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TCFD DISCLOSURE

21ST JANUARY 2022

Task Force on Climate- related Financial Disclosures

Mercado Libre takes a growth-focused approach to managing risk in the face of climate change. In 2021, we pursued a scenario analysis in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for the first time to identify and assess current and future climate impacts across our key markets and throughout the business enterprise.

We categorize identified risks and opportunities by taking into account stakeholder expectations, customer preferences, climate policy, environmental regulations, regional renewable energy development, and emerging trends, among others. Mercado Libre pursues a range of sustainability initiatives.



GOVERNANCE

Mercado Libre uses a hierarchical governance framework to manage risks of climate change across business operations. The graphic to the right shows the hierarchical structure of climate governance at the company.

BOARD OF DIRECTORS

The Board is updated annually on climate-related risks and opportunities, including updates on (1) risk assessments, scenario analysis in line with the recommendations of the TCFD, (2) mitigation plans, and (3) reporting and disclosures.

AUDIT COMMITTEE

Beginning in 2022, the Audit Committee will be engaged by the Corporate Risk Committee as necessary on climate-related risks and opportunities, including updates as stated above, as well as targeted input from the Audit Committee regarding risk priorities and potential mitigation strategies.

CHIEF FINANCIAL OFFICER (CFO)

The Chief Financial Officer is responsible for social, economic, and environmental issues at an executive level. Climate-related risks and opportunities will be reviewed with the CFO on an annual basis.

CORPORATE RISK COMMITTEE

The Corporate Risk Committee will review climate-related risks and opportunities and potential mitigation strategies on a semi-annual basis.



STRATEGY AND SCENARIO ANALYSIS

Mercado Libre understands the risks posed by climate change as well as the need to create and adapt suitable responses to these risks. We conducted a scenario analysis in line with the recommendations of the TCFD to assess climate-related risks and opportunities across our business. Framed by the Intergovernmental Panel on Climate Change (IPCC) and International Energy Association (IEA), these scenarios offer a collection of hypothetical future conditions that are likely to impact Mercado Libre.

In line with TCFD guidance, our analysis scope included:

- **Physical risks** to our top 100 distribution and office sites across key regional markets. Physical risks to these assets that we analyzed include heat waves, flooding, sea level rise, and other events.
- **Transition risks** to our business operations, strategy, and financial planning. Transition risks included fuel taxes, transportation decarbonization and carbon pricing.

In our first year, we assessed two future warming scenarios to determine Mercado Libre's climate-related risks and opportunities through 2050:

a 'Low Carbon' (~1-2 °C Warming) and 'High Carbon' (~4-5 °C Warming).

Mercado Libre analyzes **climate-related risks and opportunities** based on TCFD categorization. These include:



Physical risks, which are either 1) Acute (extreme weather events) or 2) Chronic (changing weather or climate patterns).



Transition risks, which are classified as one or more of the following: 1) Policy and Legal; 2) Technology; 3) Market; and/or 4) Reputation



Our assessment included, but was not limited to, the following physical and transition risks:

TCFD	TYPE	RISK/OPPORTUNITY
CLIMATE RISKS ASSESSED		
PHYSICAL - ACUTE	RISK	Disruption of operations and distribution and higher costs due to increased frequency/intensity of severe storms, wildfires, high-speed wind, and flooding.
PHYSICAL - ACUTE	RISK	Increased insurance premiums due to increased exposure to physical weather perils.
PHYSICAL - ACUTE/CHRONIC	RISK	Increased heat stress to workforce and increased costs throughout operations, supply chain, and distribution due to greater cooling needs.
PHYSICAL - CHRONIC	RISK	Disruption of operations and distribution and higher costs due to increasing frequency/intensity of sea level rise, drought, precipitation and rising mean temperatures.
TRANSITION - POLICY & LEGAL	RISK	Increased costs due to rising prices of carbon emissions.
TRANSITION - POLICY & LEGAL	RISK	Competition risks and increased policy compliance costs due to different levels of climate policy ambition in the varying regions in which Mercado Libre operates.
TRANSITION - POLICY & LEGAL	RISK	Introduction of fuel taxes could increase distribution operating expenses.
TRANSITION - MARKET	RISK	Increased costs, operational challenges, and negative public image due to variable fossil fuel prices.
TRANSITION - MARKET	RISK	Decreased purchasing power of consumers in Latin American markets due to climate change-induced economic impact.
TRANSITION - MARKET	RISK	Increased costs due to increase in copper, aluminum, and battery component prices.
TRANSITION - MARKET	RISK	Increased costs due to the shift to low-carbon transport options for distribution and risk of failure to meet emissions reduction targets.
CLIMATE OPPORTUNITIES ASSESSED		
TRANSITION - POLICY & LEGAL	OPPORTUNITY	Increased ability to leverage supportive policy and public sector incentives.
TRANSITION - MARKET	OPPORTUNITY	Decreased reliance on fossil fuels could protect Mercado Libre from fossil fuel market volatility and bolster public image.



RISK MANAGEMENT

From our TCFD assessment, Mercado Libre identified the top three climate perils to our owned or directly managed facilities in four key operational areas: Mexico, Colombia, Brazil, and Argentina. For example, Brazil's top climate peril is rising mean temperatures, which could increase health and safety workforce stress and increase costs due to higher cooling needs. Other key physical risks, such as wildfires, precipitation, and severe storms, could cause significant damage to physical assets and disrupt operations and distribution.

Key transition risks with the highest potential financial and operational impact to Mercado Libre include the increased costs from the implementation of low-carbon transportation options for distribution, potential lost revenue due to the decreased purchasing power of Latin American countries, and increased costs

from carbon emissions resulting from the company's rapid growth. Mercado Libre is addressing sustainability concerns across the business. Our energy strategy is centered on efficiency, renewable energy procurement and decarbonized transport, and we are integrating associated risk mitigation strategies into our ERM planning.

Other efforts are as follow and are detailed in our Sustainability Report:

QUARTERLY ASSESSMENT OF ECONOMIC, ENVIRONMENTAL AND SOCIAL MATTERS.

SCOPE 1 AND 2 ENERGY AND EMISSIONS:

100% renewable energy procurement goal for main distribution centers in Brazil and Mexico, smart metering integration and thermal comfort projects in Mercado Libre buildings.

SCOPE 3 MATERIALS ACCOUNTING:

- Recyclable or compostable packaging percentages.
- Renewable-sourced bioplastics percentages, FSC certification for cardboard boxes.

- Mercado Libre office and facility waste recovery program data.
- Electronic and electric device recovery and donation program Risk Management.

Mercado Libre is further managing risk through the creation of the Corporate Risk Committee as established in the Governance section of this report. The Corporate Committee oversees, identifies, and discusses pertinent and future-facing risks and incorporates changes proposed by the Management of Internal Audits and utilizes the GRC Risk Management tool in the process.

This committee also leads an annual review of the company's risks to assess internal progress on addressing and mitigating key risks. In the coming years, Mercado Libre, like the rest of the world, will be affected by the risks posed by climate change and will plan to address and mitigate these risks in accordance with TCFD recommendations.

TOP CLIMATE PERILS FOR MERCADO LIBRE'S FACILITIES IN MAJOR LATIN AMERICAN MARKETS



- Drought
- Severe Storms
- Wildfires
- Rising Temperatures
- Precipitation



METRICS & TARGETS

Mercado Libre uses several metrics currently in our Sustainability Report to monitor our exposure to climate-related risks identified and ability to optimize on related opportunities. Through our TCFD assessment, we have also identified several new metrics that we will consider incorporating to enhance our ongoing visibility into these areas:

INFORMATION	CURRENT METRICS	POTENTIAL METRICS
GHG EMISSIONS	<ul style="list-style-type: none"> • Absolute Scope 1-3 GHG emissions • GHG emissions intensity by stakeholder (employees, buyers) • % fleet electrification 	<ul style="list-style-type: none"> • Emissions by operational category with breakdown by type (air/sea/land, fuel types, etc.) • Overall intensity reduction, % of routes with reduced emissions
TRANSITION RISKS	<ul style="list-style-type: none"> • Materials intensity (by weight or volume), recycled inputs, reclaimed products and packaging materials • Waste recovery rate • Energy intensity and consumption (internal and external), reductions in requirements • % of purchases from sustainable suppliers 	<ul style="list-style-type: none"> • % of commercial revenue assigned to carbon-neutral logistics contractors • Impairment charges on assets affected by transition risks. • % of commercial revenue derived from geographies pursuing aggressive climate policies
PHYSICAL RISKS	<ul style="list-style-type: none"> • Insured value of distribution centers 	<ul style="list-style-type: none"> • % of property or infrastructure in an area subject to flooding, heat stress or water stress. • % product portfolio or revenue reliant upon or passing through locations with highest risk of rising temperatures, extreme precipitation or other climate perils
CLIMATE-RELATED OPPORTUNITIES	<ul style="list-style-type: none"> • Low-carbon or positive impact products across all Mercado Libre stores 	<ul style="list-style-type: none"> • % of revenue derived from geographies currently pursuing or projected to adopt aggressive climate policies
CAPITAL DEPLOYMENT	<ul style="list-style-type: none"> • YOY EV fleet investment • Green bond issuance • % of carbon-neutral supplier contracts 	<ul style="list-style-type: none"> • EV infrastructure plans for key markets (e.g. charging ports) • Green bond financing allocation to key emissions areas, supplier decarbonization incentives
PERFORMANCE	<ul style="list-style-type: none"> • Net loss income, net revenues, gross profit, and all standard 10K metrics 	<ul style="list-style-type: none"> • Concentration of credit exposure to carbon-related assets • Sales-weighted average fleet fuel economy • Revenues/savings from investments in low-carbon alternatives



NEXTS STEPS

Our first TCFD assessment has shown us key areas for further data collection and reporting to continue to refine our analysis of climate risks as well as areas to continue monitoring to maximize emerging opportunities.

As Latin America's largest e-commerce and fintech operator, Mercado Libre is strengthening its market-leading position by being the first regional operator to complete a TCFD disclosure. Future assessments will examine climate-related risk and opportunities in greater granularity and inform planning to ensure resilient markets and operations into the future. While our first physical risk analysis focuses on key facilities only, future disclosures will examine impacts to a broader range of owned assets and distribution networks.

Teams across Mercado Libre are taking a broad, science-based approach to measuring, reducing, and eliminating carbon emissions in our operations.

We sustain our ongoing commitment to study, analyze and reduce the carbon emissions of our operations throughout the region.





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