aware of its importance and are devising a way to carry out this assessment. This tool will allow Axo to assess the resilience of our strategy in the face of different climate scenarios and adapt our mitigation actions accordingly.



Metrics and Objectives

GRI 302-2, GRI 305-1, GRI 305-2, GRI 305-4, IFRS S2.29, S2.33

To measure the impact of our operations on the environment, we have carried out our 2023 emissions inventory, considering two types of emissions:

- Scope 1 emissions: These are those direct emissions produced by the burning of fuels by the company (emitter).
- Scope 2 emissions: These are indirect emissions generated by the electricity consumed and purchased by the company (emitter).

We accounted for emissions in three of the four geographies where we operate for scope 1 emissions, while we have sized for the four geographies where we operate scope 2 emissions, below, we summarize the findings found during this analysis.

14,911.54 tCO₂e
Total emissions

Distribution by scope



Distribution by country and scope

	Scope 1	Scope 2
Mexico	424.74 tCO ₂ e	12,888.6 tCO ₂ e
Chile	14.23 tCO ₂ e	596.76 tCO ₂ e
Peru	-	517.54 tCO ₂ e
Uruguay	3.27 tCO ₂ e	466.48 tCO ₂ e

LIMITATIONS AND METHODOLOGY

The physical properties used during the calculation of emissions from burning fuels (Diesel, Gasoline, Natural Gas, LP Gas), such as their density and energy efficiency, were taken from government sources for each geography.

In addition, emission factors for fuels published by the Intergovernmental Panel on Climate Change (IPCC) were considered, specifically from the 2006 IPCC guidelines for national greenhouse gas inventories.

For the calculation of greenhouse gas emissions emitted from fossil fuels, the following three types of gases were considered:

- CO₂:** Carbon Dioxide
- CH₄:** Carbon Tetrahyde better known as Methane
- N₂O:** Dinitrogen monoxide or also called Nitrous Oxide (I)

Type of Emission	Description
Scope 1	Three distribution centers and corporate offices for Mexico, one distribution center and corporate offices for Chile, and one distribution center for Uruguay were considered
Scope 2	<div>For Mexico, the corporate offices in Mexico City, 577 points of sale and a distribution center were considered</div> <div>For Chile, 17 points of sale and a distribution center</div> <div>For Peru, 6 points of sale, a corporate and a distribution center</div> <div>For Uruguay, 44 points of sale, a corporate and a distribution center</div>



We are committed to developing and implementing a mitigation strategy based on the results obtained from our scope 1 and 2 greenhouse gas emissions inventory.

We will soon communicate our specific emission reduction targets, once we have finalized and implemented our mitigation strategy. However, it is essential to highlight that our main objective is to start our journey towards decarbonisation, and our mitigation strategy consists of the following four phases:

Our Mitigation Strategy

Phase 1

Understanding Challenges and Opportunities

Through our GHG emissions inventory, we understand our organization's carbon footprint, as well as the challenges and opportunities we face because of climate change.

Phase 2

Development of Mitigation Strategy

At this stage, we will develop our climate-focused mitigation strategy, in response to identified climate risks and opportunities.

Phase 3

Implementation of the Mitigation Strategy

We will integrate our strategy at the operational level, in addition to defining the necessary actions to start the path to decarbonization and monitor the progress of the strategy.

Phase 4

Performance Communication

We will launch a communication campaign to externalize our approach to decarbonization, the scope of opportunities and our progress.



Energy Efficiency

Governance

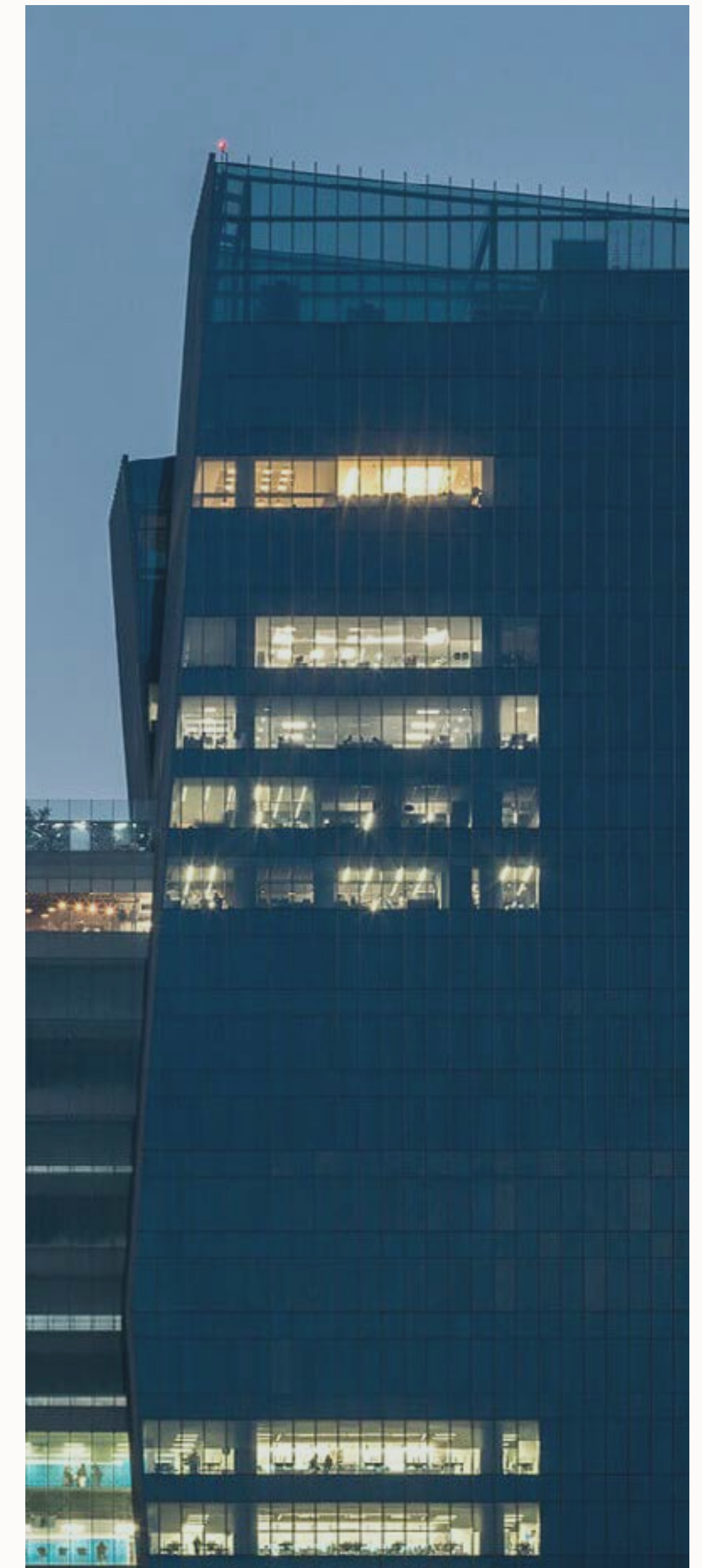
In a world that is increasingly aware of environmental challenges, optimizing the use of electricity and fuels in our operations is a key element in ensuring sustainable and responsible growth. This issue is relevant to us due to the energy demand represented by our operations in points of sale, distribution centers and offices; as well as the positive impacts that can be achieved on the environment and our operating costs by adopting best practices in energy efficiency.

Energy efficiency is overseen by the Operations Management (COO). In turn, the Operations Department has 2 functional areas that supervise the implementation of initiatives related to this material issue:

- Store construction and upkeep— which includes energy efficiency considerations in the design and fitting out of points of sale.
- Supply Chain + Real Estate – which seeks to include energy efficiency considerations when contracting spaces to managers and renters of distribution centers and points of sale.

Strategy

The adoption of more efficient and cleaner technologies is presented as an opportunity to reduce the energy consumption of our business activities and contribute to the mitigation of climate change. Below are the actions that we have mapped and seek to develop in terms of energy efficiency.





Drivers

Actions

Efficient Use of Resources

— We will be working with our operations, construction and brand support teams to, where feasible, promote the implementation of efficient lighting systems such as LED luminaires and high-efficiency air conditioning in our points of sale and distribution centers. Our commitment is to adopt sustainable technologies and practices in our spaces, taking into account the recommendations and construction specifications of the brands.

— Currently, the best options for the use of renewable energy supply schemes are being analyzed. Because our distribution centers and outlets are leased, and not owned by Axo, we have less control in making decisions to install solar panels on the roofs of our locations. We will seek to establish conversations and through collaboration with renters and administrators of shopping centers and distribution centers where we operate, to explore the possibilities of including solar panels for clean energy consumption.

Reputation and Marketability Improvements

— We are initiating an analysis of energy consumption at our points of sale in order to adopt more energy-efficient technologies. Our objective is to analyse the variables that affect the energy consumption derived from the lighting and air conditioning of our stores in order to initiate a renovation plan for these technologies. This strategy not only seeks to optimize our energy consumption, but also to attract buyers who value and support the environmental commitments of our different brands.

By implementing these actions and consolidating our energy efficiency strategy, we seek to make better use of resources, generate benefits for our business and protect ourselves from potential requirements in the matter established by regulators.

Risk and Opportunity Management

The identification and assessment of risks and opportunities related to each material topic was carried out during our 2023 Materiality Analysis, whose methodology can be consulted in the “Double Materiality” section of this document.

According to the results of this analysis, risks and opportunities related to energy management are categorized with high relevance in terms of their potential impact on sustainability and low relevance in terms of their potential financial impact on our business.

The actions described in the “Strategy” section correspond to the management of the following opportunities:

OPPORTUNITIES

Reduction in operating costs through efficient use of energy at points of sale and CEDIs and construction and retrofitting initiatives focused on energy efficiency.

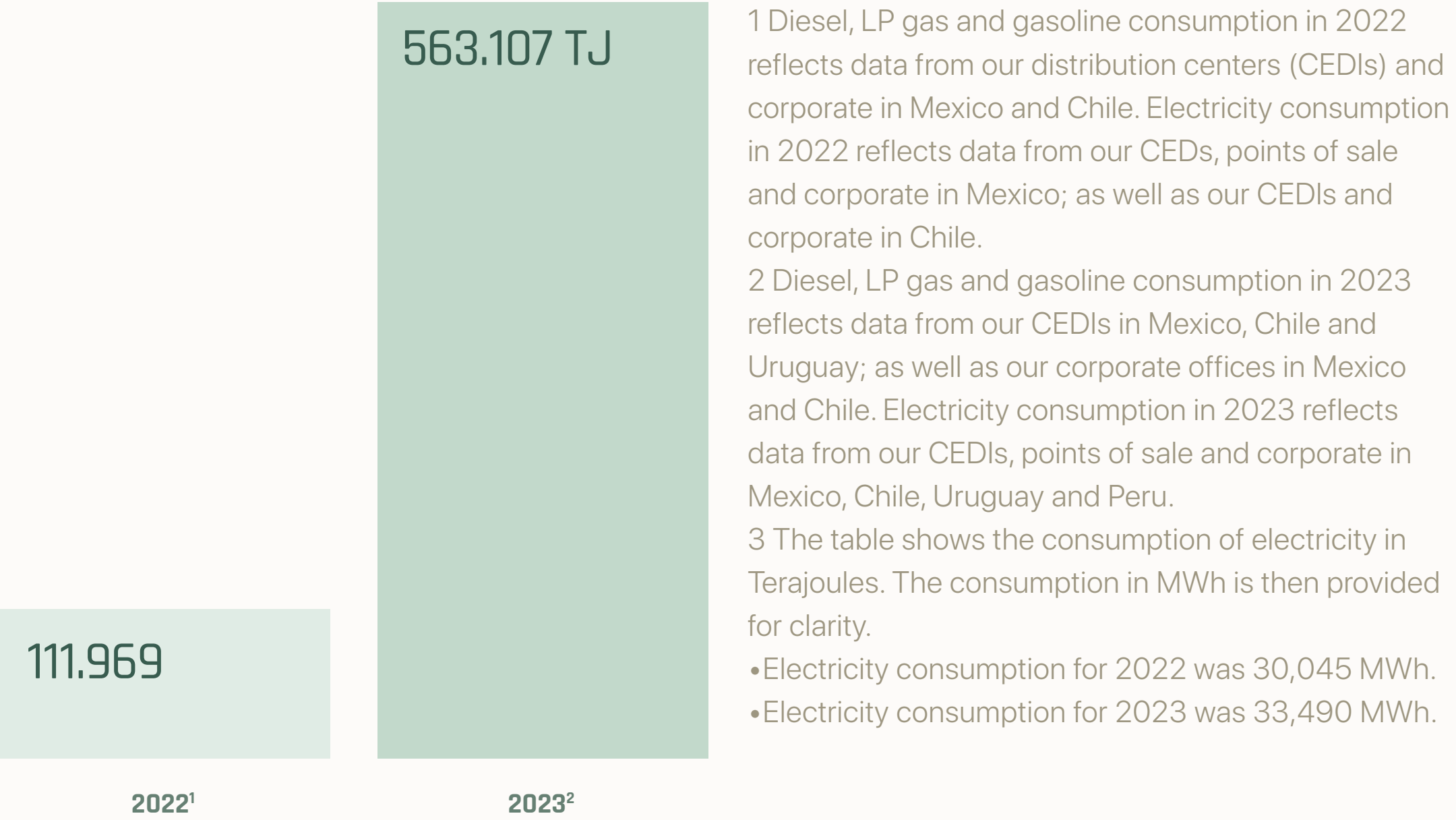
Metrics and Objectives

GRI 302-1, SASB GC-MR 130

In order to be more efficient in the energy consumption of our points of sale, we have initiated a plan to renew our lighting and air conditioning equipment in the stores. Currently, we are in the first phase, which consists of analyzing the variables on which energy consumption depends. These variables include the geographical location, the climatic zone, the opening hours of the stores, the type and dimensions of the establishments, the capacity and number of visitors, as well as the infrastructure and equipment present in our stores.

The indicators below reflect energy consumption from different sources, depending on the availability of information from the regions where we operate. The high variation between the 2023 and 2022 indicators is due to changes in our regions of operation and the increase in our number of points of sale.

TOTAL ENERGY CONSUMPTION



Description of the indicator	ID	2022 ¹	2023 ²
Diesel consumption	GRI 302-1a.i CG-MR-130a.1	0.219 TJ	16 TJ
LP Gas Consumption	GRI 302-1a.i CG-MR-130a.1	0.091 TJ	0.543 TJ
Fuel Consumption	GRI 302-1a.i CG-MR-130a.1	3.494 TJ	426 TJ
Electricity Consumption ³	GRI 302-1c.i CG-MR-130a.1	108.165 TJ	120.564 TJ
Total Power Consumption	GRI 302-1e.i CG-MR-130a.1	111.969 TJ	563.107 TJ



Waste and Circularity

Governance

Minimizing waste and promoting circular economy practices are key to our sustainability strategy. As leaders in fashion retail, we recognize the importance of reducing the environmental impact of our packaging, the disposal of our products at the end of their life cycle, as well as the waste generated in our distribution centers.

We have the objective that our practices in terms of waste and circularity are supervised by the Operations Directorate (COO) in tandem with the Sustainability Sub-Directorate on all our CEDIs and points of sale.

Through the management in charge of our distribution centers and the collaboration with our operators, lessors and space managers, we seek to:

- Implement efficient waste management systems.
- Capitalize on opportunities to reduce and revalue the waste generated in our distribution centers.

Strategy

GRI 3-3d

Efficient **waste management and the incorporation of circular economy practices** represent opportunities for our business, as well as being a way to reduce one of the most relevant impacts of our industry.

At Axo, we are committed to **reducing the environmental impact of our operations** by progressively incorporating **sustainable materials into our distribution centers, stores, and consumer packaging.**

The following are the actions on waste and circularity that we carry out and actions that we seek to develop in the near future:



SUPPLY

Axo is licensed by first-class brands that are committed to increasing the proportion of materials with preferable qualities¹ for their manufacture and packaging.



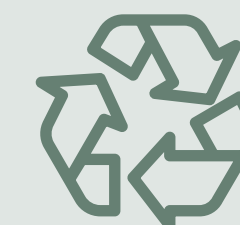
LOGISTICS

Axo's lifestyle and Promoda distribution centers in Mexico City achieved zero waste to landfill operations during 2023.



RETAIL

Multi-channel system that provides product lifecycle control and minimizes excessive inventory waste.



RESALE

+1,000

Creation of resale opportunities for more than 1,000 brands through off-price brands and investment in second-hand sales platform, further reducing inventory.

Leftover items are donated in kind to civil society organizations.

¹ Materials with preferable qualities refer to materials that are biodegradable, recyclable or recycled in their entirety or a significant proportion of their whole.



Through these measures, we aim to reduce the impact generated by waste throughout our operations, as well as promote better waste management without affecting our business. Likewise, these practices help us facilitate compliance with potential circular economy regulations in the regions where we operate.

Drivers

Actions

Efficient Use of Resources

- Our business model is designed to minimize excess inventory and maximize profitability:
 - The purchasing team leverages our market expertise **to tailor brand collections** to the **preferences of local consumers**.
 - **Our omnichannel approach** and multi-channel presence allow us to move inventory across different markets, **maximizing buying opportunities and catering to rapidly evolving trends**.
 - By utilizing a multi-segment ecosystem, **we extend the inventory lifecycle** by directing high-quality, unsold products to aspirational consumers through our off-price segment.

— Our largest distribution center in Mexico City (**Axo Lifestyle and Promoda de Mexico**) primarily uses cardboard boxes for deliveries to customers and predominantly uses cardboard boxes in our logistics and distribution. In our Mexican operations, we have established a system to reuse cardboard boxes for distribution in Axo stores. In addition, we rely on a local sustainable waste management supplier, which allows us to recycle cardboard boxes that have outlived their life cycle.

100%
of our drums, cardboard packaging and pallets have been recycled or reused¹

- We revalue some waste generated in our distribution centers in Mexico in order to reduce operating costs². We are looking to replicate this initiative in the rest of our distribution centers.
- We are exploring the possibility of reducing the weight of our packaging and using recycled, biodegradable or sustainable packaging materials in the distribution of our products, in accordance with applicable standards and the expectations of our business partners and managed brands.
- In the future, we aim to incorporate preferably sustainable materials into our portfolio of our own brands. For example, for our Chilean private brands our **goal is for 90% of the products to be made with at least 40-50% recycled fibers**.

Reputation and Marketability Improvements

— According to the availability of information provided by the brands we manage, we will define communication strategies to inform the consumer about the use of preferable materials in the products we offer.

— Axo has **invested in a second-hand retail platform** to take advantage of the strong growth of the second-hand and resale market, **which provides opportunities to extend the life of our products and promotes circular fashion**.

— Products that are not sold within our brand ecosystem are donated in kind to charities to support various social causes. **In 2023, less than 0.4% of Axo Lifestyle and Promoda’s products in Mexico City were considered permanently damaged and destroyed**.

1 At the Axo Lifestyle and Promoda distribution center in Mexico. (during 2023) 2 At the moment, this initiative is only carried out in the distribution centers of Axo Lifestyle and Promoda de México.



Risk and Opportunity Management

The identification and assessment of risks and opportunities related to each material topic was carried out during our 2023 Materiality Analysis, whose methodology can be consulted in the “Double Materiality” section of this document.

According to the results of this analysis, risks and opportunities related to waste and circularity can be categorized with **high relevance in terms of their potential impact on sustainability and low relevance in terms of their potential financial impact** on our business.

The actions described in the “Strategy” section correspond to the management of the following risks and opportunities:

RISKS

Imposition of new regulations related to the circular economy in Latin America.

OPPORTUNITIES

- Reduction of costs related to packaging.
- Diversification of materials related to packaging.
- Influence on the purchase decision of consumers interested in products made with recycled materials.

Metrics and Objectives

GRI 306-4

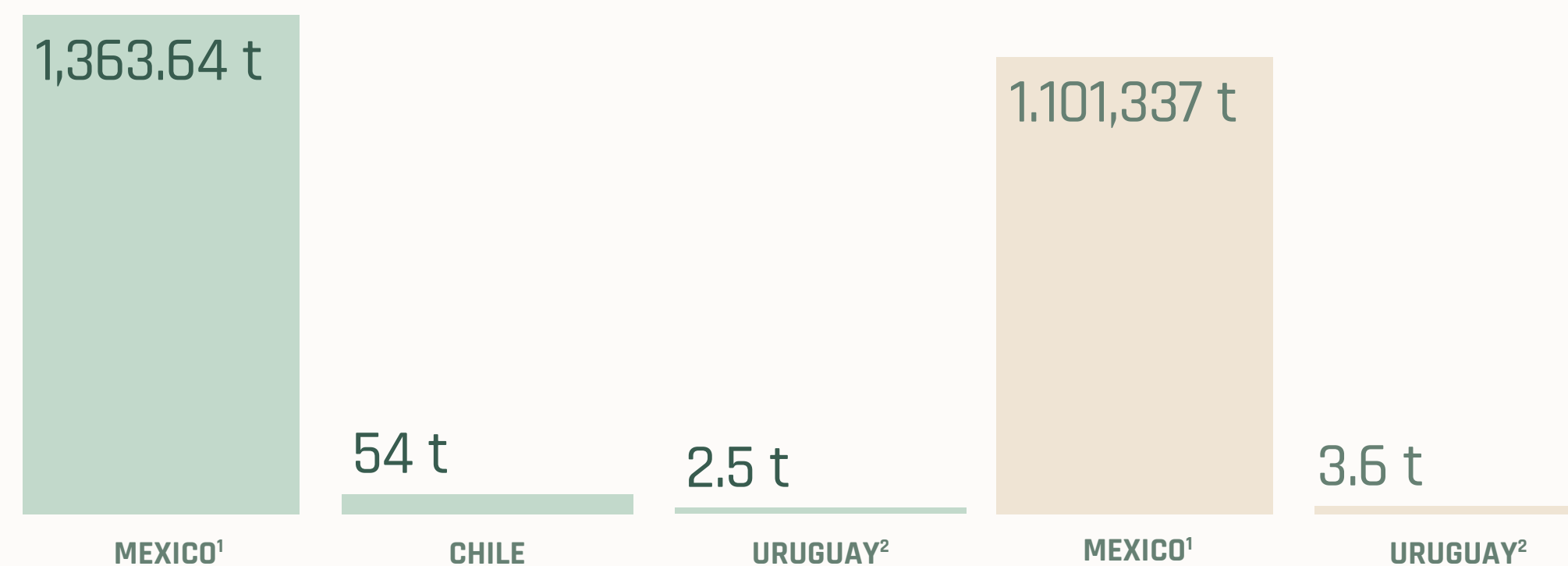
One of our goals is to reduce the amount of waste destined for landfills in our Distribution Centers in Mexico by 90% by 2030. For this reason, we monitor indicators that focus on the reduction of non-hazardous waste sent to landfills, implementing separation, revaluation, recycling or reuse methodologies.

On the other hand, we are in the process of identifying solutions and establishing quantitative goals for the **reusing of packaging materials**, particularly cardboard. Likewise, we have the goal of **replacing packaging and packaging materials for 100% of products with recyclable materials by 2030**, which involves:

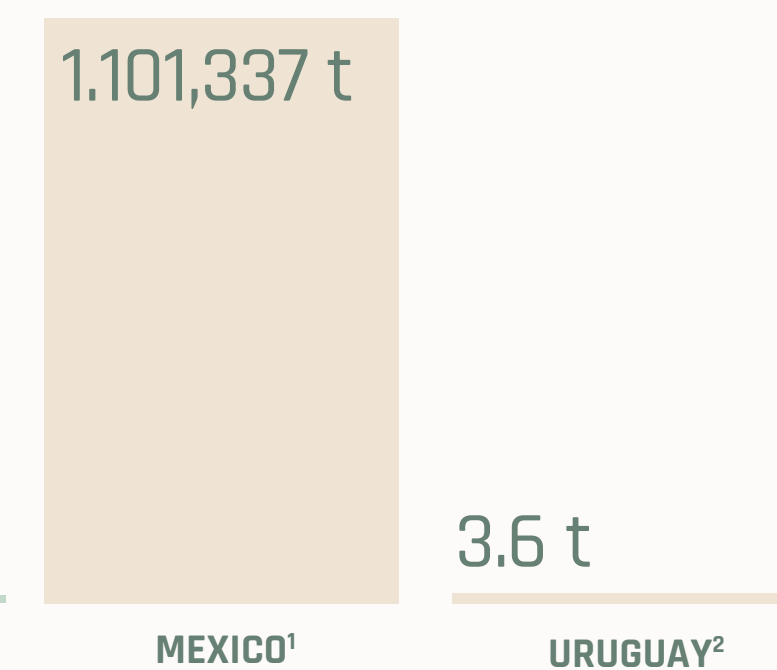
- Conducting packaging inventories and determine what percentage is recyclable and/or contains sustainable material.
- Creating relationships with sustainable packaging suppliers with sufficient capacity to meet demand.
- Training employees in the correct use of new packaging.

We collected information about the amount of waste generated in Mexico at the CEDIs Axo Lifestyle, Promoda, Privalia (Off-Price), TAF (Athletics), and for CEDIs Chile and CEDIs Uruguay.

TOTAL AMOUNT OF WASTE GENERATED CEDIS



TOTAL WEIGHT OF NON-HAZARDOUS WASTE FROM CEDIS THAT HAVE BEEN AVOIDED FROM BEING SENT TO LANDFILLS



We also collect information about the generation and production of waste in Mexico’s Corporate office, the disposal of which is currently managed by the administrator of the building where our offices are located. To the extent possible, we will work with such administrators to monitor their waste disposal practices and share best management practices.

10.046 t

Mexico

Total amount of waste generated Corporate

1 Of the total waste generated, 0.137 tons were avoided from being sent to landfills, whose purpose was reuse and 1001.71 tons whose purpose was recycling.

2. Of the total waste generated, the shipment of 3.6 tons to landfills was avoided, and instead, it was recycled.



Efficient Use of Water

Governance

We recognize that water is a limited resource, so we adopt responsible management to reduce its consumption in our operations. We are also **focused on strengthening relationships with brands that offer a portfolio of products with a lower water footprint** and/or **publicly promote lower water consumption**, thus responding to the expectations of our consumers.

Water efficiency practices at our distribution and corporate centers are currently overseen by their respective administrators. However, in the CEDIs that are under Axo's control, we work to have efficient water use practices with the collaboration of the Operations Management (COO).

Strategy

GRI 3-3d

In order to reduce the impact of our activities on the environment, we have identified a series of activities that will help us reduce the water footprint in our operations:

Through these actions we can achieve a better use of this resource, as well as adhere to recent legislation on the use of water.

Driver

Efficient Use of Resources

Actions

- Currently, we are evaluating how **to collaborate with the administrators and landlords of distribution centers, offices and points of sale**, in which efficient water management depends on them at this time and achieve a joint effort **to maintain control of our water consumption**.
- We will evaluate the feasibility of expanding our portfolio of products with a smaller water footprint.

Reputation and Marketability Improvements

- According to the availability of information provided by the brands we manage, we seek **to inform the consumer about products with a lower water footprint**.
- Due to the critical situation of water stress that we are experiencing, we seek to be a promoter of the conscious and responsible use of water **by launching internal communications regarding the efficient use of water in our corporate and distribution centers**. Additionally, to establish partnerships with civil society organizations that promote solutions to water stress in areas where we are present.



Risk and Opportunity Management

The identification and assessment of risks and opportunities related to each material topic was carried out during our 2023 Materiality Analysis, whose methodology can be consulted in the “Double Materiality” section of this document.

According to the results of this analysis, risks and opportunities related to the efficient use of water can be categorized with a **low relevance in terms of their potential impact on sustainability and a low relevance in terms of their potential financial impact** on our business.

The actions described in the “Strategy” section correspond to the management of the following risks and opportunities:

RISKS

Water scarcity in the regions where we operate.

OPPORTUNITIES

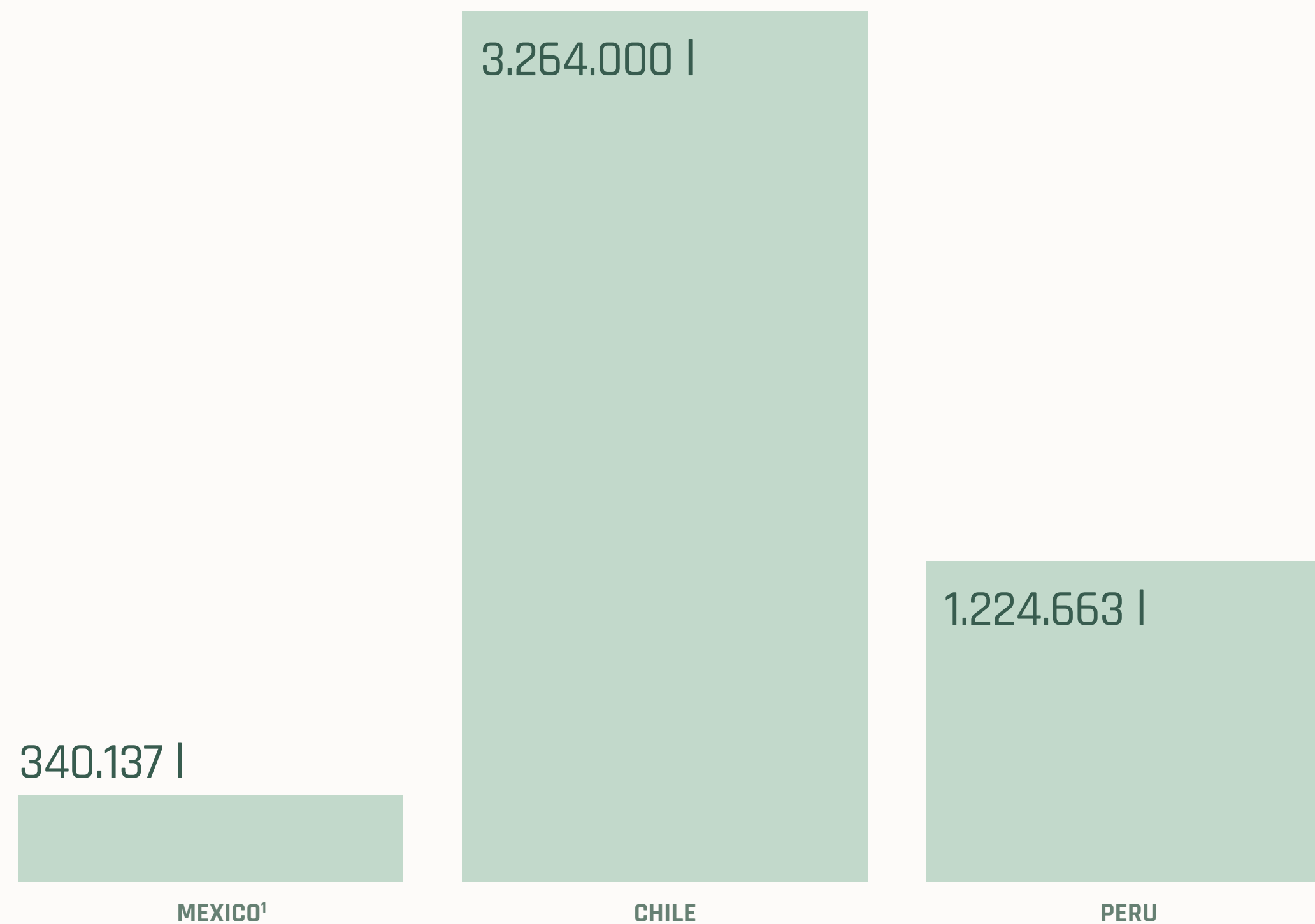
Influence on the purchase decision of consumers interested in products with a lower water footprint.

Metrics and Objectives

GRI 303-5, CG-EC-130

At the time of publication of this report, we have not determined a long-term goal for efficient water use. The following indicators show the monitoring of water consumption in our distribution centers.

TOTAL WATER CONSUMPTION PER YEAR¹



¹ For this indicator, the following scope is considered:

Mexico: A distribution center and Promoda’s points of sale are considered.

Chile: The two distribution centers located in Chile are considered

Peru: The only distribution center located in Peru is considered



Protection of Biodiversity

Governance

We understand that the goods and products we trade are **dependent on natural capital**. We are also aware that our activities carried out in distribution centers, offices and points of sale generate impacts on nature.

However, it is relevant to clarify that, at the time of publication of this report, we have not carried out an analysis of the dependencies and impacts of our business related to natural capital. Accordingly, the information contained in this chapter **represents the initial efforts** we have made to manage this issue. We will work to have a more complete analysis of our exposure to natural capital in all our operations.

Currently, the Sustainability Sub-Director Department, the Legal Department and the Operations Department (through their real estate development functional areas and those responsible for health, safety and environment in distribution centers) collaborate to:

- Identify **applicable environmental regulations**, including those related to natural capital.
- Collaborate with our lessors and managers of distribution centers, offices and points of sale to review **legal compliance** in the matter.

Strategy

Given that we have limited information regarding the risks and opportunities related to the impacts and dependencies of our business related to natural capital, our current strategy is focused on **operating in distribution centers, offices and points of sale** whose renters and administrators that are **committed to comply with applicable environmental regulations**.





Risk and Opportunity Management

The identification and assessment of risks and opportunities related to each material topic was carried out during our 2023 Materiality Analysis, whose methodology can be consulted in the “Double Materiality” section of this document. In this specific case, the analysis did not include facilities outside our operational control; On the other hand, it included data **on consumer preferences** that indicated a **low level of concern about the impact on natural capital of the products we market**.

According to the results of this analysis, the risks and opportunities related to the protection of biodiversity can be categorized with a **low relevance in terms of their potential impact on sustainability and a low relevance in terms of their potential financial impact on our business**, however, we will work to understand in a deeper way the dependencies and impacts of our business in relation to natural capital.

Metrics and Goals

GRI 304-1, 304-2

At Axo we have **9 distribution centers** that are located **5 in the State of Mexico, 1 in Peru, 1 in Uruguay and 2 in Chile**, of which **4 are operated by a third party** and **5 operated by Axo**. None of these distribution centers are within natural protected areas (NPAs) listed by the International Union for Conservation of Nature (IUCN).

On the other hand, in Mexico, where we have a greater operational presence, we are close to **two protected natural areas** listed by the **State Commission of Natural Parks and Fauna of the State of Mexico**. These areas are located 2.06 km and 0.97 km respectively from our distribution centers. The aforementioned distance corresponds to the distance that exists between our distribution center and the nearest limit of the protected natural areas. Our distribution centers are located within industrial parks, and despite the proximity to protected natural areas, our activities do not encroach on these areas. We ensure that all our operations comply with applicable regulations to minimize any direct or indirect impact on biodiversity. This includes the prevention of pollution, the proper management of invasive species, pests and pathogens, and the preservation of ecological processes within their natural range of variation.





Providing Better Options to

Our People



Sustainable Approach to Consumers

Governance

IFRS S1.27

In today's world, consumers are increasingly concerned about the impact of their purchasing decisions on the planet and society, so they demand transparency and products to be aligned with their values. **A sustainable approach to the consumer involves** addressing these concerns through **the integration of environmental, social and governance (ESG) factors into our company's marketing strategy**. In this sense, the Marketing Department in tandem with the Sustainability Sub-director will be working to:

- **Communicate** the social and environmental impact of products, considering their life cycle.
- Create internal and external **responsible consumption** campaigns.
- **Train and raise** awareness among key stakeholders for the responsible production, use and consumption of products.



Strategy

IFRS S1.33, GRI 3-3d

Seeking to reduce the impact of our activities on society, we are working to achieve the development of the following activities in the coming years:

Through these measures, we can offer better and more sustainable products to our customers, while generating benefits for our business and protecting ourselves from potential reputational risks to which we are exposed.

Driver

Actions

Efficient Use of Resources

— We will seek to create synergies with the Marketing, Commercial, Logistics, Demand Planning and Purchasing areas to promote a **greater acquisition of products with sustainable attributes** available by brands and meet the demand for this type of product for the profile of consumers with preferences and interests in sustainability.

— Our purpose is to establish **collaborations** with the most advanced brands in ESG matters to encourage marketing campaigns for **sustainable products** in specific seasons of the year and promote responsible consumption

Reputation and Marketability Improvements

— Through negotiations with our brands, we will strive to ensure that marketing strategies regarding sustainable products are **communicated in a timely manner to the customer** and that the products that are promoted are available.

— We are proud to partner with **leading global brands that adopt sustainability best practices** throughout their supply chain.

International brands

Of our 30 international brands:

77%
have revealed that they implement audits of Tier 1 suppliers

55%
audit Tier 2 suppliers

Licensed brands

80%
are committed to preferred material targets

70%
are undertaking initiatives for responsible cotton procurement



Risk and Opportunity Management

IFRS S1.30, S1.44

The identification and assessment of risks and opportunities related to each material topic was carried out during our 2023 Materiality Analysis, whose methodology can be consulted in the “Double Materiality” section of this document.

According to the results of this analysis, the risks and opportunities related to the sustainable approach to the client can be categorized with a **low relevance in terms of their potential impact on sustainability** and a **high relevance in terms of their potential financial impact on our business**.

The actions described in the “Strategy” section correspond to the management of the following risks and opportunities:

RISKS

Loss of time efficiency to market due to limited digital standardization and decrease in sales due to errors in web pages and applications related to promotions.

OPPORTUNITIES

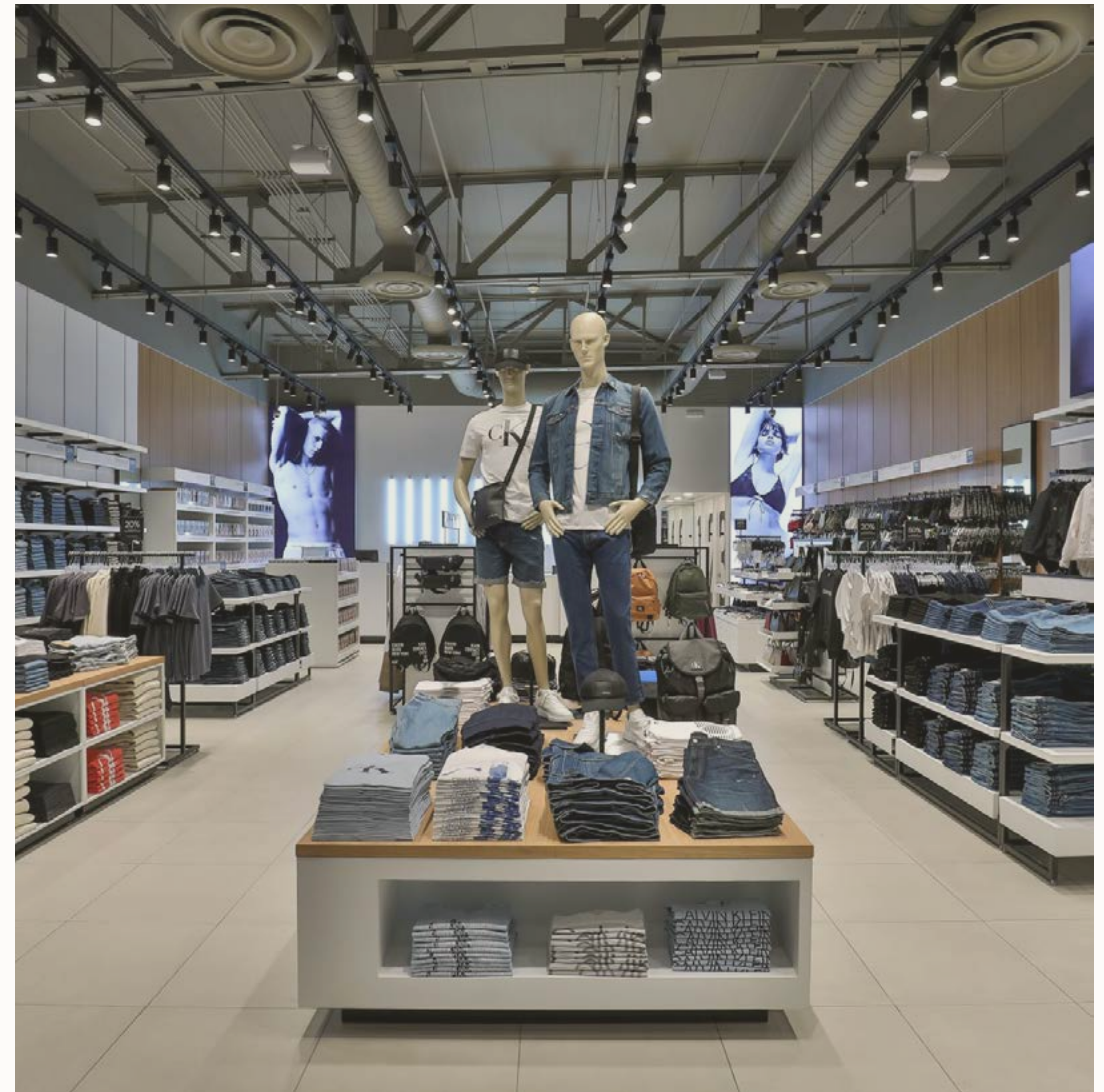
- **Increased sales** from a better understanding of the ESG preferences of customers with sustainability interests and their use in targeted campaigns.
- Increase in sales and **reputational perception** due to synergies and collaborations in sustainability campaigns (leveraging processes of other brands).

Metrics and Targets

IFRS S1.51

Our sustainability goals for sustainable products as part of our sustainable customer outreach strategy include:

- Map products with **certifiable sustainable attributes of 100% of our brands in Mexico by 2027**.
- Generate **awareness and marketing campaigns** for products with certifiable sustainable attributes for **100% of our brands in Mexico by 2033**.





Occupational Health and Safety

Governance

At Axo, we are aware that occupational health and safety goes beyond simply complying with regulations and standards. **For us, it is an ethical and moral responsibility to ensure the protection of all our employees, both direct and indirect, and to ensure a safe working environment.** This involves implementing policies and practices that prevent occupational accidents and diseases, as well as identifying and mitigating potential risks in the workplace.

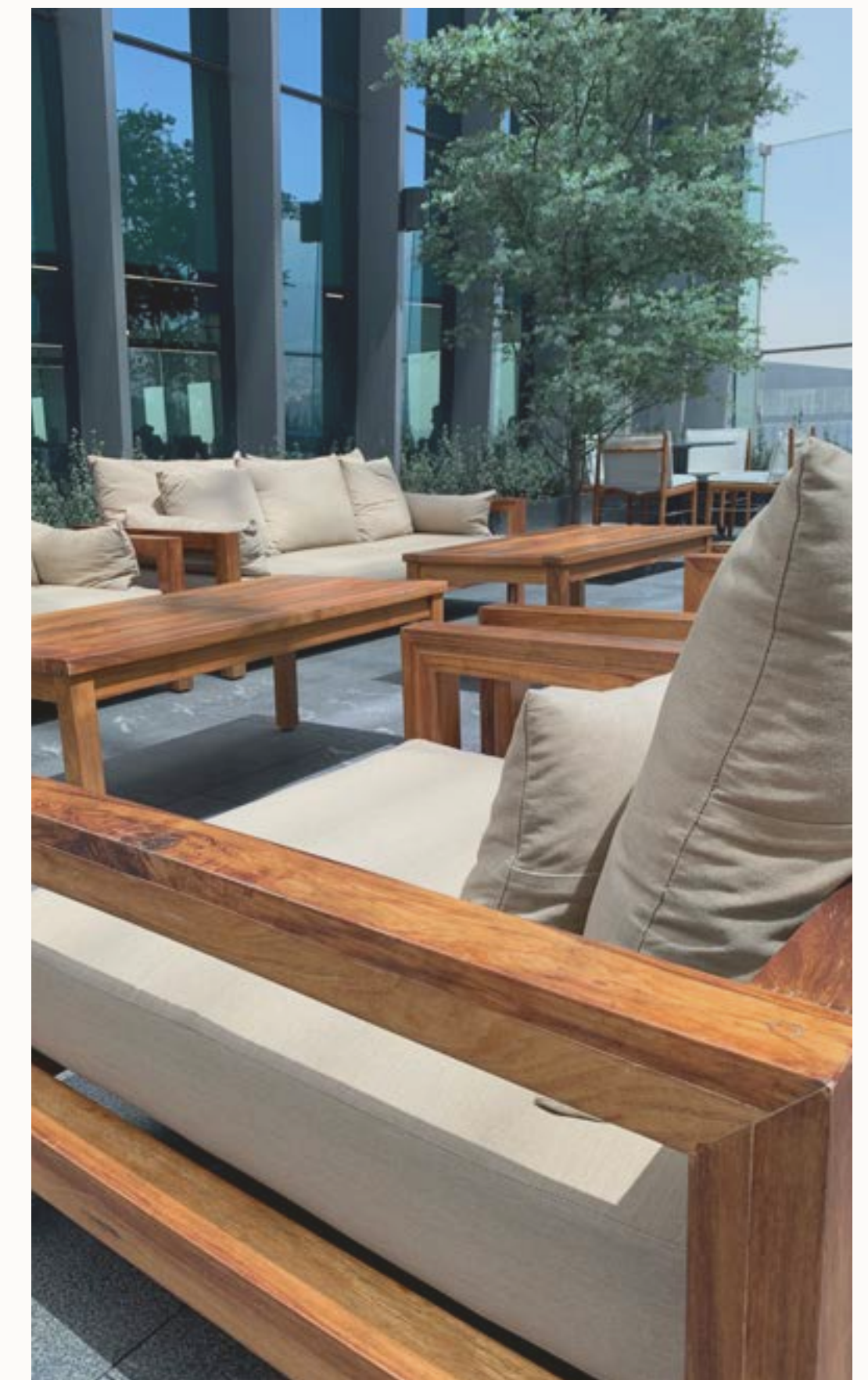
In addition, we consider it crucial that our suppliers meet the same occupational health and safety standards. To achieve this, we select suppliers who share our values and commitment to the safety of their employees. We also establish monitoring mechanisms and regulatory compliance studies in our distribution centers.

Occupational health and safety management is the responsibility of the Human Resources Department, and our Health and Safety team monitors our day-to-day health and safety practices.

Strategy

GRI 3-3d, 403-1, 403-3, 403-10

Understanding that the health and well-being of our staff is a priority, we develop actions with which we seek to reduce the negative impacts that affect our stakeholders, through a responsible use of resources and a greater positive commercial and social impact.





Through these measures, we reinforce our commitment to the well-being and safety of our employees at work while managing the operational and reputational risks to which we may be exposed.

Drivers

Efficient Use of Resources

Actions

— **We maintain up-to-date health and safety protocols with robust management**, which helps us mitigate the risks associated with workplace accidents and possible legal sanctions through occupational health teams in our Off-Price and Full-Price distribution centers and in our Corporate in Mexico City.

— We identify and mitigate the risks associated with work, which in turn minimizes incidents and accidents at work.

— Through our safety protocols, related policies and procedures, **we promote a culture of safety in the organization and suppliers**, which reduces reputational risks arising from unsafe, unhealthy and undignified labor practices.

— According to our code of conduct and internal work regulations, **we maintain processes to prevent injuries and the deterioration of work-related health**, as well as processes to promote the physical and mental health of our staff.

Reputation and Marketability Improvements

— We have established a **Policy for the Prevention of Psychosocial Risks** in which guidelines are defined for the prevention of workplace violence and the promotion of a favorable organizational environment.

— We have a communication strategy through physical and digital means, through which we inform our staff about occupational health and safety issues.

— We have set up a mixed training, coaching and productivity commission that, in tandem with the Training area of our Human Resources department, implements training and development activities in the field of occupational health and safety.

— In our CEDIs and corporate offices in Mexico **we have a specialized medical service, capable of attending emergencies and first aid**. This service covers both our employees and our visitors, suppliers and contractors during their stay at Axo's facilities.

— **We have an online telemedicine platform** with free consultations with psychologists, doctors and nutritionists, available 24/7 for our staff.

— **We implement information and health prevention campaigns** where we have programs for early detection of breast cancer, family planning, prevention of hypertension and diabetes and periodic vaccination campaigns.

Risk and Opportunity Management

The identification and assessment of risks and opportunities related to each material topic was carried out during our 2023 Materiality Analysis, whose methodology can be consulted in the “Double Materiality” section of this document.

Based on the results of this analysis, we have categorized occupational health and safety-related risks and opportunities with **high relevance in terms of their potential impact on sustainability**, but of **low relevance in terms of their financial impact** on our business.

The actions described in the “Strategy” section are focused on the management of the following risks and opportunities:

RISKS

— Labor demands and loss of productivity due to limited institutionalization of occupational safety practices in CEDIs and own points of sale.

OPPORTUNITIES

— Reduction of occupational incidents that could represent a risk to the health and safety of our employees, reinforcing our commitment to ensure that all our employees arrive home safely.

Metrics and Objectives

GRI 403-8, GRI 403-9

Through the following metrics, our commitment to the integrity of our employees is highlighted: reduced rates of workplace accidents and a history **without any deaths related to our operations**.

Description of the Indicator	ID	Mexico	Chile	Peru	Uruguay
Total number of employees	GRI 403-8a.i / GRI 403-8a.ii	8859	1397	398	468
Total number of external contractors working daily at the organization’s sites	GRI 403-8a.i / GRI 403-8a.ii	1219	115	20	0
Total number of employees covered by the health and safety management system	GRI 403-8a.i / GRI 403-8a.ii	8859	1397	398	468
Total number of external contractors covered by the health and safety management system	GRI 403-8a.i / GRI 403-8a.ii	1219	115	20	N/A
Percentage of total employees covered by the health management system	GRI 403-8a.i / GRI 403-8a.ii	100%	100%	100%	100%
Total number of employees who have suffered workplace accidents (not including accidents that have had fatal consequences) in CEDIs	GRI 403-9a.ii / GRI 403-9a.ii	34	7	2	0
Total number of employees who have suffered workplace accidents (not including accidents that have had fatal consequences) in Corporate	GRI 403-9a.ii	0	0	0	0
Total number of employees who have suffered workplace accidents (not including accidents that have had fatal consequences) at Points of Sale	GRI 403-9a.ii	1508	57	0	13
Total number of employees who have suffered workplace accidents (not including accidents that have had fatal consequences)	GRI 403-9a.iii	1542	64	2	0
Rate of occupational accidents by total number of employees	GRI 403-9a.ii / GRI 403-9a.iii	17%	5%	1%	3%
For all employees, the total number of deaths resulting from a workplace injury	GRI 403-9a.i	0	0	0	0
Rate of deaths caused by accidents at work	GRI 403-9a.i	0%	0%	0%	0%



Attracting and Retaining Talent

Governance

Human talent is one of our fundamental strategic assets for the success and sustainable growth of our organization. In the competitive fashion retail sector, it is crucial that we have a strategic approach to attract and retain the best professionals, guaranteeing their long-term permanence.

To achieve this, **we develop an organizational culture that promotes a positive, inclusive work environment that fosters employee growth and development.** This involves providing training and development opportunities, adopting transparent and participatory leadership practices that promote open communication and teamwork, as well as establishing recognition and benefits programs that value and reward talent.

Given the strategic importance of attracting and retaining talent in our business, **the Human Resources Department and the Benefits and Organizational Structure area** closely monitor this issue.

Strategy

GRI 3-3d

Our ability to attract and retain talent allows us to positively impact society through responsible actions that allow us to minimize the risks associated with the adoption and retention of new talent throughout the organization, below, we present actions we have developed and other initiatives that we intend to develop in the long term.

Through these actions that make up our talent attraction and retention strategy, we seek to promote employee satisfaction and retention, attract quality talent and build a positive and attractive image as an employer.





Driver

Actions

Long-Term Talent Retention

— We implement **wellness programs** and continually review employee compensation and benefits to mitigate the risks of short-term employment relationships.

— We have an **internal mobility program** that promotes the professional development of our talent, offering them the opportunity to find new job opportunities within our company, as a sign of our reach in this initiative. **In 2023, we achieved a total of 3,993 internal employee movements** divided as follows: 426 of them were for Corporate personnel, and 3,567 for Operational personnel.

— In April 2023, we migrated our online training platform to Crehana, which we call **Axo College by Creaha**, from which learning paths were launched based on the following business pillars:

- 1 — Diversity and inclusion
- 2 — Agility
- 3 — Customer at the center
- 4 — Omnichannel
- 5 — Change management

Achieving **79% engagement at the Axo level**.

— At Axo, one of our top priorities is to ensure that our talent can balance their family and work lives. For this reason, we understand the importance of offering flexible schedules and hybrid work schemes, as this contributes to increasing the commitment and productivity of our employees. Currently, in the Mexico City corporation, **more than 80% of our employees have a hybrid scheme**. In addition to this, we have periodic integration, sports and cultural activities led by our different business units aimed at our employees and their families.

Reputation and Marketability Improvements

— We seek, in the near future, to communicate positive results in terms of low staff turnover to make Axo a benchmark of a good place to work.

— We implemented a talent development program that we call **Axo Newbies**, which sought to attract talent who had recently graduated to their first work experience within Axo, accompanying them in a close way, allowing them to quickly join the Company.

— The implementation of the **scholarship program at Axo** and the linkage with educational institutions began to be part of the first work experiences of students in the last semesters of different educational institutions.

— **We develop the leadership capabilities of our talent** through programs where we provide training on key operation processes and soft skills to propel them to occupy management positions in our points of sale, an example of this has been our rate of 100% of participants who completed the program promoted to leadership **positions during our Camp Mentors program**.

— We are interested in the opinion and well-being of our employees, for this reason and with the aim of improving the satisfaction and commitment of our employees, in 2022 we conducted a survey where 23 dimensions of satisfaction were evaluated regarding topics such as Recognition, Well-being, Communication, Development and Diversity, where more than 5,000 employees of Points of Sale participated Corporate office and Distribution Centers. Following up on this initiative, in 2023 we held focus groups with key divisions of our business in order to explore action plans that we will develop in the near future. In addition, we implemented quarterly pulses at our points of sale that allowed us to give continuity to the actions implemented and show their results in a short time.

— We have an event where **we recognize the effort and work of our collaborators with a 5-year career at Axo** and we continue to celebrate every five years thereafter, through this initiative we contribute to the improvement of the well-being at work, adaptability and permanence of our staff. In **2023**, a **total of 486 people from corporate, CEDIs and points of sale** were recognized to celebrate their achievements and career at Axo.

Risk and Opportunity Management

The identification and assessment of risks and opportunities related to each material topic was carried out during our 2023 Materiality Analysis, whose methodology can be consulted in the “Double Materiality” section of this document.

According to the results of this analysis, risks and opportunities related to attracting and retaining talent can be categorized with **high relevance in terms of their potential impact on sustainability** and **low relevance in terms of their potential financial impact** on our business.

The actions described in the “Strategy” section correspond to the management of the following risks:

RISKS

— Increase in hiring costs due to high turnover rate due to lack of community relations and with educational institutions.

Metrics and Objectives

GRI 102-7, 102-8, 401-2, 405-1

We strive to guarantee the safety and stability of our talent **by offering perks and benefits that are higher than those stipulated by law in each geographical area where we operate**. The commitment to our people is demonstrated through a high range of features that ensure that Axo remains a desirable place to work:

- Life Insurance
- Health insurance/disability coverage
- Savings Fund
- Food vouchers
- Christmas bonus (aguinaldo)
- Vacation bonus
- Bonus for marriage and/or birth of children
- Bereavement leave (spouse or civil partner)
- Leave of absence for marriage or civil union agreement
- Paternity leave
- Maternity leave
- Leave of absence due to change of address, degree exam, or others
- Leave for surgery for direct family members
- Profit Sharing
- Discounts on products from the brand catalog
- Retirement Plan
- Mental Health and Wellness System

These benefits vary depending on the country where Axo has a presence.

Description of the Indicator	ID	Mexico	
Total number of employees	GRI 102-7a. i	8859	
Number of employees working under an outsourcing scheme	GRI 102-8 d	0	
Description of the Indicator	ID	Men	Women
Total number of employees by gender	GRI 102-8a	4181	4678
Full-time employees	GRI 102-8c	3745	4131
Employees with part-time contracts	GRI 102-8c	436	547
Employees with indefinite contracts	GRI 102-8c	3783	4192
Employees with temporary contracts	GRI 102-8c	398	486
Employees in management positions	GRI 405-1b.i	48.4%	51.6%
Employees in technical positions ¹	GRI 405-1b.i	47.5%	52.5%

1 For technical positions, employees in Distribution Centers (CEDIs) plus employees in Points of Sale are counted.



Equality, Diversity and Inclusion

Governance

GRI 3-3c

We recognize that diversity in all its forms is a source of strength and creativity, enabling us to make more informed decisions and achieve better results.

Similarly, we know that promoting equality means **ensuring that all people are treated fairly**, without discrimination or bias, which is why we seek to create an inclusive work environment where all voices are heard and valued, regardless of their origin, gender identity or expression, race, sexual orientation, disability, or any other condition that may give rise to discrimination.

Due to the importance that this issue has in our organization, the **Human Resources Department** is primarily responsible for managing this material issue. However, the entire company is committed to driving a transformation to an inclusive place.

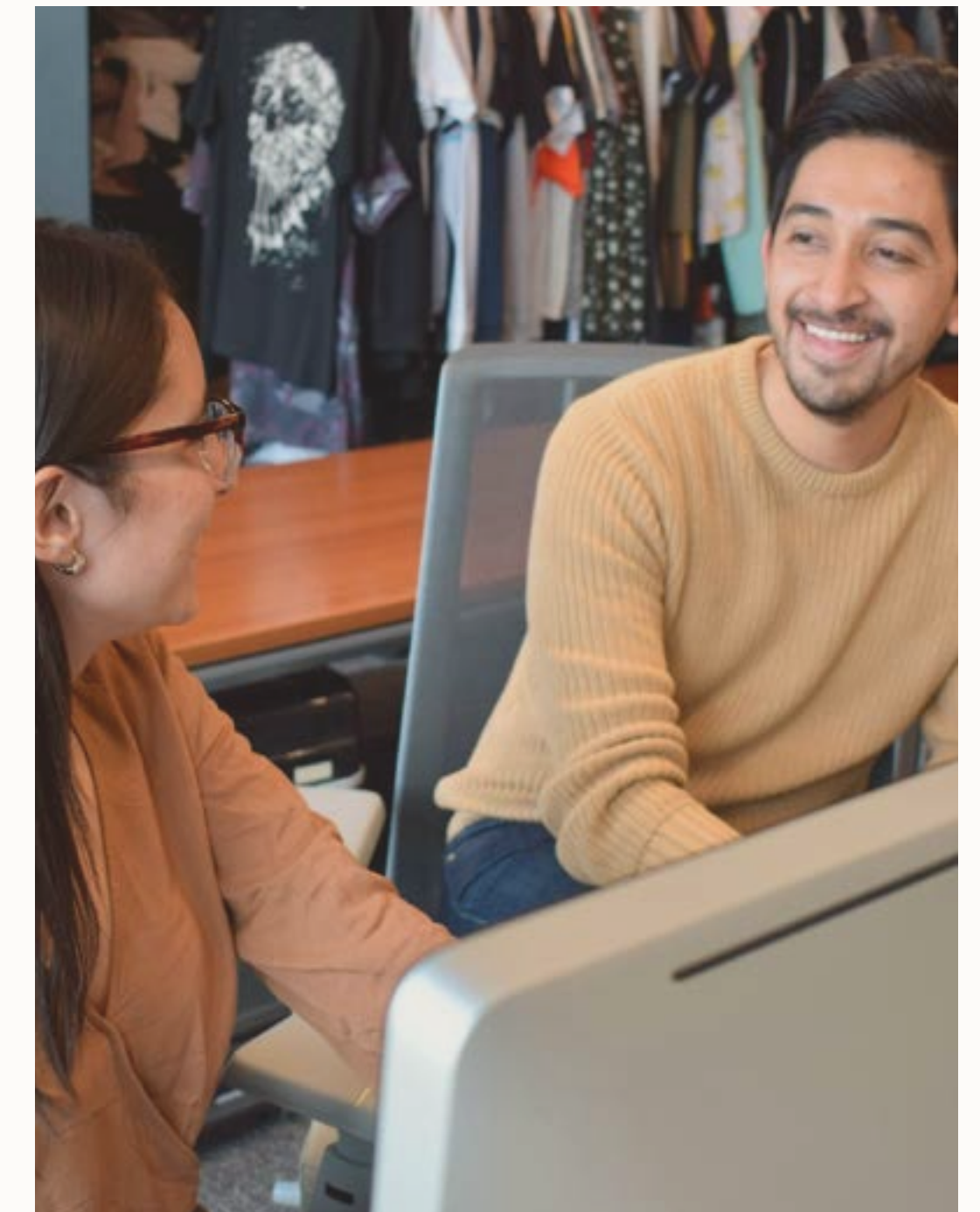
At Axo, with the support of our Diversity, Inclusion, Labor Equity and Non-discrimination policy, we are committed to **promote a safe workspace** for all people, as we firmly believe in equal opportunities for all our employees, and we reject any form of discrimination.

In addition, committed to providing safe and fair work for all our employees, during **2023** Axo was part of the **HRC Equidad Mx labor equity program**.

Strategy

GRI 3-3d

Equality, diversity and inclusion are part of our DNA and are fundamental pillars to build a solid, sustainable organizational culture with opportunities to create a space where our employees want to work. With this in mind, below, we present a series of actions that we have executed and/or are planning to develop, which will help us become a reference for diversity, inclusion and authenticity.





Diversity, equity and inclusion are part of our legacy as Axo, which is why our sustainability strategy promotes these values in the workplace, contributes to equal employment opportunities and makes our company a benchmark for social inclusion.

Driver	Actions		
Efficient Use of Resources	<ul style="list-style-type: none">— We implement equality, diversity, and inclusion programs that are often used as tools to increase employee retention	<ul style="list-style-type: none">— We strive for equal working conditions and compensation for employees in the same category, which helps us mitigate the risks of internal conflict and litigation.	<ul style="list-style-type: none">— We promote pay equality by monitoring and tracking the average relationship between the base salary and the remuneration of women and men with the support of periodic studies of wage gaps.
Reputation and Marketability Improvements	<ul style="list-style-type: none">— We collaborate with brands that promote diversity in their communications and campaigns, including people of different backgrounds, ethnicities, genders, ages and skills in the images and videos used in the campaigns, seeking that our consumers feel identified and represented.— Through an active promotion of equal benefits and opportunities with partners and customers, we enrich the workforce, generate a diversity of thought and promote competitiveness and business success.	<ul style="list-style-type: none">— We have volunteer activities, initiatives and programmes that are linked to the social investment or social responsibility programme. Our Tailored Help program launched in 2012, joins forces with our different stakeholders for a common cause: to help. Our customers, brands, and collaborators support a specific annual cause by contributing with donations on each of their purchases at our points of sale. Once the goal for the cause is reached, Axo supports by doubling the amount raised. These are some of the causes that we have supported in the past years:<ul style="list-style-type: none">— In 2017, fundraising and our volunteer program resulted in the construction of 42 houses for people in extreme poverty through the “Fundación Construyendo” (www.construyendo.org)— In 2021, through the “Casa de la Amistad Foundation”, cancer treatment was provided to 20 children as a result of the fundraising and matching fund granted by Axo. (www.casadelaamistad.org.mx)— In 2022, the funds raised supported the Mitz Foundation that generates a positive impact on women and the planet through employment and training, creating handmade items with reusable materials. (www.mitz.org.mx)— In 2023, we support Fundación Ayuda y Solidaridad con las Niñas de la Calle, I.A.P. a non-profit association dedicated to providing care and an environment of affection to more than 80 girls, adolescents and young women in situations of abandonment and social risk through home-home, health, training and legal advice programs. (www.ayuda.org.mx) (2023). <p>Through these initiatives, in 2023 our collaborators, clients and partners have shown their social commitment, reaching a donation of 4.3 million pesos. This amount includes donations at points of sale, as well as contributions from our brands and Axo’s matching fund.</p>	



Risk and Opportunity Management

The identification and assessment of risks and opportunities related to each material topic was carried out during our 2023 Materiality Analysis, whose methodology can be consulted in the “Double Materiality” section of this document.

According to the results of this analysis, risks and opportunities related to Diversity, Equity and Inclusion can be categorized with a **low relevance in terms of their potential impact on sustainability** and a **low relevance in terms of their potential financial impact** on our business.

Metrics and Objectives

GRI 405-2, 406-1

One of our greatest achievements in equity, diversity and inclusion is that, at the time of publication of this report, our workforce is composed of **55% women and 45% men**. Likewise, in addition to our commitment to equity, we were certified as **one of the best companies to work for the LGBTTIQ+ community 2024 by the Human Rights Campaign**.

Similarly, the **wage gap indicator between men and women** on average in all the countries where we operate is approximately **5%**. To counteract this pay gap, we have a single compensation tabulator regardless of the employee’s gender.

We know that a key indicator for evaluating our commitment to DEI is the percentage of gender representation, especially in leadership roles. In 2023, we have achieved significant progress in this area, as reflected in the following data:

41%
women in executive positions¹

51%
women in management positions²

15%
women on the Board of Directors

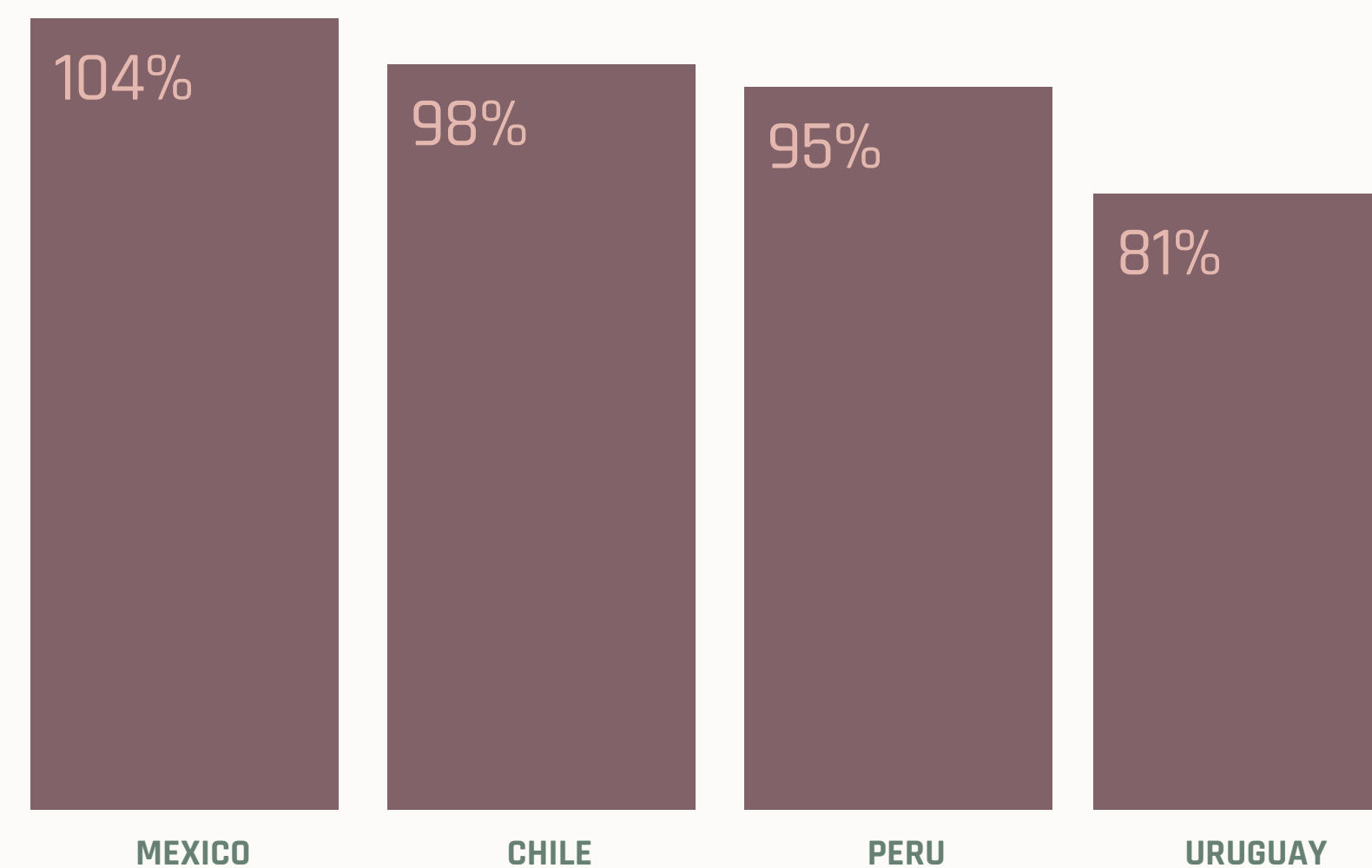
These figures highlight our progress and our ongoing commitment to improving gender representation in leadership roles. Our mission is to ensure that our efforts in DEI benefit everyone who collaborates with us, creating an inclusive environment where talent and competencies are the main criteria for success.

1. Executive positions include Director and Vice President levels in the four countries where we operate (Mexico, Chile, Peru, and Uruguay).

2. Management positions include Manager, General Manager, Subdirector, and Area Manager levels in the four countries where we operate (Mexico, Chile, Peru, and Uruguay).

RATIO OF BASIC SALARY TO REMUNERATION OF WOMEN TO MEN FOR EACH CATEGORY OF EMPLOYEES, BY COUNTRY

By Country



We are a diverse company that appreciates the authenticity of each employee, so we provide them with a safe space to work, which is reflected in zero incidents of discrimination throughout the company during 2023.



Human Rights

Governance

GRI 2-23, 2-24, 408-1

Human rights are fundamental to sustainable development and corporate social responsibility. That's why at Axo we know the importance of respecting and protecting human rights in all of its business activities, from the production and procurement of products to sales and customer service. This means prohibiting forced and child labor, promoting fair and safe working conditions, and respecting freedom of association and the right to collective bargaining. We also adhere to the Human Rights policies of the brands we represent and distribute.

In addition, we are committed to preventing and addressing any form of discrimination, violence, or human rights violations in all our operations. This includes the promotion of diversity and inclusion, respect for gender equality and occupational safety and health.

This issue is supervised by our **Human Resources Department**, together with the **Supply Chain and Sustainability Department**, who ensure compliance with the main international human rights standards and frameworks.

These actions are in line with our commitment as a member of the **United Nations Global Compact**, with the **Universal Declaration of Human Rights** and the **International Labour Organization's Declaration** on Fundamental Rights at Work, as well as with applicable laws.

We understand that **Human Rights Due Diligence** is a process that must be integrated as part of our operations. This process considers the context of our company, so that it allows us to **identify actual and potential human rights impacts**, also helping us to develop prevention or mitigation measures in case there are potential impacts, or to take remedial measures in case of actual impacts.

For this reason, between 2023 and 2024, in accordance with OECD recommendations, we carried out a Due Diligence process in order to assess human rights risks and thus **identify, prevent and mitigate risks** in our direct operations and supply chain.

Based on the identification and prioritization of risks, an action plan was designed for those with the greatest impact on human rights, focused on **reducing the probability of risks occurring** and their impact if they materialize. Similarly, this exercise seeks to ensure that Axo can comply with international standards in responsible business conduct.

The Due Diligence process has taken the following standards as a reference:

- United Nations Guiding Principles on Business and Human Rights
- Concept notes on due diligence issued by the United Nations Working Group on Business and Human Rights in 2018
- OECD Due Diligence Guidance for Responsible Business Conduct
- OECD Guidelines for Multinational Enterprises

IDENTIFICATION OF HUMAN RIGHTS RISKS

To identify human rights risks, bibliographic sources associated with the textile sector were consulted, so that a **benchmark** of other companies in the sector was carried out. In addition, our 2022 Annual Report and corporate policies were reviewed to learn about management processes.

RISK ASSESSMENT AND PRIORITIZATION

Five evaluation workshops were held in which the **areas related to the management of the identified risks** participated, to receive feedback and suggestions for adjustments. The areas that were summoned for are **Human Resources, Supply Chain, Sustainability, Auditing, Legal, Consumer/Customer Service, Marketing, CRM, IT/Cybersecurity and Construction**.

During the workshops, the evaluation methodology was explained so that each area could evaluate, for each risk that corresponded to it, the probability of occurrence and its potential impact. Each area also had to include the associated controls for risk management.

The evaluation resulted in the following classification of risks, according to the level of criticality:

Classification of risks by criticality



The risk assessment allows Axo’s existing controls to be assessed and improved to ensure their effectiveness against human rights risks, both those present in the company’s own operations and in the supply chain.

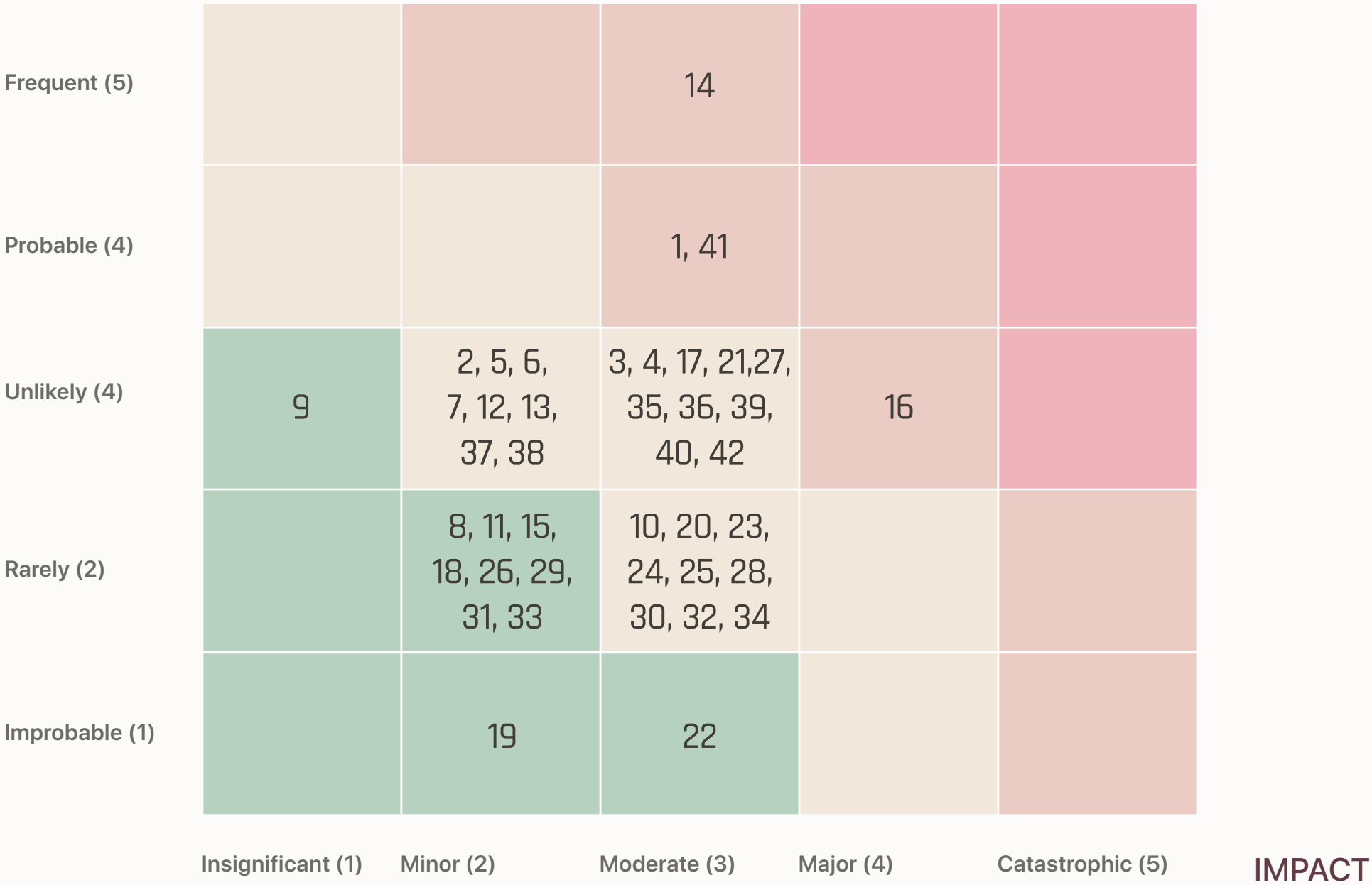
Below are the prioritized risks, which will reinforce the controls already implemented by the company:

- R1.** Abuse of employees’ working conditions due to extended working hours
- R14.** Effects on buyers due to shortcomings in the quality of the products marketed by the company
- R16.** Customer data leak
- R20.** Child labour in the supply chain
- R21.** Forced labour in the supply chain
- R23.** Acts of discrimination and/or harassment at work in the supply chain
- R24.** Acts of sexual harassment and/or violence in the supply chain
- R30.** Infringement of the right to work in decent and fair conditions due to unauthorized subcontracting
- R41.** Air pollution in the product distribution process

All risks are represented graphically on a heat map, depending on the degree of probability and impact that occurs in the event of their materialization.

Heatmap

PROBABILITY



Based on the risk assessment, four high-level risks were prioritized: R1, R14, R16 and R41. The R20, R21, R23, R24 and R30 risks were not considered by the areas as critical for Axo. However, in the analysis, risks with low tolerance due to their criticality for the industry are considered, so they are included in the action plan.



From the identification and prioritization of risks, we develop a solid **action plan** to **reduce the probability of occurrence and the impact** of risks if they materialize. This action plan is based on **international standards** of responsible business conduct, including the United Nations Guiding Principles on Business and Human Rights, the OECD Due Diligence Guidelines and Guidelines for Multinational Enterprises.

In addition to having a risk identification and control procedure, Axo incorporates **responsible business conduct** into its policies and management systems through the following internal regulations:

- Diversity, Inclusion and Non-Discrimination Policy
- Psychosocial Risk Prevention Policy
- Internal Work Regulations
- Personal Data Management Policy
- Personal Data Classification Policy
- Privacy Incident Management Policy
- ARCO Rights Attention Policy, Limitation and Portability
- Privacy Notice Management Policy
- Ongoing Privacy Compliance Monitoring Policy
- Personal Data Transfer and Remittance Policy
- Privacy Policy by Design
- Policy for Attention to Doubts and Complaints from Account Holders
- Code of Ethics



Strategy

GRI 2-24

Our commitment to the fulfillment of Human Rights is a priority, since we value the well-being of our staff above all things. For this reason, we implement various actions to ensure that Human Rights are accessible to all at all times, as they are classified below:

Ensuring that suppliers are in strict compliance with all labor practices and human rights laws and regulations can prevent supply chain disruptions.

Drivers

Efficient Use of Resources

Actions

— Between 2023 and 2024, we conducted an **internal due diligence process**, where human rights risks were assessed and an action plan was developed that includes management measures to minimize the likelihood of the most critical risks materializing. This helps us avoid costs associated with compensating affected parties, lawsuits, fines, or implementing corrective action.

— We mitigate risks of penalties or payment of compensation by ensuring compliance with applicable human rights-related laws and regulations in our organization.

Reputation and Marketability Improvements

— We are working to establish an **ESG supplier evaluation plan** that includes compliance with Human Rights.

— We are developing a Human Rights Policy aligned with the results of the due diligence process that applies to our operations and our supply chain.

— Our **Hotline** has the necessary processes in place to **receive, address, and follow up on complaints** of workplace harassment, discrimination, threats, misbehavior, abuse of power, and other violations of our Code of Ethics. The Audit Committee oversees this whistleblowing system to ensure compliance and thus reinforcing our commitment to the protection of human rights.



Risk and Opportunity Management

We have **three areas of supervision** and responsibility for the issue of Human Rights: the first is linked to labor issues and is managed by the **Human Resources Department**; the second, linked to customer relations and commercial management, is managed by the **Commercial Department**; finally, the third is managed by the **Finance Department** and affects issues related to investments.

The identification and assessment of risks and opportunities related to each material topic was carried out during our 2023 Materiality Analysis, whose methodology can be consulted in the “Double Materiality” section of this document.

According to the results of this analysis, human rights-related risks and opportunities can be categorized with **low relevance in terms of their potential impact on sustainability and low relevance in terms of their potential financial impact** on our business.





Collaborating Towards a

Responsible Value Chain



Supply Chain Management

Governance

IFRS S1.27, S1.44 GRI 3-3c

Supply chain management plays a critical role in the success and sustainability of a fashion retail company like Axo. **The supply chain is articulated for each of the brands** and operated centrally through its Shared Services Center by our logistics team, achieving synergies through the consolidation of containers and scheduling sea, air and land transportation for all brands.

Through sustainable supply chain management, we seek to **provide product alternatives with sustainable attributes to customers**. Our vision for the future is, to the extent that our alliances with brands allow us to do so, to offer products with sustainable attributes that differentiate us in the market, attract conscious consumers and contribute to the construction of a more sustainable future.

To follow up on this issue, we have established a series of policies that reflect our commitment to responsibility in sourcing and purchasing. These policies include:

General Sourcing Policy

This policy helps us ensure a responsible relationship with our suppliers, ensuring that they comply with ethical and legal standards in all their operations.

Emergency Purchasing Policy

In emergency situations, we have a specific policy that allows us to make quick and responsible decisions to supply our needs, while maintaining integrity and transparency in the process.

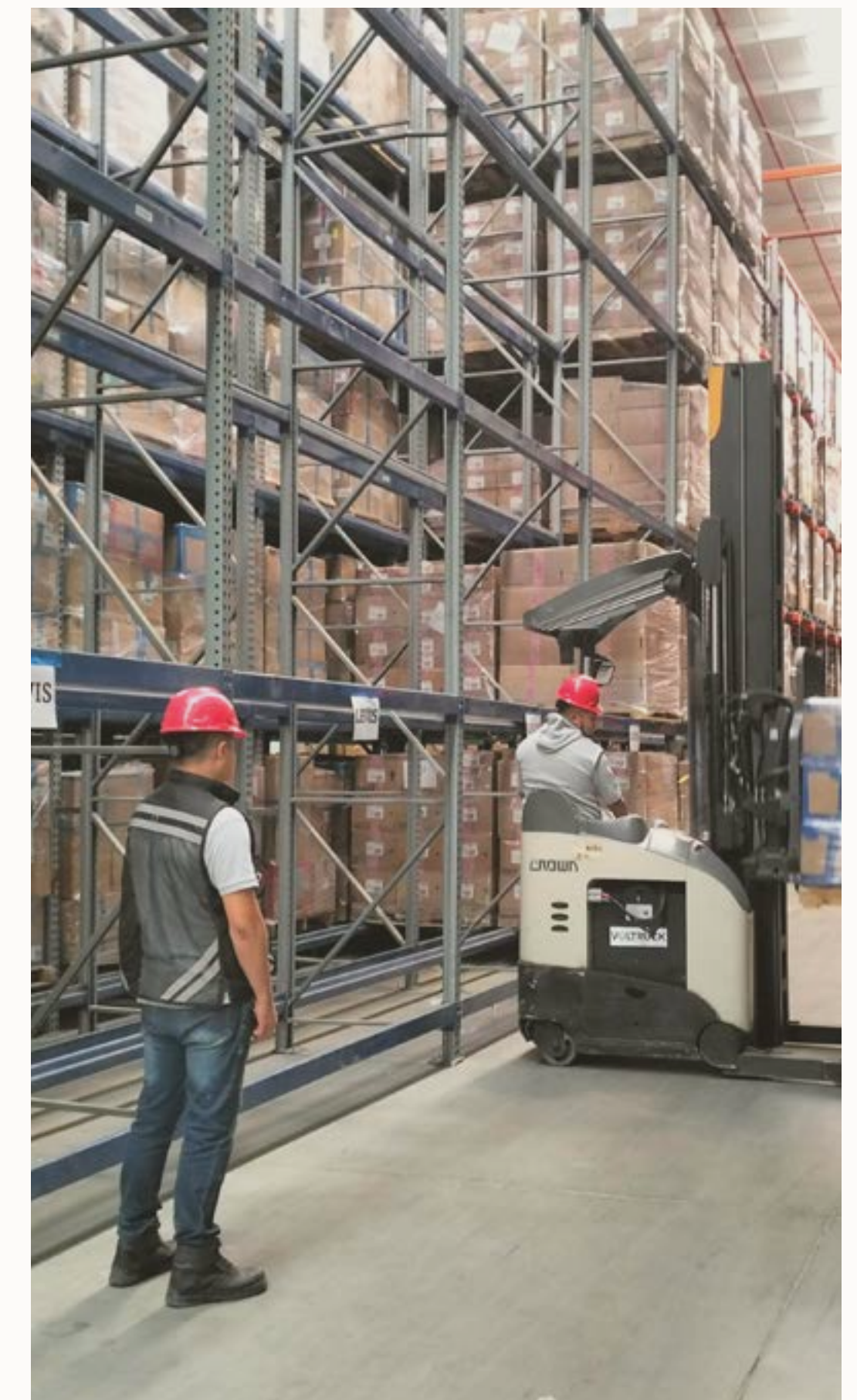
Anti-Bribery policy

At Axo, we reject any form of corruption and have a clear policy that establishes guidelines to prevent and combat these practices in our operations and business relationships.

Conflict of Interest Policy

To ensure transparency and avoid any conflict of interest, we have established a policy that requires our employees and managers to act ethically and avoid any situation that could compromise our integrity.

In addition, **we are developing our Human Rights Policy**, which focuses on rejecting forced labor of any kind, monitoring good governance, social and environmental management practices by our suppliers, and sensitizing them to adopt our policies and guidelines to avoid any violation of human rights in their activities.





Strategy

GRI 3-3d

In order to improve supply chain management and mitigate the social and environmental impact that our operations may represent, while addressing the risks and opportunities present, we are working to establish a series of actions that will help us improve our management in the supply chain:

Through the actions described above, we seek to optimize the supply chain, meet customer needs, ensure ethical, sustainable and transparent management of suppliers and protect Axo's reputation.

Drivers

Efficient Use of Resources

Reputation and Marketability Improvements

Actions

— We are working to **boost the range of products with sustainable attributes** that our partners and/or suppliers can provide us with.

— We carried out a Human Rights due diligence process and will implement an action plan based on the results in the next few years.

— We are working on defining a criterion that will help us categorize our suppliers as **"Critical"** and evaluate them internally in ESG matters.

— We are devising a **sustainable purchasing plan** for our most critical suppliers in our supply chain.

— We have policies and guidelines, such as our Anti-bribery Policy, General Sourcing Policy, Emergency Purchasing Policy and Conflict of Interest Policy, which help us **mitigate regulatory, financial and reputational risks** arising from bad practices by our suppliers

— We are working on a **specific Code of Conduct for our relationship with suppliers**, which includes human rights, labor standards, and anti-corruption issues.



Risk and Opportunity Management

IFRS S1.30, S1.32

The identification and assessment of risks and opportunities related to each material topic was carried out during our 2023 Materiality Analysis, whose methodology can be consulted in the “Double Materiality” section of this document.

According to the results of such analysis, risks and opportunities related to supply chain management can be categorized with **high relevance in terms of their potential impact on sustainability** and **high relevance in terms of their potential financial impact** on our business.

The actions described in the “Strategy” section correspond to the management of the following risks and opportunities:

RISKS

- Decrease in sales due to reputational deterioration of the brands marketed by Axo or of its own brands due to unethical behavior of suppliers or employees.
- Increased costs or delay in the delivery of products due to sanctions to suppliers who fail to comply with environmental, social or governance laws.

OPPORTUNITIES

- **Reduction of the carbon footprint** through the selection of suppliers for the construction and maintenance of points of sale that seek ESG issues.
- **Reduction of legal and operational costs** from the monitoring of legal and ESG compliance of suppliers through the use of digital tools.





Metrics and Objectives

GRI 102-9, IFRS S1.50

We have set the goal of **creating an ESG risk assessment program for critical suppliers by 2025**.

This program will be divided into the following four phases:

1

DEFINE CRITICAL SUPPLIERS

We will work on defining parameters that will allow us to define the “critical” suppliers of our supply chain, and thus select a representative number of suppliers to whom we will send the ESG questionnaire, on the other hand, we will document the selection process and the list of critical suppliers, and communicate it to the relevant stakeholders within our organization. This will ensure that everyone involved is aligned with and understands the importance of these suppliers to our supply chain.

2

DESIGN THE ESG QUESTIONNAIRE

At this stage, we will develop a questionnaire that will allow us to obtain relevant information about the sustainability practices and policies of our suppliers. Our plan is to test the questionnaire with a small group of suppliers to ensure that the questions are relevant and effective.

3

DISTRIBUTE THE QUESTIONNAIRE AND IDENTIFY RISKS

Once we have a selection of questions that allow us to gather relevant information to identify risks in our supply chain, we will distribute it to our critical suppliers and process their responses. In this phase, we will evaluate responses to identify potential ESG risks.

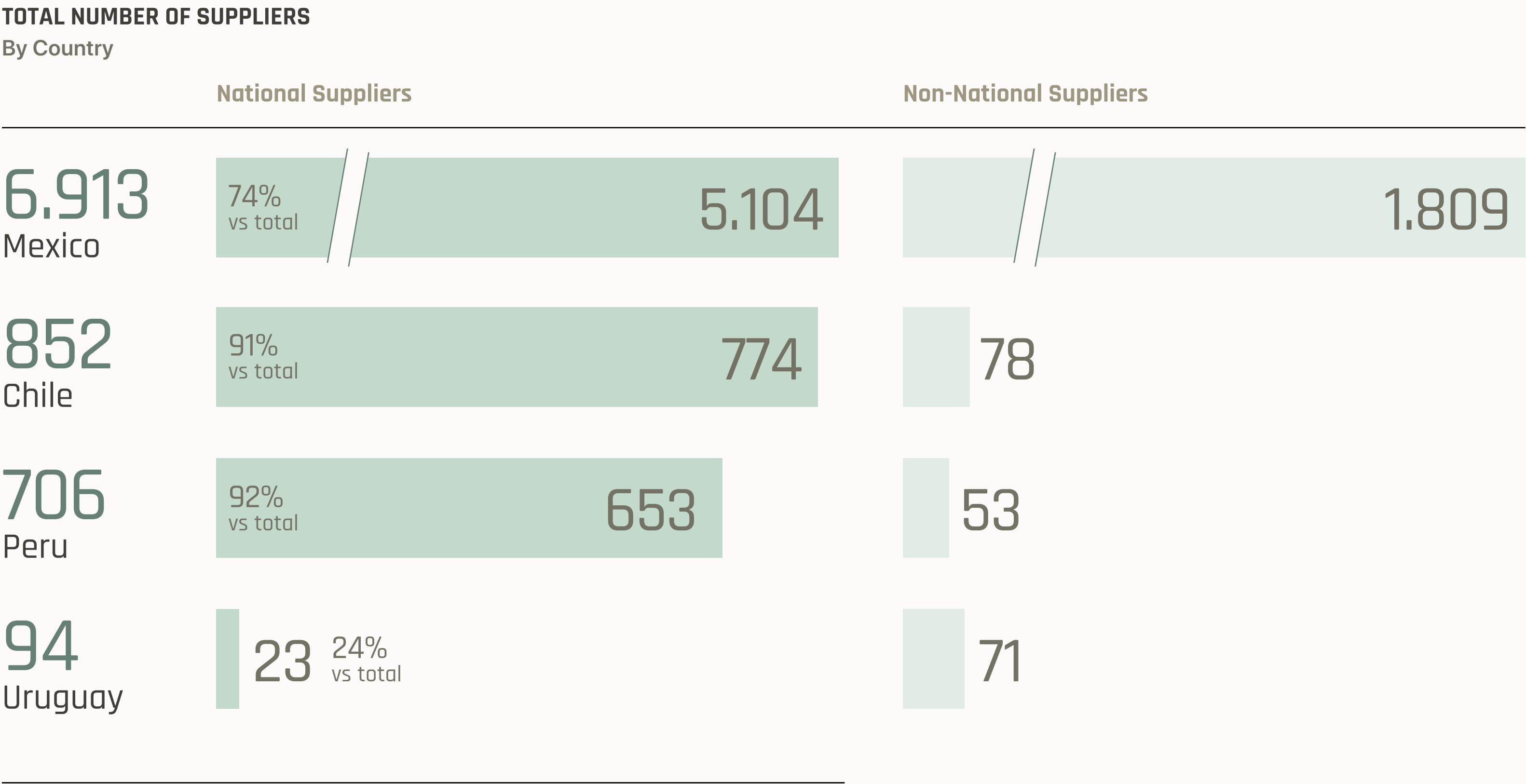
4

DEVELOP CORRECTIVE PLANS FOR SUPPLIERS WITH HIGH ESG RISK

In this last stage, we will work with suppliers that have been identified as high ESG risk to develop and implement corrective plans. The goal is to mitigate risks and improve our sustainability practices in conjunction with our suppliers.

Our vision is that this assessment plan becomes part of our strategy for sustainable supply chain management and that we maintain a follow-up and monitoring of corrective plans to ensure the effectiveness of the ESG assessment.

On the other hand, we have identified the number of national and non-national suppliers according to each geographical area where we operate.





Corporate Governance

Governance

IFRS S1.27, GRI 3-3 c

To ensure transparency, accountability and responsible decision-making at Axo, having strong corporate governance is essential, as it **allows the establishment of the foundations** for efficient and ethical management, as well as for meeting the expectations of shareholders, employees, customers and other stakeholders.

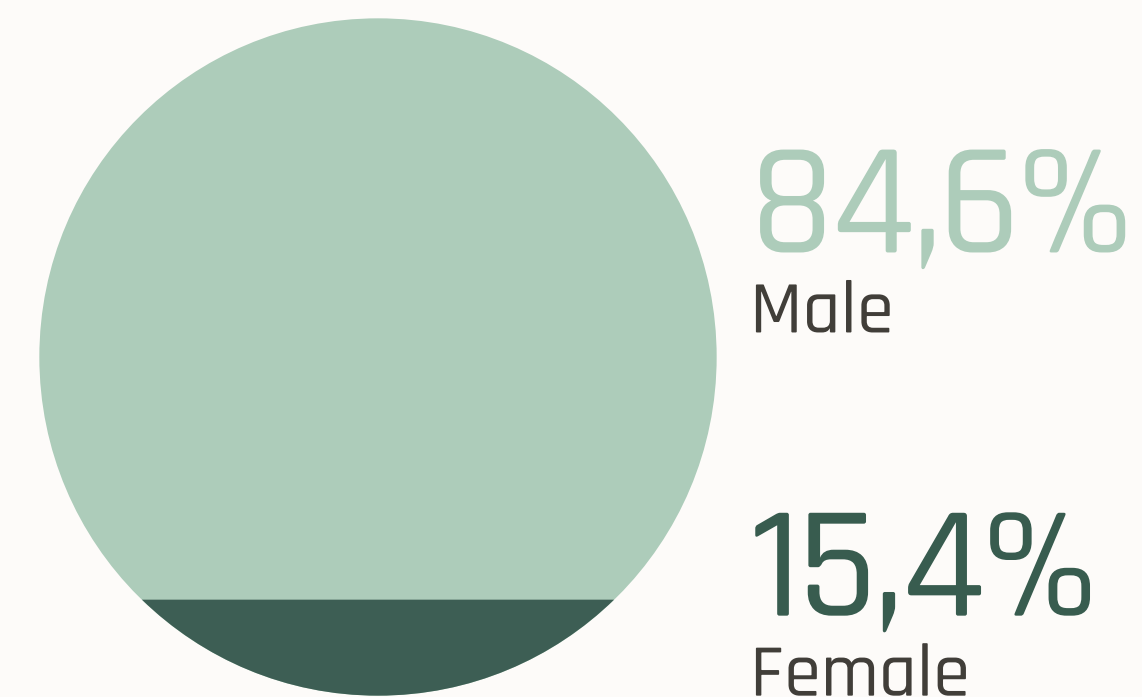
At Axo, we have a Board of 13 members, including the president. Of these, 2 are directors related to the Administration, 7 are equity directors and 4 are independent directors. Our Board, made up of **11 men and 2 women**, has an **average experience of 29 years in total**, of which they have served at Axo for 11 years. These members are committed to creating an environment of trust, transparency and accountability.

13 members

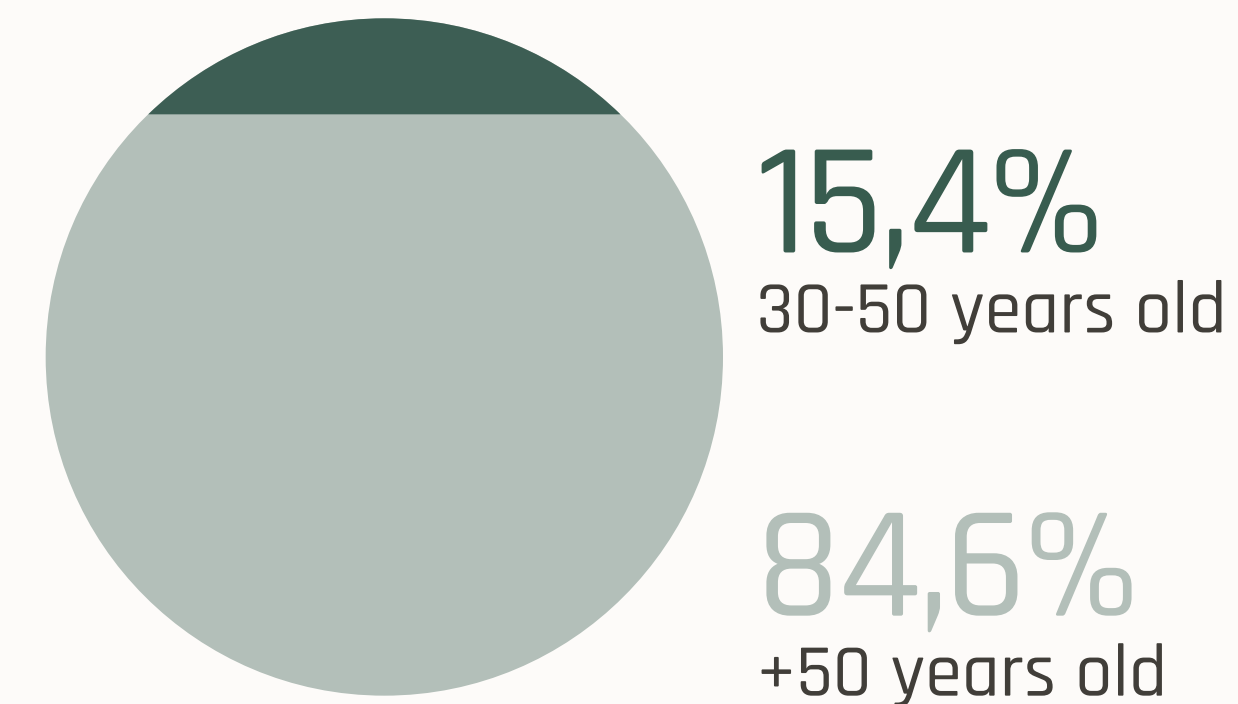
7%
Executive

30,7%
Independent

DISTRIBUTION BY GENDER

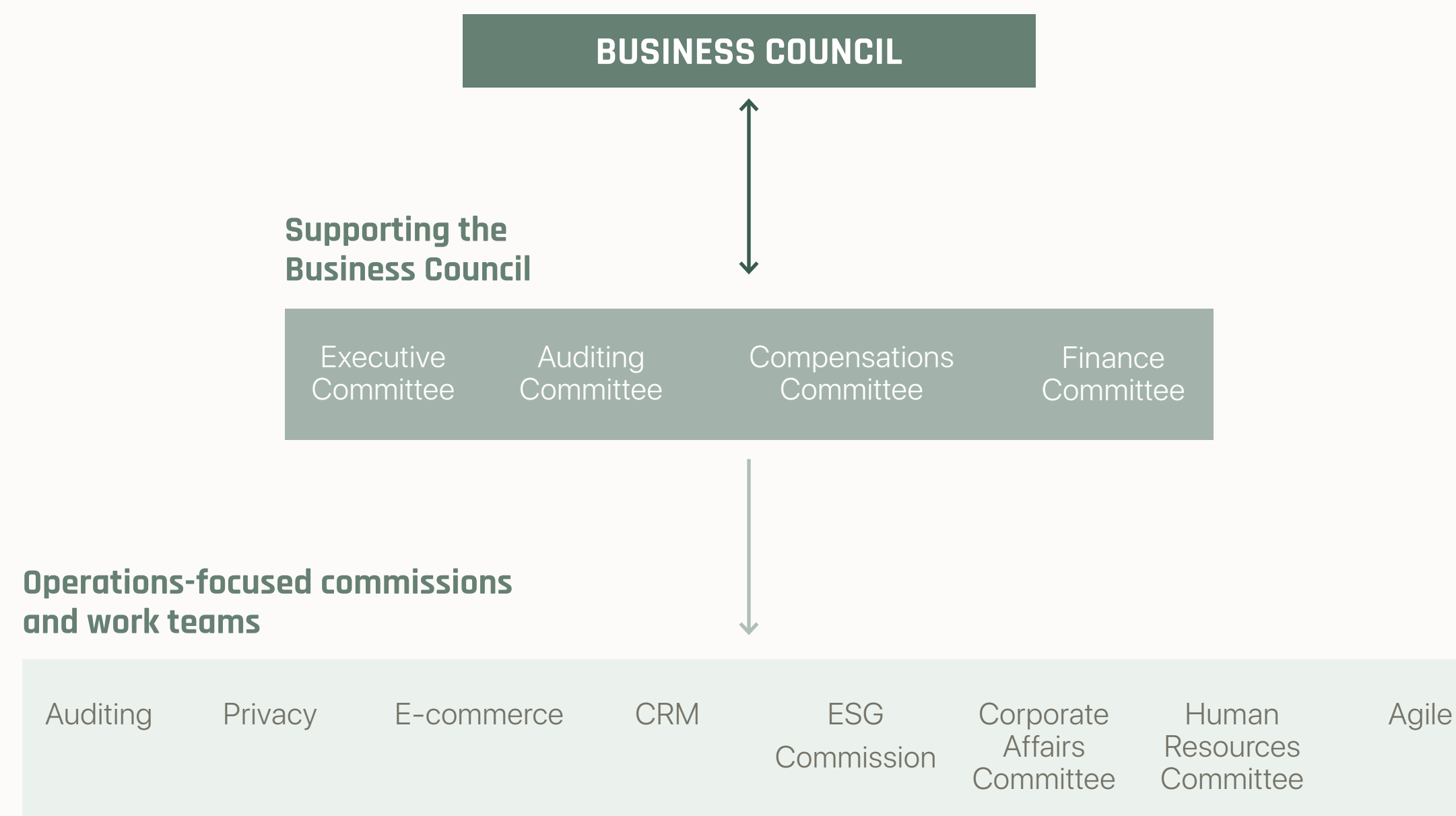


DISTRIBUTION BY AGE GROUP





The corporate organization has the following hierarchical structure:



In order for our committees, management, and specialists to be able to fulfill their functions, we have a series of **guidelines and policies** that help us control the processes in our organization:

- General Corporate Governance Guidelines
- Investor Relations Guidelines
- Conflict of Interest Policy
- Anti-bribery policy
- Policy for the Prevention and Identification of Operations with Resources of Illicit Origin
- Diversity, inclusion, labor equity and non-discrimination policy
- Information Security Policies
- Code of Ethics
- Manual of Conduct

In addition, we are currently developing sustainability, environmental and social responsibility policies.

An important part of the good management of corporate governance is carried out by our **Finance Department**, which oversees the elements of the calculation of variable compensation at Axo. In addition, senior management collaborates for the approval of necessary modifications to our procedures and policies, in order to hold key executives accountable to meet the company's ESG needs.

Additionally, at Axo we have an **ESG Committee made up of VPs, executives and managers** of strategic areas on a monthly basis in order to review sustainability issues, which include human rights, the environment, anti-corruption and labor standards.



Strategy

IFRS S1.32, S1.33, GRI 2-14, 3-3d

By having a consolidated corporate governance, consistent with our operations and with a vision towards the well-being of our people, a reduction in environmental impact and greater responsibility with stakeholders, we managed to establish actions that allow us to remain leaders in the sector, categorized as described below.

The implementation of these actions is part of our corporate governance strategy, which seeks to promote sustainability, profitability and trust in the company, while reducing risks and taking advantage of opportunities for long-term sustainable and financial growth.

Drivers

Efficient Use of Resources

Reputation and Marketability Improvements

Actions

— We will strive to include **parameters** that link **variable executive compensation** to **ESG performance**.

— We will work to establish an **ESG risk oversight committee** over timeframes, so that they become a competitive advantage.

— We are **committed to developing policies** about the composition, compensation, and governance mechanisms of our executive team, including policies to promote diversity within Axo's executive leadership.

— We guarantee the use of **timely payment policies** in our suppliers.

— We have designated roles and responsibilities for the management of sustainability and responsibility among the different areas of our business, an example of this is our **ESG Committee** made up of a cross-functional team with an operational focus and that has access to the information necessary for decision-making and involves senior management among its members.



Risk and Opportunity Management

IFRS S1.30

The identification and assessment of risks and opportunities related to each material topic was carried out during our 2023 Materiality Analysis, whose methodology can be consulted in the “Double Materiality” section of this document.

According to the results of this analysis, risks and opportunities related to corporate governance can be categorized with **high relevance in terms of their potential impact on sustainability** and **high relevance in terms of their potential financial impact** on our business.

The actions described in the “Strategy” section correspond to the management of the following risks and opportunities:

RISKS

Increase in the cost of debt due to the lack of inclusion of ESG projects in debt issuances.

OPPORTUNITIES

Increased ESG performance through the inclusion of ESG indicators in executive compensation criteria.

Metrics and Objectives

IFRS S1.51

The goals set for better corporate governance include the **integration of ESG criteria into the variable compensation assessment parameters by 2027**, in order to incentivize key positions at Axo to opt for sustainable options in all elements of our value chain. Similarly, we have the objective of modifying 5 main policies by 2026, with the aim of establishing the governance criteria at Axo to implement new initiatives in terms of sustainability.

Each of the proposed modifications to policies or procedures is supported by our sustainability strategy, so that we ensure a successful transition:

General Supply Policy: seeks to include environmental factors in the contracting of services or products to reduce scope 1 and 2 emissions at Axo.

Responsible Marketing Policy: seeks to specify a procedure to ensure compliance with the conditions for contracting sustainable services during marketing campaigns.

Risk Matrix Generation Procedure: To ensure the construction of a comprehensive risk matrix, ESG risks are expressly considered.

Annual Bonus Calculation: Some KPIs can be added to the operations shared services areas to include **decarbonization** targets at Axo.

Bidding and Service Tenders Policy: The ESG practices and sustainable product portfolio of suppliers must be taken into account during the technical analysis of their proposal.



Cybersecurity

Governance

GRI 3-3 c, SASB CG-EC-220

In an increasingly interconnected world, where cyberattacks are becoming more sophisticated and frequent and the consequences of a security breach can be devastating for the operation, reputation and financial stability of the company, it is essential for us to **implement a solid** cybersecurity structure to protect the integrity, confidentiality and availability of information, thus ensuring the safeguarding of the data of our clients and collaborators.

In addition, in an increasingly rigorous regulatory context regarding the protection of personal data, we are faced with a growing **responsibility** to ensure information security.

Committed to the security of our data, having a good cybersecurity structure at Axo involves the implementation of **measures and controls** to prevent, detect and respond effectively to security incidents. This includes the use of advanced technologies, such as **firewalls** and **intrusion detection systems**, as well as **training employees in secure practices**.

To ensure that the organization has good prevention against cyberattacks, our **IT Vice President** is responsible for overseeing the issue. He is also responsible for conducting periodic **risk assessments** and regularly updating our computer equipment, networks and software, as well as ensuring that the security practices of the applications we use maintain the best standards.

We have **policies** such as our Information Security Policy, Access Management Policy, Personal Data Classification Policy, Identification and Authentication Policy, Privacy Notice Management Policy, and Privacy Incident Management Policy, among others that are **essential to mitigate cybersecurity risks at Axo and protect our customers' data**.





Strategy

GRI 3-3d, SASB CG-MR230, CG-EC-230

Given the commitment to have a solid cybersecurity structure, we strive to implement actions that provide greater data security to our stakeholders, whether they are suppliers, collaborators or customers. This is reflected in actions that help us to have better data management:

By implementing these actions and strengthening our cybersecurity strategy, we seek to protect the personal data of our employees and customers in an optimal way, which maintains the continuity of our business, and in turn improves the confidence of our stakeholders to protect us from possible regulatory risks in terms of cybersecurity.

Drivers

Efficient Use of Resources

Actions

— By having an information technology recovery strategy, we increase **resilience and response capacity** in the event of a cyber incident.

— We maintain security and **responsible data use** policies and practices to mitigate risks associated with potential penalties and loss of customer trust.

— By **automatically resolving customer requests** through APIs, we reduce disruption to the business's digital platforms and ensure the availability of critical business services and operations.

Reputation and Marketability Improvements

— We ensure the **protection of sensitive** customer and employee data by complying with applicable laws and regulations.

— We implement cybersecurity measures that **mitigate the risks of identity theft or leakage of consumers' private data**, such as constant updates of equipment, networks, and software.

— **We train our employees continuously** through the program of awareness campaigns that include audiovisual material, simulations and webinars, as well as courses aimed at employees who have contact with customer information.



Risk and Opportunity Management

The identification and assessment of risks and opportunities related to each material topic was carried out during our 2023 Materiality Analysis, whose methodology can be consulted in the “Double Materiality” section of this document.

According to the results of this analysis, risks and opportunities related to Cybersecurity can be categorized with a **low relevance in terms of their potential impact on sustainability** and a **high relevance in terms of their potential financial impact** on our business.

Metrics and Objectives

SASB CG-MR-230, CG-EC-230

The indicators below show our commitment to data security, showing that during 2023 there were only two cases of data breaches in our organization, of which 1 of them involved personally identifiable information, where only 47 customers were affected.

The actions described in the “Strategy” section correspond to the management of the following risks:

RISKS

Increased costs from cyberattacks, identity theft, or leakage of consumers’ private data.





Risk Management

Governance

GRI 3-3c, IFRS S1.27

In today's business world, effective risk management has become essential to ensure the sustainability and long-term success of organizations, and Axo is no exception. Because of this, it is necessary to establish and maintain a solid risk management structure that allows us to identify, evaluate and manage short, medium and long-term risks that could negatively affect us, including those related to ESG aspects.

We understand that **a good risk management structure not only has a positive impact internally, but also plays a critical role in attracting new investors and conscious customers** who take more importance in their relationships with companies that manage their risks responsibly and ethically.

Enterprise risk at Axo is managed by the Board of Directors through the Audit Committee, which uses a framework (COSO ERM) based on the coordination, integration and efficiency of the organization's risk management activities, the five pillars of which are:

- Government and culture
- Strategy and definition of objectives
- Formulation of business objectives (Performance)
- Analysis and review
- Information, communication and reporting



The way in which Axo manages its risks is represented as follows:

GENERAL MANAGEMENT	Is responsible for establishing and maintaining the internal control system to ensure compliance with the company’s objectives, as well as the efficiency and effectiveness of operations and asset utilization.
AUDIT COMMITTEE	<p>It is appointed by the Board of Directors and is responsible for ensuring that the Internal Control System implemented by Management works properly. Responsible for ensuring compliance with the complaints system in addition to following up on complaints received.</p> <p>The audit committee is responsible for approving the hiring of external audit services, ensuring the independence and professional capacity of the firm that carries them out. The internal audit area supports the audit committee.</p>
INTERNAL AUDIT	<p>Responsible for approving the annual work plan which is prepared based on a previous identification of business risks and is aimed at verifying the proper functioning of the control processes established by the administration.</p> <p>Each quarter, the receipt of reports on the results of the reviews carried out is promoted and the observations detected are followed up. In addition, the COSO ERM framework provides a foundation for the coordination and integration of all the organization’s risk management activities.</p>

Axo’s risk management policies are established in order to identify, analyze, monitor and adequately control the risks that arise for the organization. These policies, as well as risk management systems, are regularly reviewed to reflect changes in an evolving market landscape condition. Some of the internal policies and procedures that help us manage and mitigate potential risks include:

- Risk Management Policy
- Code of Ethics
- Code of Conduct
- Conflict of Interest Policy
- Privacy Incident Management Policy
- Ongoing Privacy Compliance Monitoring Policy
- Anti-bribery policy
- Information Security Policy
- Procedure “Generation of Risk Matrix”
- Procedure “Internal Audit”



Strategy

GRI 3-1, 3-3d

Adopting a comprehensive risk management vision is an opportunity to be more resilient and adaptable to unexpected changes and events, minimize negative impacts on our operation and maintain stronger business continuity and make more informed and sound strategic decisions, considering possible impacts and mitigating risks. Below are the actions we carry out in terms of risk management:

With an appropriate approach and management, at Axo we seek to avoid situations that could represent a risk. Because of this, our actions aim to reduce the chances of risks materializing and affecting our company both financially and sustainably.

Drivers

Efficient Use of Resources

Reputation and Marketability Improvements

Actions

— We adopt International Financial Reporting Standards (IFRS) in order to reduce regulatory risks and maintain responsible business management.

— We implemented a **strategic, financial and operational risk management process** with three lines of defense involving the Company's business processes.

— **We collaborate with the brands we market** to mitigate short-, medium- and long-term risks associated with potential changes in consumption patterns, thereby developing better supply and sales strategies.

— **We maintain continuous communication** with investors about risk management practices at Axo

— We develop programs in collaboration with corporate neighbors to ensure **dialogue and healthy coexistence**.



Drivers

Reputation and Marketability Improvements

Actions

— In order to improve our ESG risk management, during 2023, we conducted a double materiality analysis to identify and prioritize impacts, risks, and opportunities related to environmental, social, and governance (ESG) aspects, covering our operations in Mexico, Chile, Peru, and Uruguay.

This analysis responds to the growing regulatory pressure in Europe, the United States and Latin America, which prompts us to voluntarily disclose our financial and sustainability impacts in alignment with standards such as the Corporate Sustainability Reporting Directive (CSRD) in Europe and SEC guidelines in the United States.

To conduct this analysis, we use external resources such as the Sustainability Accounting Standards Board (SASB) standards and the Standard & Poor's (S&P) Capital Market Intelligence database, as well as internal resources such as annual reports and interviews with senior management. These interviews, which included key executives such as the COO, CFO, and vice presidents from various areas, provided an insider's perspective on ESG challenges and opportunities.

The evaluation of material issues was carried out both internally and externally, and a materiality matrix was developed and included in the "Double Materiality" section of this report. This matrix categorizes topics according to their financial impact and their sustainability impact for our company. This analysis helps us make informed decisions to mitigate risks and seize opportunities during our transition to sustainable fashion.

We identify risks ranging from supply chain management to adapting to the regulatory and technological transition to an ESG economy. Opportunities were also identified to capture new business in this transition. The materiality matrix not only identifies priority themes, but also highlights their implications for the business, helping us align with the expectations of our stakeholders and capture new opportunities in the transition to an ESG economy. We plan to carry out the materiality process every two to three years, or if necessary, sooner. This in order to keep our risks and opportunities in sustainability issues updated.

This approach will allow our company not only to comply with regulations, but also to improve our financial performance and our impact on sustainability, responding to the expectations of consumers increasingly interested in supporting socially and environmentally responsible companies.

Risk and Opportunity Management

The identification and assessment of risks and opportunities related to each material topic was carried out during our 2023 Materiality Analysis, whose methodology can be consulted in the "Double Materiality" section of this document.

According to the results of such analysis, risks and opportunities related to risk management can be categorized with **high relevance in terms of their potential impact on sustainability** and **low relevance in terms of their potential financial impact** on our business.

The actions described in the "Strategy" section correspond to the management of the following opportunities:

OPPORTUNITIES

Manage risks in advance by incorporating quantitative criteria to measure the relevance of the risk.



Business Ethics

Governance

IFRS S1.27, GRI 3-3c

We understand that a good business ethics structure is necessary to establish an organizational culture based on ethical values and corporate responsibility. By adopting ethical principles, **we encourage our employees to act responsibly and ethically in all areas of our company**. In addition, compliance with applicable laws and regulations ensures that our operations are conducted in a legal and ethical manner.

We are subject to federal anti-corruption laws in all geographies where we operate, and similar anti-corruption, bribery, and money laundering laws globally. Given the importance of this material issue, **business ethics is supervised by the Internal Audit Committee in collaboration with Legal and the Human Resources Department**, where we seek to:

- Implement compliance processes and internal control systems designed to prevent and detect improper practices, fraud, or violations of the law.
- Promote initiatives that help us prevent and detect practices that could put our company at risk.
- Ensure compliance with our Code of Ethics and follow up on complaints that have been received with issues related to corruption or money laundering.

In order to follow up and support our commitment to business ethics, we have policies and guidelines such as:

- Anti-Bribery Policy
- Conflicts of Interest Policy (Anti-corruption)
- Prevention and Identification of Operations with Resources of Illicit Origin
- Code of Ethics
- Manual of Conduct

Our guidelines and policies establish protocols to prevent or correct incidents that contradict our values, internal codes, or violate applicable laws and regulations. **These guidelines are critical to ensuring that our actions reflect our principles and guide us toward ethical and responsible decisions in all our operations.**

As an additional resource to detect and take action against any violation of business ethics, **we have an Integrity Line called the Resguarda Line, which serves as a mechanism for reporting complaints of a labor nature and for property damage.**

Reports made through the Resguarda Line are confidential, non-retaliatory and may be anonymous, so they are accessible to all our staff and suppliers.



Strategy

GRI 3-3 d

Business ethics are important to Axo as it contributes to building a solid reputation, complying with regulations, and assuming social responsibility, some actions in terms of business ethics that we are executing are the following:

By implementing these actions and consolidating our business ethics strategy, we seek to generate benefits for our business and protect ourselves from potential regulatory risks.

Drivers

Efficient Use of Resources

Actions

- We are working on a business ethics program that prevents fines and penalties that may arise from legal non-compliance or inappropriate business conduct.
- We rely on internal audit processes and review of legal and tax documentation, in order to avoid cases of corruption, in accordance with our Anti-Bribery Policy.

Reputation and Marketability Improvements

- We have a “Compliance” course that helps us train our employees with respect to the Code of Ethics. We are committed to encouraging this initiative and transparently communicating the number of employees trained in future reports.
- Our guidelines, such as the Code of Ethics and the Code of Conduct, cover our internal operations and our relationships with suppliers, customers, shareholders, partners and government entities. This allows us **to align our operations and stakeholders with our values and ethical principles.**
- Our confidential complaint line Resguarda helps us manage the reception, attention and follow-up of complaints of any form of corruption.
- We have internal communication campaigns that include topics such as awareness for the **recognition and detection of unethical actions, suggestions for their prevention, recommendations for action,** as well as indications to follow up on the complaints made.



Risk and Opportunity Management

According to the results of the double materiality analysis, risks and opportunities related to business ethics can be categorized with **low relevance in terms of their potential impact on sustainability** and **low relevance in terms of their potential financial impact** on our business. However, we are committed to acting responsibly, transparently, and honestly, respecting laws, regulations, and seeking long-term benefit.

Metrics and Objectives

GRI 205-2, 205-3

At Axo, we value our team being authentic, inclusive, passionate, loyal, and upright. For this reason, **on every new hire, we share with our employees the company's Code of Ethics and Code of Conduct, regardless of their category or the country in which they operate, and we encourage them to align with our policies and procedures.** In this way, we seek to ensure that all our employees are informed and committed to our values and principles.



MANAGEMENT-LEVEL EMPLOYEES IN THE COMPANY WHO HAVE BEEN TRAINED IN THE CODE OF ETHICS.

By country



During 2023, no corruption-related incident was confirmed, likewise, no employee was fired and no contract with partners, suppliers, or customers was terminated for corruption-related violations.

As well as, there is no public legal case related to corruption involving our company or our employees.

100%
Total number of management-level employees in the company who have been trained in the Code of Ethics.



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Sustainability Standards



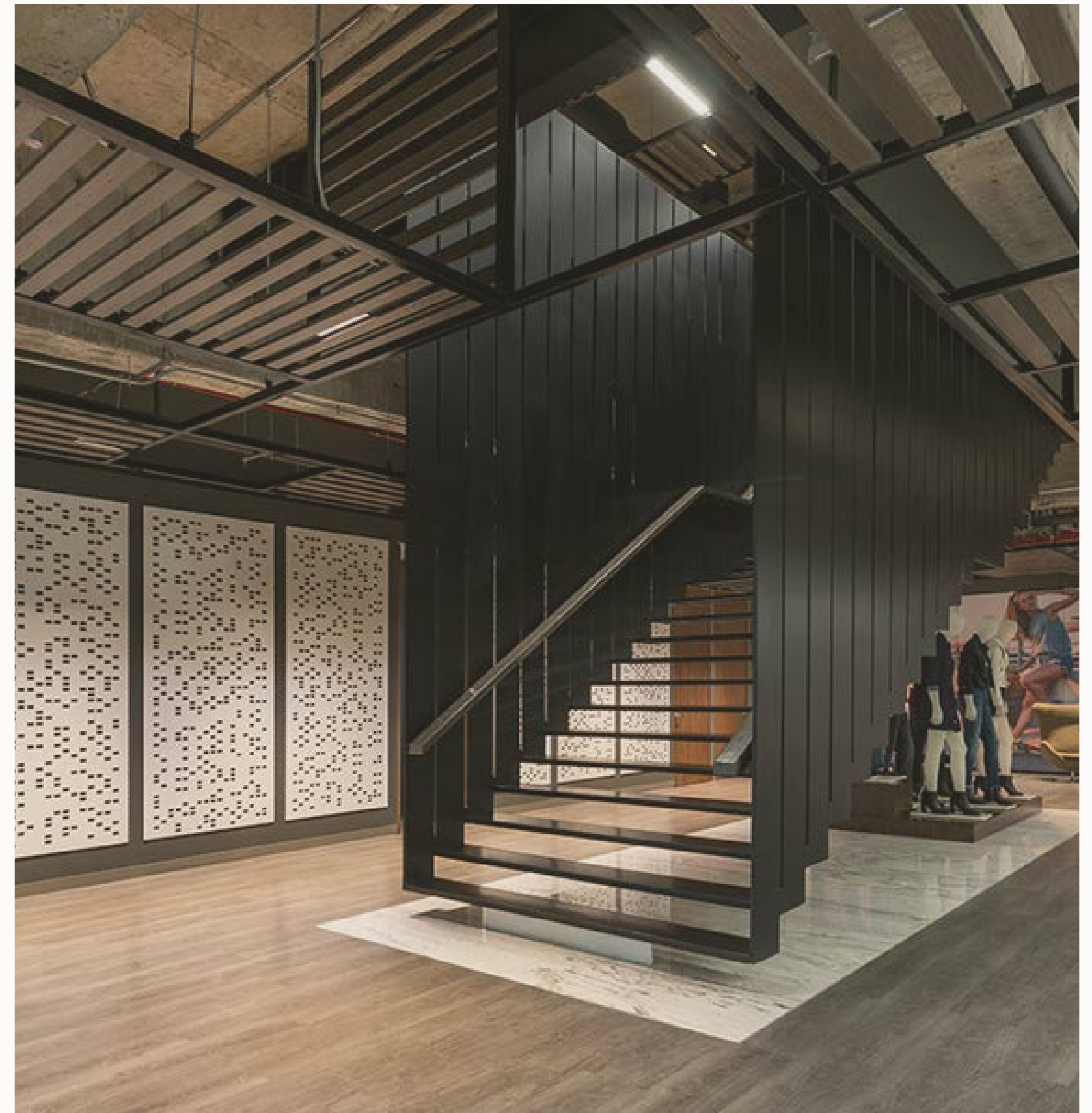
About This Report

IFRS S1.66

This report represents our efforts to mitigate the impacts of our operations on the world and society. The disclosures presented in this report are for the period of January 1 through December 31, 2023.

We have prepared this report with the intention of beginning our alignment with the Global Reporting Initiative (GRI) Universal Standards, as well as IFRS S1 and IFRS S2 standards and two SASB standards, corresponding to the Consumer Goods (CG) industry of the subsectors: Multiline and Specialty Retail Merchants and Distributors (MR) and Electronic Commerce (EC). This is our first step towards a more sustainable transformation, and we are committed to improving and expanding our reach in future reports.

To determine the material issues that we should address and report as a priority, we conducted our double materiality analysis, whose methodology and double materiality matrix are described in section **Double Materiality**.



Sustainability Standards

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3	Double Materiality	Double Materiality	Process for determining material issues	GRI 3-1	GRI 3-1a.i, GRI 3-1a.ii	Qualitative	12
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		Strategy	Financial implications and other risks and opportunities arising from climate change	GRI 201-2	GRI 201-2a.i, GRI 201-2a.ii, GRI 201-2a.iii, GRI 201-2a.iv. GRI 201-2a.v	Qualitative	23
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