

Task Force on Climate-related Financial Disclosures (TCFD) Report 2022



For more information about the Sustainability Report and Verification Statements for indicators related to the TCFD, please [click here](#).

1

(PAGE 3-8)

Overview

Introduction

Purpose

Governance

2

(PAGE 9-21)

Risk management

1. Climate Change risk management

2. Time frame for the risks and opportunities identified

3. Methodology

4. Scenario analysis

5. Identification of risks and opportunities

6. Probability and impact analysis

3

(PAGE 22-26)

Business strategy

1. Influence on different areas of financial planning

2. Influence of risks on our strategy

3. Mitigation and adaptation measures

4

(PAGE 27-30)

Metrics and objectives

1. Carbon footprint

2. Energy consumption

3. Waste management

5

(PAGE 31-37)

Annexes

Annex 1. Climate indicators for identification of regions of maximum changes on a quarterly scale

Annex 2. Spatial distribution of regions of maximum change (hotspots) in Peru by 2050

Annex 3. Thematic vulnerability and exposure maps on water availability

Annex 4. Thematic maps of vulnerability and exposure of agricultural production systems

Annex 5. InRetail locations

Annex 6. InRetail's stores in detail

Annex 7. Supply Chain Management Intercorp Retail

Content.



Overview

Introduction
Purpose
Governance

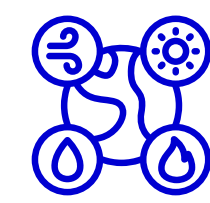
Introduction

InRetail, as well as the companies that are part of it, are committed to the purpose of transforming the places where we exist, trying to improve the quality of life of everyone: meeting the needs of the population with their products and services, always acting in an ethical, transparent, and professional manner.

Within the framework of the Paris Agreement, 175 countries, including Peru, have committed to reduce their emissions and limit the increase in global average temperature by 2°C by the year 2100. Within this context, Peru extended its commitment to reduce its greenhouse gas (GHG) emissions from 30% to 40% by 2030, of which 30% will be achieved through public and private investments.

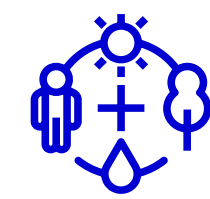
Furthermore, in terms of adaptation to climate change, Peru has a National Plan for Adaptation to *Climate Change*¹, which establishes a clear path for the reduction of risks associated with the dangers of climate change and scientific information for decision making from the territory, especially considering the ancestral knowledge of the indigenous or native peoples of our country. This plan developed the analysis of current and future risk to the effects of climate change, which helped to devise solutions to reduce risks and increase the capacity to adapt to any problem.

In fact, according to studies, climate change brings with it a series of consequences that are classified as follows:



Direct

Heat waves, damage to health due to extreme weather events such as floods, landslides, and droughts.

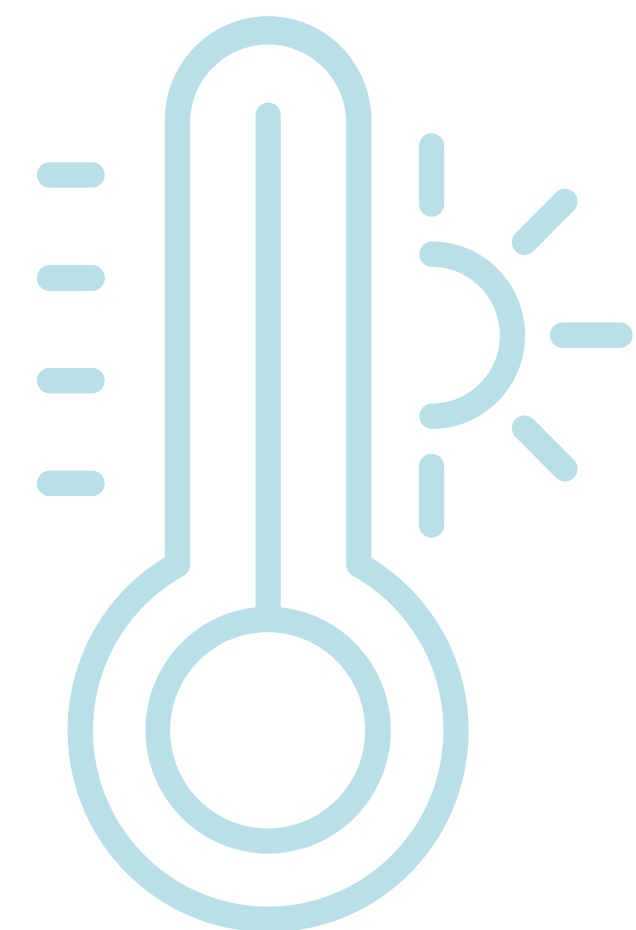


Indirect

Ecological systems (agricultural losses, the spread of disease vectors and environmental conditions for their transmission), social systems (population displacements and related conflicts) and economic systems.

This report describes how the different climate change scenarios could impact our business operations and the strategies we are considering to both mitigate our emissions and adapt to potential new challenges. The report is continually updated as our understanding of climate change challenges evolves.

At InRetail, we aim to manage our impact on climate change to ensure the sustainable development of Peru and, therefore, of our operations. For this reason, we continue to assess our climate impact, risks and opportunities, and integrate our sustainability and social impact strategy throughout our organization. In addition, as part of our climate action and sustainability efforts, we are committed to continuously improving our alignment with the recommendations of the *Task force on Climate-related Financial Disclosures* (TCFD)².



¹ Plan Nacional de Adaptación

² <https://www.fsb-tcfd.org/>

Purpose

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To implement the recommendations of the Task force on Climate-related Financial Disclosures (TCFD) for the purpose of analyzing scenarios for assessing the commercial, strategic and financial implications of business risks and opportunities associated with climate change.

Governance

Our Board of Directors, as the governing body, is responsible for overseeing and ensuring that the company is prepared to address the risks related to climate change and capitalize on the opportunities it presents by making key strategic decisions. Therefore, our Corporate Sustainability Management reports to the Board of Directors every six months on the main advances, risks and opportunities identified in the area of sustainability, including aspects of climate change.

Furthermore, as of 2023, the functions of the Audit Committee were expanded, forming the Audit and Risk Committee, made up of 3 Directors: Fernando Zavala, Mariela García and Hugo Santa María, of which Mariela García is an independent Director and chairs the Committee. Committee members have an average length of service of 2.7 years. During the year, the committee held 4 sessions, with 100% attendance, where different topics were reported, including financial strategy and climate-related risks, and an annual improvement plan was established. In addition, each company has a Risk, Internal Control and Processes Management, which reports to the General Management of each Business Unit, and to the Audit and Risk Committee.

Intercorp group also has a Sustainability Board, made up of 10 members, including Fernando Zavala, Director of InRetail, the Vice President of Human Resources and Sustainability, and the Chief Financial Officer of Food Retail, and is chaired by the Corporate Sustainability Manager of InRetail. The sessions include a review of compliance with objectives, plans, cross-cutting initiatives, among others.



During 2022, the Sustainability Board met 4 times with

100 % attendance at the meetings.



The members of the Board have different expertise, in order to have a more comprehensive view of sustainability and environmental and climate risks.

The Sustainability Board's responsibilities are:

-  **Promote** the inclusion of sustainability in the business strategy.
-  **Approve and evaluate** the effectiveness of sustainability programs and initiatives.
-  **Endorse** our sustainability model, priorities, and key indicators, including issues related to climate change and CO₂ emissions.

The Corporate Sustainability Management and the Corporate Audit Management, who report directly to the Management Committee comprising the CEO and Vice Presidents, have identified and reported on the risks and opportunities associated with climate change and the transition to a low-carbon economy. In addition, there is a Corporate Sustainability Committee, which is made up of the sustainability leaders from all the companies under our organization's umbrella, who are responsible for sustainability management in their respective organizations.

To ensure comprehensive sustainability efforts, each Business Unit has established its own Sustainability Committee, made up of managers or allies from various business areas. Additionally, sustainability ambassadors play a crucial role in supporting the implementation of policies and plans, actively encouraging employee participation through training and communication initiatives in the operation.

The Sustainability team manages all sustainability-related issues, including climate-related initiatives and programs, which are integrated into InRetail's operations and businesses. We recognize that the collective support from all areas is indispensable in executing these initiatives and achieving our sustainability objectives.

In line with our commitment to continuous improvement, our corporate audit management is leading the implementation of an integrated risk management system. As of 2023, each Business Unit has established a specialized area responsible for Risks, Internal Control and Processes, further enhancing our organizational resilience and effectiveness.

Audit and Risk Committee: Comprised of 3 Directors, it is responsible for monitoring the internal audit, risk management and internal control of the company. Reports every 3 months to the Board.

Sustainability Board: Responsible for promoting the inclusion of sustainability in the business strategy and approving and evaluating the effectiveness of sustainability programs and initiatives. Reports every 3 months to the Board.

Vice President of Human Resources and Sustainability: Responsible for the review, approval and oversight of policies related to our climate plan, as well as the sustainability plan of InRetail and its companies. Reports every 6 months to the Board.

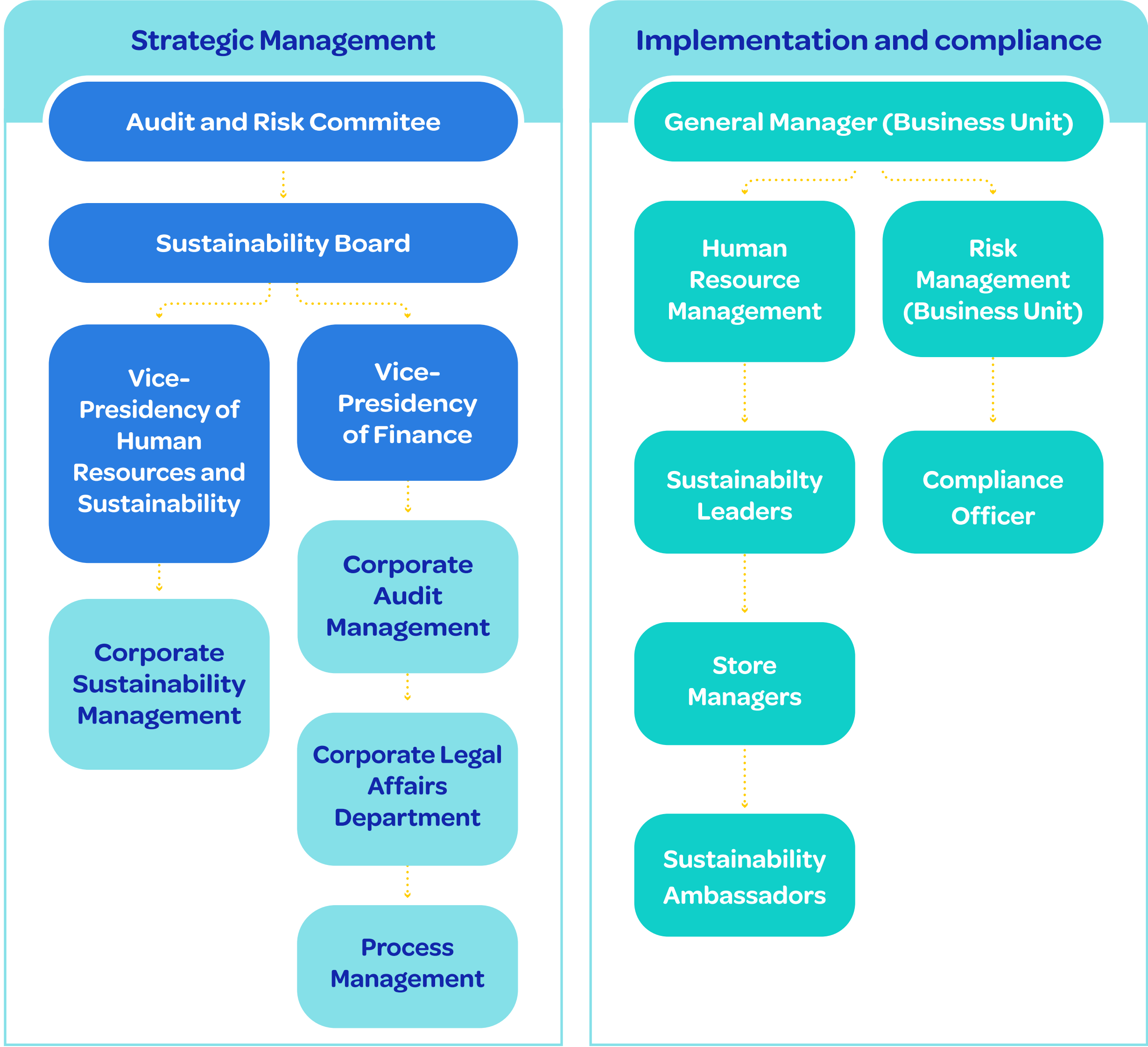
Vice President of Finance: Responsible for strategic and financial management, as well as financial risk management.

Corporate Sustainability Management: In charge of the design, management and compliance of the sustainability plan and policies in InRetail and its companies. As well as monitoring the carbon footprint reduction plan and related indicators. Reports to the Board twice a year.

Corporate Audit Management: Responsible for conducting internal audits of the company to evaluate and improve the effectiveness of internal controls, risk management and regulatory compliance.

Corporate Legal Affairs Department: In charge of managing legal aspects and minimizing legal risks associated with operations.

Process Management and Transformation Management: In charge of monitoring compliance with the Strategic Plan, including the goals and objectives of the corporate sustainability plans.



Compliance Officer by Business Unit: Responsible for ensuring that the implemented model against corruption crimes, money laundering and terrorist financing complies with the requirements of the regulations and our policy and, at the same time, operates effectively, continuously identifying improvements to it.

General Manager of each Business Unit: Responsible for the strategic direction and decision making of the companies.

Risk Management of each Business Unit: In charge of identifying, assessing, mitigating, and monitoring the risks to which the company is exposed, including risks associated with climate change.

Human Resources Management of each Business Unit: In charge of activities related to human talent management in the company and the promotion of sustainability in all operations, including the development and implementation of sustainability policies and initiatives, environmental management, sustainability culture, diversity, equity, and inclusion, among others.

Business Unit Sustainability Leaders: InRetail company representatives responsible for implementing sustainability plans in their companies, ensuring compliance with policies, and staying informed about public and/or private regulations that may affect them.

Store or Mall Managers: In charge of store operations and execution of initiatives, including sustainability initiatives, with in-store teams.

Sustainability Ambassadors: Group of employees from each of the InRetail companies who support sustainability managers in the implementation of policies and plans and actively encourage the participation of other employees through training and communication activities.

InRetail also has a “Corporate Sustainability Policy” with the purpose of establishing guidelines for the sustainable management of business operations, including its supply chains, strengthening the corporate culture and the fulfillment of its purpose. In the same way, it establishes those responsible for the fulfillment of the guidelines and the integral management of sustainability in InRetail.

Likewise, we have the “Climate Change Policy”, which aims to create a framework and commitment to develop strategies to identify, evaluate and manage problems and opportunities related to climate change; and the “Sustainable Agriculture Policy”, to create a framework with suppliers of *soft commodities*³ to develop sustainable agricultural practices. These policies are aimed at all business units and are the responsibility of the Sustainability Manager and all employees in the commercial, operations, logistics and marketing areas of the business units. Both have been reviewed and communicated in order to identify, assess, and manage risks and opportunities related to climate change and responsible procurement of *soft commodities*⁴.

In order to ensure compliance with our policies, working groups have been established with the areas involved (sales, quality, marketing, among others) to develop a work plan that includes deadlines and those responsible for the implementation of initiatives.

InRetail has established a series of objectives related to sustainability and climate change, as part of the performance evaluation of the Corporate Sustainability Management, Human Resources and Sustainability Management, Sustainability Leaders, store managers and sustainability ambassadors:

³ Agricultural products that are grown rather than harvested also include animal products that have been raised or captured

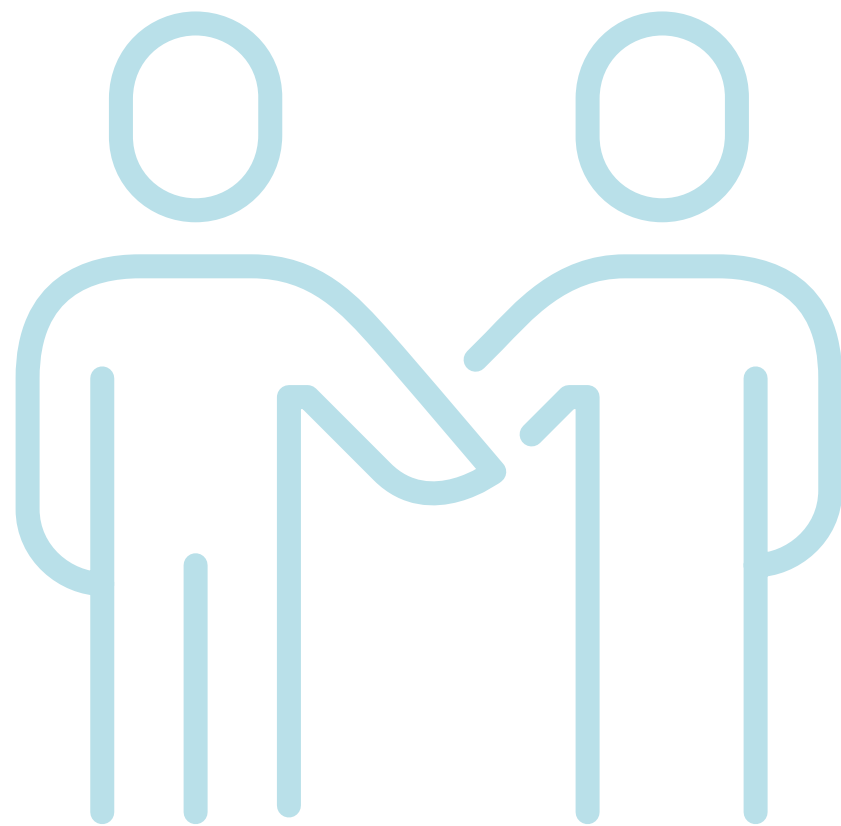
⁴ For more information on the above policies, please visit the following link: <https://www.inretail.pe/Documents/20Corporativos/1119/>



Corporate Sustainability Management, the Human Resources and Sustainability Director and the Assistant Manager or Head of Sustainability of each company have a monetary incentive linked to their performance evaluation that includes sustainability and climate change KPIs related to energy efficiency, waste recycling and carbon footprint.

As part of their performance evaluation, our Food Retail store managers have a sustainability criterion related to their leadership in meeting our environmental goals (waste management, energy efficiency and water consumption reduction). Compliance with these goals is evaluated by an audit, which is carried out twice a year, and the minimum score to receive an economic incentive is 65 points out of 100.

Our sustainability leaders in Food Retail receive a monetary incentive linked to compliance with the sustainability audit, which covers energy efficiency, waste management and good water management practices. The goal is to promote good practices in our stores and raise awareness among our employees. To qualify for the incentive, the score must be higher than 86% compliance.





Risk management

1. Climate Change risk management
2. Time frame for the risks and opportunities identified
3. Methodology
4. Scenario analysis
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Risk management

We recognize that the consequences of climate change are already being felt and will increasingly influence our operations over time. For this reason, the risks and opportunities related to the transition to a low-carbon economy and the impacts related to climate change are incorporated into InRetail's strategy in the short, medium, and long term.

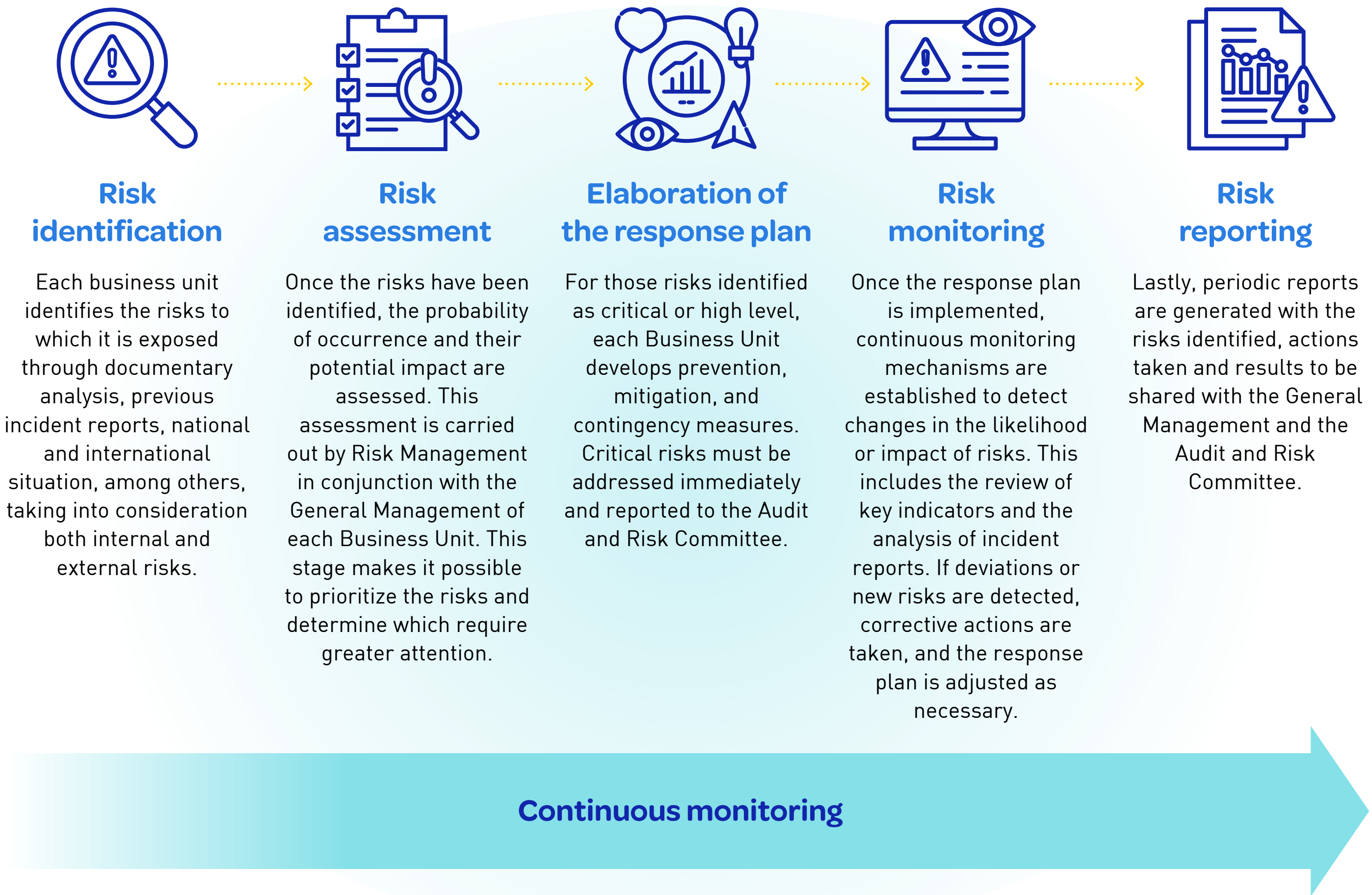
We have advanced our approach to assessing climate risks and opportunities this year by conducting climate scenario analyses to better understand the likelihood and magnitude of potential impacts.

1. CLIMATE CHANGE RISK MANAGEMENT

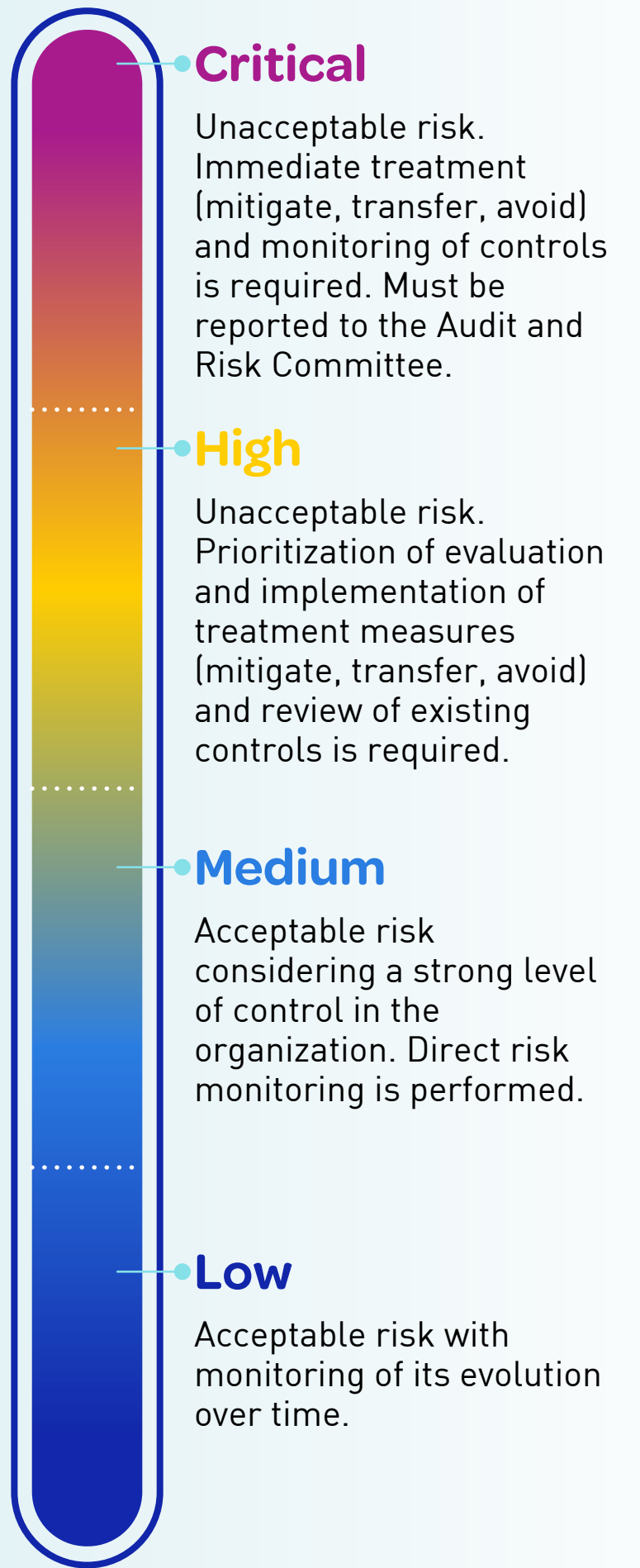
The identification, assessment, management and continuous monitoring of risks and opportunities associated with climate change is part of a comprehensive risk management process. Risks are identified by the risk area of each Business Unit, who gathers information from the different areas and stakeholders, taking into account regulations, national and international context, and trends. These risks are then validated with the management of each company and the Audit Committee.

Since risks can change over time, the risk management process is continuously reviewed and monitored.

InRetail Risk Management Process



Risk Response Strategy



2. TIME FRAME FOR THE RISKS AND OPPORTUNITIES IDENTIFIED

The physical and transition risks identified may have impacts in the short, medium, and long term. The time horizons are defined below:



3. METHODOLOGY

We conducted an analysis of climate change scenarios established by the Intergovernmental Panel on *Climate Change*⁵ (IPCC) and the International Energy Agency (IEA). We established the scope for the analysis and then identified the risks and opportunities posed by the impacts of climate change on operations.

We also carried out an impact-probability assessment of risks and opportunities, from which climate change mitigation and adaptation measures were established. For this purpose, three different scenarios of *Representative Concentration Pathway* (RCP⁶) were evaluated, under the assumptions of changes in Peruvian policy and legislation, vulnerability and exposure to climate change of water availability and productive systems, and greater intensity and frequency of natural disasters.

Taking into consideration the provisions of the Peruvian National Climate Change Adaptation Plan⁷ and the 2021 - 2030 Update Report on Peru's Nationally Determined Contributions⁸, both prepared by the Ministry of the Environment (MINAM), this analysis of climate change risk scenarios and opportunities for InRetail's operations has been carried out.



In 2022 we included new scenarios for the evaluation of our resilience strategy, these are the Stated Policies Scenario (STEPS) and the Announced Pledges Scenario (APS).

4. SCENARIO ANALYSIS

Peru presents particular climatic conditions due to various factors such as the Peruvian or Humboldt Current, the Andes and the dynamics of cyclones and anticyclones, resulting in a wide variety of climates in the territory (MINAM, 2022).

In accordance with the BID and CEPAL study (2014), Peru meets 7 of the 9 main characteristics that make a region very sensitive to climate change risks such as low and arid coastal areas, areas susceptible to deforestation and erosion, natural disasters, droughts, desertification, highly polluted urban areas, and fragile ecosystems, to which high levels of poverty would have to be added as an aggravating factor.

The National Service of Meteorology and Hydrology of Peru (SENAMHI) conducted a study of climate scenarios to 2050 in Peru, considering the RCP 8.5 scenario, in which it was determined that the regions of maximum changes in future climate or hotspots are Loreto, northern Ucayali, northern and southern Cusco and highlands of Arequipa, Moquegua, Tacna and Puno, where it is recommended to prioritize the implementation of climate actions (see map in Annex 2).

Given this situation and the fact that this is still an economy with an underdeveloped industry that generates a low level of emissions at both the aggregate and per capita levels, opportunities can be generated to promote development with a low impact on the environment.

The scope of this analysis was conducted in all regions of Peru where InRetail stores are located (see Annex 3 and 4). In 2022 we included new scenarios for the evaluation of our resilience strategy, these are the Stated Policies Scenario (STEPS) and the Announced Pledges Scenario (APS).

⁵ <https://www.ipcc.ch/>

⁶ Different RCPs describe different climate futures, all of which are considered possible depending on the volume of greenhouse gases in the atmosphere. This is done through climate modeling resulting from assumptions about future anthropogenic emission.

⁷ [R.M. 096-2021-MINAM](#)

⁸ [Contribuciones Determinadas a Nivel Nacional del Perú](#)
[Peru's Nationally Determined Contributions]

SCENARIO	RCP 8.5	RCP 4.5 / IEA STEPS	RCP 2.6 / IEA APS
Temperature range (2030-2050-2100)	[2. 6°C - 4.8°C]	[1.5°C - 2°C - 2.6°C]	[1.5°C - 1.7°C - 1.6°C]
Description	Business-as-usual: emissions continue to increase at current rate.	Strong mitigation: emissions stabilize at half current levels by 2080.	Aggressive mitigation: emissions reduced to half of current levels by 2050.
Reference Temperature Scenario	Above 2°C / RCP 8.5	Above 2°C / RCP 4.5	Below 2°C / RCP 2.6
ASSUMPTIONS			
Sectoral policies	No significant GHG reduction measures will be implemented in the retail sector	Equal or less stringent emission reduction regulations. This could encourage greater use of conventional technologies and less incentives for the adoption of clean energy. To date, Peru has a framework law on Climate Change, a National Adaptation Plan, and Circular Economy Roadmaps for the industrial and agricultural sectors, among other. In addition, there are incentives for recognition through the Carbon Footprint Peru ⁹ , tool, which provides awards to companies that measure, verify, reduce and/or neutralize their footprint.	Peru will meet the 30% emissions reduction target with respect to the BaU scenario for the unconditional target, and 40% for the conditional target by 2030, established in its NDCs. To this end, the State will implement a series of restrictions and legislation with respect to industry emissions, establishing emission limits and incentives for carbon footprint neutralization. It is mandatory to report the carbon footprint and mitigation measures in the INFOCARBONO, Carbon Footprint Peru and National Registry of Mitigation ¹⁰ Measures platforms of the Ministry of Environment.
Incentives for technological development	Limited incentives for technological development and not as focused on low-emission solutions. Less investment in clean technologies and tax incentives without a specific focus on emissions reduction.	In this scenario, investment in clean energy will increase 60% by 2030 in the global context and the private sector will play a fundamental role in this. where the private sector.	Greater investment in research and development of clean technologies, such as renewable energy and sustainable mobility. At the global level, investment in clean energy is estimated to exceed US\$4 trillion. Fiscal and financial incentives to encourage the use and deployment of these technologies. Currently, for every \$1 spent globally on fossil fuels, \$1.5 is spent on clean energy technologies. By 2030, in this scenario every \$1 spent on fossil fuels is outweighed by \$5 on clean energy supply and another \$4 on efficiency and end uses. Promotion by the Ministry of Energy and Mines of the rationalization of energy consumption in the commercial sector by replacing low-efficiency lamps with LED lamps.



SCENARIO	RCP 8.5	RCP 4.5 / IEA STEPS	RCP 2.6 / IEA APS
Carbon market ¹¹ (USD/ton)	Poorly established carbon market and ineffective carbon pricing mechanisms. No significant economic incentives to reduce emissions.	At the regional level, carbon prices will be established in Colombia and Chile: 2030: 13 / 2040: 21 / 2050: 29. In Peru there will be few economic incentives to reduce emissions and no pressure for companies to adopt carbon reduction measures or actively participate in the carbon market.	Other emerging markets and developing economies: 2040: 17 / 2050: 47. Carbon pricing. Peru will have infrastructure and national rules to participate in the Paris Agreement carbon markets.
Demand for low-emission products	Without significant changes in consumer preferences. Environmental awareness does not have a substantial impact on consumers' purchasing decisions.	Demand for low-emission products may not increase significantly.	More environmentally conscious consumers will look for low-carbon products and services, driving the supply of sustainable solutions.

⁹ <https://huellacarbonoperu.minam.gob.pe/huellaperu/>
¹⁰ <https://mer.markit.com/br-reg/public/peru-public/#/hom>
¹¹ IEA 2022. Global Energy and Climate Model Documentation.

5. IDENTIFICATION OF RISKS AND OPPORTUNITIES

The following is a list of the risks and opportunities associated with climate change identified by the Risk Management team and Sustainability Management and validated by the Vice-Presidency of Human Resources and Sustainability and the Vice-Presidency of Finance.

Physical risks

RISK	RISK CONTEXT	BUSINESS IMPACT	MEASURES
Intensification in the frequency of extreme El Niño and La Niña events Type: Acute Timeframe: Short, Medium and Long Term	The intensification of ENSO may bring with it an increase in precipitation and flooding of river bodies. Precipitation being the main triggering factor, it has been determined that the danger of flooding is concentrated in the jungle. Also, on the northern coast there is a high level of danger, associated with the occurrence of the El Niño phenomenon. By 2030 and 2050, the highest hazards are located in the same departments (MINAM, 2022). Likewise, the increase in precipitation brings with it an increase in the frequency and severity of landslides. Given Peru’s geography and hydrography, the Geological, Mining and Metallurgical Institute (INGEMMET) has identified 114 areas at risk of flooding and landslides due to rainfall. According to UNESCO (2021), more than 9 million Peruvians are exposed to intense rains, floods, huaycos and landslides, and 55.9% of the population lives on coasts, which increases the dangers in the face of problems such as rising sea levels or intense precipitation (<i>Salud con Lupa</i>, 2023)¹². Furthermore, the loss of crops and livestock due to the consequences of climate change will have a negative impact on the availability of food, which will increase the risk of food insecurity for vulnerable populations (currently 51% of the population in Peru is suffering from food shortages)¹³.	• Interruption of store operations, mainly in the northern coast and jungle of Peru. • Impact on employees whose homes are affected by flooding. • Increased absenteeism in stores, pharmacies, and shopping malls • Decrease in income from lost sales due to store closures. Estimated losses of more than USD 200 thousand per store in the critical zone. • Estimated increase in cleaning and maintenance costs of USD +22 thousand per affected store in Food Retail. 100% increase in cleaning costs in malls. • The costs of care and cleaning of drugstores affected by rains may amount to approximately USD 600 per drugstore. • Increase in logistical costs due to the impact on roads. Air freight costs are approximately 20 times higher than land freight costs. • Reduced flow of customers. • Disruption in the availability of agricultural products and raw materials. • Increased costs of agricultural products and raw materials. • Increased costs of insurance companies’ policies due to an increase in claims. • Reputational impact due to shortages of medicines and/or food.	• Food Retail has an Emergency Operations Committee (COE) to lead and coordinate issues related to the safety of employees, business units and infrastructure during a crisis or emergency. • Consideration of prevention criteria in the construction of new stores, such as waterproofing roofs and rain gutters. • Decentralization plan for distribution centers. • Implementation of Hub stores in Pharma, which are stores with a larger storage area, in order to increase shipments to that point and to be the local supplier of the points of sale that we cannot reach due to logistical problems caused by rain, landslides or interruption of communication routes. The shipment also includes a list of emergency products prioritized according to the context. • Implementation of a rainfall plan in Food Retail and Malls consisting of 3 stages: ◦ Before: Prevention program through the adequacy of infrastructure such as fluvial channels, rain drains and provision of equipment such as sandbags, shovels, electric pumps, among others, and training program for rainfall response. ◦ During: Rainfall plan protocol specifying step-by-step plans for identified flooding points, how to activate electric pumps and where to place sandbags. ◦ After: Analysis of improvement points on implemented actions.

¹² Rueda, A. (2023, January 31). More than 600,000 Peruvians have moved because of climate change. Salud con Lupa. <https://saludconlupa.com/climatopedia/mas-de-600-mil-peruanos-se-han-mudado-por-causa-del-cambio-climatico/>

¹³ <https://www.fao.org/climatechange/16615-05a3a6593f26eaf91b35b0f0a320cc22e.pdf>

RISK	RISK CONTEXT	BUSINESS IMPACT	MEASURES
Temperature increase Type: Chronic Timeframe: Short, medium, and long term	Changes in average annual temperature are consistent and generalized across the country, increasing from 1.7 to 3.5°C (SENAHMI, 2021)¹⁴. Regions such as Ancash, Cajamarca and Huánuco have shown a fairly prolonged temperature increase trend; and some urban centers, such as Arequipa and Chiclayo, which have few green areas, are prone to large heat waves (Andina, 2022)¹⁵ Rising temperatures may cause an increase in the occurrence of diseases such as malaria and dengue fever, threatening the health of a greater proportion of the population (<i>National Geographic Spain</i>, 2023)¹⁶. It will also imply an increase in the demand for water and electricity services. In agriculture, it will produce changes in the length of growing seasons, crop yields and increased pest resistance (PIER, s.f.)¹⁷.	• Threat to crop yields. • Impact on the preservation of the merchandise. • Increased shrinkage. • Increased electricity consumption due to refrigeration and air conditioning equipment. • Increase in cases of employees with dengue fever or malaria. • Impacts on the health of employees and customers due to increased heat waves in the coast.	• Implementation of Blue Yonder to reduce shrinkage. • Plan to replace efficient refrigeration and air conditioning equipment in distribution centers and stores. • Increased frequency of preventive maintenance of air conditioning equipment in areas with higher temperatures. • Implementation of energy efficiency policies and energy audits. • Health care promotion campaigns for our employees and customers to prevent dengue fever and other diseases. • Preparation of a list of dengue treatment products and prioritization of delivery to critical points.
Impact on water availability Type: Chronic Timeframe: Short, Medium, and Long term	Water availability is affected by climate variability and change. Peru has lost 53.56% of its glacier surface in the last 50 years (Inaigem, 2018), thus altering the water behavior of the basins.	• Disruption in the availability of agricultural products and raw materials. • Increased water supply costs. • Increased investment in water reuse technologies. • Impact on production and product quality. • Negative consumer perception. • More than 300 producers in our value chain could be affected by the availability of water, and 100% of our fruit and vegetable supply is local.	• Acquisition of water-efficient technologies. • Training suppliers on water care and regenerative agriculture under the “Responsible Chain” program. • Training for employees on good cleaning and water care practices. • Execution of the “Responsible Chain” supplier training program, which covers, among other topics, climate change, responsible water consumption, and regenerative agriculture.

¹⁴ SENAHMI (2021). Climate scenarios to 2050 in Peru: Changes in the average climate

¹⁵ Andina: Peruvian News Agency (2022). <https://andina.pe/agencia/noticia-cambio-climatico-le-espera-al-peru-segun-informe-the-lancet-countdown-2022-919864.aspx>

¹⁶ *National Geographic Spain*. (2023, 23 June). National Geographic. <https://www.nationalgeographicla.com/medio-ambiente/2022/11/el-cambio-climatico-aumenta-los-casos-de-enfermedades-como-el-dengue-y-el-chikungunya>

¹⁷ <https://winrock.org/wp-content/uploads/2019/10/20190909-PIER-Aumentos-de-temperatura-y-olas-de-calor-.pdf>

Transition risks

RISK	RISK CONTEXT	BUSINESS IMPACT	MEASURES
Changes in the regulation of existing products and services Type: Political and legal Timeframe: Medium, and long term	An example of this is the regulation of refrigerants such as the Montreal Protocol, of which Peru is a signatory, which covers the phase-out of HCFC refrigerants, R22 being the most important. In developing countries, such as Peru, the phase-out began in 2015 and will end in 2030. Furthermore, since 2018, the Single-Use Plastic Law (Law 3884) has been in force, from which the prohibition of the delivery in supermarkets and stores in general of non-reusable plastic bags was established, having to be replaced by reusable bags or others whose degradation does not generate microplastics; as well as the manufacture, import and trade of bags, plates, expanded polystyrene containers, cups and other utensils that are not biodegradable or reusable. In the case of plastic bottles for soft drinks, shampoo and other toiletries, a term of 36 months is given for them to include 15% recycled PET in the composition of the bottle.	- Expenses associated with the acquisition of new technologies, such as the replacement of HVAC systems or for the inclusion of recycled material in PET bottles. - Losses associated with the generation of shrinkage due to replacement of bag inventory. - Possibility of fines due to non-compliance with regulations. - Lack of availability of post-consumer recycled material in the market due to deficiencies in the material collection system and low recycling culture of citizens, not being able to meet the goal established by the regulations regarding the incorporation of recycled PET in plastic bottles of our own brands.	- Plan to change efficient refrigeration and air conditioning equipment in distribution centers and stores by 2030. - Change of plastic bag material in accordance with regulations. - Execution of our Recicla Consciente program, which contributes to consumer education on recycling and establishes collection points nationwide in Plaza Vea, Vivanda and Makro supermarkets, in alliance with Recyclers Associations, in order to contribute to the recycling collection system and market (for more information, see the “Impact on Customers and Community” section of the 2022 Sustainability Report)
Implementation of carbon pricing Type: Political and legal Timeframe: Medium, and long term	Up to now, 46 countries have priced emissions through carbon taxes or emissions trading schemes (RCDE). These taxes and schemes cover 30% of emissions, but with global price differentiation (IMF, 2022)¹⁸. In the European Union, prices reach USD 90 per ton (IMF, 2022), while in Latin America, due to the fact that there is still no standardized global market for carbon credits, prices vary depending on the country (CIAT, 2021)¹⁹. In Colombia the carbon tax has a value of COP 20,500 pesos (USD 4.53) per ton of CO₂, while in Mexico the average price is MXN 262 (USD 14.62)²⁰. In Peru, the social price for carbon is US\$7.17 per tCO₂e (MINAM, 2020). According to MINAM, the country is currently preparing the infrastructure and national rules to participate in the carbon markets of the Paris Agreement²¹. One of these tools is the RENAMI (National Registry of Mitigation Measures), which allows organizations to register their carbon mitigation measures, which can then be used to generate carbon credits. These credits can then be traded on carbon markets, providing a financial incentive for companies to reduce their emissions (El Peruano, 2023)²².	The implementation of carbon pricing is expected to generate an increase in operating costs due to higher taxes associated with carbon emissions from electricity consumption. This could affect profitability, especially considering a future carbon price increase.	- Evaluation and monitoring of changes in national and international carbon policies and prices, including participation in RENAMI to register carbon mitigation measures and generate carbon credits. - Establishment of science-based emissions reduction targets and development of a strategic emissions reduction plan, which considers the replacement of lighting fixtures, refrigeration equipment and furnaces, and exploration of renewable energy sources as measures for category 1 and 2 of our carbon footprints. - Conducting a financial risk analysis to assess the impact of changes in carbon prices on the company’s operating costs and profitability.

¹⁸ Although more countries are pricing carbon, emissions are still very cheap (2022, July 21). IMF. <https://www.imf.org/es/Blogs/Articles/2022/07/21/blog-more-countries-are-pricing-carbon-but-emissions-are-still-too-cheap>

¹⁹ Dumoulin, A. (2023, May 29). Carbon pricing initiatives in Latin America and globally continue to grow in 2023. Inter-American Center of Tax Administrations. <https://www.ciat.org/ciatblog-las-iniciativas-de-precio-a-las-emisiones-de-carbono-en-america-latina-y-en-el-mundo-siguen-creciendo-en-2023/>

²⁰ Although more countries are pricing carbon, emissions are still very cheap (2022, July 21). IMF. <https://www.imf.org/es/Blogs/Articles/2022/07/21/blog-more-countries-are-pricing-carbon-but-emissions-are-still-too-cheap>

²¹ Eguren, L. (2020). Carbon pricing as a decarbonization instrument in the national context: Carbon Pricing: International Situation and Perspectives. Ministry of Environment. https://www.congreso.gob.pe/Docs/comisiones2020/CE_Cambio_Climatico_-2020-2021/files/foros_documentos/20_10_06_precio_al_carbono_

²² Climate change: learn about carbon credits in our country. (n. d.). News | Official Newspaper El Peruano. <http://www.elperuano.pe/noticia/202758-cambio-climatico-conozca-que-son-los-bonos-de-carbono-de-nuestro-pais>

RISK	RISK CONTEXT	BUSINESS IMPACT	MEASURES
Electricity prices Type: Political and legal Timeframe: Short, Medium, and Long term	Regulatory changes for the calculation of natural gas tariffs for electricity generation, affecting energy costs nationwide²³.	• Potential 12% increase in electricity tariffs for free and regulated customers, i.e., +1 million USD. • Increase in operating expenses associated with energy consumption	• Ongoing monitoring of electricity contracts for free customers. • Launch of the Retail Energy project to improve energy efficiency in operations. • Implementation of energy efficiency projects in all business units. For more information, see the “Energy Consumption” section of the Sustainability Report 2022.
Changes in product labeling regulation Type: Political and legal Timeframe: Medium, and long term	Of the environmental claims examined in the EU, 53.3% were vague, misleading, or unsubstantiated, and 40% were unsubstantiated (European Commission, 2022). New rules to combat greenwashing, or the practice of making misleading environmental claims on food, textile, and electrical products, are being proposed by the European Commission. The new rules would require companies to provide more detailed information on the environmental impact of their products and to justify any environmental claims they make in order to enable consumers to make more informed decisions about the products they buy and set standards for companies that have a commitment to sustainability (Universidad de Granada, 2023). In Peru, Peru’s national consumer protection agency, INDECOPI, is proposing new regulations to combat greenwashing, or the practice of making misleading environmental claims about products. The new regulations would allow Indecopi to impose fines of up to 34 million Peruvian soles (about US\$10 million) on companies that make false or misleading environmental claims and would require companies to provide more detailed information on the environmental impact of their products and to justify any environmental claims they make (INDECOPI, 2023).	• Associated fines for non-compliance with regulations and lack of transparency regarding the impact of our products. • Increased investment in product research and development and packaging. • Damage to the company’s reputation associated with “greenwashing” due to the low traceability of suppliers’ information on the products marketed, mainly our own brands. • Increased stringency in the information provided by suppliers regarding the environmental impact of products.	• Monitoring of regulations associated with changes in product labeling and design regulations, taking into consideration the proposals of the European Commission and the regulations proposed by INDECOPI in Peru, as well as other relevant regulations in the sector. • Evaluation of the carbon and water footprint of own-brand products and search for footprint reduction alternatives. • Joint work between the sustainability and marketing areas for transparent and detailed communication about the impact of products supported by verifiable data.

²³ Gestión Newspaper (2023). Electricity rates would remain on the rise until 2023 and could increase up to 12% <https://gestion.pe/economia/tarifa-electrica-se-mantendria-al-alza-el-2023-y-podria-subir-hasta-12-noticia/>

RISK	RISK CONTEXT	BUSINESS IMPACT	MEASURES
Change in the perception of stakeholders Type: Market Timeframe: Short, Medium, and Long term	Negative perception by investors, customers, and employees of late or lack of action on climate issues.	- Decreased access to investor capital. - Difficulty in accessing financing. - Decrease in employee job satisfaction. - Decrease in product sales due to poor customer perception. - Damage to brand reputation.	- Implementation of energy efficiency projects in all business units (UN). For more information, please see the “Energy Consumption” section of the 2022 Sustainability Report. - Establishment of science-based target and development of InRetail Peru’s carbon footprint reduction plan. - Implementation of initiatives to reduce food loss and waste. For more information review the “Food Waste” section of the Sustainability Report 2022. - Verification of sustainability indicators such as carbon footprint, energy consumption, water consumption, waste generation and food waste under ISO 14064 and ISAE 3000. - In order to encourage the use of electric transportation by our customers, we have electric chargers for cars and scooters in our shopping centers and implemented a Sustainable Delivery pilot in Pharma. For more information, see the “Sustainable Mobility” section of the 2022 Sustainability Report. - Areas of Sustainability in each Business Unit.



Moreover, mitigation and adaptation efforts generate a number of opportunities for the business, which are identified below:

OPPORTUNITIES	POTENTIAL IMPACTS
Change to low energy and water consumption infrastructures Type: Resource efficiency Timeframe: Short, Medium, and Long term Construction and use of buildings is responsible for almost 38% of CO₂ emissions and 35% of the world’s energy consumption. According to the Global Alliance for Buildings and Construction, to achieve decarbonization targets, net-zero energy buildings need to become the main form of construction by 2050 (BBVA, 2022)²⁴. Some local governments in Peru, such as the municipalities of San Borja, Santiago de Surco and Miraflores, grant incentives and concessions as technical and tax benefits to projects built under this green and sustainable building system (Camino et al., 2019)²⁵. An example is the Municipality of San Borja, which through Municipal Ordinance No. 496, promotes the construction of Green Buildings for Commercial Use, granting height bonuses to those projects that have Sustainable Construction Certification. This trend is on the rise since by 2020 more than 100 projects obtained these certifications, in addition to the 150 on average that were in the process to date (Espacioverde, 2021)²⁶.	• Generating efficiencies and reducing operating costs associated with energy and water consumption. • Increased resilience in the face of rising energy and water prices. In a scenario of water scarcity and rising energy prices, the construction of infrastructure that incorporates sustainability criteria represents an opportunity. • Improvement of the company’s reputation with customers, investors, and other stakeholders. • Compliance with regulations, taking into account a scenario of stricter building regulations. Reducing emissions associated with electricity consumption, which makes up 94% of our carbon footprint (Scope 1 and 2). Measures implemented • The new stores are already equipped with energy-efficient standards, from the use of energy-saving machinery to intelligent monitoring systems. We are also implementing a plan to adapt the infrastructure of our stores, drugstores, and shopping centers in areas at high risk of rain and flooding. • We are evaluating the incorporation of energy efficiency criteria for our new distribution center and the treatment of gray water for reuse.

²⁴ BBVA. (2022, October 11). How innovation has changed sustainable construction. BBVA NEWS. <https://www.bbva.com/es/sostenibilidad/como-la-innovacion-ha-cambiado-la-construccion-sostenible/>

²⁵ Camino, C., Ibarra, M., Jiménez, E., Sánchez, D. y Neyra, M. (2019). Analysis of the application of green certifications in multifamily housing in the city of Lima. https://repositorioacademico.upc.edu.pe/bitstream/handle/10757/651696/Camino_PC.pdf?sequence=3&isAllowed=yDec:December

²⁶ Espacioverde. (2021, June 17). LEED Certification In Peru | Espacio Verde. Espacio Verde. <https://www.espacioverde.pe/certificacion-leed-en-el-peru/>

²⁷ <https://infocarbono.minam.gob.pe/annios-inventarios-nacionales-gei/ingei-2019/>

OPPORTUNITIES	POTENTIAL IMPACTS
Increased quantities of recycled waste and recycled raw materials Type: Resource efficiency Timeframe: Short, Medium, and Long term The Ministry of the Environment reports that Peru generates more than 22,000 tons of solid waste per day, of which it is estimated that 75% can be reused. Nevertheless, the recycling rate is only 1.8% of the total waste generated. In addition, there is a nationwide disposal infrastructure gap, with limited treatment options in the regions. At InRetail, we explore opportunities to reduce our non-reusable waste and have established a recycling goal for our operations.	• Reducing final disposal costs. • Increasing revenues from the commercialization of recycled waste. • Improvement in the perception of employees and customers. Measures implemented • Sustainability leaders program in our stores and establishment of recycling goals in stores. • Recicla Mass and Recicla Botica programs to promote recycling in our convenience stores and pharmacies. • Reuse of plastic boxes and trays in our distribution centers. • Implementation of recycling stations for customers in Food Retail and Shopping Malls. • Food and Pharma product donation program. • Professionalization course for recyclers.
Optimization of dispatch routes Type: Resource efficiency Timeframe: Short, Medium, and Long term	• Reduction of operating costs. • Increased efficiency. • Reduction of GHG emissions from upstream and downstream transportation. • Measures implemented • Identification of drugstore hubs in Pharma in order to increase shipments to that point and make it the local supplier for other points of sale. • Logistics decentralization project.



In Peru,

12 %

of emissions

come from the transport sector

(INGEI, 2019)²⁷.

OPPORTUNITIES	POTENTIAL IMPACTS
Switching to renewable energy matrices Type: Energy source Timeframe: Short, Medium, and Long term Peru’s energy matrix is made up as follows: (i) 50.79% Hydroelectric, (ii) 44.30% Thermoelectric, (iii) 1.46% Solar and (iv) 3.44% Wind²⁸. The diversification of the energy matrix, through the introduction of RER technologies, increases the reliability of the electricity system and reduces dependence on fossil fuels. It also enables the country’s commitments to reduce GHG emissions to be met and promotes greater access to electricity in the most remote areas.	• Reduction of costs due to an increase in electricity tariffs in the national energy matrix, generating estimated savings of +1 million USD per year, based on energy consumption in 2022 and the tariff difference. • Promotion of innovation and research through investment in efficient technology and renewable sources. • Possible 60% reduction in emissions compared to 2021. • Reduced dependence on fossil fuels and exposure to price variations. Measures implemented • In 2022 we will implement solar panels at Plaza Vea Moquegua.
Promotion of sustainable transportation Type: Products and Services Timeframe: Short, Medium, and Long term The Peruvian State is developing the regulatory framework for the massive introduction of electric vehicles and charging infrastructure. It is estimated that the demand for 100% electric vehicles in Peru will double by 2023²⁹. The environmental benefits are multiple, as sustainable mobility contributes to the reduction of fine particulate matter (PM2.5), which can cause respiratory diseases, and greenhouse gas (GHG) emissions from transportation.	• Improvement in consumer perception. • Saving of 20% in delivery costs compared to traditional delivery. • Reduction of 100% of emissions in delivery by bicycle and 80% by electric motorcycles. • Increased bargaining power with suppliers. • Promotion of the development of the sustainable delivery market and the incursion of suppliers in new sustainable transportation models. • Investment in research and development in search of opportunities for charging stations and equipment. Measures implemented • Implementation of charging stations for electric cars in 1 store and 3 shopping centers, and for bicycles and scooters in 14 malls. • Execution of sustainable delivery project in Pharma, serving 10 districts of Lima Moderna and +19 thousand orders.

OPPORTUNITIES	POTENTIAL IMPACTS
Access to new markets due to changes in consumer preferences Type: Market Timeframe: Short, Medium, and Long term In the aftermath of the pandemic, citizens tend to prioritize health, well-being, and the environment with more sustainable purchasing decisions. This is reflected in a study conducted by EY, which indicates that more than 50% of respondents would stop buying products from a company that undertook a socially or environmentally inappropriate action, 34% would try to convince those close to them to do so, and 32% would reduce their consumption (EY, 2021)³⁰. A total of 97% of people globally are prepared to take steps to live a more sustainable lifestyle. However, only 13% of people are actively changing their behavior. This is mainly due to prices in the context of inflation (PERU RETAIL, 2022)³¹. By 2023, Peruvian consumers are expected to be open to trying new brands with attractive prices without compromising quality, and companies are committed to offering products aligned with consumer needs and preferences. There is a trend towards a greater demand for healthy and sustainable products, a growing preference for e-commerce, innovation in packaging and product presentation, and a growing demand for products that are more sustainable (Gestión, 2023)³².	• Attracting new customers. • Access to tax benefits for adapting low-emission practices. • Competitive advantage for being an early adapter versus other competitors. • Increased sales of low-emission products and improved product assortment. • Improved consumer perception. Measures implemented • Strengthening of our Perú Pasión program in our Seller Center, which is focused on SMEs that provide products with a positive socio-environmental impact and improve sales. At the end of 2022 we have 251 SMEs that are part of the program and receive ongoing training and mentoring. For more information, see the “Strengthening MSMEs” section of the 2022 Sustainability Report. • Implementation of spaces for greater exposure of alternative products such as “Mundo Saludable” in Food Retail and “Mundo Bienestar Blog” in Pharma. As well as our campaigns to identify products with recyclable packaging such as “Recycle Consciously” and “Sustainable Corner” in Pharma. For more information, please review the “We Promote Health and Nutrition” and “Customer and Community Impact” sections of the 2022 Sustainability Report.

²⁸ <https://www.coes.org.pe/Portal/portalinformacion/VisorPowerBI>

²⁹ <https://www.peru-retail.com/vehiculos-electricos-cinco-marcas-empezaran-a-venderlos-en-el-peru/>

³⁰ EY (2021). Future Consumer Index: Deconstructing the post-covid consumer and his commitment to sustainable consumption. www.ey.com. https://www.ey.com/es_es/el-consumidor-una-perspectiva-global/future-consumer-index-deconstruyendo-al-consumidor-post-covid-y-su-apuesta-por-el-consumo-sostenible

³¹ <https://infocarbono.minam.gob.pe/annios-inventarios-nacionales-gei/ingei-2019/>

³² Gestión. [2023, April 20]. Trends that are transforming the consumer market in Peru. Gestión. <https://gestion.pe/tendencias/tendencias-que-estan-transformando-el-mercado-de-consumo-en-el-peru-noticia/#:~:text=Se%20espera%20que%2C%20en%20el,y%20productos%20de%20cuidado%20personal.>

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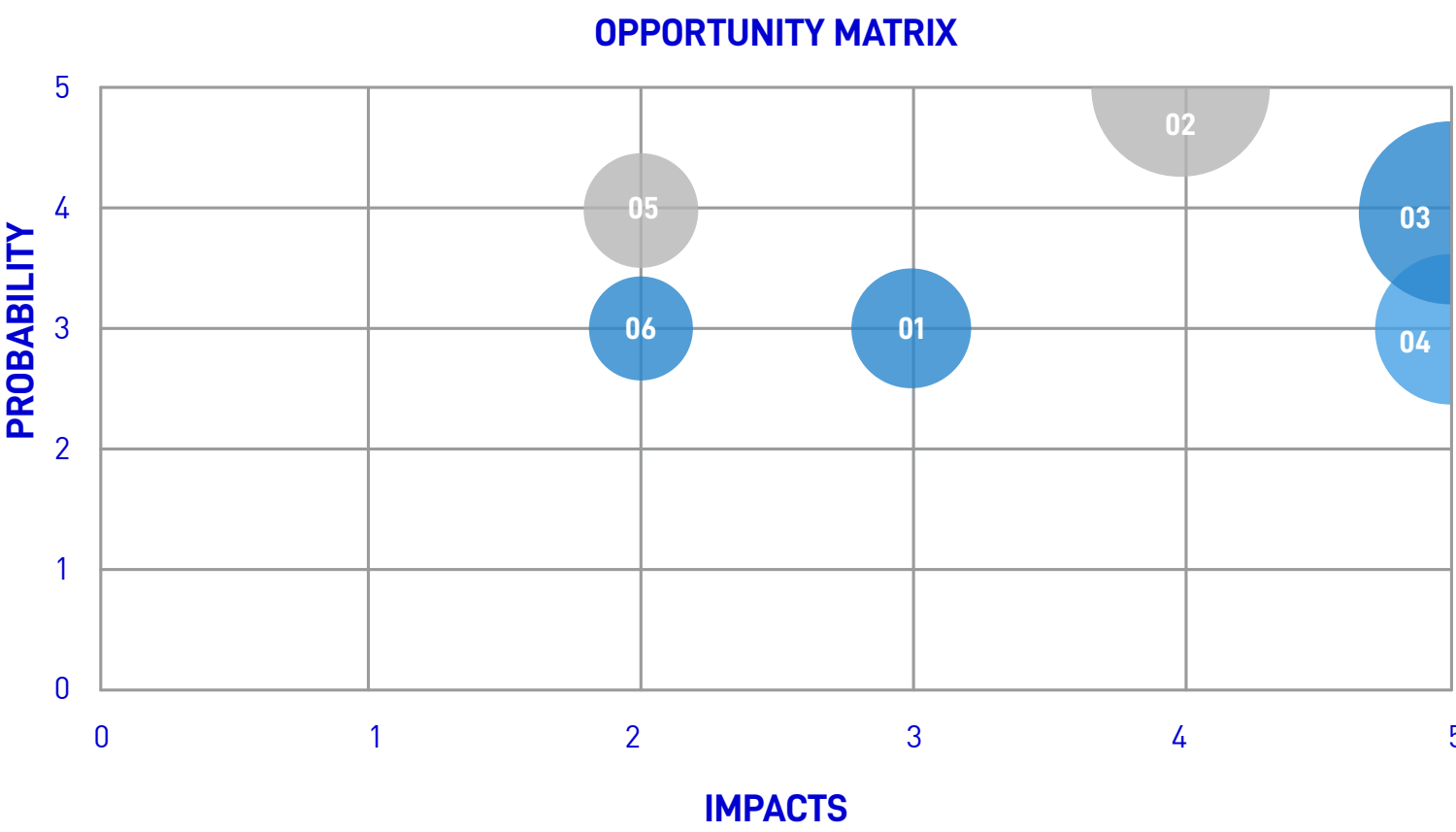
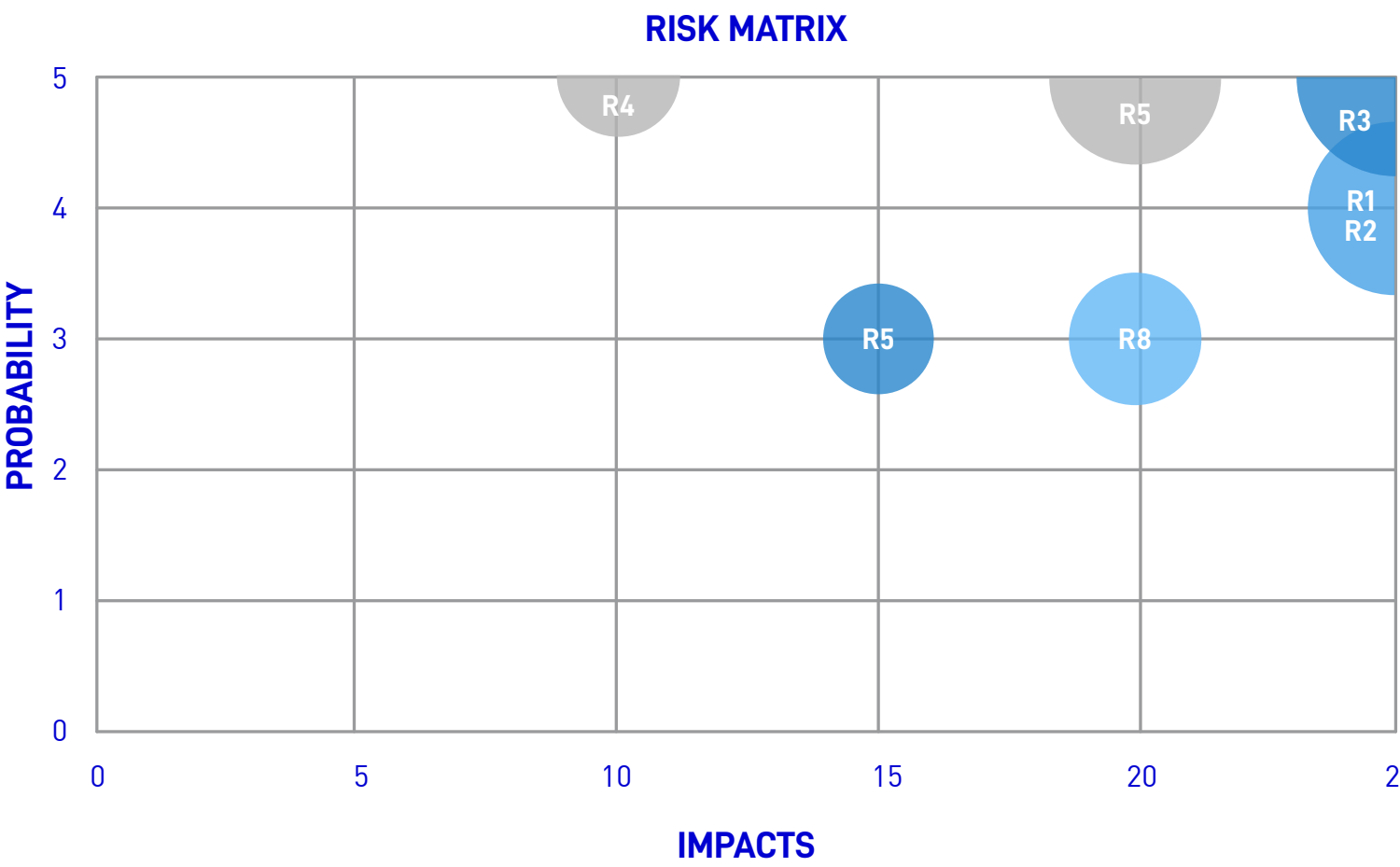


6. PROBABILITY AND IMPACT ANALYSIS

Based on the identification of risks and opportunities, a probability and impact analysis was performed.

CODE	RISK
R1	Intensification in the frequency of extreme El Niño and La Niña events.
R2	Increase in temperature.
R3	Affectation of water availability.
R4	Restriction or prohibition in the use of inputs such as refrigerants, fuels, single-use plastic, etc.
R5	Implementation of carbon pricing.
R6	Electricity pricing.
R7	Changes in product labeling regulations.
R8	Changes in stakeholder perception.

CODE	OPPORTUNITY
01	Shift to low energy and water consumption infrastructures.
02	Increased quantities of recycled waste and recycled raw materials.
03	Optimization of dispatch routes.
04	Shift to renewable energy matrices.
05	Promotion of sustainable transportation.
06	Access to new markets due to changes in consumer preferences





Business strategy

1. Influence on different areas of financial planning
2. Influence of risks on our strategy
3. Mitigation and adaptation measures

Business strategy

1. INFLUENCE ON DIFFERENT AREAS OF FINANCIAL PLANNING

FINANCIAL IMPACT	DESCRIPTION
Revenues	Revenues are affected by the decrease in sales as a result of the reduction in traffic due to the rains and floods. The impact has already been tangible in some events, with sales losses of close to USD 200 thousand per store in critical areas. For this reason, the operations area has created response and adaptation plans for rains and landslides. Considering the projected intensification of rainfall, sales are expected to be affected in the short, medium, and long term.
Direct costs	Investments in energy efficiency initiatives to meet objectives such as replacement of LED lighting (+USD 268 thousand), acquisition of energy management software, implementation of solar panels (USD 190 thousand), energy efficiency audits, replacement of air conditioning equipment, replacement of natural gas ovens with electric ovens, among others, and acquisition of energy management software. Expenses associated with the adaptation of infrastructure to physical risks such as intensified rainfall, landslides, and increased temperatures (USD 600 per pharmacy). An increase of 100% in the cost of cleaning equipment in malls.
Access to capital	Financial access is a potential risk for our operations, as investors increasingly consider climate-related risks and opportunities when evaluating their portfolios. Therefore, if climate criteria are not considered. Furthermore, there is an opportunity to access green financing with better interest rates linked to the fulfillment of environmental and social goals. Following this, in 2022, Food Retail was the first retailer in Peru to receive the Green Loan for S/. 100 million soles granted by Interbank, committing to waste recycling and food donation objectives.
Expansion	An increase in the budget due to the consideration of infrastructure criteria or adaptation of premises to respond to heavy rains and floods, mainly in the northern coast and jungle of the country.

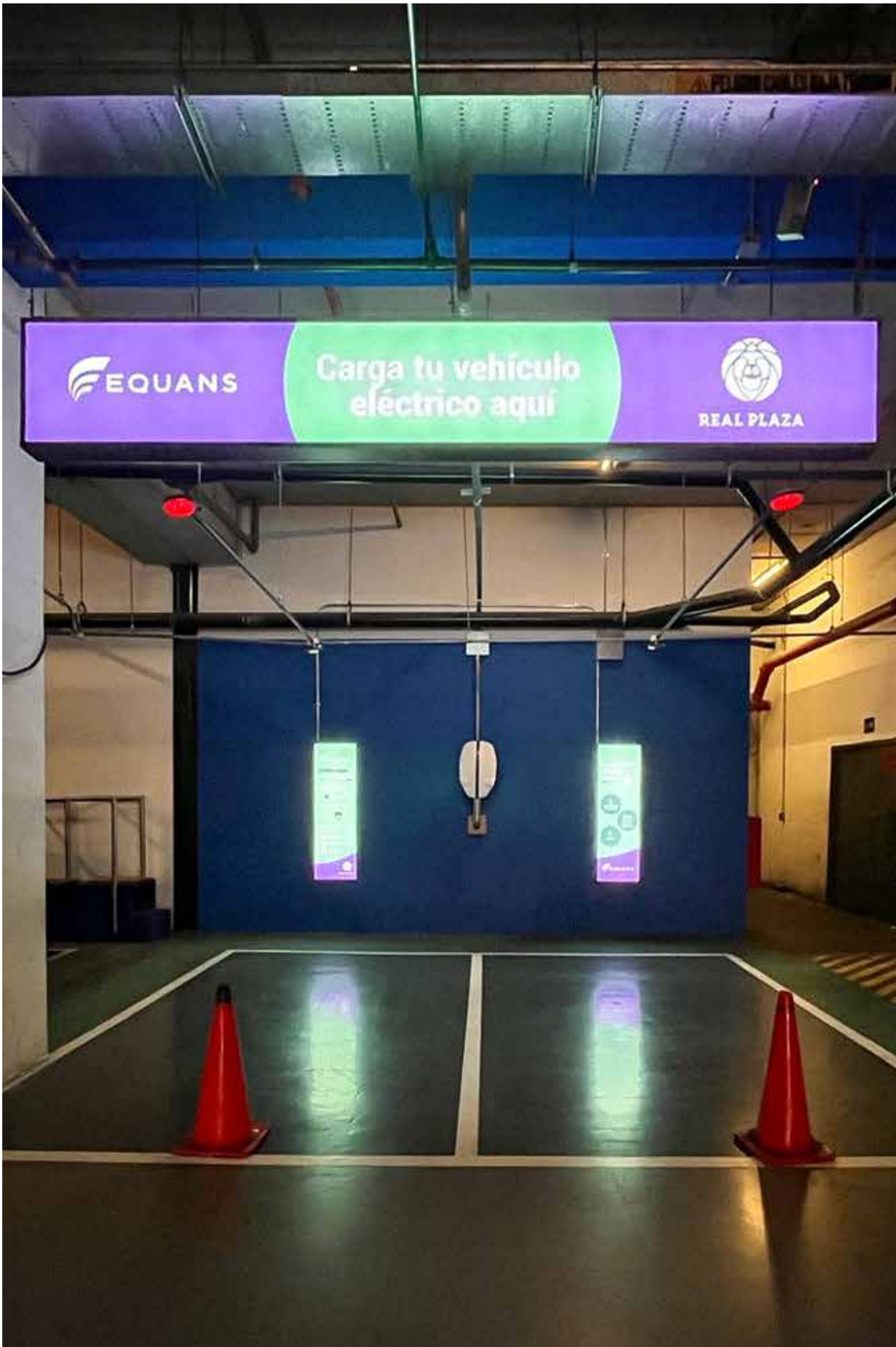
2. INFLUENCE OF RISKS ON OUR STRATEGY

In operations

At present, the energy systems of some Business Units are changing from natural gas to electric, taking into account that our energy matrix in Peru is composed of more than 50% hydroelectric energy, and with the confidence that it will evolve to one with a greater participation of non-conventional renewable energy sources such as solar, wind and geothermal.

The new stores are created with efficient standards with respect to energy consumption, from the use of energy-saving machinery to intelligent monitoring systems. In addition, in order to encourage our customers to use electric transportation, we are implementing electric car chargers in our shopping centers. These are crucial steps in working together toward a low-carbon future.

We have carried out our Sustainable Delivery project in Pharma, by means of which we seek to contribute to the reduction of CO₂ emissions in the distribution of orders in pharmacies through the incorporation of a hybrid fleet with sustainable transport (bicycles, scooters and electric vehicles), managing to attend more than 19,000 orders in 10 districts of Lima.



In the value chain

The RCP 4.5 scenario represents a strong mitigation of carbon emissions, where by 2100, global average temperatures increase by 1.1 to 2.6°C compared to pre-industrial levels. With this assumption, the impacts of climate change will be mitigated, but at the same time the effects of climate change will be felt.

When comparing Annexes 1, 2 and 3, it can be seen that Peru is highly exposed and vulnerable to the hazards of water availability and agricultural production systems. To mitigate and adapt to these challenges, we must work with alliances and innovation.

At Intercorp Retail and InRetail, we are convinced that by incorporating supply chain management into our sustainability strategy, we ensure that we reduce our exposure to risks and adequately manage the impacts related to operations in our area of influence. In Annex 7 we present our supplier management strategy, which is summarized as follows:

STEP 1

SCREENING

We identify our significant suppliers considering the following criteria:

-  Represent the highest turnover of each business unit (80% of purchases)
-  Few substitutes
-  Own brands
-  With high exposure to environmental social and governance risks.

STEP 2

ESG ASSESSMENT

We assess each of our new and old suppliers with more than 15 sustainability criteria, to identify their level of compliance, some of which are:

-  **Social:** Safety and Health at Work labor management, and Labor Sexual Harrasment and discrimination.
-  **Environmental:** Environmental impacts, waste management and environmental regulations.
-  **Ethics and Compliance:** Information Security, Code of Ethics.

STEP 3

IMPROVEMENT PLAN

We developed our Diversity Symposium aimed at suppliers and our Responsible Supply Chain program, which addresses issues aligned with our sustainability policies.

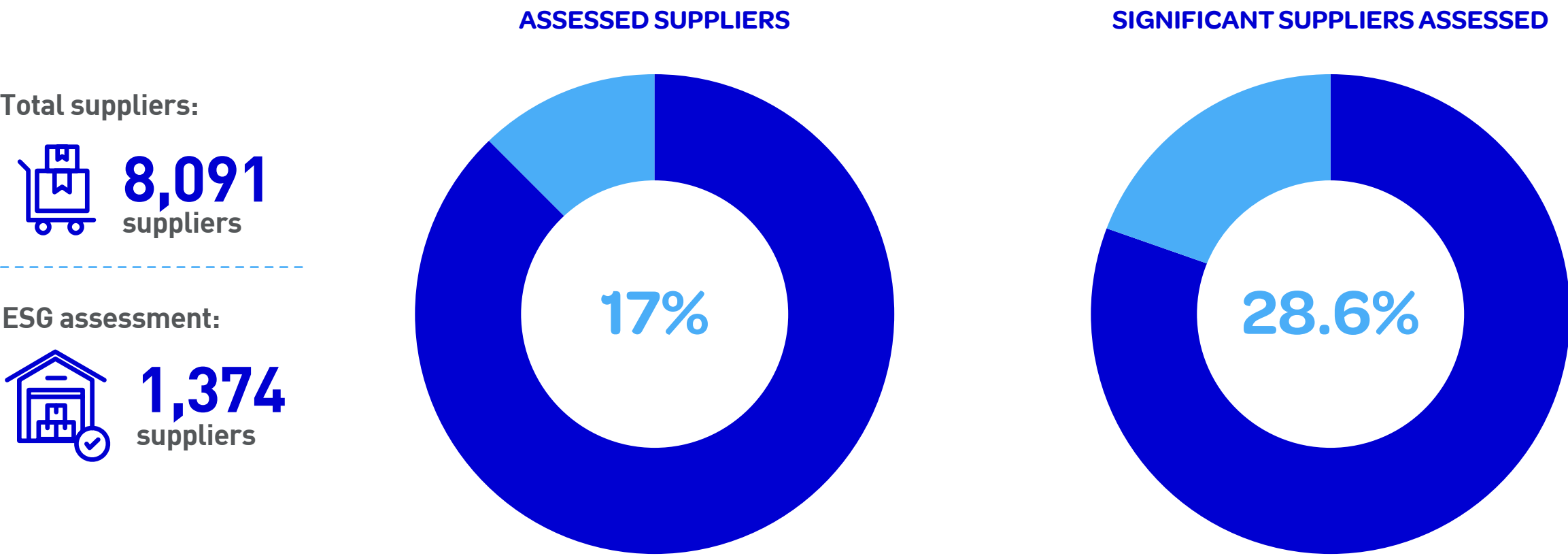
Those suppliers with critical compliance in the ESG Evaluation will have corrective action plan drawn up.

By 2022, we have 523 critical suppliers that represent a medium or high risk both for the business and in terms of sustainability.

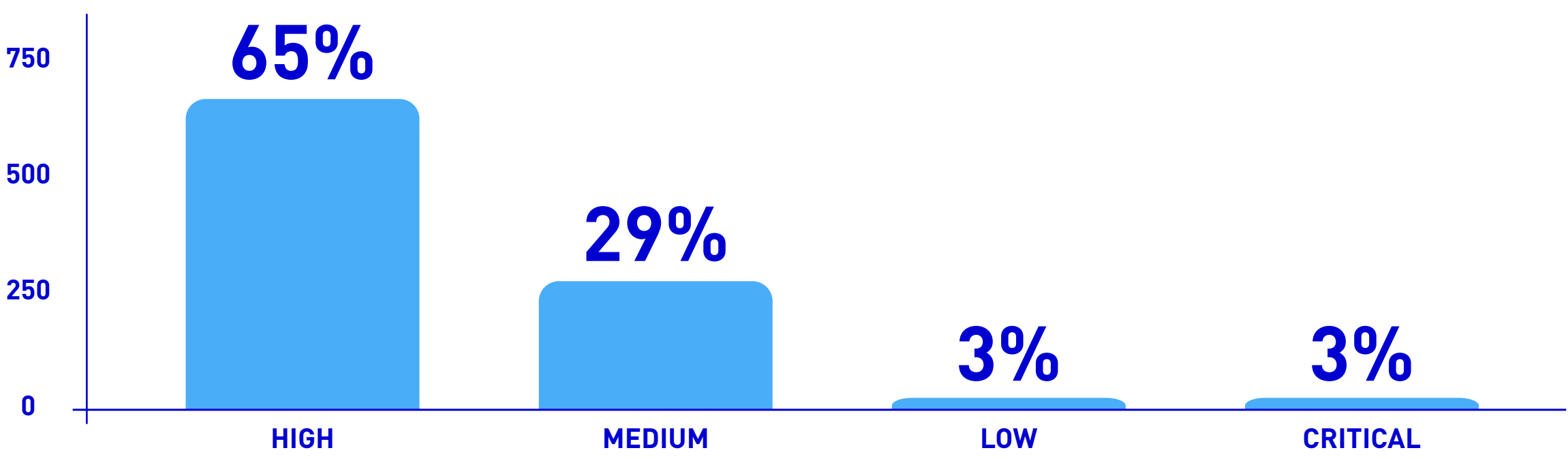
SUPPLIER SCREENING	FOOD RETAIL	PHARMA RETAIL AND DISTRIBUTION	SHOPPING MALLS	TOTAL INRETAIL
Total number of suppliers	4,075	3,002	1,014	8,091
Total number of significant suppliers	397	91	35	523
% of purchases from significant suppliers	73.53%	38.35%	58.60%	63.67%

We have assessed 1,374 suppliers from Food Retail, Pharma Retail and Distribution and Shopping Malls, and we managed to evaluate 28.6% of critical suppliers. Although our goal for 2022 was to assess 100%, we recognize that there is still a long way to go to reach the objective, and for this reason in 2023 we will continue promoting the evaluation of suppliers.

Likewise, we identified 2 suppliers with critical compliance with ESG criteria, for which we will design a corrective action plan in 2023.



ESG compliance of assessed suppliers



As part of our improvement plan, we developed our Diversity Symposium aimed at suppliers (see Chapter 9.5 *Respect for human rights* on the Sustainability Report 2022) and our Responsible Supply Chain program, a training program aimed at our retail and non-retail suppliers, where we address issues aligned with our sustainability policies and present existing tools on the market to suppliers, seeking to make the information grounded and really useful for them. Thus, in 2022 training has been carried out, and will continue to be carried out, on the following topics

Training aimed at suppliers

TOPICS	PARTICIPATING SUPPLIERS	SIGNIFICANT SUPPLIERS	EXHIBITORS
Eco-efficiency and waste management practices	188	164	Mangle Consulting
Plastic pollution	135	94	Life Out Of Plastic (L.O.O.P.)
Food Loss and Waste Reduction	101	86	Sinba and Banco de Alimentos
Reforestation practices and how to become certified	76	56	Forest Stewardship Council (FSC)
Good Water Consumption and Management Practices	12	7	Sedapal and National Water Authority
Importance of Carbon Footprint measurement	31	23	Deuman and Ministry of Environment

Additionally, so far in 2023, the following talks have been held:

TOPICS	PARTICIPATING SUPPLIERS	SIGNIFICANT SUPPLIERS	EXHIBITORS
Climate Change and Carbon Footprint	56	33	World Wildlife Fund (WWF) and the Ministry of the Environment
Sustainable Agriculture	30	21	Environmental Protection Agency

Responsible Supply Chain Results



The possibility also exists of carrying out “Works by Tax”, a mechanism where private companies advance the payment of their income tax to finance and execute directly, quickly, and efficiently, public investment projects. Under this mechanism there is “Green Infrastructure”, which is defined as a network of natural spaces that conserve the values and functions of ecosystems, providing ecosystem services. Through the implementation of such infrastructure, it is possible to prevent land use change, deforestation and create carbon sinks.

In the investments

The company continued with the change from conventional to LED lighting in its stores and 268 Pharma drugstores, and implemented solar panels in its Plaza Vea Moquegua store, which generated more than 142 thousand kWh of energy in 2022, supplying 25% of the energy consumed in the store, with a total investment of more than 458 thousand USD. An investment in research and development in the search for charging station opportunities and equipment for Pharma’s sustainable delivery project.

3. MITIGATION AND ADAPTATION MEASURES

The next section refers to climate change mitigation and adaptation actions resulting from the impact-probability analysis of risks and opportunities.

MITIGATION	ADAPTATION
AVOIDANCE AND REDUCTION OF GREENHOUSE GAS EMISSIONS	ADAPTING OUR OPERATIONS, PROCESSES, LOGISTICS TO CLIMATE CHANGE
To measure and make efforts to reduce greenhouse gas emissions in our operations and supply chains.	To promote technologies for adaptation to climate change in agriculture.
To implement and promote the adoption of renewable energies.	To encourage participation in investment projects.
To increase energy and water efficiency.	To adopt preventive and reactive measures in the face of emergencies and natural disasters.
To opt for low-emission supplies (refrigerants, fire extinguishers, etc.).	To promote measures for the protection of biodiversity and natural resources.
To adopt low-carbon technologies and transportation in the distribution of products and operations.	To evaluate suppliers in terms of risks and opportunities related to climate change.
To take actions based on the life cycle analysis of products.	To implement energy and water efficiency criteria in the design and construction of premises.
To reduce waste generation, increase recycling rates and divert food from landfills through donation.	To implement a contingency plan for the distribution of products in the event of an emergency.
To work hand in hand with agricultural suppliers to discourage land-use change and responsible use of fertilizers.	To implement circular economy programs





Metrics and objectives

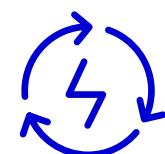
1. Carbon footprint
2. Energy consumption
3. Waste management

Metrics and objectives

Since 2021, we have established ESG targets for our company. Our current metrics and targets are key to measuring and managing risks and opportunities related to climate change.

In accordance with the TCFD Guidance on Metrics, Targets and Transition Plans, we have the following metrics related to climate change and our performance in 2021 with respect to these metrics³³:



METRICS		UNIT	BASELINE YEAR 2021	2025 GOAL	
Carbon footprint	Scope 1	tCO ₂ eq	6,342.33		Reduction of 15% of the relative carbon footprint
	Scope 2		54,179.61		
Electricity consumption		MWh	311,052		Reduction of 15% relative energy consumption
Waste recycling		%	47.6		Recycling of 59.8% of the waste generated



³³ For more information, please see our Sustainability Report 2021.

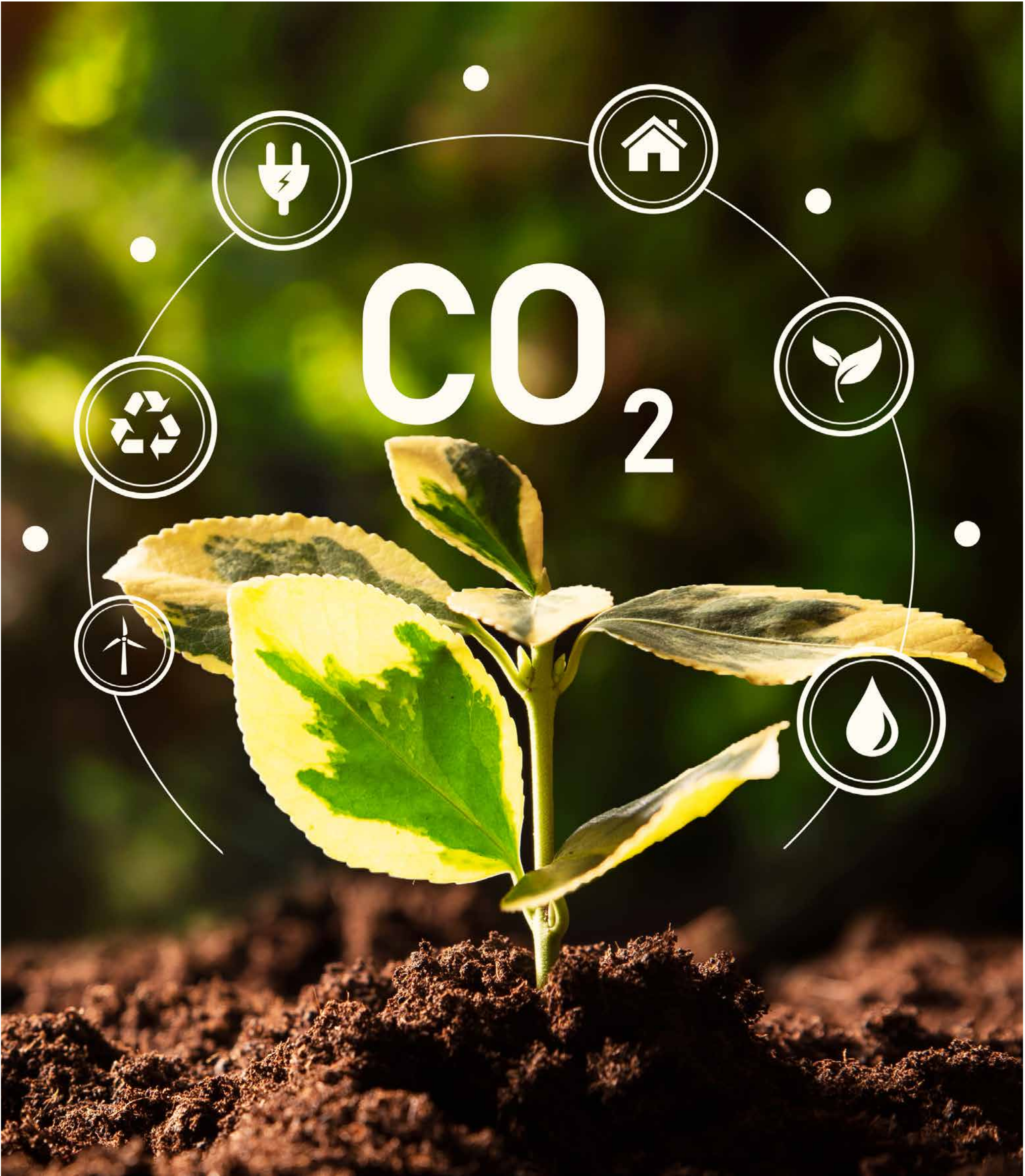
1. CARBON FOOTPRINT

We measure and verify our carbon footprint for scopes 1, 2 and 3. We use the Peru Carbon Footprint tool from the Ministry of the Environment, which follows the ISO 14064-1 standard and the GHG Protocol standards for scope 3.

Carbon footprint by business unit

SCOPE	BUSINESS UNIT	2020 tCO ₂ e	2021 tCO ₂ e	2022 tCO ₂ e
Scope 1	Food Retail	5,236.09	6,233.8	33,845.6*
	Pharma - QS	10.18	2.83	189.7
	Pharma - FP	7.77	12.70	28.7
	Shopping Malls	80.01	85.24	74.9
	Total InRetail	5,334.05	6,334.57	34,138.9
Scope 2	Food Retail	25,321.79	38,499.9	46,937.7
	Pharma - QS	687.41	768.90	832.5
	Pharma - FP	6,861.72	7,756.94	7,935.1
	Shopping Malls	4,537.80	6,406.76	10,018.2
	Total InRetail	37,408.72	53,432.5	65,723.5
Scope 3	Food Retail		2,861,976.67	3,724,857.2
	Pharma - QS		424,366.64	78,704.2
	Pharma - FP		996,920.62	383,932.0
	Shopping Malls		20,887.35	25,059.1
	Total InRetail		4,304,151.28	4,212,552.5

*The Real Plaza waste calculations in 2021 were updated due to a change in the calculation methodology. The scope of 30% of the Malls is considered.



Source of emission (Scope 3)

SOURCE OF EMISSION	TOTAL CO ₂ eq
Upstream transportation	64,791.6
Employee Commuting	9,622.3
Downstream transportation	6,014.5
Purchased goods	3,517,097.0
Energy-related emissions not included in Scope 1 and 2	1,303.3
Capital goods	1,482.7
Generated waste	415.2
Downstream leased assets	22,424.651
Use of sold products	589,401.174
Total Scope 3	4,212,552.5



2. ENERGY CONSUMPTION

Energy consumption

TOTAL ENERGY CONSUMED	UNITS	2020	2021	2022
NON-RENEWABLE FUELS PURCHASED AND CONSUMED	MWH	22,957	22,779	48,926
Food Retail	MWh	22,297*	22,357**	48,547
Pharma Retail and Distribution	MWh	272	95	95
Shopping Malls	MWh	388*	327	284
PURCHASED NON-RENEWABLE ELECTRICITY	MWH	89,022	130,175	143,347
Food Retail	MWh	57,113*	92,669**	103,685
Pharma Retail and Distribution	MWh	21,674	22,085	19,321
Shopping Malls	MWh	10,235*	15,421	20,341
TOTAL RENEWABLE ENERGY PURCHASED	MWH	164,600	180,877	174,125
Food Retail	MWh	105,601*	128,763**	130,532
Pharma Retail and Distribution	MWh	40,075	30,687	24,299
Shopping Malls	MWh	18,924*	21,427	19,195
TOTAL RENEWABLE ENERGY GENERATED	MWH	0	0	164
Food Retail	MWh	0	0	164
Pharma Retail and Distribution	MWh	0	0	0
Shopping Malls	MWh	0	0	0
TOTAL NON-RENEWABLE ENERGY SOLD	MWH	0	0	0
TOTAL NON-RENEWABLE ENERGY CONSUMED	MWH	111,979	152,955	192,273
TOTAL ENERGY CONSUMED INRETAIL	MWH	276,579	333,831	366,562

3. WASTE MANAGEMENT

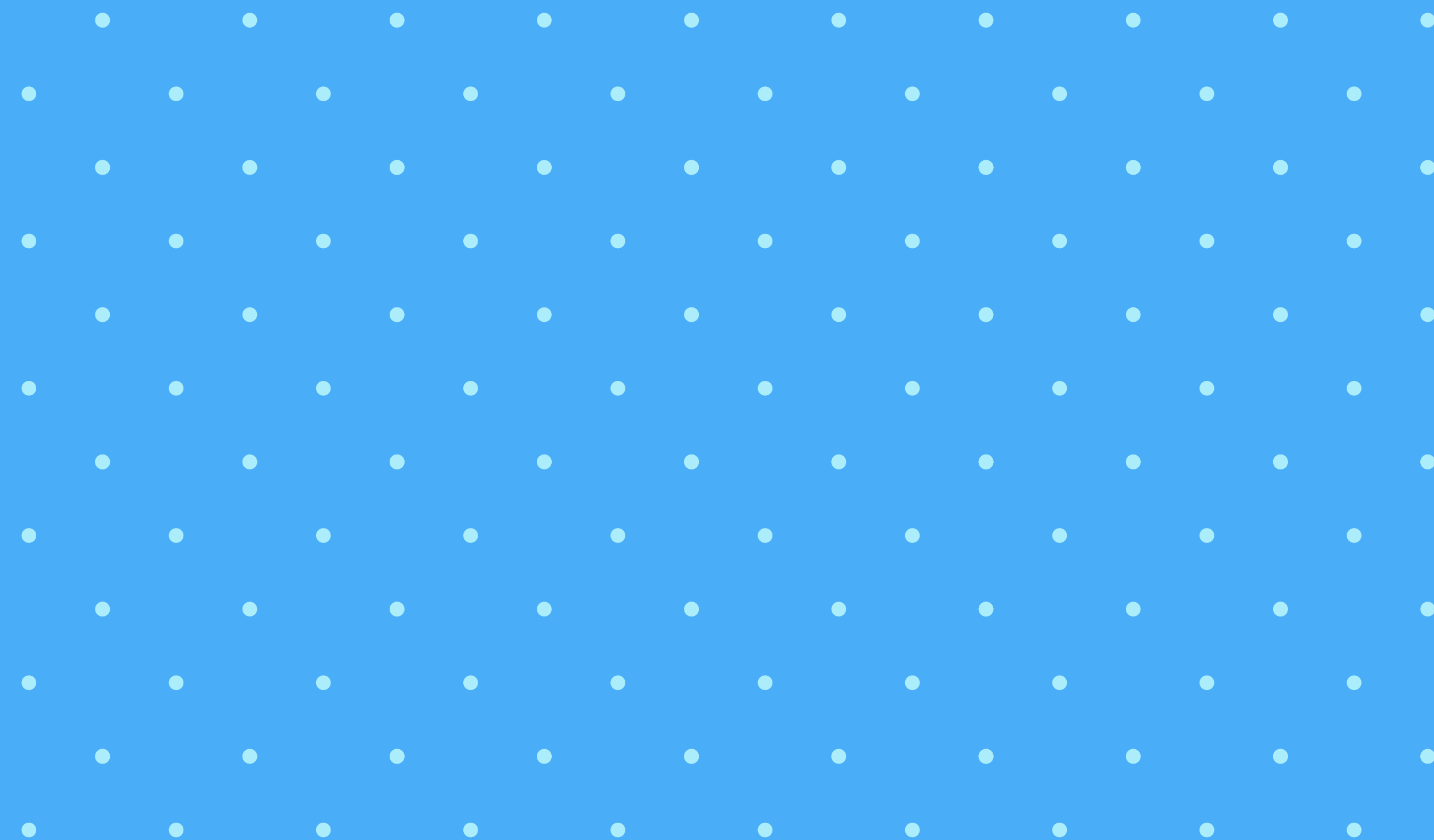
Recycled and generated waste

WASTE DISPOSAL	UNIT	2020	2021	2022
TOTAL WASTE GENERATED INRETAIL	TONS	10,703.48	10,192.8	13,171.0
Food Retail	Tons	7,393.7	8,660.4	10,825.5
Pharma Retail and Distribution	Tons	585.2	1,003.2	1,881.3
Shopping Malls	Tons	2,724.5	529.2***	464.2
TOTAL WASTE RECYCLED INRETAIL	TONS	6,432.30	7,171.4	9,767.0
Food Retail	Tons	5,282.5	6,100.4	7,817.7
Pharma Retail and Distribution	Tons	585.2	894.5	1,782.6
Shopping Malls	Tons	564.6	176.5*	166.7
TOTAL WASTE DISPOSED OF IN LANDFILLS INRETAIL	TONS	4,271.18	3,021.4	3,404.0
Food Retail	Tons	2,111.2	2,560.0	3,007.8
Pharma Retail and Distribution	Tons	0.0	108.7	98.7
Shopping Malls	Tons	2,160.0	352.7*	297.5

* The data of Shopping Malls and Food Retail 2020 has been corrected and updated with respect to the Sustainability Report of the previous year.

** Unlike previous years, for the calculation of the year 2021 it was included in Food Retail the consumption of the Makro stores, three logistics centers and the Mass stores

*** The Real Plaza waste calculations in 2021 were updated due to a change in the calculation methodology. The scope of 30% of the Malls is considered.



Annexes



Annex 1. Climate indicators for identification of regions of maximum changes on a quarterly scale

Annex 2. Spatial distribution of regions of maximum change (hotspots) in Peru by 2050

Annex 3. Thematic vulnerability and exposure maps on water availability

Annex 4. Thematic maps of vulnerability and exposure of agricultural production systems

Annex 5. InRetail locations

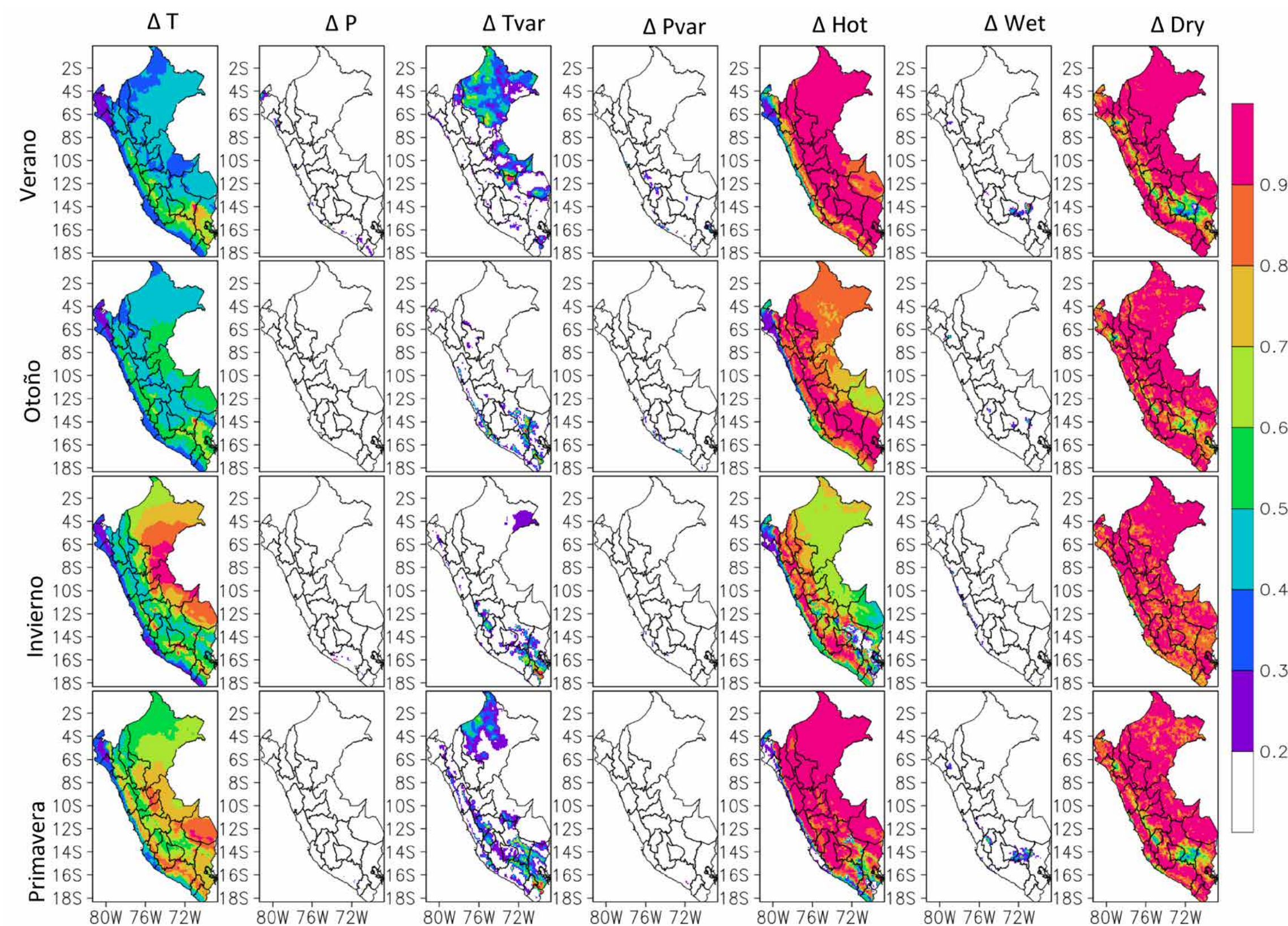
Annex 6. InRetail's stores in detail

Annex 7. Supply Chain Management Intercorp Retail

Annexes

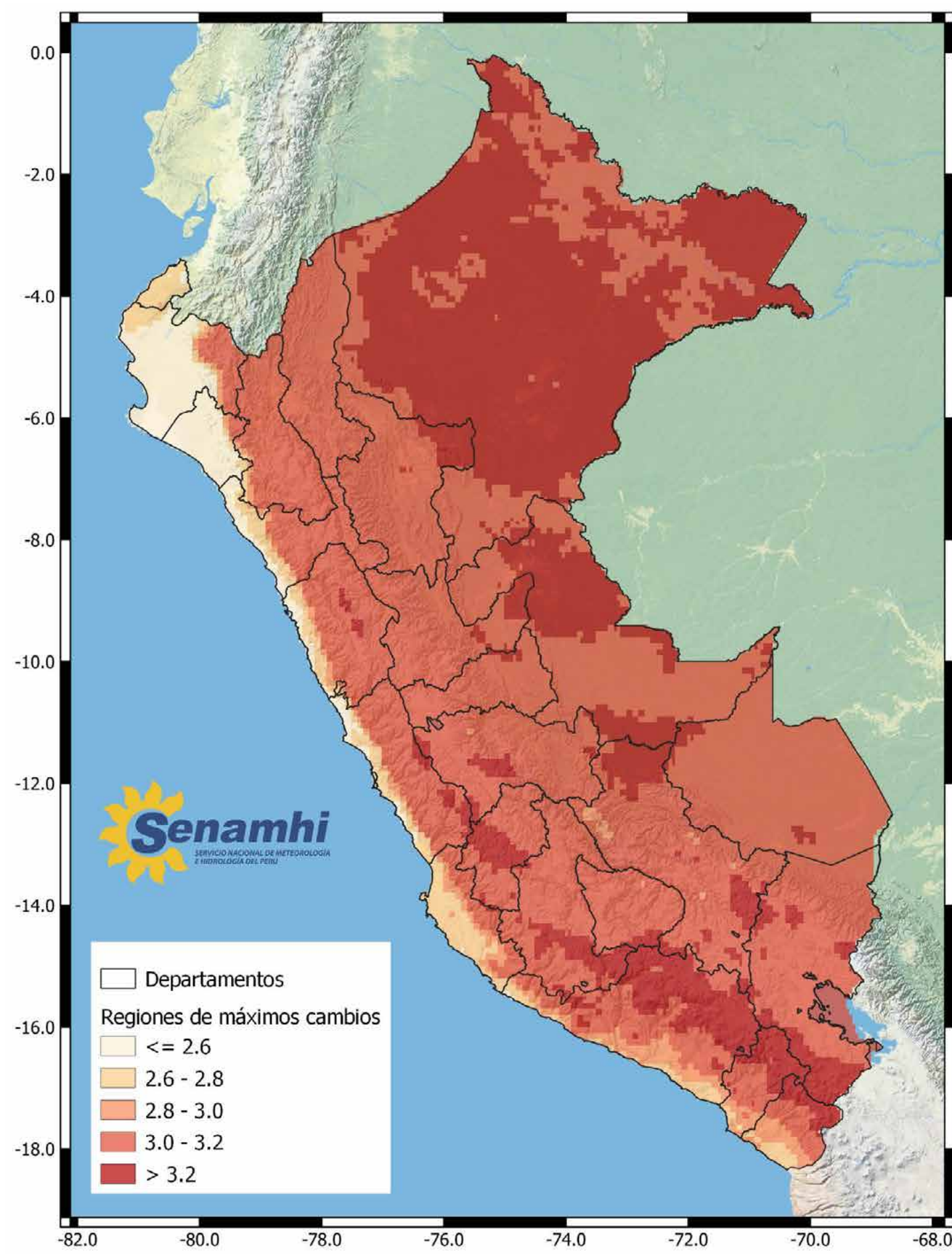
ANNEX 1. CLIMATE INDICATORS FOR IDENTIFICATION OF REGIONS OF MAXIMUM CHANGES ON A QUARTERLY SCALE

Climate scenario to 2050 in Peru. Changes in the average climate

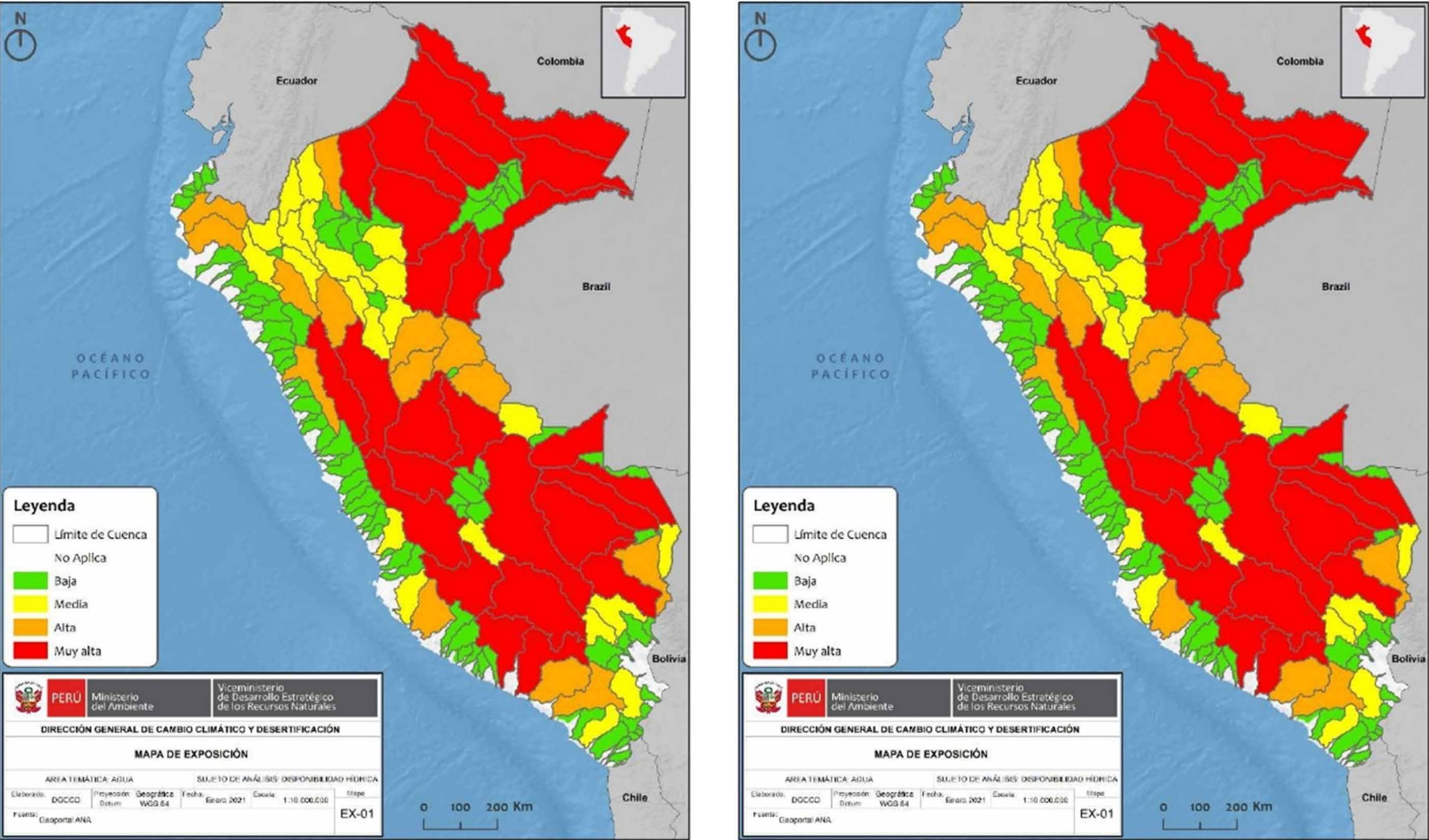


Source: SENAMHI, 2021.

ANNEX 2. SPATIAL DISTRIBUTION OF REGIONS OF MAXIMUM CHANGE (HOTSPOTS) IN PERU BY 2050

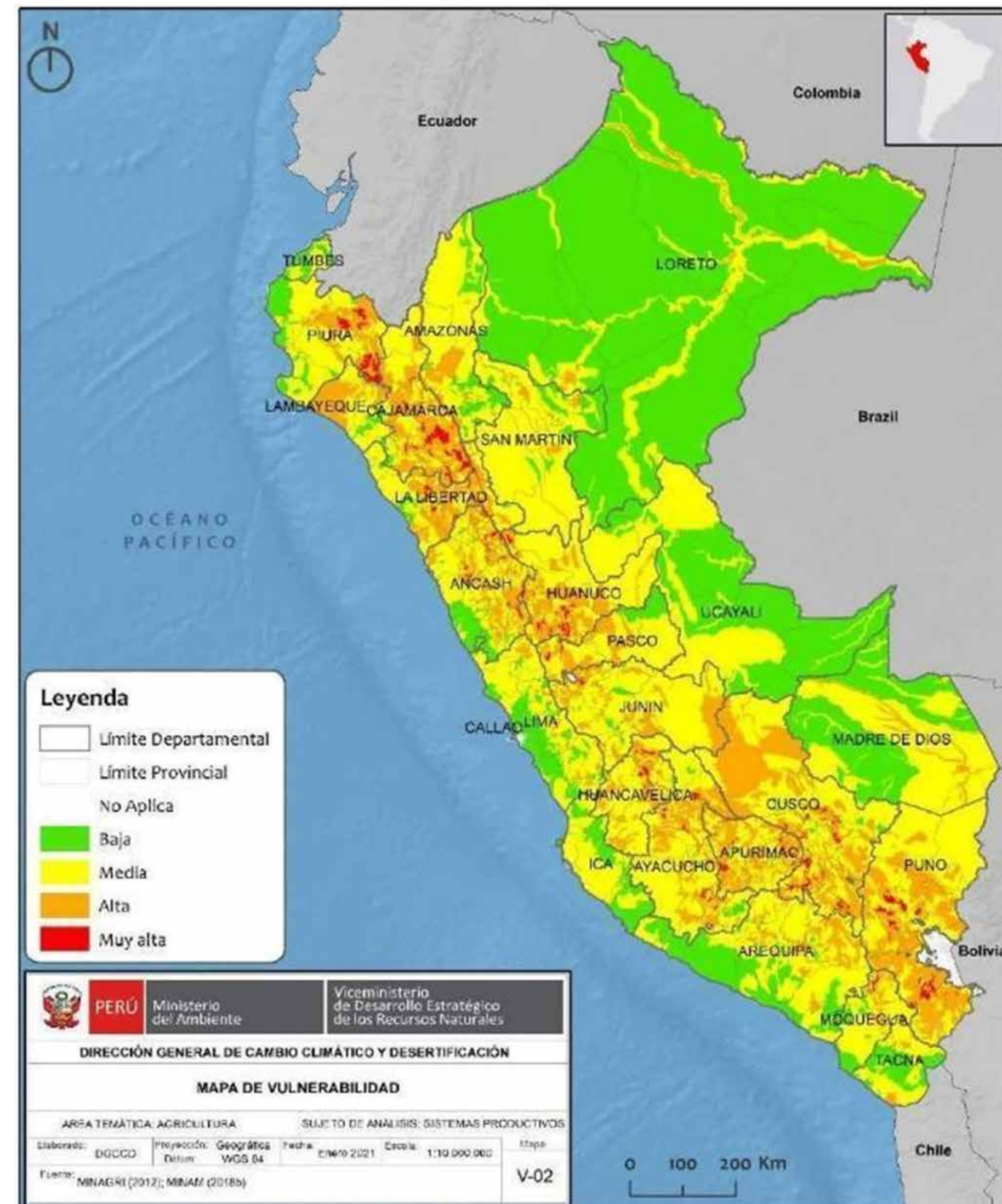
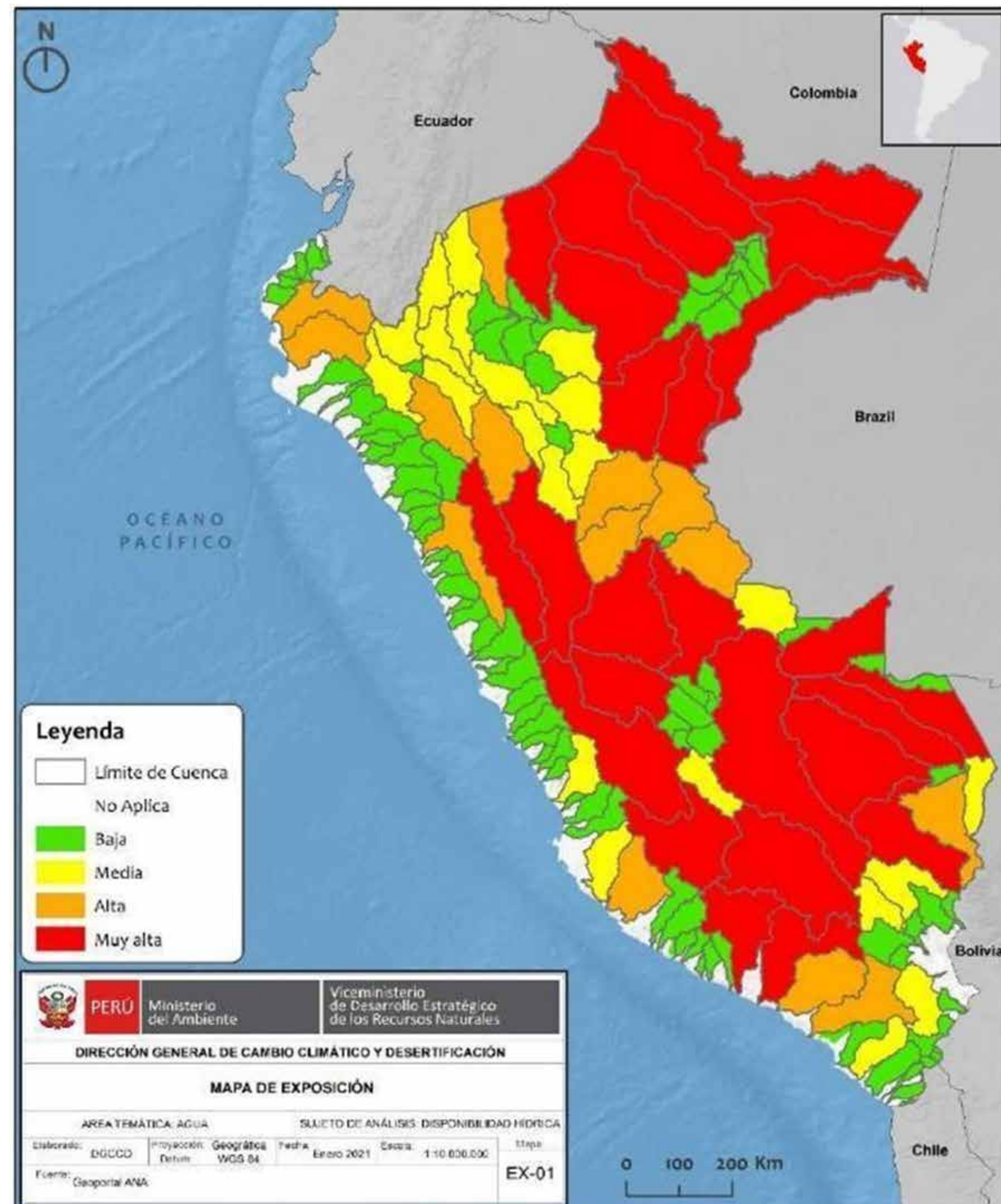


ANNEX 3. THEMATIC VULNERABILITY AND EXPOSURE MAPS ON WATER AVAILABILITY



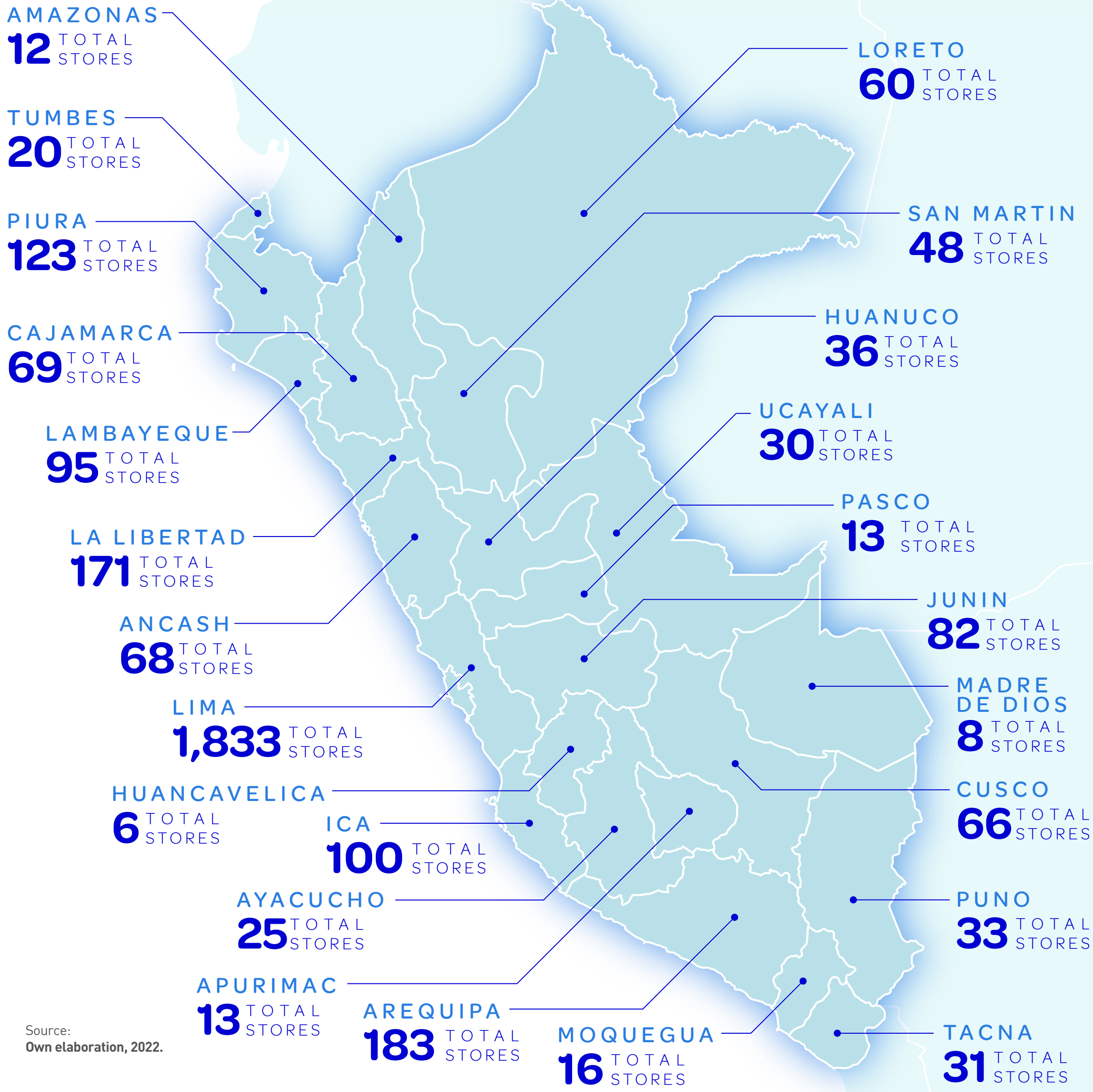
Source: Ministry of Environment, 2021.

ANNEX 4. THEMATIC MAPS OF VULNERABILITY AND EXPOSURE OF AGRICULTURAL PRODUCTION SYSTEMS



Source: Ministry of Environment, 2021.

ANNEX 5. INRETAIL LOCATIONS



Source:
Own elaboration, 2022.

ANNEX 6. INRETAIL'S STORES IN DETAIL

DEPARTMENTS	FOOD RETAIL			PHARMA		SHOPPING MALLS	TOTAL
	PLAZA VEA AND VIVANDA	MASS	MAKRO	INKAFARMA	MIFARMA	REAL PLAZA	
Amazonas				8	4		12
Áncash	3		1	40	23	1	68
Apurímac				7	6		13
Arequipa	2	47	2	67	64	1	183
Ayacucho				16	9		25
Cajamarca	2			35	31	1	69
Cusco	2		1	31	31	1	66
Huancavelica				5	1		6
Huánuco	1			19	15	1	36
Ica	3	4	3	50	40		100
Junín	2		1	45	33	1	82
La Libertad	5	26	2	78	59	1	171
Lambayeque	2		1	49	42	1	95
Lima	75	616	12	589	532	9	1,833
Loreto				39	21		60
Madre de Dios				5	3		8
Moquegua	2			9	5		16
Pasco				9	4		13
Piura	6		3	63	49	2	123
Puno	2			22	8	1	33
San Martín	1			29	18		48
Tacna	1			16	14		31
Tumbes	1			11	8		20
Ucayali	1			20	8	1	30
Total	111	693	26	1,262	1,028	21	3,141

Source: Own elaboration, 2022.

ANNEX 7. SUPPLY CHAIN MANAGEMENT INTERCORP RETAIL

We are convinced that supply chain management is a fundamental pillar in our sustainability strategy. By incorporating ESG criteria and sustainable practices throughout the sourcing process, we ensure that we reduce our exposure to risks and adequately manage the impacts related to our operations. With our strategy, we are committed to generating a positive impact in the communities in which we operate, minimizing risks and maximizing opportunities to improve sustainability in our operations. Next, we present our management strategy.

1. General Conditions of Procurement of Goods and Services

100% of our suppliers, both commercial and non-commercial, receive our [Corporate Sustainability Guidelines for Suppliers, which consider compliance](#) criteria, as well as our [Code of Ethics](#). Likewise, in our purchase orders and contracts, we explicitly include the commercial and non-commercial conditions required at the time of initiating commercial relations. In addition, our suppliers go through a registration process where they sign an anti-corruption clause. (bicycles, scooters and electric vehicles), managing to attend more than 19,000 orders in 10 districts of Lima.

2. Supplier Screening

We identify our significant suppliers for our business considering the following criteria:

- **Higher turnover in each business unit:** Suppliers that contribute significantly to the company's total sales will be considered critical.
- **Few substitutes:** Those suppliers that offer unique products or services and cannot be easily substituted.
- **Own brand suppliers:** Suppliers that supply the company's own brands will have a critical status due to their direct impact on the company's reputation
- **High exposure to ESG risks:** Suppliers that belong to high risk categories in terms of environmental, social and governance (ESG).

The identification of risky categories in ESG terms is carried out by the sustainability team, who analyze risk exposure in the following topics



Environmental

- Natural disasters
- Improper handling of chemicals
- Raw material availability
- Traceability



Social

- Accidents and fatalities
- Child and forced labor
- Discrimination and sexual harassment at work



Governance

- Corruption and money laundering cases
- Fraudulent recruitment
- Activities that may lead to crimes.



This identification exercise is updated **every 2 years**.

3. Supplier Assessment

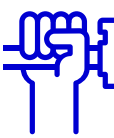
3.1. Desk Assessment

At the beginning of 2021, we designed our methodology to evaluate suppliers in ESG aspects through a platform, which, as of 2022, is included as a mandatory requirement for the registration of new suppliers. This evaluation has the nature of an affidavit, which implies that suppliers must provide truthful and complete information on their performance in social, environmental, and ethical and *compliance aspects*. For existing suppliers, the evaluation is sent with the support of the commercial and procurement areas.

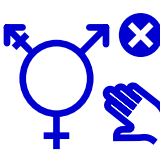
Suppliers are rated based on 15 criteria linked to social, environmental and ethical aspects, which include:



Health and safety: It is verified if there are adequate health and safety practices in the workplace to protect workers and reduce occupational risks.



Labor Rights: Ensures that employees are treated with dignity and respect, that they are paid a fair wage, and that their basic labor rights are followed.



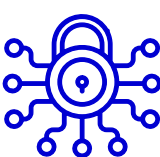
Workplace sexual harassment: It is evaluated whether the company has a policy or procedure that prevents, deals with, and punishes cases of labor sexual harassment, as well as a complaints channel to report any case.



Environment: Compliance with environmental laws and regulations is evaluated, as well as the control of the environmental impacts generated and the traceability of the raw material.



Business ethics: Investigates whether there are corrupt or unethical business practices, such as bribery or influence peddling.



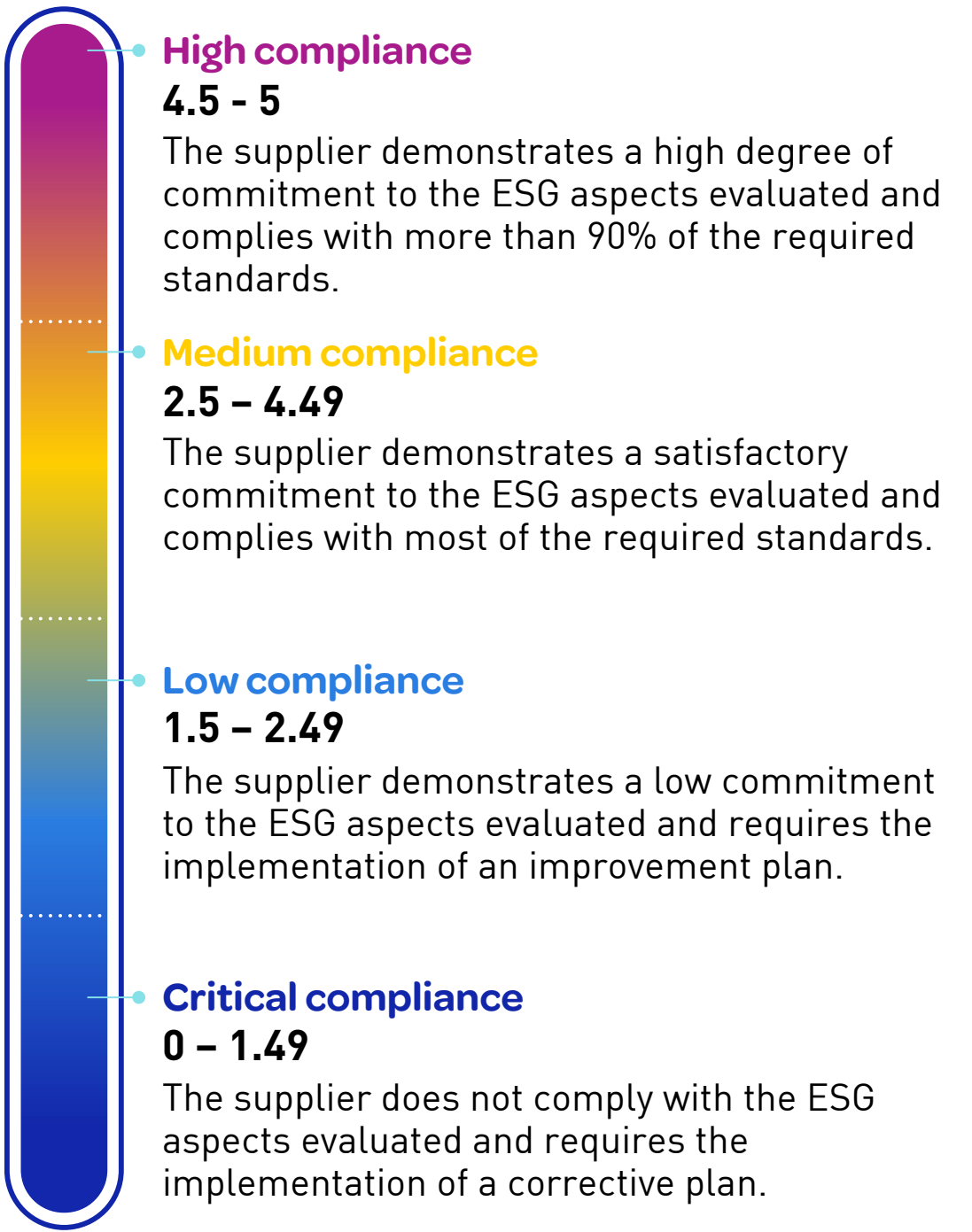
Information security: It is verified if the provider has an information security policy that includes measures to protect the confidentiality, integrity and sensitive information of its clients.



Code of ethics: It is analyzed whether the company has a code of ethics that covers issues of prevention of crimes of corruption, money laundering and financing of terrorism. Likewise, if the provider provides regular training to its collaborators on the content and if it has an active reporting channel.

All suppliers are notified by email about the results of their evaluation and scores per dimension evaluated, as well as the improvement opportunities identified for inclusion in their company's work plan.

Likewise, our evaluation is carried out on a score of 5, for which reason we established the following levels of compliance:



3.2. On-site assessmen

Each company has its own field audit procedure for suppliers in order to guarantee compliance with quality processes.

3.3. Third party assessment

One of the main categories considered as risky in Food Retail is Fruits and Vegetables, which is why 100% of our suppliers receive unannounced audits by a third party, focused on quality, where a hygiene, health and infrastructure inspection is carried out and the good practices and certifications acquired are verified.

Likewise, all our service providers go through an approval process carried out by a third-party company that validates compliance with a management system related to Occupational Health and Safety.

By 2023, Shopping Malls will expand the approval to **include environmental aspects and workplace sexual harassment.**

4. Supplier development

4.1. Training

At the moment we are designing corrective action plans for suppliers with critical compliance in the ESG evaluation.

4.3. Monitoring and evaluation

Once the corrective action plans have been deployed, periodic follow-ups will be carried out to evaluate the progress of the suppliers in the implementation of the plan, and make adjustments if necessary.

5. Deadlines and Goals

As of 2023, suppliers with critical compliance must submit a detailed Corrective Action Plan within 45 calendar days from the notification via email and/or the platform that we establish. After that, specific deadlines will be agreed to achieve the objectives established in the plan, which will depend on the complexity of the actions required.

To measure the progress and success of the plan, the supplier must present us with evidence of the actions implemented and must complete its ESG evaluation again.

Likewise, to track progress and evaluate supplier performance, suppliers are expected to provide data on their operation when requested, such as certifications, carbon footprint or reporting of key indicators for managing impacts of our value chain.

6. Incentives and Recognitions

We are in the process of designing recognition and incentive mechanisms for those suppliers that demonstrate a high commitment to environmental and social standards and good practices, to motivate the supplier to achieve the goals established in its development plan and promote sustainable practices throughout our supply chain.

100% of our suppliers receive unannounced audits by a third party, focused on quality, where a hygiene, health and infrastructure inspection is carried out and the good practices and certifications acquired are verified.





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