

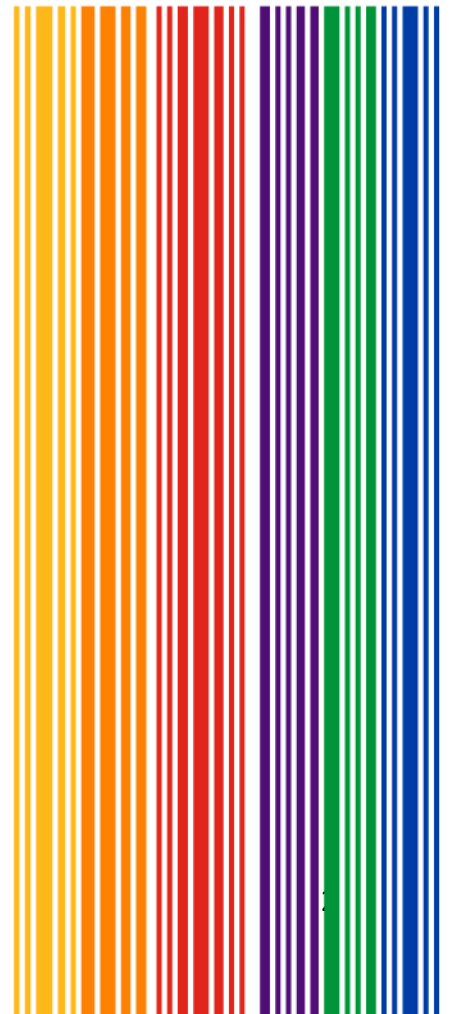


INTEGRATED REPORT
2022





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2022



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TO OUR STAKEHOLDERS



LETTER FROM THE CHAIRWOMAN OF THE BOARD

TO OUR STAKEHOLDERS

I am pleased to present SMU's Integrated Report for the year 2022, in which we report on our performance and progress throughout the year, addressing each of our Corporate Sustainability Model's eight priority areas: governance; ethical management; people; customers; sourcing; society; environment; and financial performance.

I hope that the contents of this document will meet the information needs of our shareholders, creditors, customers, employees, suppliers, and neighbors, and that the report will help you learn more about our progress, challenges, and commitments.

We are proud of our economic, social, and environmental performance over the past year. Our results indicate that we are on the right track, developing attractive, innovative solutions that help optimize household budgets during tough economic times. This allowed us to successfully complete our 2020-2022 strategic plan and, most importantly, to fulfill our corporate purpose of making life easier for our customers.

This year, we also furthered the commitment to diversity and inclusion that has been essential to SMU's corporate identity since its founding. SMU became the first food retailer to earn independent certification for its gender equality management model under Chilean Regulation No. 3262. The Chilean National Service for Women and Gender Equality marked the milestone with its *Iguala* Work-Life Balance Seal, awarded at a ceremony held at SMU's headquarters in early March 2023.

In 2022, we also took important steps in environmental protection, implementing an energy management system and beginning the shift to renewable energy sources. Additionally, our Reducing Food Waste program cut emissions that would have otherwise resulted from landfill disposal of food waste while benefitting more than 87,000 at-risk people.

All of these achievements were part of the successful execution of our strategic plan. Notably, over these three years, our return on equity increased from 4.8% to 16.8%. In late March, the Company received excellent news: the ICR risk rating agency modified the trend for SMU's solvency and bond rating from stable to positive and ratified the A+ rating. We continue to build with a long-term vision of profitable, sustainable growth that generates shared value for all our stakeholders.



Looking ahead, at the end of 2022, we approved a new road map for the next three years with ambitious, measurable targets in the different areas of our operations. We also made new long-term commitments to sustainable development. As part of a group of leading companies in Chile that promote sustainability in business, we signed a commitment to the World Business Council for Sustainable Development's five key sustainability factors.

These criteria – carbon neutrality; biodiversity; human rights and due diligence; inclusion and diversity; and transparency and reporting – align with our actions and new strategic plan.

At SMU, we constantly challenge ourselves to find new ways to generate positive impact. This new commitment encourages us to continue working toward a more sustainable world.

None of our achievements in the past three years or the next three would be possible without everyone's efforts and our characteristic closeness, which I hope will always be with us. I would especially like to thank our employees in all our stores, formats, logistics distribution centers and offices for their unwavering commitment. Thank you.

To our directors, investors, and shareholders for their trust: Thank you.

To our customers, suppliers, and neighbors; for the close relationships: Thank you.

Warm regards,

Pilar Dañobeitia
Chairwoman of the Board of
Directors, SMU S.A.



LETTER FROM THE CHIEF EXECUTIVE OFFICER

TO OUR STAKEHOLDERS

The year 2022 marked the final year of our most recent three-year strategic plan, which we completed satisfactorily, achieving major milestones in all areas and consolidating our multiformat strategy.

In 2022, the Customer Experience strategic pillar became more relevant, focusing on the needs of the various customer segments. We focused on offering competitive, low-cost solutions to our customers, helping them save and optimize their household budget in the face of difficult economic conditions.

Our Alvi, Mayorista 10 and Super 10 formats played a very important role with low-cost value propositions that customers highly value. The same was true of our MaxiAhorro format in Peru. Unimarc offered new ways to save through its promotional strategy and campaigns like The Path to Savings (*Ruta del Ahorro*). Additionally, by expanding our private label portfolio, we provided customers with high-quality products at very attractive prices in all our formats.

In Omnichannel Growth, we expanded our offline and online coverage. In 2022 alone, SMU opened nine stores in Chile and Peru, demonstrating our organic growth capacity. Our Unimarc.cl platform now operates in all 16 regions of Chile, and we added new online sales channels. Alvi.cl provides a new procurement solution for our B2B members, and a partnership with Mercado Libre allows Unimarc.cl to reach new customers.

Progress on Efficiency and Productivity was closely related to implementation of technological tools that serve the dual purpose of improving product availability and optimizing operating expenses. One clear example was the inauguration of our robotic order fulfillment center for Unimarc.cl. The center, the first in Latin America to use micro-fulfillment technology, made picking processes more efficient and improved the customer experience with more complete and accurate orders.

On the fourth strategic pillar, Organizational Excellence and Sustainability, there was significant progress in our environmental commitment. We certified our energy management system under ISO 50,001 and reduced food waste, donating 660 metric tons of food to more than 250 non-profit organizations. Another highlight relates to our commitment to small businesses. New suppliers joined our 100% *Nuestro* program for a total of over 200 small, regional suppliers who have the opportunity to sell their products in our stores throughout the country.



Our results reflect the successful implementation of this plan: We ended the year with EBITDA of CLP 266 billion, growing 18.0% over 2021 and recording an EBITDA margin of 9.4%. The good operating performance translated, in turn, into improved earnings, both in 2022 and steadily over the three-year period. Ultimately, 2022 earnings were three times the 2019 figures.

This stronger financial position has led to credit rating upgrades in both 2021 and 2022, when we reached A+, in recognition of lower levels of indebtedness and improved cash generation.

Consequently, we are well-positioned to take on the challenges of our new road map. The 2023-2025 strategic plan we launched in November aims to achieve profitable, sustainable growth by consolidating our multiformat strategy, satisfying the needs of our customers and creating shared value for all of our stakeholders.

With our outstanding team behind each initiative and the execution capacity we have developed, I am confident that the new plan will be a resounding success.

Warm regards,

Marcelo Gálvez
Chief Executive Officer, SMU S.A.



2.



OUR COMPANY



2.1 SMU AT A GLANCE: YEAR 2022



FINANCIAL PERFORMANCE 2022

REVENUE
CLP

2.826 Bn.

+1.3% vs 2021

EBITDA
CLP

266 Bn.

+1.0% vs 2021

NET INCOME
CLP

132 Bn.

+7.4% vs 2021

3rd
PLAYER
SUPERMARKET
INDUSTRY
IN CHILE⁽¹⁾

— 17.7%⁽²⁾

Coverage of the **16 regions of Chile**

65%

15,917

WOMEN

35%

8,538

MEN



24,455

EMPLOYEES

409
STORES



LOCAL CREDIT RATINGS

FELLER RATE **A+ / STABLE**

ICR **A+ / STABLE**

Notes

(1) SMU's estimates

(2) Includes revenue for SMU's Food Retail Chile segment divided by supermarkets sales in Chile, according to the National Statistics Institute (Instituto Nacional de Estadísticas or "INE")



OPENINGS



5

Stores



1

Store



3

Stores



e-commerce

1ST
 Robotic microfulfillment center
 in Latin America
 UNIMARC.cl

Punto de retiro
 UNIMARC
 Alvi.cl



Launches

Partnerships



GENDER EQUALITY

CERTIFIED UNDER CHILEAN STANDARD 3262
 Management of gender equality and work, family and personal life balance.



REDUCING FOOD WASTE

661

TONS OF FOOD DONATED TO NON-PROFITS



100% NUESTRO PROGRAM

+34

New local, SME suppliers



2.2 WHO WE ARE

AT SMU

OUR CUSTOMERS ARE AT THE CENTER

of everything that we do, which is why every day, through our actions and decisions, we strive to fulfill our corporate purpose: to make life easier for our customers.

With this purpose always in mind, we define our short-, medium- and long-term strategy in order to reach our corporate vision: To be the food retailer that best understands our customers and meets their needs, while sustainably generating shared value for all of our stakeholders. SMU's purpose and vision provide a framework that gives meaning to our daily tasks and reminds us of the positive impact we can have on society.

Our **PURPOSE**

To make life easier for our customers.

Our **VISION**

To be the food retailer that best understands our customers and meets their needs, while sustainably generating shared value for all of our stakeholders.

Our **VALUES**

Be **close**, work with **excellence**, act with **respect** and honesty, **collaborate** internally and compete externally, move with **agility**.



Our corporate values, Closeness, Excellence, Respect, Collaboration and Agility (known internally as CERCA values) are an essential ingredient in our efforts to fulfill our purpose and build the future of the Company. We promote these values in all aspects of our business activities, and we have implemented different instances to recognize employees that show their commitment to CERCA culture.



OUR **SUSTAINABILITY MODEL**

Our Code of Ethics and Business Conduct and our Corporate Sustainability Policy make up the foundation of our execution, providing ethical guidelines and setting the framework for sustainable management: governance, integrity, people, customers, supply, environment, society and financial performance



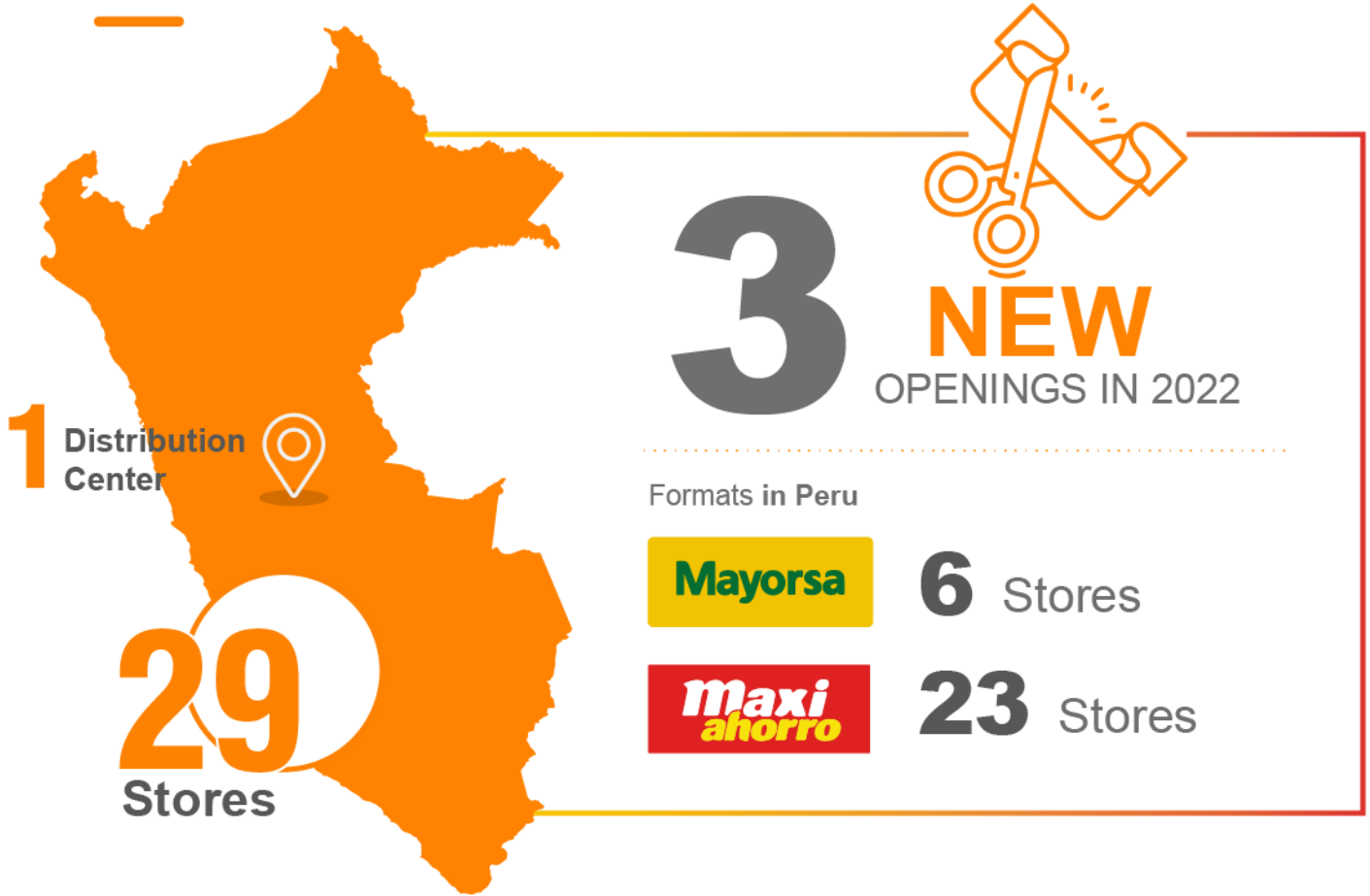
We constantly **strive to improve our management**

by adopting best practices, including new policies, procedures and complementary commitments that are consistent with our values. As an example, in our Human Rights Policy Statement, we establish our commitment to the United Nations Guiding Principles on Business and Human Rights, among other international statements and standards.

Additionally, we are part of the United Nations Global Compact and have committed to uphold the ten principles on human rights, labor, environment and anti-corruption and to advance the Sustainable Development Goals. Moreover, in 2022, we committed to the management of five sustainability criteria, promoted by the World Business Council for Sustainable Development (WBCSD). These criteria are: Carbon Neutrality; Biodiversity; Human Rights and Due Diligence; Inclusion and Diversity; and Transparency and Reporting.

2.3 GEOGRAPHIC PRESENCE

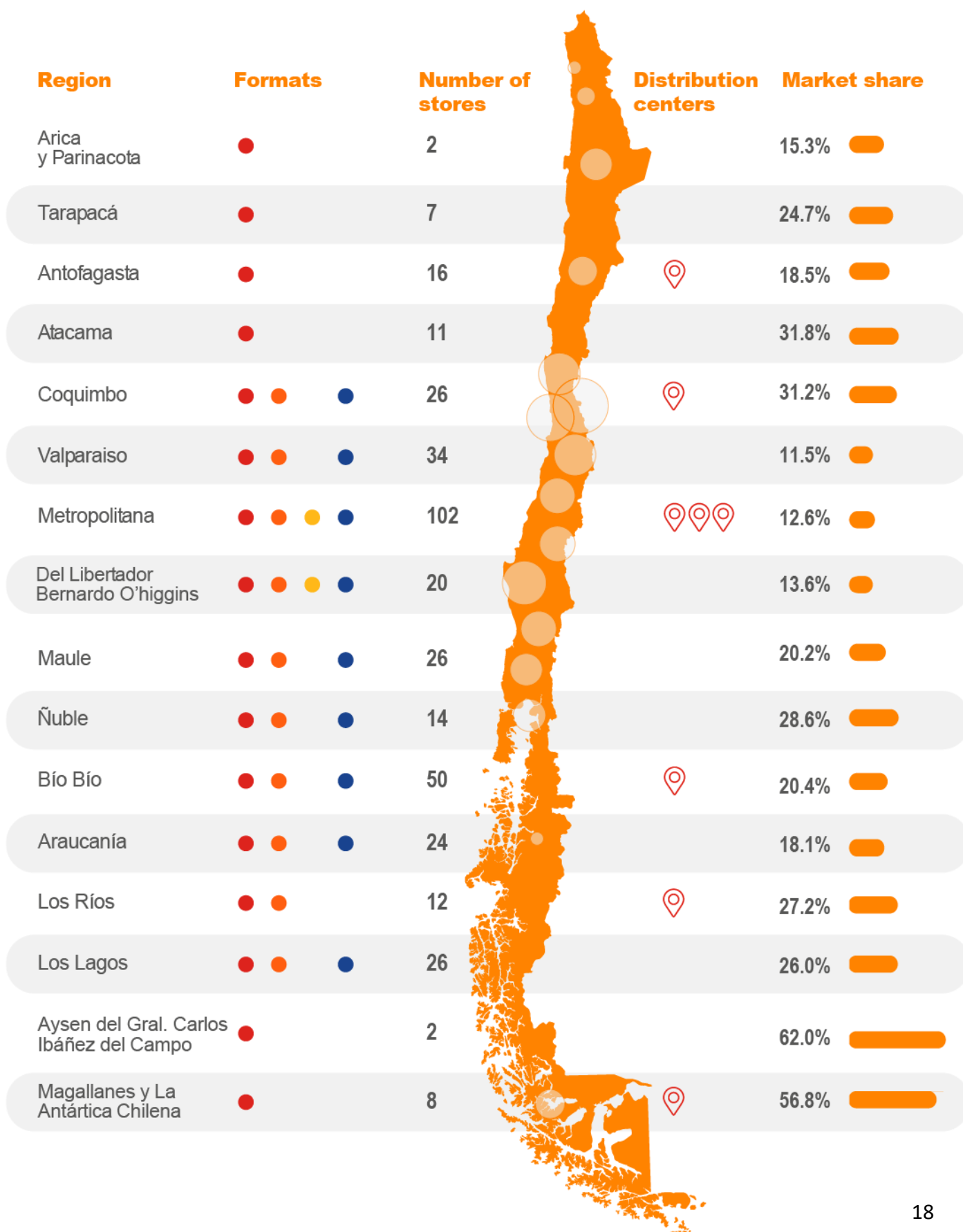
PRESENCE IN PERÚ



FORMATS IN CHILE



Presence in Chile



2.4 OUR HISTORY

2007

Unimarc is acquired by SMU's controlling shareholder, the economist Álvaro Saieh and his family. The chain had 40 stores and one distribution center in Chile, as well as a significant level of brand recognition.

Partnership with Deca. The controlling group partnered with the Rendic family, owners of Deca, which operated a chain of 20 supermarkets located in Regions III, IV, and V of Chile.

2009 - 2011

Strong inorganic growth.

During this period, SMU acquired over 40 regional supermarket chains, including Abu Gosch, Alameda, Cofrima, Costa Sol, Korlaet, and La Lica, among others, as well as the Alvi and Dipac wholesale chains, the OK Market convenience stores, and the e-grocery business Telemercados Europa. The Company also expanded its business outside of Chile, through Alvi's operations in Peru under the brand Mayorsa and the purchase of the Peruvian chain of stores MaxiBodega. Another key event was the merger, in 11, with Supermercados del Sur, adding a total of 111 new stores, making SMU the leading food retailer in Chile by number of stores. In addition, that same year, the Company entered the construction materials business through the acquisition of the Construmart chain of stores.

2008

SMU is born. Following the integration of the Deca chain, all stores were operated under the Unimarc brand. These operations were consolidated through the creation of a new company, SMU, which was incorporated on February 22, 2008.

Acquisition of Bryc and Mayorista 10 chains. Bryc was a chain of 48 supermarkets located in the central and southern regions of Chile. The purchase of Mayorista 10 allowed SMU to expand its operations into a new format: cash & carry stores.

2014 - 2016

First three-year strategic plan: The plan focused on optimizing operations through three pillars: commercial strengthening, operating efficiency, and financial and organizational strengthening. The Company implemented a new commercial strategy; optimized its store portfolio; improved in-store product availability, primarily through improvements in its logistics chain; and strengthened its financial position.

2017 - 2019

Implementation of Plan CIMA 2017-2019.

Based on six strategic pillars: customer experience, operating efficiency, organizational excellence, sustainability, technological development, and financial strengthening. Another relevant event was the sale of the Construmart subsidiary, allowing the Company to focus on its core business: food retail

Initial Public Offering. The Company carried out a series of initiatives in order to strengthen its capital structure and reduce indebtedness. In January 2017, SMU completed an IPO, raising approximately US\$200 million. In November of the same year, the Company carried out a second capital increase, for approximately US\$150 million. In January 2018, SMU raised approximately US\$122 million in a third capital increase. These capital increases allowed the Company to significantly reduce its debt. In addition, SMU placed local bonds (series G, K, P, T and W) for a total of UF 8.5 million between 2017 and 2019, refinancing liabilities in better conditions and significantly reducing interest expense.

2021

New openings and launches.

SMU launched the Unimarc.cl platform and app for online sales and strengthened its multiformat strategy by introducing the Super10 banner, a new soft discount chain, as well as opening and reopening stores in its Unimarc, Alvi, and Maxiahorro formats. The Company also obtained regulatory approval for the sale of its subsidiary OK Market S.A.

2020

Kick-off of 2020-2022 strategic plan.

In 2020, SMU launched its new three-year plan, focused on five central pillars: organic growth, customer experience, efficiency and productivity, organizational excellence, and sustainability. Some of the plan's initiatives were delayed due to the social crisis and the global pandemic, which also required the Company to take steps in order to safeguard the health of its employees and customers as well as to ensure that its stores were adequately stocked with products. Other highlights of the year were the placements of the series AK and AL bonds, for a total of UF 6 million.

2022

Multiformat strategy and omnichannel growth.

SMU made significant progress in the implementation of its strategic plan for 2020-22, opening five Unimarc stores, three MaxiAhorro stores, and one Alvi store. At the same time, the Company contributed significantly to the future development of its multiformat strategy by signing store lease agreements for 21 stores that were previously operated by the Montserrat supermarket chain, which are expected to begin operating between 2023 and 2024. SMU also continued to develop its online strategy, increasing the coverage of Unimarc.cl, launching Alvi.cl, inaugurating the first robotic fulfillment center in Latin America to use micro fulfillment technology, and signing a strategic partnership with the marketplace Mercado Libre. In addition, in February 2022, the sale of SMU's subsidiary OK Market S.A. was completed, allowing the Company to focus on its core business: supermarkets. With respect to SMU's financial position, in 2022 the Company placed the series AO bonds for UF 1 million, and both of its credit rating agencies, Feller-Rate and ICR, upgraded its rating to A+, with a stable outlook.

2.5 BUSINESS

SMU S.A. and its subsidiaries (“SMU” or the “Company”) is one of the leading food retailers in Chile, with a market share of 17.7% as of December 31, 2022, according to Company estimates. It meets consumer and B2B customer needs through its multiple food-focused formats: Unimarc, Alvi, Mayorista 10 and Super10 (together defined as the “Food Retail Chile” segment). The Company also has a growing presence in Peru through two cash-and-carry store brands, Mayorsa and MaxiAhorro (defined as the “Food Retail Peru” segment).

The Company’s multiformat strategy allow it to serve customers in different socioeconomic groups and with different shopping habits. In addition, its focus on food, which accounts of 98% of its sales, makes its business highly defensive in the face of adverse economic conditions. SMU operates at a large scale, with extensive geographic coverage and strategic locations throughout Chile. The integrated operating and technology platform that supports SMU’s businesses features a logistics network with distribution centers throughout the country and technology, including SAP for integrated enterprise management, and other tools for automated replenishment, pricing, business intelligence, and CRM.

A key part of SMU’s business is its portfolio of brands, including its multiple formats and loyalty programs. In addition, the Company’s private label program features a wide range of products and 14 specialty brands (for further information, please see section 7.1.1.3 New Products).

Main Brands



2.5.1

FOOD RETAIL CHILE

Operating in all 16 regions of the country, SMU is one of the largest food retailers in Chile.

2.5.1.1 UNIMARC



Unimarc, SMU's traditional supermarket, is the Company's main food retail sales channel, accounting for approximately 67% of revenue in 2022.

As of December 31, 2022, the Company had 285 Unimarc stores, with a total selling space of 347,749 square meters and an average store size of 1,200 square meters.

Unimarc's value proposition aims to provide customers an assortment with a high proportion of quality fresh food products at attractive prices, a quick and convenient shopping experience, and high levels of promotional activity. Store size, services available and product assortment vary according to customer needs. In order to facilitate operating efficiency, each store is assigned to a cluster on the basis of location, size, customer preferences, and other operational considerations.

The product assortment at Unimarc stores focuses primarily on food and includes fresh items, such as fruits and vegetables, white and red meat, and dairy products. It also includes dry goods, frozen products, wine and spirits, cleaning products, and some non-food items. (The latter account for less than 3% of revenue in this format). The assortment per store is based on its cluster and averages approximately 7,000 SKUs.

Unimarc's pricing strategy is characterized by frequent promotional and advertising activity. The strategy allows the brand to increase household penetration, transactions and average ticket while earning attractive margins for the sales mix and differentiating itself from the competition. Through its *Club Ahorro* loyalty program, Unimarc improves customer experience by offering attractive, personalized discounts and other benefits.

During 2022, Unimarc continued to make progress on its organic growth strategy, opening stores in the Los Lagos, Maule, and Santiago Metro regions and also inaugurating a new value proposition, "Premium Affordable," with the opening of the Las Tranqueras store in the municipality of Vitacura. The new value proposition is focused on offering an expanded assortment of high-quality products, with an

emphasis on freshness. In 2022, Unimarc also adapted its promotional offering in order to satisfy the needs of its customers, who—given the high inflation—were trying to optimize their family budget. Through the marketing campaign entitled *La Ruta del Ahorro*, or “The Path to Savings,” the Company offered savings focused especially on basic products. Customers also valued Unimarc’s campaign in partnership with BancoEstado, offering discounts using the bank’s debit and credit cards, especially since the timing of this campaign, which took place in September and December, helped customers enjoy relevant product categories in the face of high inflation. In addition, the Company’s growing private label offering, including new brands, categories, and products, provided Unimarc customers with new alternatives and attractive savings.

In order to provide customers with a fast and easy shopping experience, ensuring product availability while also optimizing operating expenses, in 2022, Unimarc continued to implement initiatives focused on operating efficiency, including the roll-out of its efficient operating model to over 100 stores by year-end. This model includes efficient product replenishment procedures, greater frequency of deliveries from distribution centers, and the installation of self-service equipment, such as scales and check-outs. The Company will continue rolling out this operating model in 2023.

Unimarc’s main competitors are Lider (owned by Walmart), Santa Isabel (owned by Cencosud), Jumbo (owned by Cencosud) and Tottus (owned by Falabella).

2.5.1.2
MAYORISTA 10



The Mayorista 10 format focuses on offering products at low prices .

As of December 31, 2022, the Company had 59 Mayorista 10 stores between the Coquimbo and Los Lagos regions. The Mayorista 10 value proposition is based on offering low prices to consumers and resellers. As a percentage of sales, their operating expenses are lower than those of Unimarc. They have a more narrow product assortment, lower investment in advertising, and a no-frills value proposition in stores. In addition, many products are displayed directly on transportation pallets, which requires less manipulation of merchandise and reduces restocking costs. Mayorista 10 stores average 1,300 square meters.

The product assortment at Mayorista 10 allows customers to satisfy all of their grocery needs, but without as much variety in terms of brands and sizes compared to Unimarc. The average assortment per Mayorista 10 store is 3,600 SKUs.

In 2017, Mayorista 10 launched the *Club Ahorro* loyalty program to optimize its promotional activity and improve the product assortment in its stores.

Mayorista 10's main competitors are Super Bodega aCuenta (owned by Walmart) and other food retailers and wholesalers.

2.5.1.3
SUPER10



The Super10 format was launched in 2021 as a new, soft discount value proposition.

As of December 31, 2022, the Company operated four Super10 stores in the Metropolitan and O'Higgins region. SMU opened the first Super10 store in August 2021, extending its multi-format strategy to include a soft discount offering. Super10 provides a positive shopping experience with an assortment that is optimized to enable a complete purchase of fresh items, dry goods and cosmetics. The efficiency and productivity of the operating model reduce costs and make it possible to offer attractive prices.

This format aims to meet the “stock-up” and “fill-in” needs of consumers from all segments. Its assortment offers quality at low prices, primarily in the form of private-label products.

Store design includes approximately 1,300 square meters of selling space without warehouse space and an average assortment of approximately 3,200 SKUs.

Super10 competes with traditional and low-cost supermarkets.

2.5.1.4
ALVI



Alvi is self-service cash and carry store focusing on B2B customers.

As of December 31, 2022, the Company had 32 cash & carry stores located between the Coquimbo and Los Lagos regions. These stores average approximately 1,300 square meters.

Alvi provides a comprehensive value proposition that primarily targets resellers who own mom-and-pop stores, small liquor stores, bakeries and pastry shops, hotels, restaurants, casinos and other institutions. The average product assortment is approximately 3,600 SKUs per store in categories B2B members regularly purchase; some categories have specialty products and larger volume packaging for restaurants and institutions.

INTEGRADED REPORT 2022

In terms of pricing strategy, Alvi offers bulk pricing that is competitive on the wholesale market. There are up to three price levels depending on the number of units purchased, from a single unit to larger quantities.

Alvi has a loyalty program to identify its customers and better understand their needs. Club Alvi seeks to understand the shopping habits of B2B members and to build loyalty by offering a wide range of benefits that give members access to preferential pricing, personalized discounts, training courses, and other services to meet their business needs.

In recent years, the loyalty program has introduced new benefits, launching Club Alvi Pagos in 2021, which offers Alvi B2B members the possibility of accepting card payments at their businesses, thereby supporting their digitalization and growth needs. In 2022, Alvi launched Alvi.cl and the Club Alvi Compras app, giving club members the ability to make purchases online, receive the merchandise at their places of business, and continue to serve their own customers.

Alvi's main competitors include Fruna, Central Mayorista (owned by Walmart), La Caserita, Comercial Castro and La Oferta.

2.5.1.5 E-GROCERY



SMU sells food online through its own platforms and partnerships with last milers

SMU has developed a customer-centric e-commerce strategy to meet their needs at different times. At the same time, the strategy seeks strong growth and business profitability. The Company has developed a hybrid e-commerce model with internal and partnerships with third parties.

The e-grocery format targets consumers in the A, B, C1, C2 and C3 socioeconomic groups. Customers who shop online want excellent service and to receive their entire order on time. Similarly, they look for a quick and easy shopping experience. These customers make two types of purchases—planned and express—and SMU’s hybrid strategy allows the Company to serve both types. The Unimarc.cl platform and Unimarc app are designed to serve planned purchases, whereas through partnerships with the last milers Pedidos Ya and Rappi, the Company covers express purchases.

During 2022, as part of its omnichannel growth strategy, SMU expanded Unimarc.cl’s geographic coverage to reach all 16 regions of Chile. In addition, the Company inaugurated the first robotic fulfillment center using micro fulfillment technology in Latin America. This facility significantly reduces order picking time and also increases order accuracy and completeness, which are key to customer satisfaction. SMU also began to offer click and collect, giving customers the option to pick up their orders from a store instead of having them delivered at their homes.

With respect to third-party sales channels, in 2022, SMU announced a new strategic partnership with Mercado Libre, the most visited online marketplace in Chile. Unimarc.cl became the first food retailer to join Mercado Libre’s “Supermarkets” category and expanded the assortment available on the platform over the course of the year, including a significant number of private label products.

Online sales accounted for 2% of the sales of Unimarc stores with online operations in 2022.

Another achievement in 2022 was the launch of Alvi.cl and the Club Alvi Compras app, expanding SMU’s e-grocery business beyond final customers and offering B2B

customers who are members of Club Alvi the option to place orders online and received them at their place of business. This allows Alvi's customers to keep their businesses stocked and continue to serve their own customers.

2.5.1.6 LOGISTICS

SMU uses two systems to distribute products to its food retail stores in Chile. Some products are shipped from suppliers directly to individual stores, while others are centrally distributed. For the latter, suppliers ship products to the different distribution centers and the Company subsequently distributes the products to its stores.

Throughout Chile, SMU has nine distribution centers that supply Unimarc, Alvi, Mayorista 10 and Super10 stores. The Lo Aguirre (Santiago) and Coquimbo distribution centers handle the highest product volumes. They use a cross-docking system to optimize deliveries of fresh products and to supply other distribution centers.

SMU works with external transportation services through renewable contracts that most often last 12 months and set an adjustable rate based on gas prices and inflation indices.

Centralized distribution facilitates operating efficiency, particularly given Chile's geography. Suppliers can deliver their products to the nine centralized locations instead of individual stores throughout the country. Suppliers generally transfer the savings from reduced logistics costs to the Company, which offsets the higher direct shipping costs incurred by SMU.

More centralized distribution improves supply chain management as the Company can schedule shipments on the basis of each store's needs. Furthermore, it facilitates inventory management, increasing in-store product availability and reducing shrinkage. Greater product availability enables better customer service and boosts sales, benefiting both the suppliers and SMU. In recent years, the Company has made significant process improvements and expanded its logistics network to support more centralized distribution and capture these benefits.

In recent years, SMU has strengthened its logistics operations through expansion and optimization initiatives. In 2022, the Company implemented Blue Yonder, a new demand planning tool that uses artificial intelligence to generate highly accurate forecasts at the SKU, store, and day levels, improving in-store product availability and reducing shrinkage. SMU also continued to implement voice picking, thereby

increasing the efficiency of order preparation processes within distribution centers, reducing picking times by 21%. In addition, by using double decker trucks, multitemperature trucks, and the Transportation Management System, SMU has improved the load factor, thereby generating significant savings in transportation costs, and helping to offset increases related to inflation and oil prices.

2.5.2 FOOD RETAIL PERU



Operations in Peru accounted for 2% of SMU's revenue in 2022.

As of December 31, 2022, SMU's Peru operations included 29 stores in Lima and other provinces, especially Piura, in the northern part of the country. In Peru, the Company operates low-cost supermarkets focused on final customers, under the Maxiahorro brand, and cash and carry stores focused on B2B customers, under the Mayorsa brand. These stores have an average surface area of approximately 600 square meters and are primarily supplied through a distribution center in the Punta Hermosa district, located to the south of Lima.

In 2022, SMU Peru made significant progress on its organic growth plan by opening three new Maxiahorro stores in the province of Piura. The company is optimizing a competitive, attractive and differentiated value proposition focused on consumers in the C socioeconomic group through this format. The stores offer an efficient assortment that is broad enough to cover all the customers' grocery needs, with particular emphasis on fresh products and including bakery, pastry and ready-to-eat sections. It also offers a complete assortment of dry goods.

Like the formats that operate in Chile, Mayorsa and Maxiahorro have a loyalty program, *Club Ahorro*. It is an important tool for differentiation and meeting customer needs with attractive and relevant assortments and discounts.

2.5.3 OTHER SERVICES

SMU offers several transactional services and payment method solutions to improve the customer shopping experience. Transactional services include lottery sales and recharging prepaid telephone and television accounts. The Company also offers international money wiring services through a partnership with Echange. Customers can wire money from stores with Echange executives or any Unimarc or Mayorista 10 store using the Echange mobile app. Through its affiliate, Unired, customers can pay more than 160 companies for services like water, electricity, gas, television, cellular and landline telephones, highway tolls and school tuition.

In payment methods, customers can use the SMU gift card to make purchases in all of the Company's physical stores throughout Chile and soon via unimarc.cl. SMU also offers the Unipay credit card to build loyalty and facilitate customer purchases at Unimarc, Alvi, Mayorista 10, and Super10 stores.

In addition, Unimarc, Alvi, Mayorista 10, and Super10 stores accept the market's main food cards, including the National School and Scholarship Assistance Council (JUNAEB) card.

2.5.4 PROPERTIES AND FACILITIES

As of December 31, 2022, SMU properties and facilities included 380 stores in Chile: 285 Unimarc stores; 59 Mayorista 10 stores; four Super10 stores; and 32 Alvi stores. It also has 29 stores in Peru: 23 Maxiahorro stores and six Mayorsa stores. SMU has nine distribution centers for the retail food business operations in Chile – located in Antofagasta, Coquimbo, Santiago (three locations), Concepción, Puerto Montt, Coyhaique and Punta Arenas – a distribution center in Lima; and a central office in Santiago. SMU leases all of its properties and facilities with the exception of the Lo Aguirre distribution center and 21 stores it owns: 18 in Chile and 3 in Peru. The lease agreements are long-term and generally classified as financial leases according to International Financial Reporting Standards (IFRS). In some cases, depending on the characteristics of each agreement, they are classified as operating leases.

2.6 STRATEGY

SMU seeks to sustainably fulfill its corporate purpose of making customers' lives easier, along with the corporate vision of being the supermarket chain that best meets customer needs while generating shared value for all its stakeholders. To this end, the Company develops its strategy through planning processes over different time horizons depending on the implementation timeline of each process and the useful lives of its assets.

SMU's strategic planning is based on three-year plans designed to respond to market opportunities and industry trends that the Company has identified in different strategic pillars, which are described below. Each pillar contains initiatives designed to address these opportunities, and progress is tracked against quantitative targets.

In parallel with this medium-term planning, the Company develops a five-year plan for real estate and logistics development processes in order to ensure the availability of locations for new stores and the infrastructure necessary to stock them.

The investment plan is approved annually and monitored throughout the year to evaluate potential changes in conditions and the expected results of each project. The investment plan includes strategic projects and those non-strategic projects that are necessary for operational continuity. It accounts for the useful lives of the main assets.

All plans are reviewed and approved by the Board of Directors.

2.6.1 2020-2022 STRATEGIC PLAN

In 2022, SMU implemented the third and final year of its 2020-2022 strategic plan. It also designed and approved the strategic plan for the next period, 2023-2025.

The 2020-2022 plan featured four priority areas: customer experience, omnichannel growth, efficiency and productivity, and committed and sustainable organization. Financial capacity, technology, and digitalization provided the support necessary to successfully implement plans for the four priority areas. Strategic plan initiatives are designed to fulfill SMU's purpose of making life easier for customers while constantly striving for sustainable, profitable growth.

SMU's 2020-2022 Strategic Plan



2.6.1.1
OMNICHANNEL GROWTH

Omnichannel growth involved new store openings, remodeling existing stores, and developing e-grocery. The Company aimed to leverage its market presence in Chile, with national coverage and an established logistics platform. It also harnessed the multiformat strategy, which offers the flexibility of selecting the most appropriate format for each location. In Peru, SMU opened smaller stores focused on the consumer and low prices under the Maxiahorro brand, replicating a format that has performed very well in recent years.

The main achievements for the 2020-2022 period include opening 19 new stores in Chile and Peru (including nine in 2022) and launching the new Super10 soft discount format, strengthening the Company's multiformat strategy. Online, SMU launched e-commerce platforms for Unimarc and Alvi, each with its own app and website. The Company deepened its hybrid strategy for the online channel, increasing coverage with last milers Pedidos Ya and Rappi, and forming a new partnership with Mercado Libre.

2.6.1.2 CUSTOMER EXPERIENCE

Customer experience initiatives focused on harnessing SMU's knowledge of customers and advanced analytics to optimize the value proposition in each format. Loyalty programs are essential for maintaining contact with customers, offering them attractive discounts, and understanding their needs and preferences in changing scenarios.

During this three-year period, SMU made several adjustments to assortment and promotional activity in response to the frequent changes in preferences during the different stages of the pandemic. Given the inflationary context in 2022, helping customers optimize their household budget was an important focus and gave rise to initiatives like The Path to Savings campaign. Similarly, SMU strengthened its assortment of private-label products, offering an excellent price-quality ratio that customers value highly. This year, it launched new brands and more than 300 PLUs, e.g., the new Partner & Co. brand for Alvi's hotel, restaurant and cafeteria customers, with products including mashed potatoes and sushi rice. The Tento brand was also launched to serve the indulgence category. Sales of private-label products increased 69% in 2022 compared to 2021.

2.6.1.3 EFFICIENCY & PRODUCTIVITY

Operating efficiency is a strategic focus that has been progressively strengthened in each SMU three-year plan. The primary objective is to control operating expenses and improve product availability through digitalization, process redesign and technological tools in stores and the logistics network.

For store processes, in 2020-2022, the Company implemented the Unimarc operating model. More centralized logistics, efficient replenishment and self-service modules improved product availability and the checkout experience.

Technology played an important role in logistics processes as the Company implemented Blue Yonder. This new demand-planning tool uses artificial intelligence to make high-precision projections that boost sales through greater product availability while avoiding food waste and reducing shrinkage. Another initiative, the voice picking system, enhanced efficiency in order preparation at distribution centers.

SMU's progress on energy efficiency this year will enable it to manage its consumption and environmental impact better. In 2022, it negotiated a free customer

rate for the facilities that consume the most energy. As a result, the new rate is 43% lower and 20% of the Company's energy consumption in Chile will come from renewable sources. Another initiative, the Sustainable Stores pilot program, used IoT (Internet of Things) sensors to measure energy consumption and temperatures in order to identify potential improvements. It also began implementing an energy management system, obtaining ISO 50001 certification for three facilities.

2.6.1.4

COMMITTED & SUSTAINABLE ORGANIZATION

At SMU, sustainability has to do with how the Company views the future and its ability to comprehensively manage its economic, social and environmental performance. From that perspective, the strategic plan includes initiatives that focus on creating shared value and environmental protection. Similarly, organizational excellence is fundamental to reaching SMU's goals and fulfilling its corporate purpose.

Regarding environmental protection and reflecting its concern for climate change, SMU measures and manages its carbon footprint, earning the *Huella Chile* seals for quantification and reduction. Reducing food waste is a very significant way to cut greenhouse gas emissions. Through Consume Soon and food donations from all its stores and distribution centers in Chile, SMU has prevented more than 6,201 metric tons from being disposed of in landfills or dumps between 2020 and 2022. The figure includes 661 metric tons of food donated to more than 87,000 at-risk people.

As part of its vision of generating shared value for its stakeholders, SMU promotes the development of SME suppliers – and provides an attractive assortment of regional products to Unimarc customers – through its *100% Nuestro* program. Between 2020 and 2022, more than 60 new suppliers joined the program.

Another 2022 milestone was the completion of SMU's first human rights due diligence process, which identified potential risks and mitigating controls at SMU headquarters in Chile, the Unimarc format and the logistics division.

2.6.2

2023-2025 STRATEGIC PLAN

SMU's 2023-2025 strategic plan, approved and announced in November 2022, is based on the same four strategic priorities as the previous plan. This allows the Company to continue building on its strengths: a multiformat strategy focused on food, a deep understanding of customer needs and broad geographic coverage.

In **Omnichannel Growth**, SMU plans to open 43 new Unimarc, Super 10, and Alvi stores in Chile and 15 Maxiahorro stores in Peru. The new stores in Chile will expand geographic coverage, entering new municipalities and growing in regions where the Company has a smaller market share. Openings in Peru will be concentrated in the northern part of the country. In addition, SMU will convert 14 Mayorista 10 stores to the new Super10 format and remodel 78 Unimarc and Alvi stores.

To enhance its online offer, SMU will offer more delivery alternatives through new Unimarc.cl Click and Collect locations. It will also capitalize on its recently inaugurated Robotized Order Fulfillment Center to improve the customer experience through more complete and accurate orders.

With respect to **Customer Experience**, the Company will continue to develop high-quality private-label products at a low price. It will launch six new specialized brands to complement the 14 existing brands and 1,000 new products in response to consumer trends and customer needs. At the same time, it will expand efforts on recyclable packaging, aiming to earn Ecolabel certification for 50% of its private-label products.

Regarding **Efficiency and Productivity**, the Company will expand its logistics network by 40% to support organic growth. Plans include a new 60,000 m² automated multiformat distribution center. It will also optimize processes to enhance the shopping experience and increase the use of technology, like self-checkouts and self-service scales, and implement innovative solutions like digital treasury, which optimizes cash management and treasury processes.

Energy efficiency initiatives are also worth noting. SMU will seek to optimize the management and cost of its energy consumption and to get 40% of its energy from renewable sources by 2025. It will also incorporate electromobility in the supply of goods, using electric trucks for 10% of deliveries from distribution centers to stores by 2025.

Though all the strategic priority areas incorporate SMU's Corporate Sustainability Model, the **Organizational Excellence and Sustainability** area promotes initiatives

related to creating shared value, caring for the environment and a commitment to diversity and inclusion. Initiatives include continued efforts to certify the Gender Equality and Work-Life Balance Management System under Chilean Regulation No. 3262. SMU headquarters in Chile has already earned certification, making SMU the first food retailer in the country to do so.

2.6.3

INVESTMENT PLANS

In 2022, SMU invested a total of CLP 57 billion in new openings, remodeling, productivity improvements, e-commerce development, asset replacement and SAP modules to improve operational efficiency. These investments were funded with operating cash flows.

In November 2022, SMU's Board of Directors approved the 2023-2025 strategic plan, which entails investments of approximately CLP 265 billion, about 50% of which will be allocated to omnichannel growth projects and approximately 25% to efficiency and productivity projects. The remaining 25% will be allocated to investments related to business continuity.

In December 2022, the Board of Directors approved the 2023 investment plan for approximately CLP 85 billion. About 50% of that amount will go toward strategic omnichannel growth projects, including new openings, remodeling and e-commerce development. The plan also includes investments in efficiency and operational continuity initiatives, like replacing assets and implementing new SAP modules. These investments will be funded with operating cash flows. It should be noted that the projects and the total investment amount associated with the investment plan are always subject to change. They may be affected by endogenous or exogenous factors that could impact business development.

**2.6.3.1
INNOVATION**

As part of its strategy and investment plan, SMU seeks new opportunities to improve the customer experience and optimize operations through innovation. In 2022, investment in innovation totaled approximately CLP 5 billion and included initiatives such as Latin America’s first robotic e-commerce order fulfillment center and the new demand-planning tool. Following successful pilot programs, Digital Treasury and Sustainable Stores (IoT sensors) will be implemented on a larger scale in 2023.

An innovation fund of 1% of the Company’s total CAPEX is approved annually to develop and pilot new ideas that could generate value. This percentage funds a variety of projects, including SMU’s internal program, **Tu Idea La Lleva**, which invites employees to submit ideas related to customer experience, operational excellence, bridging the gap and sustainability. One such success story was the Inclusive Assistance Service initiative, a 2021 winner that received funding and was launched in Unimarc stores in 2022. The Inclusive Assistance Service allows people with disabilities or reduced mobility to schedule a Unimarc employee’s assistance while they shop at the store and/or checkout. The initiative reflects the company-wide commitment to inclusion.



2.7 THE FOOD RETAIL INDUSTRY

2.7.1

MARKETS WHERE SMU OPERATES

SMU operates supermarkets and other retail food stores in Chile and Peru. In 2022, revenue from operations in Chile represented 98% of the Company's consolidated revenue from retail food sales, while revenue from operations in Peru represented 2%. According to each country's statistics agency, the total combined population of these countries was 53.2 million as of December 31, 2022.

Chile is the most important market in terms of revenue for SMU. According to the National Institute of Statistics (INE), Chile had a population of 19.8 million as of December 31, 2022. According to the Chilean Central Bank, the country experienced GDP growth of 4.0% in 2018 and 0.7% in 2019. Then, it fell 6.2% in 2020, grew 11.9% in 2021, and fell 2.5% in 2022. In real terms, salaries in Chile increased 1.6% in 2019 and 1.1% in 2020 and dropped 0.3% in 2021 and 1.7% in 2022, while the unemployment rate was 7.1% in 2019, 10.3% in 2020, 7.2% in 2021, and 8.0% in 2022, according to INE.

The consumer price index (CPI) in Chile rose 3.0% in 2019, 3.0% in 2020, 7.2% in 2021, and 12.8% in 2022. The food price index (FPI) in Chile rose 3.7% in 2019, 7.6% in 2020, 5.5% in 2021, and 24.7% in 2022, according to INE.

According to the National Institute of Statistics and Informatics (INEI), Peru had a population of approximately 33 million as of December 31, 2022. The country's GDP grew 2.2% in 2019, fell by 11.1% in 2020, grew 13.3% in 2021, and grew 2.7% in 2022, according to the Central Reserve Bank of Peru.

2.7.2 THE FOOD RETAIL INDUSTRY IN CHILE

According to INE, as of December 31, 2022, Chile's food retail industry was comprised of 1,364 stores, including hypermarkets, supermarkets and other retail food stores with a minimum of three checkouts. INE estimates that the sector generated CLP 15.5 trillion as of December 2022.

SMU's main competitors include hypermarkets, supermarkets, cash and carry stores, neighborhood stores, convenience stores and open-air markets. In this industry, competition is based primarily on store location, price, selection, quality, customer service and process efficiency in a competitive context.

The first year of the pandemic drastically changed Chilean shopping habits. Government restrictions meant to prevent the spread of COVID-19 significantly reduced foot traffic and flow of people in stores and, consequently, the number of transactions. This was accompanied by an increase in the average ticket.

Toward the end of that year and into 2021, these trends began to reverse as restrictions eased and vaccination progressed. The number of transactions recovered sharply and continued to do so in 2022. In 2021, we also saw the impact of the liquidity generated by initiatives like pension savings withdrawals and the Emergency Family Income, which boosted discretionary consumption along with supermarket purchases of non-food products. Many consumers also showed a preference for more sophisticated products.

In 2022, with inflation high, consumer preferences re-adjusted toward money-saving products and sales channels.

After the public health crisis triggered strong e-grocery growth in 2020 and 2021, growth slowed in 2022 as brick-and-mortar channels reactivated. Customers use both in-person and digital channels and seek a consistent value proposition across them all.

SMU's primary competitors in Chile include traditional and discount food retailers and hypermarkets. According to company estimates, in terms of revenue, Walmart Chile is the largest supermarket chain in Chile, operating about 380 stores under the Líder, Líder Express, Super Bodega aCuenta and Central Mayorista brands. Cencosud is the second-largest operator in Chile in terms of revenue, with approximately 250 hypermarkets and supermarkets under the Jumbo and Santa Isabel brands as of



December 31, 2022. SMU is the third largest in terms of revenue, with 380 stores. Tottus is fourth, with approximately 70 hypermarkets and supermarkets.

The Alvi format competes in the cash and carry segment, which includes stores that supply neighborhood stores, restaurants and consumers. This segment operates through three channels: cash and carry stores (such as Alvi), full-service stores, and wholesale distributors. Suppliers also distribute their products directly to neighborhood stores and restaurants. As of December 31, the main competitors in this segment were: Fruna, which has about 60 full-service stores; Central Mayorista, with nine cash and carry stores; and other small operators.

Mayorista 10 and Super10 stores compete primarily with Super Bodega aCuenta (Walmart), other retail supermarkets and cash and carry stores.

In the e-commerce segment, SMU operates through its own platforms, Unimarc.cl and Alvi.cl. It also partners with third parties, including *last milers*, like Pedidos Yam and Rappi, and the Mercado Libre marketplace. The Company's main competitors also have their own online platforms and partnerships with *last milers*.

Considering its different formats, SMU's food retail market share in Chile was 17.7% in 2022.

2.7.3 FOOD RETAIL INDUSTRY IN PERU

SMU operates in the Peruvian food retail market with discount supermarkets for consumers under the Maxiahorro brand and cash and carry stores under the Mayorsa brand. According to financial data published by other industry players and Company estimates, the Peruvian food retail industry totaled an estimated US\$5.4 billion in 2022; SMU holds approximately 1.5% market share.

Compared to other Latin American economies, the penetration of modern grocery in Peru was very low in 2022. Traditional trade involving markets, fairs and neighborhood mom-and-pop stores play an important role in this industry. In 2022, the market share of traditional trade formats increased by three percentage points. As high inflation tightens budgets, consumers – primarily in the B-C-D sectors – return to municipal markets and neighborhood mom-and-pop stores looking for smaller quantities to meet day-to-day needs.

Major players in the Peruvian food retail industry are beginning to develop hypermarket and supermarket formats. The market leaders are InRetail, with its Plaza Vea, Vivanda, Mass and Makro brands; Cencosud through the Wong and Metro brands; and Falabella, with its Tottus and Hiperbodega Precio Uno brands.

In recent years, the number of smaller stores offering a limited selection in more convenient locations has grown. At year-end 2022, Tambo had close to 400 stores; Mass had more than 660 locations; and OXXO stores (which entered the market in 2018) had about 80 stores.

The semi-formal and informal side of the market presents an opportunity for SMU to capture sales, shifting shopping habits from traditional to modern channels. Access to credit (approximately 25% of Peruvians over 18) and bankarization (around 53% of Peruvians over 18) have increased in the country. As a result, consumers have become more sophisticated in recent years, changing their consumption habits. Thus, a format that satisfies the emerging segments' expectations in terms of price, quality and variety is key to industry development.

3.



SUSTAINABILITY AT SMU



SUSTAINABILITY AT SMU

SMU aims to add economic, environmental, and social value in all of its activities and business lines, within a framework of integrity and transparent corporate conduct.

The Company’s sustainability model covers all areas and is based on the continuous development of its employees, fomenting responsible relations with suppliers, and driving ongoing improvements in order to respond to customer demands.

SMU has made progress in sustainable management in line with 11 of the 17 Sustainable Development Goals (“SDG”) from the United Nations Sustainable Development Agenda.



3.1 SUSTAINABILITY MANAGEMENT

SMU has a comprehensive approach to sustainability, upon which the corporate purpose was structured: “Making our customers’ lives easier.” SMU’s sustainable business management is based on its Code of Ethics and Business Conduct, the Sustainability Policy, and the Corporate Sustainability Model. In addition, six policy statements formalize the Company’s commitment to human rights, responsible sourcing, the environment, being a good neighbor, animal welfare and sustainable supply. Moreover, a Corporate Environmental Management Policy came into effect in 2022, aiming to prevent, control and mitigate the environmental impacts its operations may cause.

SMU has a Sustainability Committee comprised of members of the Board of Directors and senior management. The purpose of this committee is to establish sustainability governance involving every area of the Company in achieving the proposed goals.

In late 2021, SMU signed its Commitment Letter to the United Nations Global Compact, joining over 13,000 companies worldwide. This reflects a commitment to continue incorporating sustainability into the corporate strategy as it implements the ten Guiding Principles, which are well-aligned with the guidelines set forth in SMU’s Code of Ethics and Business Conduct and Corporate Sustainability Policy (updated most recently in 2022).

SMU’s Corporate Sustainability Policy defines the guidelines and criteria used in its sustainability management, considering a broad model that covers all areas of the Company

SUSTAINABILITY MODEL



INTEGRADED REPORT 2022

In 2022, the Company joined 32 other companies in Chile in a commitment to manage the World Business Council for Sustainable Development's (WBCSD) five key sustainability factors: carbon neutrality; biodiversity; human rights and due diligence; inclusion and diversity; and transparency and reporting. SMU will report progress on each factor over a two-year period.

Joining and committing to these initiatives challenges SMU to continue taking steps toward becoming an increasingly sustainable company and to reflect this commitment through initiatives and projects. Thus, the Company's main sustainability projects have been included in its strategic plan. They address issues like human rights due diligence, diversity & inclusion, and climate change. Over the next three years, SMU will work on 11 sustainability projects. Seven are environmental and address issues such as waste, water footprint and energy.








SMU's Sustainability Policy establishes the following fundamental guidelines:

- Protect and respect universally recognized human rights.
- Have labor standards that eradicate discriminatory employment practices, avoid all manner of forced labor, eliminate child labor, and recognize employees' freedom of association.
- Promote initiatives focused on greater environmental responsibility and take a preventative approach.
- Work against all forms of corruption.




Based on the policy's foundational principles, eight priority areas for sustainability management have been identified, forming the basis for the Company's Corporate Sustainability Model. Management approaches have been defined for each of these priority areas, reflecting where the sustainable management emphases will be within the organization.








Progress and Commitments in Sustainable Management

Priority Area	Progress in 2022	SDG
GOVERNANCE		
Best practices in corporate governance	<ul style="list-style-type: none"> • First independent evaluation of Board performance • Incorporation of human rights risks in risk management • Commitment to five criteria of sustainable management promoted by the World Business Council for Sustainable Development (WBCSD) 	  <p>Contributes to goals:</p> <ul style="list-style-type: none"> • 8.7 • 8.8 • 12.6 • 16.10


Priority Area	Progress in 2022	SDG
CULTURE OF INTEGRITY AND ETHICAL MANAGEMENT		
Ethical management	<ul style="list-style-type: none"> First human rights due diligence process (Unimarc, Logistics, and Headquarters in Chile) 	 
Free competition	<ul style="list-style-type: none"> Certification of SMU's Consumer Protection Model 	Contributes to goals: <ul style="list-style-type: none"> 5.1 5.5 16.5 16.b
Consumer protection	<ul style="list-style-type: none"> Independent evaluation of SMU's Privacy Protection Model 	
Privacy protection	<ul style="list-style-type: none"> Training in prevention of workplace and sexual harassment 	
Commitments	<ul style="list-style-type: none"> <i>Due diligence in human rights for Alvi, Mayorista 10, and Super10, as well as SMU Peru</i> 	
WE ARE A COMPANY OF PEOPLE		
Inclusion & Diversity	<ul style="list-style-type: none"> Certification of Chilean Standard No. 3262 on Gender Equity and Work-Life Balance 85% adhesion to UN Chile's Women's Empowerment Principles (+17 pp vs. 2021) 	  
Personnel development	<ul style="list-style-type: none"> 10th place in IMAD (Women in Senior Management Index) ranking, improvement of three places vs. 2021 	 
Labor relations	<ul style="list-style-type: none"> Incorporation of sustainability and wellness indicators in employee engagement survey 	
Managing people	<ul style="list-style-type: none"> New trainee program: "Young Digital Talent" 	
Commitments	<ul style="list-style-type: none"> <i>Obtain certification in Standard 3262 for Logistics Division and perform self-diagnosis for Alvi.</i> <i>Reach 88% of adhesion to Women's Empowerment Principles.</i> <i>Certify Lo Aguirre DC as a drug- and alcohol-free workplace.</i> 	Contributes to goals: <ul style="list-style-type: none"> 1.2 5.1 5.5 5.c 8.5 8.6 8.8 10.2 16.7

INTEGRADED REPORT 2022

Priority Area	Progress in 2022	SDG
CUSTOMER CENTRIC		
<p>Improved shopping experience</p> <p>Responsible consumption</p> <p>Private label</p>	<ul style="list-style-type: none"> Omnichannel expansion, getting closer to customers with new stores and new online sales channels: launch of Alvi.cl and partnership with Mercado Libre Private label development: 330 product launches, 69% sales growth, and 171 products certified with recyclable packaging Ecolabel Consume Soon program offers savings to customers and reduces food waste (5,404.5 tons in 2022) Certification of SMU's Consumer Protection Model 	 <p>Contributes to goals:</p> <ul style="list-style-type: none"> 12.3 12.5
Commitments	<ul style="list-style-type: none"> <i>Expand assortment of products with attributes that promote health, nutrition, and wellbeing</i> 	
RESPONSIBLE SOURCING		
<p>Risk management in supply chain</p> <p>Development of local suppliers</p>	<ul style="list-style-type: none"> 100% <i>Nuestro</i> program: 34 new suppliers, for a total of 203 at year end 100% <i>Nuestro</i>: product recommendation +28,2 pp and supplier recommendation survey +16.4 pp. Partnership with INDAP to develop small suppliers of fruits and vegetables, offering three training sessions on topics specific to the agriculture industry 	  <p>Contributes to goals:</p> <ul style="list-style-type: none"> 2.3 8.3
Commitments	<ul style="list-style-type: none"> <i>Obtain Mi Compromiso PYME Seal</i> <i>Implement exclusive selling space for 100% <i>Nuestro</i> products in 66 Unimarc stores</i> <i>Sustainability training for 100% <i>Nuestro</i> suppliers</i> 	

Priority Area	Progress in 2022	SDG
COMMITMENT TO SOCIETY		
Regional development Good neighbor CSR and contributing to society	<ul style="list-style-type: none"> Update of store risk index and mapping of stakeholders connected to operations. Execution of “<i>Unidos</i>” campaign Execution of <i>Teletón 2022</i> campaign 16 projects financed by <i>Fondo Descúbreme 2022</i>, with 399 direct beneficiaries 	   <p>Contributes to goals:</p> <ul style="list-style-type: none"> 2.1 10.2 17.17
Commitments	<ul style="list-style-type: none"> Execute “<i>Health Lifestyle</i>” Project 	
WE CARE ABOUT THE ENVIRONMENT		
Caring for the environment Waste management	<ul style="list-style-type: none"> Avoided 6,201 tons of food waste, 80.1% more than in 2021. Certified 171 private label products with Ecolabel for recyclable packaging, exceeding the goal of 150 for 2022 Changed to renewable energy sources for facilities accounting for 20% of consumption in Chile Measured water footprint of Lo Aguirre distribution center Electromobility: 30% of fleet for deliveries from MFC to customers 	    <p>Contributes to goals:</p> <ul style="list-style-type: none"> 6.3 7.2 7.3 12.2 12.3 12.5 13.2 13.3
Commitments	<ul style="list-style-type: none"> Obtain <i>Blue Certificate</i> for measuring water footprint for Lo Aguirre distribution center Obtain <i>Giro Limpio Certificate</i> for transportation efficiency Execute <i>water recirculation project</i> at Lo Aguirre distribution center 	

INTEGRADED REPORT 2022

Priority Area	Progress in 2022	SDG
FINANCIAL PERFORMANCE		
Profitable growth	<ul style="list-style-type: none"> Operating income increased 19.7% in 2022 Return on equity improved from 10.1% in 2021 to 16.8% in 2022 Credit rating upgraded to A+ 	 <p>Contributes to goals:</p> <ul style="list-style-type: none"> 10.4

3.2 STAKEHOLDERS

SMU strives to build long-term relationships with its stakeholders, promoting open lines of communication in order to maintain responsible, transparent, and sustainable relationships with each one of them.

Under the Company's stakeholder management model, each stakeholder is assigned a stakeholder manager, which is generally the area that specializes in matters affecting that stakeholder. For example, the stakeholder manager for members of the media is SMU's External Communications department. In addition, where necessary, the Company has defined multidisciplinary internal working groups which are responsible for defining action plans and priority issues.

In order to identify key stakeholders, the Company carried out an analysis, prioritizing based on capacity and criticality.

SMU's Key Stakeholders



SHAREHOLDERS
AND INVESTORS



PROFESSIONAL
ASSOCIATIONS



REGULATORS AND
AUTHORITIES



BANKS AND
CREDITORS



CUSTOMERS



EMPLOYEES
AND UNIONS



COMMUNITY



MEDIA



SUPPLIERS

3.2.1 COMMUNICATION CHANNELS

In order to promote transparency and ongoing communication with stakeholders, SMU has created several communication channels, which it uses to provide information in a timely manner, identify opportunities for improvement and create spaces for dialogue that generate honest and timely feedback.

SMU's Whistleblower Channel is available for both employees and third parties, through the Company's website. For more information, please see section 5.1.2 Whistleblower Channel.

The Company's website is the primary channel through which it provides information to all stakeholders about its business, main risks, and financial, economic, and legal position. On the website, SMU publishes general information, as well as news, essential facts, financial statements, the integrated report, and presentations, among others. The Company's Investor Relations department is available to provide further information about these matters, and in addition, each stakeholder can contact their respective stakeholder manager.

The information requirements of SMU's different stakeholders change over time, and the Company strives to meet these needs by implementing procedures that allow for ongoing improvement in the quality and content of its reporting. In order to prepare its integrated report, the Company carries out a materiality process on an annual basis, including obtaining information directly from primary sources, such as employees, customers, neighbors, suppliers, and authorities, among others, in order to understand their concerns and the information that most interests them about SMU. The purpose of this process is to ensure that the matters stakeholders care about are covered in the integrated report.

In 2022, the materiality process was carried out in accordance with the guidelines of the Global Reporting Initiative (GRI) and with the support of an external consultant. For further information, please see Section 13.3 Material Topics.

In addition to the materiality process, the Company incorporates information required by different questionnaires and evaluations that it has completed over the course of the year, complementing its disclosures to the market, both through its annual integrated report and other documents it makes available through its website.

The table below describes the specific communication channels available for each stakeholder, in addition to the Whistleblower Channel and the Company's website.

Communication Channels

Stakeholder	Stakeholder Manager	Activities that affect the stakeholders	Communication Channel
Shareholders and investors	Investor Relations	Contribute to the profitability of their investments	E-mails, phone calls, in-person or online meetings, quarterly earnings calls, and shareholders' meetings.
Industry and business associations	External Affairs	Work together to become a more sustainable industry	Active participation through representatives on boards, committees, and/or working groups.
Regulatory and industry authorities	External Affairs	Use Company experience to improve policy design and implementation, respecting the regulatory framework at all times.	Meetings requested through the lobbying law platform, meetings and working groups formed by the authorities and business associations.
Banks and creditors	Financial Planning	Contribute to the profitability of their investments	Contact with the Financial Planning department, including e-mails, phone calls, in-person or online meetings.
Customers	Customers & Marketing	Provide products and a shopping experience that meet customer needs	NPS (shopping experience) surveys, 600 phone line, social media networks, complaints and suggestion books in stores, Club Ahorro APP, Club Alvi APP, marketing campaigns carried out through mass media.
Community	Sustainability	Stores that operate by being a good neighbor, with close relations and contributing to the development of the community.	SMU maintains a direct relationship with neighbors and officials in the regions where it operates. In addition, its social media platforms are available as a communication channel.

Employees and unions	Labor Relations	Job opportunities that offer professional development and well-being, as well as good relationships with employees and the organizations that represent them.	Ongoing meetings with unions, the social worker assistance network, intranet, informational emails, information screens, company news bulletins, internal surveys, performance evaluation, training programs, online training, and communications.
Media	External Communications	Provide transparent information in order to meet the community's information needs.	Contact with the External Communications department, including e-mails, phone calls, in person or online meetings. Press releases and social media.
Suppliers	Commercial/ Procurement	Purchase of products and services, through transparent and objective processes, facilitating in-store product availability for customers, as well as business continuity.	Contact with the supplier service area, relations with internal customers, working meetings, supplier ombudsman.

3.2.2

PARTICIPATION IN PROFESSIONAL ASSOCIATIONS AND BUSINESS INSTITUTIONS

SMU participates in different professional associations and business institutions through board and/or committee memberships, working groups, discussion groups, and others, in order to remain current on different issues and changes affecting the industry, the business environment, and the community in general, as well as to contribute to improving legislation and regulations, share best practices, and learn about programs implemented in other industries. The subject matter covered is wide ranging, including, to name a few, legislation, people management, consumers, sustainability, environment, and marketing, among others.

During 2022, the Company paid a total of CLP 139 million in membership fees for these organizations. The activities carried out using these funds include working groups, training, seminars, and publications, among others. The funds are not used towards political donations or contributions.

Professional Associations and Business Institutions

Organization	Type	Description	Participation
Global Compact	Business Organization	United Nations initiative whose objective is for companies to align strategies and operations with universal principles on human rights, labor, environment, and anti-corruption.	Member company
Supermarkets Association of Chile (ASACH)	Professional Association	Professional association made up of the main supermarkets in the country	Board of Directors; People, Corporate Affairs, Sustainability, and Compliance Committees
Santiago Chamber of Commerce	Professional Association	Professional association made up of businesses from multiple industries	Board of Directors Committees
SOFOFA	Professional Association	Professional federation made up of companies and professional and regional associations, linked to the Chilean industrial sector	Board of Directors, Working groups (labor, consumers, Ecolabel clean production agreement)

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Organization	Type	Description	Participation
National Chamber of Commerce (CNC)	Professional Association	Professional federation made up of Chilean commerce, services and tourism businesses	Membership; women's working group
Chamber of Commerce, Services, Industry, and Tourism of Coyhaique	Professional Association	Professional association made up of commerce, services and tourism businesses in Coyhaique	Membership
Chamber of Punta Arenas Free Trade Zone	Professional Association	Professional association made up of businesses that operate in the Punta Arenas free trade zone	Membership Board of Directors
ICARE	Business Organization	Organization to connect the business community	Working groups
Network of Inclusive Companies (REIN)	Business Institution	Organization made up of businesses that aim to promote the inclusion of people with disabilities in the workplace	Membership Board of Directors
The Consumer Goods Forum (CGF)	Business Organization	International organization that brings consumer goods retailers and manufactures together to secure consumer trust	Membership
Santiago Climate Exchange (SXC)	Climate Exchange	The first private climate exchange in the Southern Hemisphere, its objective is the creation and development of a large greenhouse gas emissions reduction industry in Chile and the region	Board of Directors

Organization	Type	Description	Participation
ACCIÓN Empresas	Business Organization	Not-for-profit organization that promotes cultural change towards a society with greater sustainable human development, in which companies strive to be agents of economic, ethical, social, and environmental progress	Committee membership (Ethics and Governance, Responsible Sourcing, Circular Economy) and Clean Production Agreement for Transition to a Circular Economy.
PROhumana	Business Organization	Not-for-profit organization that promotes cultural change towards a society with greater sustainable human development, in which companies strive to be agents of economic, ethical, social, and environmental progress	Membership
Generación Empresarial	Business Organization	Not-for-profit organization that seeks to promote and strengthen ethics in the workplace, placing humans in the center of the decisions and actions of each organization	Ethics and governance committee membership
Lima Chamber of Commerce	Professional Association	Business association made up of over 15,000 members belonging to diverse sectors of Peru	Membership
Network of Intercultural Companies (REI)	Business Organization	Organization that brings together companies to generate meeting spaces, reflection, and influence around interculturality and the inclusion of migrants in the workplace.	Membership

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In order to manage matters related to its industry and to generate a positive impact on its stakeholders, SMU works collaboratively with authorities, both directly and through trade associations, such as the Supermarkets Association of Chile (ASACH). During 2022, the issues covered through ASACH included the following:

Trade Association Issues

Topic	Description	Company position	Amount contributed
Critical Infrastructure Bill	The text of the bill defines critical infrastructure as “infrastructure essential for the generation, transmission, transportation, production, storage and distribution of services and basic supplies for the population, including energy, gas, water or telecommunications; that related to road, air, land, maritime, port or railway connections, and that corresponding to public services, such as healthcare or health systems.”	ASACH conveyed the importance of expressly including “food” and including distribution centers in the safeguards.	The ASACH annual membership fee is CLP 51 million. This amount is not used for political campaigns, lobbying or similar.
Truckers’ strike and supply	After the 2022 truckers’ strike impacted supply levels in some areas of Chile, the Undersecretary of the Interior met with ASACH.	The trade association requested coordination of support for trucks in transit to guarantee food deliveries from the distribution centers to the stores.	The ASACH annual membership fee is CLP 51 million. This amount is not used for political campaigns, lobbying or similar.
Supermarket Crime Prevention Working Group	This group worked and coordinated with the Undersecretary of Crime Prevention to work on security protocols for supermarkets, coordinate public safety for critical dates, and share information about criminal gangs.	ASACH presented concerns regarding situations that threaten safety and affect employees, customers and communities	The ASACH annual membership fee is CLP 51 million. This amount is not used for political campaigns, lobbying or similar.

Topic	Description	Company position	Amount contributed
Food Sovereignty and Security	The government coined the concepts of food sovereignty and food security through a National Commission led by the Agriculture Ministry.	ASACH expressed concern regarding the contradictions of applying both concepts in a country. Food sovereignty refers to autonomy in food production and processing. In contrast, food security ensures that the population has the food it requires, which may be national/domestic products or imported ones.	The ASACH annual membership fee is CLP 51 million. This amount is not used for political campaigns, lobbying or similar.

3.3 VALUE CREATION

In 2022, the economic value generated by SMU amounted to **Th\$2,837,913,665**, an increase of **Th\$363,894,096** with respect to 2021.

Of this total economic value generated, SMU distributed **Th\$2,801,996,886** among its stakeholders. The difference between the value generated and the value distributed amounted to **Th\$35,916,779**, which is the value retained by the Company.

ECONOMIC VALUE GENERATED 2022

Th\$2.837.913.665

ECONOMIC VALUE DISTRIBUTED⁽¹⁾

Th\$2.801.996.886

Th\$2.389.456.002
OPERATING EXPENSES⁽²⁾

Th\$262.093.182
REMUNERATIONS AND SOCIAL SECURITY⁽³⁾

Th\$150.447.702
PAYMENTS TO SUPPLIERS OF CAPITAL⁽⁴⁾

ECONOMIC VALUE RETAINED

Th\$35.916.779

Notes

(1) Economic value distributed does not include taxes paid to the government because in 2022 SMU recorded an income tax benefit, not an expense.

(2) Cost of goods sold + distribution costs + selling and administrative expenses – personnel expenses

(3) Personnel expenses

(4) Financial expenses + dividends paid.

4.



GOVERNANCE



GOVERNANCE

Through its corporate governance structure, SMU strives to facilitate effective and sustainable management, by assigning roles and responsibilities and developing practices and policies in order to evaluate and guide the actions of the entire organization on an ongoing basis, so the Company can achieve its strategic goals. As part of its corporate governance practices, SMU has strengthened the risk management role within the Company, in order to identify potential impacts for the business, in order to safeguard the sustainability of its operations over time and, consequently, safeguard the creation of value for its shareholders and other stakeholders.



Progress: Governance

PRIORITY AREA	PROGRESS IN 2022	SDG
Best practices in corporate governance	<ul style="list-style-type: none"> • First independent evaluation of Board performance • Incorporation of human rights risks in risk management • Commitment to five criteria of sustainable management promoted by the World Business Council for Sustainable Development (WBCSD) 	 <p>Contributes to goals:</p> <ul style="list-style-type: none"> • 8.7 • 8.8 • 12.6 • 16.10

4.1 CORPORATE GOVERNANCE STRUCTURE

SMU has built a corporate governance structure that strives to promote effective, ethical and sustainable management by assigning roles and responsibilities and developing practices and policies that enable the Company to continually evaluate and guide the actions of the entire organization so it can achieve its strategic goals.

A nine-member Board of Directors leads SMU's corporate governance and is responsible for developing the Company's general strategy. The Board reviews and approves the strategic and investment plans Management proposes. It also monitors the progress and results of those plans and the performance of the different business units. Monthly, it reviews and follows up on the Management Report. As part of its oversight and decision-making responsibilities, the Board reviews the economic, social, environmental, and human rights impacts of the Company's various initiatives.

To better manage critical issues and ensure its corporate governance functions properly, directors serve on specialized committees that oversee audit and risk, human resources, sustainability, investments, compliance and strategy issues. These committees are in addition to the Directors' Committee required under the Law on Corporations (No. 18,046). Committee appointments take into consideration each director's skills and experience.

The Chief Executive Officer, who reports directly to the Board of Directors and to whom 11 corporate managers report, leads SMU management as shown on the organizational chart on page 68. The Company's Comptroller also reports directly to the Board of Directors and is independent of Management.¹

The SMU Code of Ethics and Business Conduct establishes the principles and guidelines that must guide the actions of the Board of Directors, Management, employees and third parties that work with the Company, including contractors, advisors and other suppliers.

¹ In accordance with CMF GS No. 461, SMU's organizational structure includes a sustainability division, which reports to the Chief People and Sustainability Officer; the external communications division, which reports to the Chief Legal and External Affairs Officer; the internal audit division, which reports to the Comptroller; and the internal control and investor relations divisions, both of which report to the Chief Financial Officer.

Consistent with its Code of Ethics and Business Conduct, its corporate values of Closeness, Excellence, Respect, Collaboration and Agility (the “CERCA Seal”), and its Corporate Sustainability Model, SMU seeks to achieve its vision of being the supermarket chain that best meets customer needs and to generate shared value for all its stakeholders sustainably. Since corporate governance is the basis for these efforts, SMU has joined several initiatives promoting best practices in this area. In August 2021, the Company joined the organization [Acción Empresas’s Transparent Business Program](#), committing to making progress on integrity, purpose, transparency and reporting and to strengthening the corporate governance role. In September 2021, the Company signed its [Letter of Commitment](#) to support and apply The Ten Principles of the United Nations Global Compact on human rights, labor, environment and anti-corruption. In October 2022, as part of its participation in Accion Empresas, SMU committed to managing [five key sustainability criteria](#) designated as such by the *World Business Council for Sustainable Development* in the areas of carbon neutrality, biodiversity, human rights and due diligence, inclusion and diversity, and transparency and reporting.

SMU has built a corporate governance structure that strives to promote effective, ethical and sustainable management by assigning roles and responsibilities and developing practices and policies that enable the Company to continually evaluate and guide the actions of the entire organization so it can achieve its strategic goals. As part of its corporate governance practices, SMU has strengthened its risk management role within the Company to identify potential business impacts, safeguard the sustainability of its operations over time, and, consequently, create value for its shareholders and other stakeholders.

Beginning in 2022, the Board of Directors implemented an annual collective performance evaluation survey conducted by an independent third party, the results of which will be used to make continuous improvements that enhance Board operations and performance and to prioritize annual training plan topics in order to enhance and/or update the directors’ knowledge.

Corporate governance structure

BOARD OF DIRECTORS



JUAN DAVID QUIJANO
COMPTROLLER



MARCELO GÁLVEZ
CHIEF EXECUTIVE OFFICER



ARTURO SILVA
CHIEF FINANCIAL
OFFICER



LUISA ASTORINO
CHIEF MARKETING
AND CUSTOMERS OFFICER



HORACIO MONTALVA
CHIEF COMMERCIAL
OFFICER



JAVIER FERNÁNDEZ
CHIEF E-COMMERCE
OFFICER



CAROLINA SELUME
CHIEF REAL
ESTATE- DEVELOPMENT
OFFICER



CLAUDIA GONZÁLEZ
CHIEF LEGAL AND
EXTERNAL AFFAIRS
OFFICER



PAULA CORONEL
CHIEF PEOPLE OFFICER



MARCELO FUENTES
CHIEF OPERATING
OFFICER



GUSTAVO PERSSON
CHIEF STRATEGY AND
DEVELOPMENT OFFICER



PATRICIO LLOSA
CEO SMU PERU



EDUARDO HERRERA
CHIEF IT AND DIGITAL
OFFICER

4.2 BOARD OF DIRECTORS

The nine-member SMU S.A. Board of Directors was elected to a three-year term at the annual shareholders' meeting on April 20, 2021.

PILAR DAÑOBEITÍA ESTADES

Chairwoman of the Board

Ms. Dañobeitía holds a degree in Accounting from the Universidad de Chile and a master's in business administration (MBA) from the University of Chicago and has been a member of SMU's board of directors since February 22, 2008. Prior to joining SMU, she held several positions at CorpGroup Interhold, Comercial Rio Laja (subsidiary of CMPC S.A.), and Banco de Chile. She is currently a member of the board of several companies relating to the CorpGroup holding company, including VivoCorp, among others. She is also involved with a number of non-profit organizations, including as a member of the board of Fundación CorpArtes and member of the Women Corporate Directors Foundation. She is a councilwoman and member of SOFOFA's executive committee for the 2020-2024 period.

SMU ownership: 0.22%. No changes in 2022.

M. FRANCISCA SAIEH GUZMÁN

Vice Chairwoman of the Board

Ms. Saieh holds a degree in Design from Universidad Católica de Chile, a Master of Arts in Exhibition Design from The State University of New York (SUNY), and a degree from the Senior Management Program of the Universidad de Los Andes's ESE Business School. She has been a member of the boards of directors of Copesa, a media holding company, and VivoCorp, a real estate development and management company that operates malls, outlets, strip malls, and stand-alone properties, since 2019. She was a member of SMU's board of directors between May 2011 and December 2013 and was named to the Board again on May 2, 2020. In 2011 she founded the design firm Corp Imagen y Diseño S.A. (Corplimagen), where she held the position of Executive Director until December 2019. Ms. Saieh has ample experience leading image, corporate branding, private label, and marketing strategies, as well as developing customer-centric retail sales locations.

Ms. Saieh and her family control 50.6% of SMU's shares. No changes in 2022.

BOARD OF DIRECTORS



PILAR DAÑOBEITÍA E.
CHAIRWOMAN OF THE BOARD
8.668.195-1



M. FRANCISCA SAIEH G.
VICE CHAIRWOMAN OF THE BOARD
13.829.073-5



ALEJANDRO ÁLVAREZ A.
TAX ID
6.385.995-8



ABEL BOUCHON S.
TAX ID:
9.004.895-3



FERNANDO DEL SOLAR C.
TAX ID:
6.060.616-1



ANDRÉS OLIVOS B.
TAX ID:
7.013.115-3



RODRIGO PÉREZ M.
TAX ID:
6.525.287-2



TINA ROSENFELD K.
TAX ID:
14.644.931-K



RAÚL SOTOMAYOR V.
TAX ID:
7.601.866-9



ALEJANDRO ÁLVAREZ ARAVENA*Director*

Mr. Álvarez holds a degree in Law from Universidad de Chile and has been a member of SMU's board of directors since April 2013. He has broad experience in commercial and financial law matters. He also holds an LLM from the University of Würzburg and a PhD from the University of Gottingen, Germany. He previously served as chairman of the Chilean-German Chamber of Industry and Commerce and is currently an arbitrator for the Arbitration and Mediation Center of the Santiago Chamber of Commerce (CCS). He is currently a member of the board of Hipotecaria la Construcción, Constructora Pacal S.A., A-Port Chile S.A., Química Harting S.A., and Sif Icap Chile S.A., among others.

SMU ownership: 0.04%. No changes in 2022.

ABEL BOUCHON SILVA*Director*

Mr. Bouchon holds a Business Administration degree from Universidad de Chile and an MBA from The Wharton School, University of Pennsylvania. He has been a member of SMU's board of directors since April 30, 2014. Previously he served as CEO at Embotelladora Andina and Lan Airlines' international business. He has also worked as a consultant with Booz Allen & Hamilton and was a professor at Universidad de Chile. Currently, he serves as a member of five different boards of directors, including Cristalerías Chile and Cintac, which are publicly traded companies.

SMU ownership: 0.02%. No changes in 2022.

FERNANDO DEL SOLAR CONCHA*Director*

Mr. Del Solar has been a member of SMU's board of directors since December 16, 2013. He holds a degree in Business Administration from Universidad de Chile with graduate studies in Switzerland. He had a successful career of 38 years at Nestle, in several South American countries, where he served as chief executive officer and executive chairman of the country for Chile, Argentina, Uruguay, Paraguay, Peru, and Bolivia (Plata and Andina Regions). He is currently the chairman of Ferosor Agrícola.

SMU ownership: 0.01%. No changes in 2022.

ANDRÉS OLIVOS BAMBACH*Director*

Mr. Olivos holds a degree in Business Administration from Universidad de Chile (1984). He also studied at the graduate level at Stanford University (2010) and holds a master's degree in Applied Philosophy from Universidad de Los Andes (2014-2015). He has served on SMU's Board of Directors since April 9, 2015. He served as CFO at Embotelladora Andina S.A. for 10 years and subsequently, as CEO at Parque Arauco S.A., between 2003 and 2011. He has served actively as a member of the boards of directors of several companies in Chile, Argentina, Brazil, Colombia, and Peru. He is currently a partner and chairman of the board at Inmobiliaria BDP SpA; is vice

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chairman of the board of Laboratorios Saval S.A.; serves on the board of Cristalerías de Chile S.A.; and is a member of Consejo Inmobiliario de Independencia AGF, among others.

SMU ownership: 0%. No relevant changes in 2022.

RODRIGO PÉREZ MACKENNA

Director

Mr. Pérez has been a member of SMU S.A.'s board of directors since April 26, 2018. He holds a degree in Civil Engineering from the Universidad Católica de Chile and an MBA from IESE, Universidad de Navarra, Spain, and his career has spanned diverse areas, including in investment banking and asset management, where he held positions such as CEO of Citicorp Chile Corredores de Bolsa, Chief Investment Officer at AFP Provida, CEO of Compensa Seguros de Vida, Managing Director of Bankers Trust, Country Head of Deutsche Bank in Chile and Mexico, and President of the Asociación de AFP de Chile A.G. He was also a member of the board at Banmédica S.A., Isapre Banmédica, Help S.A., Almendral S.A., Pacífico V Región, Pucobre, Essbio, and Esva, as well as the Universidad Finis Terrae. In the academic field he has worked as a professor at the Business School of the Universidad Católica de Chile, Universidad de Los Andes and Universidad Finis Terrae. In the field of politics, he was the Intendant of the O'Higgins region of Chile, Minister of Housing and Urban Development, and Minister of National Assets. Mr. Pérez is currently a member of the boards of directors of Salfa S.A. and BTG Pactual Chile.

SMU ownership: 0%. No changes in 2022.

TINA ROSENFELD KREISSELMAYER

Director

Ms. Rosenfeld has served on SMU S.A.'s board of directors since April 26, 2018. She holds a degree in Business Administration from Friedrich Alexander Universität Erlangen Nürnberg, Germany, as well as a Master's degree in Financial Management and Organizational Psychology from Universidad Adolfo Ibáñez and the Corporate Director Certificate from Harvard Business School. She serves on the board of Masisa, where she presides over the audit committee. Ms. Rosenfeld worked as an executive at Wal-Mart Chile, DyS, and the consumer goods company Beiersdorf, in the areas of Internal Audit and Control, Finance, Management Control, Information Technology, and Supply Chain. She is a professor of corporate governance at Universidad Adolfo Ibáñez and is a mentor at Endeavor's entrepreneurship ecosystem.

SMU ownership: 0%. No changes in 2022.

RAÚL SOTOMAYOR VALENZUELA

Director

Mr. Sotomayor holds a degree in Economics and Business Administration from Pontificia Universidad Católica de Chile and an MBA from the University of California, Los Angeles and has been a member of SMU's board of directors since December 16, 2013. He is a founding partner of Southern Cross Group and serves as a member of the boards of directors of different companies and non-profit organizations.

SMU ownership: 0.1%. No relevant changes in 2022.

4.2.1

BOARD MEMBERS OF SMU S.A.

SMU's Board members' diversity of experience, knowledge and skills enhances the Company's ability to manage the different areas that affect business and performance.

Director Skills and Experience

Name	Financial	Retail and consumer goods industry	Risk Management	Business Administration	Legal	Digital & Technology
Pilar Dañobeitia	X	X	X	X		
Francisca Saieh		X		X		
Alejandro Álvarez	X		X	X	X	
Abel Bouchon	X	X	X	X		
Fernando Del Solar	X	X	X	X		
Andrés Olivos	X	X	X	X		
Rodrigo Pérez	X		X	X		
Tina Rosenfeld	X	X	X	X		X
Raúl Sotomayor	X	X	X	X		

Number of Directors

As of 12.31.2022	Women	Men	Total
Gender	3	6	9
Nationality			
Chilean	2	6	8
German	1	0	1
Age Range			
Under 30 years	0	0	0
30 to 40 years	0	0	0
41 to 50 years	1	0	1
51 to 60 years	2	3	5
61 to 70 years	0	3	3
Over 70 years	0	0	0
Tenure			
Under 3 years	1	0	1
3 to 6 years	1	2	3
Over 6 and under 9 years	0	4	4
9 to 12 years	0	0	0
Over 12 years	1	0	1
Has a disability	0	0	0

The directors Rodrigo Pérez and Tina Rosenfeld are independent according to the provisions of Law No. 18.046 about Corporations.

Further information about the relationship between each Board member and the SMU Group is provided below.

Additional Information about Board Members

	Pilar Dañobeitía	Francisca Saieh	Alejandro Álvarez	Abel Bouchon	Fernando Del Solar	Andrés Olivos	Rodrigo Pérez	Tina Rosenfeld	Raúl Sotomayor
As of 12.31.2022									
1. Has the director been employed by SMU or its subsidiaries in an executive capacity within the last year?	NO	NO	NO	NO	NO	NO	NO	NO	NO
2. Has the director or a family member of the director's accepted any payments from SMU or any parent or subsidiary of SMU's in excess of \$60,000 during the current fiscal year, other than those permitted by SEC Rule 4200 Definitions, including i) payments arising solely from investments in the company's securities; ii) payments under non-discretionary charitable contribution matching programs; or iii) compensation for board and/or committee service?	NO	YES	NO	NO	NO	NO	NO	NO	NO
3. Is the director a family member of an individual who is employed by the company or by any parent or subsidiary of the company as an executive officer?	NO	YES	NO	NO	NO	NO	NO	NO	NO
4. Is the director an adviser or consultant to SMU or a member of SMU's senior management, or is he or she affiliated with a company that is an advisor or consultant to SMU or a member of SMU's senior management?	NO	NO	NO	NO	NO	NO	NO	NO	NO

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	Pilar Dañobeitía	Francisca Saieh	Alejandro Álvarez	Abel Bouchon	Fernando Del Solar	Andrés Olivos	Rodrigo Pérez	Tina Rosenfeld	Raúl Sotomayor
5. Is the director affiliated with a significant customer or supplier of SMU's?	NO	NO	NO	NO	NO	NO	NO	NO	NO
6. Does the director have personal services contract(s) with SMU or a member of SMU's senior management?	NO	NO	NO	NO	NO	NO	NO	NO	NO
7. Is the director affiliated with a not-for-profit entity that receives significant contributions from SMU?	NO	YES	NO	NO	NO	NO	NO	NO	NO
8. Has the director been a partner or employee of SMU's outside auditor during the past year?	NO	NO	NO	NO	NO	NO	NO	NO	NO
9. Does the director have any other conflict of interest that the Board itself determines to mean they cannot be considered independent?	NO	NO	NO	NO	NO	NO	NO	NO	NO
10. Number of external directorships in publicly listed companies.	0	0	1	2	1	1	1	2	0

4.2.1.1

BOARD MEMBER REMUNERATIONS

The remuneration structure for SMU S.A. board members is as follows: UF 150 per month for each director, UF 250 per month for the Vice Chairperson of the Company and UF 400 per month for the Chairperson of the Company. The above fees are paid as a fixed monthly amount, regardless of the number of board meetings held in the respective month.

Directors' Committee members receive an additional fixed monthly remuneration of UF 100, regardless of the number of Directors' Committee meetings held in the respective month.

Directors who serve on the SMU Corporate Investment, Human Resources, Audit and Risk, Sustainability or Compliance Committees receive remunerations of UF 50 per month only for the months in which the committee met at least once. Thus, if a committee does not meet in a given month, the monthly remuneration does not apply. The Strategy Committee is not remunerated.

The Board remuneration structure is based on the roles performed. Consequently, there is no salary gap between SMU's female and male directors with the same duties.

Board Member Remunerations 2022 and 2021

Name	Position	2022 ThCh\$)	2021 (ThCh\$)
Pilar Dañobeitia Estades	Chairwoman	216,097	196,440
Francisca Saieh Guzmán	Vice Chairwoman	112,238	98,441
Alejandro Álvarez Aravena	Director	98,982	89,278
Abel Bouchon Silva	Director	77,274	76,377
Fernando Del Solar Concha	Director	72,575	69,967
Andrés Olivos Bambach	Director	103,802	92,258
Rodrigo Pérez Mackenna	Director	117,896	107,520
Tina Rosenfeld Kreisselmeyer	Director	131,788	114,655
Raúl Sotomayor Valenzuela	Director	Declined remuneration	Declined remuneration

4.2.2

BOARD OPERATIONS

Under Company bylaws, SMU's Board of Directors holds ordinary sessions at least monthly. The Chairwoman may convene extraordinary sessions on her own initiative or upon request by one or more directors, provided she validates the need for a meeting. When an absolute majority of directors request an extraordinary session, the meeting must be held and does not require prior validation.

At the end of each year, the Board of Directors sets the corporate calendar for the following year, scheduling the date and duration of the ordinary sessions, which average five hours. At the beginning of each year, the Board schedules meeting notifications for all the directors and determines what background information the directors will need for each session. The meeting notifications indicate the format of the board session, which may be online, in-person or hybrid (simultaneously in-person and online). The corporate calendar also includes all ordinary sessions of the SMU corporate committees on which the directors serve.

The Chief Executive Officer, Chief Financial Officer, Chief Legal and External Affairs Officer, and Head of Legal Affairs attend all Board of Directors sessions. However, the Board asks the executives to leave the meeting when it needs to discuss, without their presence, matters like compensation and incentives.

Additionally, as part of its ongoing monitoring of the different SMU business units, the Board meets with different managers to learn about the status of the business and other matters of interest to the Company.

The SMU Board of Directors also meets four times a year with the external audit firm to discuss, among other topics: (i) the external audit program, (ii) any differences detected in the course of the audit between accounting practices, administrative systems and internal auditing, (iii) any irregular situations that, due to their nature, must be reported to the competent regulatory agencies, (iv) the results of the annual audit program, (v) any conflicts of interest that could exist between the audit firm or its personnel as a result of providing other services to SMU or other group companies or because of other situations, and (vi) trends in technological risk. The external auditors have ready access to the Board of Directors and meet with them whenever necessary.

The Board of Directors meets annually with the comptroller to familiarize itself with the Annual Internal Audit plan. The SMU **Audit and Risk Committee**, comprised of directors, holds ordinary sessions monthly and extraordinary sessions whenever necessary. Its primary duty is to monitor the risk management process and the state of internal control. The Board meets regularly with the comptroller and those in charge of managing the Company's risks to ensure the proper functioning of the risk management process and examine controls and mitigation actions through internal audit plans; review risk matrices, the primary sources of risk, methodologies for detecting new risks as well as the impact and probability of occurrence of the most relevant risks. The committee duly and promptly reports on these matters at each Board session and submits matters for Board approval. The Internal Control Division, through its risk management area, issues and submits to the Board of Directors a monthly report on

the status of the main risks facing the Company. This report includes the results of the monitoring indicators and the corresponding explanations.

At least biannually, the Board of Directors meets with those in charge of SMU compliance programs (Free Competition, Crime Prevention, Promoting Compliance with Customer Protection Standards, and Personal Data Protection) to go over annual program performance and report on the various actions undertaken on these matters. Furthermore, in 2020, the Company established a **Free Competition Compliance Committee** comprised of directors. Its primary purpose is to monitor, periodically follow up on and assess the Company's Free Competition plan. The committee proposes improvements to the Board of Directors, ensures proper fulfillment of the Free Competition Compliance Officer's duties and proposes the appointment and removal of the Free Competition Compliance Officer, subject to Board approval. The Free Competition Compliance Committee meets at least quarterly. It reports on all its sessions and submits matters requiring approval to the Board of Directors.

The SMU **Sustainability Committee**, comprised of directors, the Chief Executive Officer and those in charge of sustainability at SMU, meets at least quarterly. The committee reviews and analyzes Management's proposals for implementing best practices in sustainability given the Company's business strategy, strategic plan and objectives. It also ensures compliance with sustainability policies and programs. The committee's review includes analyzing the effectiveness of the Board-approved policies and following up on the Board-approved plans for diversity and inclusion, shared value, the environment and climate change, and the dissemination of measures to the organization and among its shareholders and the general public. It analyzes and discusses opportunities and gaps in sustainability, some of which are identified through assessment tools like the CSA Questionnaire. The analysis includes SMU's practices, programs and policies on diversity and inclusion at the corporate governance and overall Company levels. The Sustainability Committee duly and promptly reports to the Board of Directors on all these matters and each committee meeting, submitting matters for Board approval.

The SMU **Human Resources Committee**, comprised of directors, oversees and reviews Company culture, including the benefits of diversity and inclusion for the Company. The Committee also reviews succession charts, competencies and talent calibration groups. It uses a formal assessment procedure to evaluate performance and, based on employee skills, knowledge and experience, assess their development potential within the organization. This procedure enables SMU to promptly replace the Chief Executive Officer and other senior executives and transfer their duties and relevant information, thereby minimizing organizational impact in the event of unexpected absence. The Human Resources Committee works with the Directors' Committee to review the compensation systems and plans for SMU managers, senior executives and employees. These compensation systems and plans are then submitted for Board approval but are not subject to shareholder approval. The Human Resources Committee meets at least quarterly. It reports on all its sessions and submits matters to the Board of Directors for approval.

The Sustainability and Human Resources committees analyze organizational, social or cultural barriers that could inhibit the natural diversity that would otherwise exist. Both committees duly and promptly report to the Board of Directors on these matters, submitting matters for Board approval.

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To ensure the Board of Directors can function properly, it has an information system that provides secure, remote access at any time or place. The information available in the system includes (i) the agenda for each meeting; (ii) documents to be presented at the meeting, or additional documents needed to prepare for the meeting. These are uploaded at least three days prior to the respective meeting; (iii) the monthly report on the performance and results of SMU's different business units; (iv) the official minutes from each meeting, which are available for consultation prior to the next meeting; and (v) all the minutes and documents shown at each Board meeting in the last three years.

Similarly, the Board of Directors can securely and remotely access the information from the Company's Whistleblower Channel at any time. Each director has an individual system access profile. For more information on SMU's Whistleblower Channel, see Section 5.1.2.

The Board of Directors has contingency plans for its operational continuity in crisis situations. It involves systems that enable expedited, remote and online access for meetings and communication with Management. The Company also has contingency plans to ensure its operational continuity. The Board's Audit and Risk Committee receives reports on the status of these plans.

Per the Policy on Hiring Specialized Advisory Services, the Board of Directors is authorized to hire accounting, financial, tax, legal and other specialists when it considers the decision to be in the Company's interest and to its benefit. A single director may propose advisory services. The Board of Directors decides whether to hire an advisory service; however, two or more directors may exercise the right to veto a particular advisor.

Hiring shall be based strictly on the merits and professional prestige of the advisors, and the fees shall not exceed current market values for similar services.

The Board of Directors has established a policy on hiring external advisors for each SMU corporate committee. When committee performance requires, committees may hire accounting, financial, tax, legal and other specialists provided the decision is in the Company's interest and to its benefit. A single director may propose advisory services, but the committee decides whether to hire the service. However, one or more directors may exercise the right to veto a particular advisor. The Board of Directors must approve advisory service expenses. Under Law No. 18,046, the budget for operating expenses for the Directors' Committee and its advisors is set at the Ordinary Shareholders' Meeting and must be at least the sum of annual committee member remunerations. Within the aforementioned budget, the committee may need to hire professional advisors to aid in the performance of its duties.

4.2.2.1

ANNUAL BOARD AGENDA

In order to adequately oversee SMU's corporate interests, the Board's annual plan involves reviewing several matters, including corporate strategy, business results, financial position, risk management, environmental, social and governance aspects, changes to the regulatory framework, and the internal control environment. To that same end, the Board meets with executives from different areas of the Company and external advisors as appropriate. It also hears periodic reports on the matters reviewed and approved by the various SMU committees.

The Board's activities include annual on-site visits to SMU facilities to learn about the condition and operations of these facilities, the main duties and concerns of those working there, and the improvements that would enhance operations according to recommendations by those responsible for the facilities.

Business Management and Strategy

The SMU Board of Directors constantly monitors the performance of the Company's different business units. It reviews a monthly Management Report and meets with the executives responsible for each area. The Board also reviews and approves Management's proposed strategic and investment plans, then monitors their progress and results. In its oversight and decision-making role, the Board reviews the economic, social and environmental impact of the Company's different initiatives.

The Board of Directors monitors these matters alongside specialized committees that meet at least quarterly. They all report to the Board of Directors on the issues addressed at each session.

The **Investment Committee** evaluates, analyzes and approves the Company's main investment projects and subsequently monitors them to understand and assess their impact. It authorizes store openings, remodeling and conversion, logistic network development and automation, e-commerce investments, productivity improvement projects and implementation of regulatory projects.

The **Human Resources Committee** assists Management in various personnel-related matters, such as policies and procedures, compensation, culture, leadership, incentives and benefits, and occupational health and safety.

The **Sustainability Committee** advises Management on matters and guidelines related to best practices in sustainability, in keeping with the Company's business strategy, strategic plan and achievement of the social, environmental and climate change objectives therein.

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The **Strategy Committee** is a formal instance for the Chairwoman and Vice Chairwoman of the Board to coordinate with and advise Management, especially on the most important strategic projects. The committee is also an opportunity to review, analyze, and make suggestions related to the Company's three-year strategic plan.

Risk Management

The SMU **Audit and Risk Committee**, comprised of directors, monitors the risk management process and the status of internal controls. The committee meets regularly with those in charge of managing the Company's risks to (i) ensure that the risk management process is functioning properly; (ii) review the risk matrix, the primary sources of risks, methodologies for detecting new risks and the impact and probability of occurrence of the most relevant risks; and (iii) analyze the recommendations and improvements necessary to improve risk management at SMU. It reports on these meetings duly and promptly to the Board. This committee holds ordinary sessions monthly and extraordinary sessions whenever necessary. It reports on all its sessions and submits matters requiring approval to the Board of Directors.

The Company also has a Management Risk Committee, chaired by the Chief Executive Officer, which reports duly and promptly on the Company's risk management to the Corporate Audit and Risk Committee. The Management Risk Committee meets quarterly or whenever necessary. SMU's comptroller is a permanent member of this committee and reports directly to the Audit and Risk Committee on the effectiveness of Management's risk management.

The Internal Control Division, through its risk management area, issues and submits to the Board of Directors a monthly report on the status of the main risks facing the Company. This report includes the results of the monitoring indicators and the corresponding explanations.

Internal Audit

SMU's Audit and Risk Committee meets with the comptroller monthly to review controls and mitigation actions through internal audit plans. It duly and promptly reports to the Board of Directors on all these matters and each committee meeting, submitting matters (e.g., the annual audit plan) for Board approval. This committee is also responsible for ensuring the comptroller's independence from Management.

The Board of Directors supervises the Company's compliance programs in the areas of free competition, personal data, crime prevention and promoting compliance with customer protection standards. It meets at least every six months with those in charge to review annual program performance and report on the different actions undertaken in these areas.

Furthermore, the Company established a **Free Competition Compliance Committee** in 2020. The committee, comprised of directors, monitors, periodically follows up on and assesses the Company's Free Competition plan. It proposes improvements to the Board of Directors, ensures that the Free Competition Compliance Officer effectively fulfills their duties and proposes the appointment and removal of the Free Competition Compliance Officer, subject to Board approval. The Free Competition Compliance Officer meets at least quarterly with this committee.

External Audit

The Board of Directors meets with the External Auditors four times a year to analyze: the external audit plan and its results; any differences detected in the audit concerning accounting practices, administrative systems or internal auditing; any potential serious weaknesses that may have been detected; any irregular situations which, due to their nature, must be reported to the competent regulatory agencies; and possible conflicts of interest that may exist for the audit firm or its personnel as a result of providing other services to SMU or other group companies or because of other situations. The external auditors have ready access to the Board of Directors and meet with them whenever necessary.

4.2.2.2

BOARD ELECTIONS

Under SMU bylaws, the Board of Directors shall serve for three-year terms, at the end of which new elections must be held. The shareholders may reelect board members indefinitely.

In elections held at shareholders' meetings, shareholders may cast all their votes for a single person or distribute them as they see fit. Seats are filled by the candidates receiving the most votes in that single voting round. However, when the number of nominees is equal to the number of vacancies (nine), shareholders may agree by unanimous resolution to forgo the vote and proceed to elect directors by acclamation.

According to the SMU Board of Directors, it is in the Company's best interest that the Board be comprised of persons of different ages and genders with different educational and professional backgrounds so that each director contributes unique knowledge and experience. Candidates to the Board of Directors must have sufficient time to perform the responsibilities of the position; the capacity to critically and strategically assess the challenges and opportunities presented to the Company; and some knowledge and/or experience in financial matters, retail and mass consumption, risk management, business administration, legal and/or technology and digital issues. They must be willing to understand and commit to the highest ethical standards in leading the Company. Candidates are also expected to share SMU corporate values (Closeness, Excellence, Respect, Collaboration, and Agility) and culture and not have any disqualifications or circumstances that prevent an individual from being a candidate for director under Law No. 18,046.

Leading up to elections at shareholders' meetings, SMU publishes information about each candidate's experience and educational background as far in advance as possible. However, the law does allow candidates to be nominated directly at the shareholders' meeting. In such cases, publishing the information in advance is not feasible.

4.2.2.3

BOARD MEMBER INDUCTIONS

Under the SMU Policy on Induction of New Directors, when a new director joins the Company, they participate in an induction process to get to know and understand the organization. In addition to receiving a dossier of documents with important information, meet with the Chairwoman and Vice-Chairwoman of the Board, the directors who serve on committees, the Chief Executive Officer and corporate officers.

The dossier includes the SMU Bylaws, Code of Ethics and Conduct, Crime Prevention Manual, Free Competition Manual and other policies and procedures; minutes from shareholders' meetings, Board of Directors and Directors' Committee meetings; applicable laws, like those on corporations, the securities market, criminal liability of legal entities and consumer rights protection; and Company publications, such as the annual report, financial statements and press releases.

New directors meet with directors and executives for first-hand information on SMU's history, vision, purpose and values, its business model and strategic plan, Board operations, the Company's stakeholders, the main performance and financial indicators, the internal control and risk management model, and the most relevant legal framework applicable to the Company.

4.2.2.4

CONTINUOUS IMPROVEMENT

The Board of Directors has a training policy and a specially developed online training academy to ensure that board members remain up to date on the various topics needed to perform their duties adequately. Annually, training topics are established based on identified needs. Topics may include best practices in corporate governance; risk management; free competition, relevant rulings, sanctions or pronouncements; consumer protection; and national and international progress on inclusion, diversity and sustainability matters.

In 2022, the Board of Directors launched an annual process to assess its collective performance through a survey conducted by an external law firm. On that basis, the Board has improved its operations and performance. It has also identified training topics to enhance and/or update the directors' knowledge.

4.2.2.5

2022 BOARD OF DIRECTORS REPORT

In 2022, the Board held 12 ordinary sessions and seven extraordinary sessions. The Chief Executive Officer participated in all the sessions except during the presentation of the 2021 internal audit results and the 2022 internal audit plan.

During the sessions, the Board reviewed the matters included in its annual planning and other issues that arose during the year.

In 2022, the Board of Director's on-site visits took place at SMU facilities in the Metropolitan Region (Super 10 La Travesía store) and the Valparaíso Region (Unimarc Villa Alemana, Unimarc 1 Norte, Unimarc Curauma, Alvi El Belloto, Mayorista 10 El Belloto). The Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Commercial Officer, Chief People and Sustainability Officer, Chief Legal and External Affairs Officer, the managers in charge of the Unimarc, Wholesale 10, Super 10 and Alvi formats, and the Head of Logistics accompanied the Board on these visits.

They observed the format's value proposition; store condition, performance and operations; sales indicators and the most relevant indicators for human resources and customers. They also heard employee concerns and recommendations for enhancing the facilities and operations.

In 2022, a nine-course director training program was designed on the topics of free competition (3), consumer protection, data privacy, sustainability, climate change, code of ethics and the whistleblower channel, and crime prevention. All the directors completed 100% of the courses.

In 2022, the Board of Directors paid a total of UF 342.04 for external advising services, detailed as follows: (i) Report on interlocking risks in matters of free competition, advisory services provided by a law firm; and (ii) Assessment of the Board of Directors' operations and performance, conducted by a law firm.

In 2022, KPMG Auditores Consultores SPA did not provide the Company with any services other than the external audit services for which it was appointed at the SMU Shareholders' Meeting on April 21, 2022.

In accordance with the provisions of the Financial Market Commission's General Standard No. 435 and Official Interpretation No. 1141, the Board of Directors implemented a mechanism that enabled shareholders to participate in the 2022 ordinary and extraordinary shareholders' meetings and exercise their voting rights remotely. The general public does not participate in the shareholders' meetings; however, the Company publishes the resolutions adopted on its website the same day.

Board Member Attendance 2022

Name	Ordinary Sessions	Extraordinary Sessions
Pilar Dañobeitía Estades	12	7
Francisca Saieh Guzmán	12	7
Alejandro Álvarez Aravena	12	7
Abel Bouchon Silva	11	7
Fernando Del Solar Concha	12	6
Andrés Olivos Bambach	12	6
Rodrigo Pérez Mackenna	12	7
Tina Rosenfeld Kreisselmeyer	12	7
Raúl Sotomayor Valenzuela	10	7

4.2.3

BOARD COMMITTEES

To better manage critical issues, directors serve on specialized committees that oversee audit and risk, human resources, sustainability, investments, compliance and strategy issues. These committees are in addition to the Directors' Committee required under the Law on Corporations (No. 18,046). Committee appointments take into consideration each director's skills and experience.

All Board committees have the same policy for hiring advisory services, under which each committee is authorized to hire specialists in the areas it considers to be in the Company's interest and to its benefit. A single director may propose advisory services. The committee decides whether to hire the service; however, one or more directors may exercise the right to veto a particular advisor. The Board of Directors must approve advisory service expenses. Under Law No. 18,046, the budget for operating expenses for the Directors' Committee and its advisors is set at the Ordinary Shareholders' Meeting and must be at least the sum of annual committee member remunerations. Within the aforementioned budget, the committee may need to hire professional advisors to aid in the performance of its duties.

Hiring shall be based strictly on the merits and professional prestige of the advisors, and the fees shall not exceed current market values for similar services.

4.2.3.1

DIRECTORS' COMMITTEE

SMU S.A. has a Directors' Committee in accordance with the provisions of Article 50 bis of Chilean Law No. 18,046. The Directors' Committee is responsible for: analyzing matters of strategic importance to ensure that the Company's management and investment decisions are in the best interests of all shareholders; proposing the independent audit firm and risk rating agencies to the Board of Directors for subsequent proposal to shareholders at the annual general meeting; and periodically reviewing reports presented by independent auditors, the Company's financial statements, transactions with related parties, remuneration policies, and compensation plans for senior management and other employees.

The committee holds ordinary and extraordinary sessions and reports on each at the next Board of Directors session. Ordinary sessions take place monthly at dates and times scheduled in advance. These sessions do not require a special citation. Extraordinary sessions are held when specially called by the Committee Chairperson or the Company's Chief Executive Officer, of their own accord or at the request of one or more committee members. These sessions do not require prior validation by the Chairperson or Chief Executive Officer.

The Directors' Committee meets quarterly with the Chief Financial Officer and the Comptroller to review the most important items on the quarterly financial statements and, if appropriate, recommends Board approval. The Chief Financial Officer, the Accounting Manager, the Chief Legal and External Affairs Officer, the Head of Investor Relations, the Comptroller, the Deputy Manager of Audit and the Corporate Legal Affairs Director attend these sessions.

The Directors' Committee meets three times a year with the external audit firm responsible for auditing the financial statements. The firm presents the conclusions from the previous year's external audit of SMU S.A. and subsidiaries, the results of its audit of interim financial reporting, and the internal control letter.

Directors' Committee members were appointed at the Ordinary Board of Directors' Meeting on April 26, 2021.

For information on the Directors' Committee activities in 2022, see Section 4.3 Directors' Committee Annual Report.

Directors' Committee: Members and Remunerations 2022 and 2021

Name	Position	2022 (ThCh\$)	2021 (ThCh\$)
Rodrigo Pérez Mackenna *	Chairman	39,824	35,840
Alejandro Álvarez Aravena	Director	39,593	35,711
Tina Rosenfeld Kreisselmeyer *	Director	39,552	35,723

* Independent according to Law No. 18,046 on Corporations.

For information on the Directors' Committee activities in 2022, see Section 4.3 Directors' Committee Annual Report.

4.2.3.2

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee analyzes and evaluates the corporate risk maps or matrices, validates or modifies the established criteria to determine the impact of the proposed risks and their respective probability of occurrence, and proposes approval to the Board of Directors. The committee regularly sessions to review controls and mitigating actions through internal and external audit plans. In addition, it must support both the Directors' Committee and the Board of Directors in overseeing the achievement of objectives related to the maintenance, application, and functioning of internal controls and supervising compliance with the underlying standards and procedures.

The committee also plays an important role in verifying the integrity of corporate information and financial statements through adequate supervision of such processes, promptly reporting on those matters to the Directors' Committee and Board. The Audit and Risk Committee is also responsible for ensuring the comptroller's independence from Management.

This committee holds ordinary sessions monthly and extraordinary sessions whenever necessary. It reports on all its sessions and submits matters requiring approval to the Board of Directors.

The following are among the topics the Committee reviewed in 2022: (i) 2022 Internal Audit Plan, (ii) Quarterly report on the SMU Whistleblower Channel, (iii) Status of SMU risk matrices and the risks of regulatory changes, (iv) The proposed Tax Policy, (v) Emerging Risks and GS No. 461, (vi) The status of items pending reconciliation from Bridge Accounts, (vii) Follow-up on Tax Lawsuits and Evaluation of External Lawyer Incentives, (viii) Impacts of a potential Tax Reform on Deferred Taxes, (ix) Data Protection and Cyber-attack risks, (x) IT Risk Management, (xi) Impacts of the Law on New Types of Computer Crime (No. 21,459).

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Audit and Risk Committee members were appointed at the Ordinary Board of Directors' Meeting on April 26, 2021.

Audit and Risks committee: Members and Remunerations 2022 and 2021

Name	Position	2022 (ThCh\$)	2021 (ThCh\$)
Pilar Dañobeitia Estados	Chairwoman	19,786	17,858
Andrés Olivos Bambach	Director	19,770	17,853
Tina Rosenfeld Kreisselmeyer *	Director	19,776	17,861

* Independent according to Law No. 18,046 on Corporations.

In 2022, the Audit and Risk Committee did not incur any advisory service expenses.

4.2.3.3

INVESTMENT COMMITTEE

The **Investment Committee** evaluates, analyzes, and approves the Company's main investment projects. It also reviews significant changes to the investment amount and/or scope of previously approved projects; reviews the annual investment budget; and approves it before submitting it for Board approval. The committee subsequently evaluates and analyzes the specific projects within the annual budget and makes proposals to the Board of Directors. After project execution, the committee monitors projects to understand and evaluate the impacts on the Company.

Committee sessions may be ordinary or extraordinary. Ordinary sessions take place monthly. Extraordinary sessions are held when specially called by the Committee Chairperson or the Company's Chief Executive Officer or Chief Financial Officer, of their own accord or at the request of one or more committee members. These sessions do not require prior validation by the Chairperson or Chief Executive Officer. The investment committee meets to review investment projects observant of the parameters established by the Company. The decisions made at each session are taken to that month's Board session for final approval.

In 2022, the committee reviewed and approved projects related to store openings, remodeling and conversion, technological projects, logistics network development and automation, e-commerce investments and productivity improvements.

Investment Committee members were appointed at the Ordinary Board of Directors' Meeting on April 26, 2021. In addition to the four directors, SMU S.A.'s Chief Executive Officer, Chief Financial Officer, and Chief Strategy and Development Officer serve on the committee. The latter two have the right to voice but not the right to vote.

Investment Committee: Members and Remunerations 2022 and 2021

Name	Position	2022 (ThCh\$)	2021 (ThCh\$)
Abel Bouchon Silva	Chairman	18,146	17,659
Pilar Dañobeitia Estades	Director	18,218	17,858
Andrés Olivos Bambach	Director	18,205	17,853
Rodrigo Pérez Mackenna *	Director	18,335	17,920

* Independent according to Law No. 18,046 on Corporations.

In 2022, the Investment Committee did not incur any advisory service expenses.

4.2.3.4

HUMAN RESOURCES COMMITTEE

The **Human Resources Committee** assists Management in various personnel-related matters, such as policies and procedures, compensation, culture, leadership, incentives and benefits, occupational health and safety, and diversity and inclusion.

This permanent committee must hold ordinary sessions at least quarterly at the dates and times determined by its members. It may hold extraordinary sessions when the Committee Chairperson and/or the Chief Executive Officer deems appropriate. It reports to the Board of Directors after each session.

In 2022, the Committee was focused on reviewing matters related to salaries, incentives, diversity and inclusion programs, labor reform, and future legal projects that may impact the business.

Human Resources Committee members were appointed at the Ordinary Board of Directors' Meeting on April 26, 2021.

Human Resources Committee: Members and Remunerations 2022 and 2021

Name	Position	2022 (ThCh\$)	2021 (ThCh\$)
Fernando Del Solar Concha	Chairman	6.671	11.865
Pilar Dañobeitia Estades	Director	6.668	13.331
Francisca Saieh Guzmán	Director	6.670	7.489
Abel Bouchon Silva (*)	Director	-	5.738

*Mr. Bouchon was a member of the Human Resources Committee until April 2021 and was replaced by Ms. Saieh beginning in May 2021.

In 2022, the Human Resources Committee did not incur any advisory service expenses.

4.2.3.5

SUSTAINABILITY COMMITTEE

The **Sustainability Committee** advises Management on matters and guidelines related to best practices in sustainability, in keeping with the Company’s business strategy, strategic plan and achievement of the objectives therein.

Committee sessions may be ordinary or extraordinary. Ordinary sessions take place quarterly, as scheduled on the SMU S.A. annual corporate governance calendar and do not require a special citation. Extraordinary sessions are held when specially called by the Committee Chairperson, the Company’s Chief Executive Officer, or the Chief People and Sustainability Officer, of their own accord or at the request of one or more committee members. These sessions do not require prior validation by the Chairperson, Chief Executive Officer or Chief People and Sustainability Officer. The Sustainability Committee reports to the Board of Directors after each session.

The Committee primarily addressed the following issues in 2022: (i) Monitoring the Sustainability Work Plan 2022, including the strategic initiatives for “Creating Shared Value” and “Caring for the Environment” under the “Committed and Sustainable Organization” pillar, reviewing the progress on each of the projects therein; (ii) In-depth study of the Financial Market Commission’s new General Standard No. 461 and its new requirements, as well as the process of preparing the 2022 Integrated Report, reviewing the results of the materiality process under GRI (Global Reporting Initiative) guidelines (Several stakeholders were invited to participate.); (iii) Reviewing the main conclusions of COP 26, with an in-depth analysis of the impacts, risks and vulnerabilities in relation to climate change; (iv) Implementing REP Law obligations; (v) The new presidential administration’s sustainability program; and (vi) Annual

review of the results of the CSA (Corporate Sustainability Assessment) questionnaire for the Dow Jones Sustainability Index.

Sustainability Committee members were appointed at the Ordinary Board of Directors' Meeting on April 26, 2021. In addition to the four directors, SMU S.A.'s Chief Executive Officer, Chief People and Sustainability Officer and Head of Sustainability serve on the committee. The latter two have the right to voice but not the right to vote.

Sustainability Committee: Members and Remunerations 2022 and 2021

Name	Position	2022 (ThCh\$)	2021 (ThCh\$)
Tina Rosenfeld Kreisselmeyer *	Chairwoman	6,610	4,491
Pilar Dañobeitía Estades	Director	6,613	4,489
Fernando Del Solar Concha	Director	6,600	4,864
Francisca Saieh Guzmán	Director	6,614	4,494

* Independent according to Law No. 18,046 on Corporations.

In 2022, the Sustainability Committee did not incur any advisory service expenses.

4.2.3.6

COMPLIANCE COMMITTEE

The **Compliance Committee**'s faculties and duties are: (i) To propose to the Board of Directors the designation and removal of the Company's Free Competition Compliance Officer; (ii) To ensure that the Company's Free Competition Compliance Officer effectively fulfills his/her duties; and (iii) To monitor, evaluate, and propose improvements to the free competition compliance plan.

The committee holds ordinary and extraordinary sessions and reports to the Board of Directors after each session. Ordinary sessions take place every three months and do not require a special citation. Extraordinary sessions take place when specially called by the Committee Chairperson, of his/her own accord or at the request of the Free Competition Compliance Officer or one or more committee members. These sessions do not require prior validation by other committee members.

In 2022, the following were among the topics the Committee reviewed: (i) 2022 Free Competition work plan, its progress and monitoring, (ii) Update the Ok Market sale process and leases of ex-Montserrat stores, (iii) Interlocking risk review, (iv) Certification of the Company's free competition program, (v) Annual report to the National Economic Prosecutor's Office on compliance with the ruling on the chicken market collusion case, (vi) 2022 Budget Expenditure Report for the area led by the Free Competition Compliance Officer and the 2023 budget proposal.

Compliance Committee members were appointed at the Ordinary Board of Directors' Meeting on April 26, 2021.

Compliance Committee: Members and Remunerations 2022 and 2021

Name	Position	2022 (ThCh\$)	2021 (ThCh\$)
Pilar Dañobeitía Estades	Chairwoman	6,520	2,995
Andrés Olivos Bambach	Director	6,515	2,991
Tina Rosenfeld Kreisselmeyer *	Director	6,520	2,994

* Independent according to Law No. 18,046 on Corporations.

In 2022, the Compliance Committee did not incur any advisory service expenses.

4.2.3.7

STRATEGY COMMITTEE

The **Strategy Committee** is a formal instance for the Chairwoman and Vice Chairwoman of the Board to coordinate with and advise Management, especially on the most important strategic projects. The committee is also an opportunity to review, analyze, and make suggestions related to the Company’s three-year strategic plan.

Committee sessions may be ordinary or extraordinary. Ordinary sessions take place weekly and do not require a special citation. Extraordinary sessions are held when specially called SMU’s Chief Executive Officer or the Chairperson of the Board of Directors.

In 2022, the Strategy Committee supported Management on (i) real estate, (ii) proprietary brand, (iii) e-commerce, (iv) partnership and (v) operational efficiency issues.

Strategy Committee members were appointed at the SMU S.A. Ordinary Board of Directors’ Meeting on May 25, 2020. The Company’s Chief Executive Officer and an external advisor approved by the Board at the aforementioned meeting serve on the committee alongside the two directors.

Strategy Committee: Members and Remunerations 2022 and 2021

Name	Position	2022 (ThCh\$)	2021 (ThCh\$)
Pilar Dañobeitia Estades	Chairwoman	-	-
Francisca Saieh Guzmán	Director	-	-

In 2022, the Strategy Committee incurred advisory service expenses amounting to ThCh\$159,130.

4.3 DIRECTORS' COMMITTEE ANNUAL REPORT

Santiago, March 27, 2023

Ms.
Pilar Dañobeitia Estades
Chairwoman of the Board of Directors
SMU S.A.

Ref.: 2022 Annual Directors' Committee Report.

To whom it may concern,

In accordance with Article 50 bis of Law No. 18,046 on Corporations (LSA), I hereby report on the 2022 annual performance of the Directors' Committee (the "Committee") of SMU S.A. (the "Company").

CREATION OF THE DIRECTORS' COMMITTEE

At the Ordinary General Shareholders' Meeting held on April 20, 2021, I, Rodrigo Perez Mackenna, was appointed to the SMU S.A. Board of Directors as an independent director in accordance with Article 50 bis of the Law on Corporations (Law No.18,046).

Per Article 50 bis of the same law, the Directors' Committee must be comprised of three directors, the majority of them independent. At the Ordinary General Shareholders' Meeting held on April 20, 2021, Ms. Tina Rosenfeld and the undersigned were elected independent directors. Under the aforementioned law and the instructions issued by the securities authority on the matter, given that there are two elected independent directors, the Board appoints the third member.

Accordingly, at the extraordinary board meeting held on April 26, 2021, the Board appointed Mr. Alejandro Álvarez Aravena as the third member of the Directors' Committee.

I certify that, on the date I was appointed Chairman of the Directors' Committee and as of the date of this letter, the undersigned meets the requirements to be considered an independent director at SMU, as set forth in the Law on Corporations.

DIRECTORS' COMMITTEE ACTIVITIES

The SMU S.A. Directors' Committee met 23 times in 2022 and, using its authority and in fulfillment of its legal duties, it completed the following:

- i. Reviewed proposals and proposed to the Board an external firm to audit the Company's financial statements. The decision will be submitted for shareholder approval at the annual general shareholders' meeting;
- ii. Reviewed proposals and proposed to the Board private risk rating agencies. The decision will be submitted for shareholder approval at the annual general shareholders' meeting;
- iii. Reviewed the conclusions from the 2021 external audit of SMU S.A. and its subsidiaries;
- iv. Reviewed the 2021 internal control letter from KPMG;
- v. Examined the quarterly financial statements (FECU) submitted for Board consideration prior to presentation to the Financial Market Commission (CMF) and the market in general;
- vi. Reviewed reports on the internal audit of financial statements;
- vii. Reviewed the proposed GS No. 385 response form and recommended that the Board approve it;
- viii. Reviewed several presentations related to the Unicard business, which included (i) proposed renewal of SMU's loan to Unicard and approval of the loan terms at market conditions (ii) analysis of Unicard's business strategy for the coming years; (iii) Evaluation of Unicard by Econsult to determine the company's value before conducting a capital increase for the financial business (iv) Unicard cash flow update as of March 31, 2023, and modification of the SMU-Unicard loan, (v) capital increase in the financial services business and prepayment of the line of credit.
- ix. Reviewed the remuneration systems and compensation plans for the Company's managers, executives, and other employees, including:
 - a. The short-term incentive plan for 2021, its indicators, and results; and the long-term incentive plan for 2019-2021, its indicators, and results;
 - b. The short-term incentive plan for 2023;
- x. Reviewed and submitted for Board approval the updated list of competitors, customers, and relevant suppliers as mandated in Article 18 of Law No.18,045;
- xi. Reviewed current related-party transactions;
- xii. Reviewed the quarterly report on the management of senior executive and board member conflicts of interest;
- xiii. Reviewed and recommended Board approval of the proposed policy for hiring advisors for Committees;
- xiv. Reviewed and recommended Board approval of the related-party contracts outlined in the next section.

RELATED-PARTY TRANSACTIONS AND OTHER CONTRACTS

In regard to transactions with related persons or entities, I report that, per Section XVI of the Law on Corporations, the following transactions conducted in 2022 were reviewed and reported to the Company's Board of Directors. The Committee noted that the transactions were carried out under conditions similar to those that normally prevail in the market:

- i. Office sublease agreement with Empresas SG S.A., a company related to the controlling shareholder, Mr. Alvaro Saieh Bendeck.
- ii. Digital Media Services Agreement with COPESA, a company related to the controlling shareholder, Mr. Alvaro Saieh Bendeck.
- iii. Line of credit and subsequent renewals to Unicard, a company related to the controlling shareholder, Mr. Alvaro Saieh Bendeck.

In conclusion, I report to the Board of Directors that, in 2022, the Directors' Committee thoroughly addressed the issues listed in Article 50 bis of the Law on Corporations (Law No. 18,046) while analyzing and contributing to optimal performance of the Company's management bodies

DIRECTORS' COMMITTEE RECOMMENDATIONS AND REQUESTS

In the performance of its duties during 2022, the Directors' Committee conducted the following activities and made the following recommendations and requests:

- i. Agreed to present to the Board of Directors some considerations regarding calculation of the 2019-2021 LTI;
- ii. In relation to Unicard's business, they agreed to: (i) Recommend that the Board of Directors approve renewal of the loan SMU maintains with Unicard until February 10, 2022 under the same conditions as Banco Estado plus a spread and collateral at market conditions; (ii) Recommend that the Board of Directors approve extending the term of SMU's financing of Unicard, from February 10 until March 28, 2022, at the rate and term granted by Banco Estado, maintaining the collateral and spread of previous operations; (iii) Request that Econsult update the Unicard valuation in order to set the subscription price for the capital increase for the financial business; (iv) Recommend that the Board of Directors modify the maturity of the loan from April 10, 2022 to May 31, 2022, maintaining the current monthly rate of 1.1975%, which contains an implicit spread of 0.3875%; (v) Recommend that the Board of Directors approve granting a line of credit to Unicard in the amount of CLP 2.7 billion with a one-year term, and also approve renewal of the CLP 15 billion guaranteed loan SMU granted Unicard, under the terms presented at the meeting; (vi) Recommend to the Board of Directors that SMU participate in the capital increase for RF S.A., which in turn participated in the capital increase in Administradora de Tarjetas Limitada for CLP 6.3 billion. This would be done so that such funds may be used to pay the debt that the latter owes Unicard as well as the CLP 2.7 billion unsecured line of credit it currently holds with SMU. The

- funds would also cover a portion of Unicard's deficit for the next months; (vii) Request a market spread report from Deloitte for secured and unsecured loans to Unicard.
- iii. Agreed to submit for Board approval the GS No. 385 response form with the changes made to reflect board member observations;
 - iv. Suggested that the Board approve the financial statements dated December 31, 2021;
 - v. Recommended that the Board approve payment of the 2021 short-term incentive and the 2019-2021 long-term incentive;
 - vi. Agreed to update and submit for Board approval the lists of competitors, customers and relevant suppliers referred to in Article 18 of Law No.18,045;
 - vii. Requested that the Chief Legal and External Affairs Officer and the Head of Legal Affairs submit an update on all current related-party transactions;
 - viii. Agreed to propose external auditors to be suggested at the SMU annual shareholders' meeting in the following order of priority: KPMG 2nd: PWC;
 - ix. Agreed to propose that the Board continue using the credit rating agencies with which SMU S.A. operates: Feller-Rate and ICR;
 - x. Suggested that the Board approve the financial statements dated March 31, 2022, June 30, 2022, and September 30, 2022;
 - xi. Agreed to recommend that the Board of Directors approve the proposed policy for hiring advisors for committees under the terms set forth;
 - xii. Agreed to recommend that the Board of Directors request that management identify alternatives and present a proposal to obtain the funding required to finance Unicard's operation;
 - xiii. Agreed to recommend to the Board the 2023 short-term incentive plan for SMU and subsidiaries and the EBITDA tracking tool. Likewise, it agreed to propose Board ratification of the Compensation Policy, which was not modified;
 - xiv. Recommended that the Board approve a series of related-party transactions, which are listed in the Annual Directors' Committee Report, Section III Transactions with Related Persons or Entities and Other Contracts.

EXPENDITURES

In regard to Directors' Committee expenditures, in addition to the payment of stipends to committee members, in 2022, the Committee had total expenditures of UF 620, corresponding to an external consultant performing a valuation of Unicard in order to set the subscription price for the capital increase for the financial business.

The advisory services were not provided by the Company's external auditors, KPMG.

Very truly yours,

Rodrigo Pérez Mackenna

Chairman

Directors' Committee

SMU S.A.

4.4 MANAGEMENT

4.4.1 SENIOR EXECUTIVES

As of December 31, 2022, the SMU senior management team includes the chief executive officer, the corporate officers who report to him directly, and the comptroller, who reports to the Board of Directors.

Senior Executives

Name	Position	Tax ID No.	Education	Date of Designation	% Ownership in SMU shares
Marcelo Gálvez Saldías	Chief Executive Officer	9.544.470-9	Business Administration	05-08-2013	0.03%
Arturo Silva Ortiz	Chief Financial Officer	10.328.312-4	Business Administration	12-05-2013	0.01%
Luisa Astorino Morales	Chief Customers and Marketing Officer	22.780.768-7	Business Administration	02-22-2022	0%
Horacio Montalva Jeréz	Chief Commercial Officer	12.661.497-7	Business Administration	07-01-2011	0%
Juan David Quijano	Comptroller	8.668.650-3	Certified Public Accounting	11-25-2019	0%
Carolina Selume Aguirre	Chief Real Estate Development Officer	13.242.147-1	Architecture	11-05-2019	3.258%
Javier Fernández Fernández	Chief e-commerce Officer	15.378.068-4	Business Administration	04-12-2021	0%
Claudia González Montt	Chief Legal and External Affairs Officer	10.407.827-3	Law	06-15-2020	0%
Eduardo Herrera Barros	Chief IT and Digital Officer	8.455.707-2	Industrial Engineering	07-01-2019	0.001%

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Name	Position	Tax ID No.	Education	Date of Designation	% Ownership in SMU shares
Marcelo Fuentes Guglielmetti	Chief Operating Officer	6.067.313-6	Food Technician	04-28-2017	0%
Paula Coronel Kurte	Chief People and Sustainability Officer	12.162.559-8	Legal Studies	07-03-2017	0%
Gustavo Persson Donoso	Chief Strategy and Development Officer	13.036.147-1	Industrial Engineering	03-08-2021	0%
Patricio Llosa Bellido	CEO SMU Peru	DNI 06451167	Business Administration	02-02-2011	0%

* Includes direct and indirect ownership interest. No changes during 2022.

4.4.2 REMUNERATIONS AND COMPENSATION

For the years ended December 31, 2022 and 2021, key management personnel and executive compensation amounted to ThCh\$9,864,904 (Fixed remuneration ThCh\$3,030,096 and variable remuneration ThCh\$6,834,808) and ThCh\$4,191,465 (Fixed remuneration ThCh\$2,761,556 and variable remuneration ThCh\$1,429,863), distributed among 13 executives in both periods.

Executives have two variable income systems:

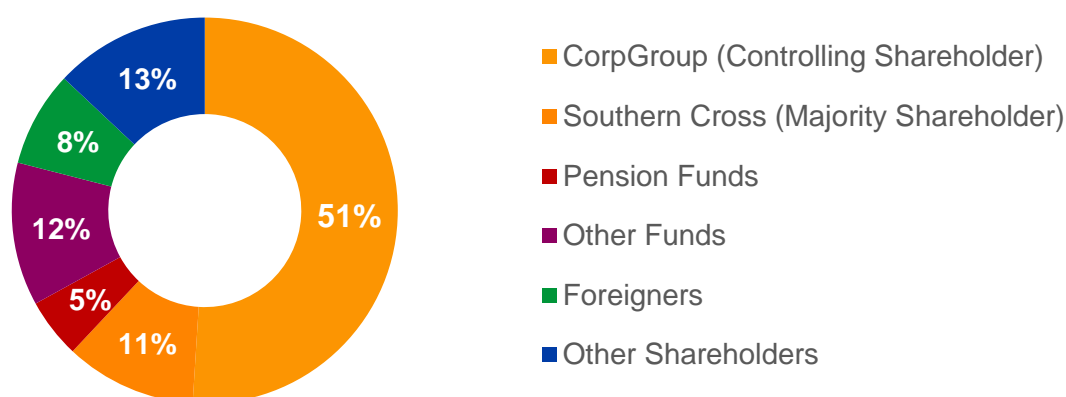
- Short-term system: an annual bonus paid for achievement of objectives. Set and approved by the Board of Directors, these goals are delivered and communicated to each executive at the beginning of each assessment period
- Long-term system: a bonus with one component tied to retention and another linked to achieving three-year objectives (2021-2023). The Board sets and approves these objectives, which are tied to financial targets and to the share price performance vs. the IPSA. A sub-group of executives, including the Chief Executive Officer, has an additional objective related to return on equity for 2021-2023

In addition, the Company offers complementary health insurance for senior executives and their families and life insurance for the senior management team. The Company's compensation plan does not include stock options.

4.5 SHAREHOLDER STRUCTURE

As of December 31, 2022, SMU has 5,772,576,856 single-series shares outstanding and 166 shareholders of record. Share ownership by shareholder type is as follows:

SMU S.A. Shareholder Structure



SMU S.A. Shares

Series	Shares Issued	Shares Subscribed	Shares Paid	Shares with Voting Rights	Repurchased Shares in Portfolio
Single	5,772,576,856	5,772,576,856	5,772,576,856	5,763,205,697	9,371,159

There were no significant changes in SMU S.A.’s ownership structure in 2022.

On April 21, 2022, at the Extraordinary Shareholders' Meeting of SMU S.A. the shareholders approved the program for the repurchase or acquisition of treasury shares, in accordance with the provisions of articles 27 A to 27 C of the Shareholders' Corporations Law.

The program considers that the maximum amount of acquisition is up to the amount of retained earnings of SMU S.A., not being able to keep treasury shares in its portfolio representing an amount higher than 5% of its subscribed and fully-paid shares. The Program has a term of 5 years from the date of the Meeting.

As of December 31, 2022, there are 9,371,159 treasury shares in the portfolio of ThCh\$833,358 and an expense of ThCh\$1,250 directly attributable to these purchases of treasury shares.

4.5.1

CONTROLLING SHAREHOLDER

As of December 31, 2022, the Saieh Guzmán family, comprising Mr. Álvaro Saieh Bendeck (Chilean I.D. 5.911.895-1), together with his spouse and children (herein, the “Saieh Guzmán Family” or the “Controlling Group”), control 50.58% of SMU S.A.’s shares through the following companies: Inversiones SAMS SpA, Inversiones SMU Matriz Limitada, Fondo de Inversión Privado Epsilon, CorpGroup Inversiones Limitada, CorpGroup Holding Inversiones Limitada, Retail Holding S.A., and Retail Holding II SpA. Through such companies, the Saieh Guzmán Family indirectly owns 45.18% of SMU S.A.’s shares. The Saieh Guzmán Family controls 100% of the company CorpGroup Holding Inversiones Limitada, which, in turn, directly and indirectly controls the companies mentioned about, which are direct shareholders in SMU S.A. The members of the Controlling Group have a joint action agreement that has not been formalized

4.5.2

OTHER MAJORITY SHAREHOLDERS²

SMU has been informed that as of December 31, 2022, Southern Cross Latin America Private Equity Fund III, L.P. and Cyprus SCG Co-Investments, L.P. are companies related to Southern Cross Group Management, L.P., that indirectly control 11.25% of the Company’s shares through its ownership interest in the following companies: (i) Gestora Omega Limitada Holding y Compañía en Comandita por Acciones (Tax ID 76.025.301-4), (ii) Gestora Omega Limitada BG Uno y Compañía en Comandita por Acciones (Tax ID 76.204.906-6), (iii) Gestora Omega BG Cuarenta y Uno Limitada y Compañía en Comandita por Acciones (Tax ID 76.204.917-1), (iv) Gestora Omega Limitada BG Dos y Compañía en Comandita por Acciones (Tax ID 76.204.923-6), (v) Inversiones Eland SpA (Tax ID 76.616.441-2), and (vi) SCG SpA (Tax ID 77.125.447-0).

² Per the requirements of CMF General Standard No. 461, no comments or proposals in accordance with paragraph three of Article 74 of the Corporations Act were received from shareholders representing more than 10% of shares with voting rights.

4.5.3

DIVIDEND POLICY

At the Ordinary Shareholders' Meeting held on April 21, 2022, the shareholders agreed that to the extent that the situation of the Company's businesses allows it and always considering the Company's projects and development plans, a dividend will be considered for distribution to the shareholders of up to 75% of net profits for each year, subject to approval by the Board of Directors and the Shareholders, efforts will be made to ensure that the aforementioned distribution of profits for each year is performed through the distribution of three interim dividends, based on the profit or loss in the financial statements for Q1, Q2 and Q3, and the dividend declared to be distributed as approved by the shareholders at each year's Ordinary Meeting.

4.5.4

DIVIDEND DISTRIBUTION

During the last three years, the Company has distributed the following dividends

Dividends Paid

Dividend	Type	Date	Dividend Per Share (Ch\$)	Total Dividend Amount (Ch\$)	Charged to Net Income for Year
No. 2	Final	04-28-2020	4.49327	25,937,746,410	2019
No.3	Special	02-05-2021	1.83765	10,607,975,859	Previous Periods
No.4	Final	04-27-2021	2.03769	11,762,722,134	2020
No.5	Interim	06-23-2021	0.65525	3,782,480,985	2021
No.6	Interim	09-28-2021	2.48282	14,332,269,270	2021
No.7	Interim	12-22-2021	2.93258	16,928,543,436	2021
No.8	Final	04-29-2022	3.76549	21,736,580,425	2021
No.9	Interim	06-06-2022	6.47041	37,350,939,015	2022
No.10	Interim	09-06-2022	2.82270	16,267,800,721	2022
No.11	Interim	12-07-2022	3.81874	22,008,184,123	2022

4.5.5

STATISTICAL INFORMATION: SHARE TRANSACTIONS

SMU S.A.'s shares trade on the Santiago Stock Exchange (*Bolsa de Comercio de Santiago*) and the Electronic Stock Exchange of Chile (*Bolsa Electrónica de Chile*), under the ticker symbol SMU. A summary of the transactions in 2022 is provided below:

Share Transactions

Quarter	Average Price (Ch\$)	Trading Volume (No. of Shares)	Trading Volume (Ch\$)	Stock Market Presence (% at quarter end)
I	87.9	236,044,586	20,746,253,940	98.89
II	91.0	340,047,523	30,956,081,124	98.89
III	97.8	239,890,591	23,451,960,970	97.22
IV	104.0	213,528,361	22,198,363,284	97.22
Year 2022	94.6	1,029,511,061	97,352,659,318	97.22

4.5.6 OTHER SECURITIES

In addition to the shares that trade on the Santiago Stock Exchange and the Electronic Stock Exchange of Chile, SMU has issued the following fixed income securities:

On May 26, 2011, a line of bonds with a 10-year maturity for UF 7,000,000 was registered with the Securities Registry of the Superintendency of Securities and Insurance (currently the CMF (Comisión para el Mercado Financiero) under registration No. 667, and under registration No. 668 a line of bonds with a 30-year maturity for UF 7,000,000 was registered under registration No. 668. Notwithstanding the above, the Issuer may only place bonds for a total face value not exceeding UF 7,000,000, considering the total of the bonds issued under lines 667 and 668.

A detail of the bonds issued under these lines outstanding as of December 31, 2022 and 2021 is provided below:

- On June 09, 2011, the Company placed bonds of UF 3,000,000 with a debit to line No. 668, Series BCSMU-B, which will bear interest on a semi-annual basis at an annual fixed rate of 3.80% and semi-annual principal repayments from December 01, 2021 through June 01, 2032.
- On April 24, 2017, bonds were placed for UF 1,500,000 with a debit to line No. 667, BCSMU-G series, which will bear interest on a semi-annual basis at an annual fixed interest rate of 4.50% and principal repayment at maturity on March 25, 2021. As of December 31, 2021, they have been paid
- On April 24, 2017, bonds were placed for UF 1,500,000 with a debit to line No. 667, BCSMU-K series, which will bear interest on a semi-annual basis at an annual fixed interest rate of 4.50% and principal repayment at maturity on March 25, 2021. As of December 31, 2021, they have been paid.

Because of the merger through incorporation of Supermercados del Sur S.A., in September 2011, SMU acquired such company's obligations with third parties. This includes the bond series with a debit to the lines registered by Supermercados del Sur S.A.

On December 20, 2010, a series of bonds with a 10-year maturity for UF 5,500,000 was registered with the Securities Registry of the Superintendence of Securities and Insurance under number 649 and a series of bonds with a 30-year maturity for UF 5,500,000 was registered under number 650. Notwithstanding the above, the Issuer can only place bonds for a total nominal value of UF 5,500,000, including the total bonds issued with charge to the lines registered under numbers 649 and 650.

Bonds with a debit to such lines effective as of December 31, 2022 and 2021 are detailed as follows:

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- On January 20, 2011, bonds were placed for UF 1,000,000 with a debit to line No. 650, BCSMU-D series, which will bear interest on a semi-annual basis at an annual fixed interest rate of 4.70% and principal repayment at maturity on November 10, 2028.
- On April 5, 2018, bonds were placed for UF 2,500,000 with debit to line No. 650, BCSMU-T series, which will bear interest on a semi-annual basis at an annual fixed interest rate of 3.00% and semi-annual principal repayments from September 15, 2022, through March 15, 2025.
- On June 14, 2018, bonds were placed for UF 1,000,000 with debit to line No. 650, BCSMU-T series, which will bear interest on a semi-annual basis at an annual fixed interest rate of 3.00% and semi-annual principal repayments from September 15, 2022, through March 15, 2025.
- On June 20, 2019, the Company placed bonds of UF 1,000,000 with a debit to line No. 650, Series BCSMU-W, which will bear interest on a semi-annual basis at an annual fixed rate of 2.50% and annual principal repayments on June 1, 2040.
- On June 19, 2020, the Company placed bonds of UF 3,000,000 with a debit to line No. 649, Series BCSMU-AK, which will bear interest on a semi-annual basis at an annual fixed rate of 3.00% and annual principal repayments on April 25, 2025.

On September 13, 2019, a series of bonds with a 10-year maturity for UF 3,000,000 was registered with the Financial Market Commission under No. 964, and a series of bonds with a 30-year maturity for UF 3,000,000 was registered under number 965. Notwithstanding the above, the Issuer can only place bonds for a total nominal value of UF 3,000,000, including the total bonds issued with charge to the lines registered under numbers 964 and 965.

Bonds with a debit to such lines effective as of December 31, 2022, are detailed as follows:

- On December 23, 2020, the Company placed bonds of UF 3,000,000 with a debit to line No. 964, Series BCSMU-AL, which will bear interest on a semi-annual basis at an annual fixed rate of 3.25%, and semi-annual principal repayments from May 30, 2022 through November 30, 2024.

On March 7, 2022, a bond line was recorded in the Securities Registry of the CMF under No. 1,098. The line has scheduled maturity at 5 years for UF 2,000,000.

Bonds with a debit to such lines effective as of December 31, 2022, are detailed as follows:

- On March 15, 2022, bonds for UF 1,000,000 were placed with a charge to line No. 1,098 BCSMU-AO series, which will accrue interest in the form semi-annual at a fixed annual rate of 6.30% and capital amortization at maturity, on March 1, 2027.

4.6 RISK MANAGEMENT

SMU considers appropriate risk management fundamental to the sustainable development of its business and to successfully attaining its strategic goals. As such, it has worked to strengthen risk management within its governance structure and practices. The Company's systematic risk management model identifies and assesses several types of risk – operational, financial, social (e.g., labor and human rights), environmental (e.g., climate change) and legal – at different time horizons. It examines immediate and emerging risks that may have a greater impact in the future. Thus, while identifying strategic opportunities, the Company can also adapt its short, medium and long-term strategy, improve the effectiveness of its initiatives and mitigate the potential risks that could impact its ability to reach its goals.

4.6.1 RISK GOVERNANCE

SMU has a Risk Management Policy based on ISO 31,000 standards and an Internal Control Policy based on COSO (Committee of Sponsoring Organizations of the Treadway Commission). It also applies best practices, such as the TCFD (*Task Force on Climate-Related Financial Disclosures*) recommendations for climate change risks.

In risk governance, the SMU Board of Directors is primarily responsible for ensuring that risk management functions properly. The Board does this through its Audit and Risk Committee, which oversees the Management Risk Committee and meets monthly to monitor the Company's risk management model and the status of internal controls.

The Management Risk Committee is essential in ensuring and improving the quality, design effectiveness, implementation and results of the risk management process. It works with each SMU department to identify the main risks, then analyzes and evaluates their probability and potential impact to establish the corresponding mitigation measures.

Internal audit plans and monitoring of related action plans also act as mechanisms for annual oversight of controls and mitigating measures. For more information, see Section 4.2.3.2 Audit and Risk Committee.

The Internal Control department applies the risk management methodology to implement best practices in risk detection, quantification, monitoring and communication. The department also works with the specialist areas to manage certain company-wide risks, including those arising from strategic objectives and critical processes. Certain areas manage other risks with the Internal Control department advising on method. For example, the Risk Prevention department is responsible for identifying and managing risks associated with the physical, mental and social wellbeing of SMU employees.

The risk identification stage is primarily based on ISO 31,000 guidelines, which aim to identify, recognize and describe the uncertainties that could help or hinder the achievement of

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company goals. Best practices from other management standards are also taken into consideration.

Given the specialized knowledge and responsibilities at SMU, each specialist area determines which risk management methodologies are most suitable (e.g., meetings with key personnel, surveys, materialized events, context and/or expert opinion). Then, they manage the risks and share the results with the corresponding stakeholders. The specialist areas determine risk importance using standardized criteria that account for stakeholder opinion, experience, and other information. Criteria like consequences (the different impacts of materialization), probability of occurrence, the effectiveness of existing control measures and risk levels determine when mitigation measures are required.

Per its Risk Management Policy and to determine the required mitigation measures, SMU has identified its risk appetite, defined as the amount and type of risk it is willing to accept in order to achieve its goals. In light of the Company's mission, vision, values and strategy, three levels of risk were identified: "Low" level risks are those for which the impact of materialization on the Company's ability to achieve its goals would be minimal. These risks are within the Company's risk appetite. "Medium" level risks are those whose materialization would moderately impact the Company's ability to achieve its goals. This level represents its risk tolerance. "High" level risks are those whose materialization would significantly impact the Company's ability to achieve its goals. This level represents risk capacity. The Company may accept "high" or "medium" level risks when the impact and cost-benefit analyses reveal that the risks are worth taking. Such decisions require Risk Committee analysis and approval.

SMU constantly monitors regulatory changes. While relevant legislation is still in the initial stages (bills of law), SMU analyzes the potential impacts of its passage and prioritizes efforts on that basis.

This year, the risk identification process also included human rights due diligence. SMU identified 59 such risks, implemented the respective controls and used the internal methodology to classify them as high, medium or low-level risks. For more information on this process, see Section 5.1.3.1 Human Rights Due Diligence.

The Internal Audit area reports directly to the SMU Board of Directors. To fully align risk identification and assessment with audits of higher-risk processes and activities, the Internal Audit team regularly reviews the main processes and situations they perceive as risky. The area also audits the effectiveness of control mechanisms and the risks associated with the corporate risk assessment process.

Communication and training are at the heart of SMU risk management. The Company's policies and procedures are available to all employees on the intranet site. They are also shared separately through e-mails, displayed on screens and other media. Risk management is an important topic in SMU's training program, which addresses issues related to SMU's main business risks, such as free competition, consumer protection and information security. The training program also reinforces knowledge of and compliance with SMU policies and procedures.

SMU's Risk Management Model



4.6.2 RISK FACTORS

A brief description of the main risks faced by the Company is provided below.

Market risk

The Company's main market risk exposure in the retail industry relates to economic contraction periods, which related to lower consumption periods. SMU's results from operations in Chile represent 97.8% and 98.0% of its consolidated income for 2022 and 2021, respectively. Accordingly, the Company's results from its operations and financial position largely depend on Chile's level of economic activity. The Chilean economy may be affected by a series of factors, including, among others, the economic and political conditions in other emerging market and Latin American countries; and the economic and political conditions of other countries to which Chile exports a significant amount of goods. A low economic growth in Chile, and other events affecting the Chilean economy in the future may generate an adverse effect on SMU's business, financial position and results from operations.

However, this risk is mitigated by the following factors:

- The products sold by the Company are largely basic commodities (food), which due to their nature have relatively stable demand, regardless of changes that may arise in the economic environment.
- The Company does not depend on any particular supplier, or on any group of suppliers, and it has a wide supply process.
- The Company has a variety of formats and products intended for customers in the different socio-economic segments distributed throughout Chile. Accordingly, changes in the economy that may affect any formats are offset by changes in other formats.

Legal and regulatory compliance risk

Several changes in labor, tax, commercial and other laws, among other changes occurred recently, in addition to the new proposed amendments, may impose new obligations on the Company and also restrictions and operating limitations which finally have an impact on costs. Additionally, this generates a legal compliance risk with respect to new regulations. In order to mitigate such risks, the Company has a compliance policy, of which a Compliance Manager is in charge, who oversees that employees regularly receive training and monitors the different areas subject to any type of regulation, in particular Free Competition, Crime Prevention, Third-Party Data Security and Consumer Protection. Likewise, from September 2020, the Company established through its bylaws a Free Competition Compliance Committee composed of Directors, which is responsible for, among others, the oversight and follow-up of the Company's free competition compliance plan. The Free Competition Compliance Officer is responsible for the compliance plan, the position of which was appointed by the Board of Directors in September, and took office in October 2020.

Logistics risk

Due to the country coverage of the SMU stores, which are present in all the regions of Chile, there is a risk of not serving all customers properly due to the shortage and/or shutdowns, whether internal or third-party services, in some of its distribution centers, due to climate conditions, natural disasters, fires, internal unrest, among other issues. In order to mitigate such risk, the Company has several distribution centers throughout Chile and it constantly monitors the key indicators in the stores, including monitoring the "in-stock" and "service at gondola shelving level" indicators, among others. Such monitoring is reinforced by diversified logistic system to ensure that all our stores are duly supplied and remain available to satisfy our customers' needs on a timely basis.

IT security risk

SMU's business is highly transactional and accordingly, it is dependent on efficient and safe IT and communication systems. The Company's IT systems are subject to damage or interruption due to blackouts, computer or telecommunication malfunction, catastrophic events, human error, computer viruses or security breaches, including those processing transactions or other systems that may compromise data. If the Company's IT systems suffer damage or interruptions, this could generate an adverse impact on the Company's business, financial position and results from operations. In order to mitigate such risk, the Company has backup and data recovery systems that can be used in case of a contingency or failure in the Company's primary systems.

In addition, the processing and collection of data requires that SMU receives and stores certain personal data with its customers' purchase history which are identified as members of its loyalty program. This data could be subject to theft, malicious use by third parties or security breaches in the Company's systems, which could adversely impact SMU's business, relationship with its customers and reputation.

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To mitigate this risk, the Company has a subsidiary which is dedicated to safeguarding and treating data matters. This entity consolidates the data in a single storage repository with high security standards and where data is transformed into internal work codes. It has an Information Security Officer exclusively dedicated to the oversight of data protection matters, and it also has an Information Security Committee formed by representatives from the legal, compliance and technology areas, as well as external advisors and business areas to address this matter in a comprehensive manner in line with current regulations.

Risk of force majeure events

Severe climate conditions and other natural disasters in zones where SMU has stores or distribution centers, or from where the Company obtains products, can adversely impact the results from operations of the Company. Chile is a seismic country that has been adversely impacted by earthquakes and tidal waves in recent years, which could happen again in the future, generating significant damages to Chile's general infrastructure, such as motorways, roads, railways and access to sources of goods production and, therefore, could significantly impact the business, financial position and results from operations of the Company. In addition, due to the catastrophic events or internal unrest, the Company could suffer severe interruptions of its business, generating material decreases in revenue or significant additional costs. However, these risks are mitigated in the case of SMU as, firstly, it has insurance policies to reduce the financial impact that may arise from such events, and secondly, it has a vast logistics coverage at a country level that will allow it to maintain the operation in most of the network. However, the insurance policies generally include both, a deductible amount and a maximum coverage amount per claim.

Competition risk

In Chile and Peru, SMU faces a strong competition from international companies and local supermarkets, retail stores, e-grocers and convenience stores, and is possible that in the future, other international or local operators enter the markets in which the Company competes, whether directly or through joint ventures. A stronger competition may cause SMU or its competitors to adopt actions that may have a material adverse impact on the Company's sales, gross margin or expenses.

Climate change risk

Climate change could have an adverse impact on the Company's business, financial condition and results of operations, both as a result of the risks of transition to a low-carbon economy, as well as the physical risks arising from climate change. Transition risks include, among others, changes in processes or technologies; changes in customer behavior; and restrictions on the sale of certain products. Physical risks also include changes in precipitation patterns and greater variability in weather patterns. The aforementioned risks could affect the availability and costs of the goods marketed by the Company; other operating costs; and customer demand, among others. To try to mitigate these risks, SMU has several initiatives focused on understanding the needs and preferences of its customers, in order to adjust its product assortment according to the changes it perceives. Another mitigating factor is the fact that the Company has a great diversity of suppliers, not being particularly dependent on any one supplier, or any group of them. In addition, it has begun a survey of the certifications of its goods suppliers in order to have greater visibility on the sustainability of its supply chain over time.

Supplier risk

SMU depends permanently on various suppliers for the supply and delivery of its product inventories. The loss of its suppliers and the inability to obtain new suppliers at similar cost, may have a negative impact on the availability of products in its stores, which could generate an adverse impact on the Company's sales. A factor that may help mitigating this risk is the fact that the Company does not depend specifically in certain provider or certain group of them, as evidenced through new commercial relationships the Company has developed with private label suppliers, which have increased significantly.

Risk of commercial conditions

The SMU suppliers generally provide promotional incentives for a variety of reasons related to the sale of their products in the Company's stores. As a large part of the promotional incentives are part of the suppliers' marketing strategies, SMU cannot assure that it will obtain a similar level of those incentives in the future. In case of some of the main suppliers reduces or eliminates such agreements, the margin of such products may be affected, which could also generate a negative impact on the Company's business, financial position and results from operations. A factor that may help mitigating this risk is the fact that the Company does not depend specifically in certain provider or certain group of them.

Labor risks

As of December 31, 2022, SMU had a total of 24,454 employees, of which 96.96% were located in Chile and 3.04% in Peru. Approximately 74.0% of the employees are represented by more than 130 unions, each of which, have at least a current collective bargaining agreement. Such agreements have a duration of approximately 2 to 3 years, maturing in different dates, generating that the Company is constantly negotiating with such unions. These processes could possibly give rise to an employees' strike, which could have an adverse effect on SMU's financial condition and operating results. To mitigate this risk, the Company has a Labor Relations Management that performs a permanent joint work with each of the unions.

Litigation risks

SMU is subject to arbitration and litigation procedures that could have an adverse impact on the Company's business, financial position and results from operations in case of an adverse sentence. Lawsuits are subject to inherent uncertainties and it is possible that adverse sentences occur.

Risk of insurance policy coverage

SMU's insurance policies generally exclude certain risks and are subject to certain thresholds and limits. SMU is unable to ensure that its property, furniture, equipment, investment property and inventory will not suffer damage due to unforeseen events or that available coverages of its insurance policies will always be sufficient to protect the Company of all likely losses or damages arising from such claims. In addition, the cost of such coverage can increase to a level in which the Company could make the decision to reduce coverages of the policies or accept certain exclusions on them.

Financial Risk

During the normal course of business and financing activities, the Company is exposed to different financial risks that may have a significant effect on the economic value of its cash flows and assets and, consequently, its profit or loss. The risk management policies are approved and reviewed regularly by the Senior Management of SMU S.A.

Management is responsible for obtaining the Company's financing and managing the currency, interest rate, liquidity, inflation, market, and credit risks. This function operates within a framework of policies and procedures that is regularly reviewed to manage financial risk from business needs.

In accordance with financial risk management policies, the Group uses derivative instruments to hedge exposures to currency and interest rate risks from the Company's transactions and its sources of financing. The Company does not acquire derivative instruments for speculative purposes.

The definition of the Group's exposure to different financial risks together with risk characteristics and quantification, as well as a description of actions currently taken to mitigate those risks currently used by the Company is as follows:

(i) Credit risk

Supermarket customers

SMU has preventive and corrective mechanisms to manage the risk of doubtful accounts. Sales performed using checks are verified and guaranteed by third parties, whereas sales on credit terms are in their majority hedged through credit insurance policies through which customers are assessed assuring the ongoing monitoring of the customer portfolio. In the event of a loss, the unpaid amount is hedged up to 90%. In addition, internal evaluations and procedures are performed and supported by external scoring services, commercial reports and external collection services.

The risk of impairment of trade receivables is established considering the expected loss assessed based on the significant increase of risk (roll over). To hedge against such exposure, the Company has a risk policy in force for its customer portfolio and periodically recognizes the allowances required to record and report in its financial statements the effects of such impairment meeting the current legislation.

The allowance for doubtful accounts is composed of trade receivables on credit terms, other trade receivables and trade receivables for items sold using checks.

The allowance for doubtful accounts loss is based on a prudent estimate of the expected loss in receivables that probable will not be collected. This model is built on the basis of public background information, internal historic behavior and an individual analysis of each customer.

Factor matrixes consider the following variables to determine risk segments: format; type of debt (invoice, credit, other debtors, rebate, real estate, rejected checks or legal collection); aging of debt (in month tranches between 0 and 12); if operates as creditor for rebates in factoring operations; and credit insurance (with or without insurance).

For the supermarket segment, percentages applied to the allowance model are calculated based on a roll-over technique, grouping the history considering the default tranches and closing dates for each month, determining the allowance percentage using a transfer rate.

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The impairment is recognized at each reporting period considering total exposure at default (EAD) assessing the defined risks as high and low apply the probability of default (PD) and lost given default (LGD) according to the debt aging tranches. The following tables include the last rate indicated:

Tranche	Portfolio: Aging	Customer Credit			
		High risk		Low risk	
		PD	LGD	PD	LGD
0	Non-past due	1.27%	32.20%	0.24%	7.26%
1	1 to 30 days	0.97%	32.20%	0.58%	7.26%
2	31 to 60 days	7.56%	32.20%	4.79%	7.26%
3	61 to 90 days	41.06%	32.20%	12.61%	7.26%
4	91 to 120 days	80.73%	32.20%	16.76%	7.26%
5	121 to 150 days	92.39%	32.20%	28.33%	7.26%
6	151 to 180 days	86.85%	32.20%	44.51%	7.26%
7	Over 180 days	100.00%	100.00%	100.00%	100.00%

Tranche	Portfolio: Aging	Rebate			
		High risk		Low risk	
		PD	LGD	PD	LGD
0	Non-past due	1.02%	100.00%	0.18%	100.00%
1	1 to 30 days	1.02%	100.00%	0.49%	100.00%
2	31 to 60 days	5.37%	100.00%	2.37%	100.00%
3	61 to 90 days	13.46%	100.00%	8.89%	100.00%
4	91 to 120 days	23.43%	100.00%	20.36%	100.00%
5	121 to 150 days	42.64%	100.00%	31.17%	100.00%
6	151 to 180 days	60.57%	100.00%	32.82%	100.00%
7	Over 180 days	100.00%	100.00%	100.00%	100.00%

Tranche	Portfolio: Aging	Other debtors			
		High risk		Low risk	
		PD	LGD	PD	LGD
0	Non-past due	0.12%	100.00%	0.23%	100.00%
1	1 to 30 days	0.51%	100.00%	0.23%	100.00%
2	31 to 60 days	1.86%	100.00%	0.48%	100.00%
3	61 to 90 days	4.34%	100.00%	0.48%	100.00%
4	91 to 120 days	4.38%	100.00%	2.24%	100.00%
5	121 to 150 days	4.84%	100.00%	2.24%	100.00%
6	151 to 180 days	5.95%	100.00%	2.24%	100.00%
7	181 to 210 days	24.24%	100.00%	0.13%	100.00%
8	211 to 240 days	35.78%	100.00%	0.13%	100.00%
9	241 to 270 days	41.98%	100.00%	0.13%	100.00%
10	Over 270 days	100.00%	100.00%	100.00%	100.00%

Tranche	Portfolio: Aging	Real estate			
		High risk		Low risk	
		PD	LGD	PD	LGD
0	Non-past due	13.00%	100.00%	2.66%	100.00%
1	1 to 30 days	13.00%	100.00%	2.66%	100.00%
2	31 to 60 days	27.29%	100.00%	5.31%	100.00%
3	61 to 90 days	52.37%	100.00%	7.72%	100.00%
4	91 to 120 days	100.00%	100.00%	12.69%	100.00%
5	121 to 150 days	100.00%	100.00%	22.41%	100.00%
6	151 to 180 days	100.00%	100.00%	16.84%	100.00%
7	181 to 210 days	100.00%	100.00%	100.00%	100.00%
8	Over 210 days	100.00%	100.00%	100.00%	100.00%

Tranche	Portfolio: Aging	Checks	
		PD	LGD
		0	Non-past due
1	1 to 30 days	11.98%	32.20%
2	31 to 60 days	21.74%	32.20%
3	61 to 90 days	34.29%	32.20%
4	91 to 120 days	67.36%	32.20%
5	121 to 150 days	73.60%	32.20%
6	151 to 180 days	81.88%	32.20%
7	181 to 210 days	85.55%	32.20%
8	Over 210 days	100.00%	100.00%

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In addition, for credit debtors that have an authorized credit facility, the Company considers them as exposed to impairment at a rate of 24.65% over the available facility. This constitutes the bases to calculate impairment for contingency.

Financial Service customers:

On December 20, 2022, SMU increased its ownership interest in Inversiones RF S.A. Parent of the companies Unicard S.A., Administradora de Tecnologías y Servicios Unicard Ltda. and Unimarc Corredores de Seguros Ltda., obtaining the control of RF Investments, as the main shareholder. This implies that, beginning on such date, SMU includes these companies in its consolidation.

The provision for impairment is made up of trade receivables applying the allowance for impairment model, which is based on a prudential estimate of expected losses of receivables that will not be recovered. This model is built based on internal behavior and individual analysis of each customer in accordance with IFRS 9.

The assessment models, criteria, and procedures to comprehensively assess credit risk and determine the amount of the allowances, are approved by the Board of Directors and defined in the Company's Credit Policy.

The processes and compliance with the policy are assessed and monitored in accordance with internal control procedures to ensure compliance and maintenance of a level of adequate allowances for losses attributable to expected impairment. Allowances are referred to as "collective" when they correspond to a high number of transactions with homogeneous characteristics the individual amounts of which are low and are associated with natural persons or small-sized companies. Allowances are classified as:

- Collective allowances on regular portfolio
- Collective allowances on in default portfolio

Collective Allowances

Collective assessments require grouping credits with homogeneous characteristics related to the type of debtors and terms agreed to establish both the payment behavior of such group and the recoveries of credits in default.

The methodology for making allowances is based on the experience gathered that explains payment behavior for each homogeneous group of debtors and recovery of guarantees and collection management actions, to directly estimate a percentage of expected losses which is applied to the amount of credits of the related group.

Within credits assessed collectively, two statuses can be distinguished: regular and in default. The portfolio in default includes effective credit transactions associated with debtors who are 90 days or more past due in the payment of their obligations.

The allowance factors for the regular portfolio and the portfolio with renegotiated terms of financial service customers, including the average loss rates for past due tranches, applied to the portfolio of ThCh\$19,620,120 as of December 31, 2022, are detailed as follows:

	Regular portfolio	Portfolio with renegotiated terms	Total gross portfolio
	ThCh\$	ThCh\$	ThCh\$
Clients per day	7.14%	26.21%	8.36%
Less than 30 days	33.12%	43.72%	34.90%
Between 31 and 60 days	35.34%	48.89%	38.02%
Between 61 and 90 days	39.67%	53.62%	42.54%
Between 91 and 120 days	67.78%	67.46%	67.73%
Between 121 and 150 days	76.92%	76.92%	76.92%
Between 151 and 180 days	84.92%	84.92%	84.92%
	15.76%	39.23%	17.87%

Obligations of the counterparties in derivative contracts

Obligations of counterparties in derivative contracts relates to the market value in favor of the Company of outstanding derivative contracts entered into with financial institutions. To mitigate this risk, the Company has derivative product management policies that specify credit quality parameters that must be met by financial institutions to be eligible as counterparties.

(ii) Liquidity risk

This risk is associated with the Company's ability: (i) to repay or refinance their financial commitments assumed at reasonable market prices, and (ii) to implement their business plans with stable financing sources.

Management monitors its cash position on a daily basis and continually develops cash projections, to repay, prepay, refinance and/or assume new borrowings, according to the Company's capacity to generate cash flows.

As of December 31, 2022, the detail of bank borrowings, including accrued interests, bonds and promissory notes payable, and liabilities under finance lease agreements is as follows:

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	Up to 90 days	More than 90 days up to 1 year	More than 1 year up to 2 years	More than 2 years up to 3 years	More than 3 years up to 4 years	More than 4 years up to 5 years	More than 5 years	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Bank borrowings	16,975,314	3,000,000	4,000,000	2,000,000	-	-	-	25,975,314
Obligations with the Public	22,102,436	66,109,547	85,260,250	134,038,563	9,359,396	44,228,727	114,756,959	475,855,878
Obligations for rights of use with purchase option (*)	1,043,492	2,620,083	3,286,787	3,354,561	3,338,630	3,111,111	32,413,239	49,167,903
Obligations for rights of use (*)	13,118,099	39,376,776	46,999,834	45,965,794	47,839,501	42,276,353	254,370,542	489,946,899
Total	53,239,341	111,106,406	139,546,871	185,358,918	60,537,527	89,616,191	401,540,740	1,040,945,994
Accrued interest (**)	2,224,202	1,410,893	-	-	-	-	-	3,635,095

(*) The breakdown of lease liabilities into balances with and without a purchase option is intended to provide information for the calculation of one of the debt covenants associated with a bond issuance.

(**) Accrued interests are included in total reported.

The Company believes the cash flows it generates are sufficient to meet such bank borrowings, and to minimize its liquidity risk, maintains a mix of short and long-term borrowings in its financing structure, which is diversified by type of creditor and market, refinancing its obligations in advance.

The Company has short-term revolving credit facilities that allow it to cover possible cash deficits, as a result of the seasonal business needs.

Cash and cash equivalents

Cash and cash equivalents are composed of the balances of cash and cash equivalents, time deposits, mutual fund deposits and agreements in general. The Company's ability to recover such funds at their scheduled maturities depends on the solvency of the counterparty where they have been deposited.

To mitigate this risk, the SMU Group has a financial policy that specifies credit quality parameters that must be met by the financial institutions to be considered eligible to receive deposits of the above-mentioned products, as well as maximum concentration limits by institution. These financial assets are exposed to low risk.

(iii) Interest rate risk

In general, the Company's financing structure includes a mix of funding sources, subject to fixed and variable interest rates.

As of December 31, 2022, the Company's consolidated debt and lease liabilities classified as such are summarized in the table below, detailed by debt at fixed rate and debt at variable rate, including accrued interests:

	Fixed rate ThCh\$	Variable rate ThCh\$	Total ThCh\$
Bank borrowings	15,791,847	10,183,467	25,975,314
Obligations with the Public	475,855,878	-	475,855,878
Obligations for rights of use with purchase option	49,167,903	-	49,167,903
Obligations for rights of use	489,946,899	-	489,946,899
Total	<u>1,030,762,527</u>	<u>10,183,467</u>	<u>1,040,945,994</u>

Variable rate sensitivity analysis for liabilities with a variable rate, the risk of Variation in the interest rate of 1% would mean an effect on the annual result of:

	Interest (ThCh\$)	
	Annual expenditure	Differences
Current rate	1,249	-
+ 1%	1,344	95
-1%	1,155	(95)

(iv) Currency risk (Ch\$/US\$; Ch\$/EURO)

The Chilean peso is subject to variations with respect to the value of U.S. dollar and other international currencies. Certain products offered for sale in our stores are acquired abroad and accordingly, during the period in which the payment of such import operations is pending, the Company is exposed to fluctuations in the exchange rate.

The Company's policy is to hedge currency risk resulting from change in the exchange rates and the value on the position of net liabilities through market instruments designed to hedge such exposures.

In accordance with the net liability position in U.S. dollars, as of December 31, 2022, for each increase of one Chilean peso in the value of U.S. dollar the effect is a foreign currency translation loss of ThCh\$1,139.

(v) Inflation risk

Inflation risk mainly results from the Company's sources of financing expressed in Unidades de Fomento (UF).

As of December 31, 2022, the Company has bank borrowings of UF 14,937,074 and liabilities under finance lease agreements of UF 13,583,686.

For each increase of one Chilean peso in the value of UF the net effect is a loss from index adjusted units of ThCh\$14,937.

Debt composition, according to the currency of origin is the following:

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Origin Currency	Debt in original currency	Debt in Chilean pesos ThCh\$	Breakout of debt	Impact of the increase of Ch\$1 by currency ThCh\$
Chilean pesos (CLP)	26,823,015,000	26,823,015	2.58%	
Unidades de fomento (UF)	28,520,760	1,001,391,834	96.20%	14,937
US dollars (USD)	2,639,695	2,259,209	0.21%	1,139
Peruvian Soles (PEN)	46,670,541	<u>10,471,936</u>	<u>1.01%</u>	
Total		<u>1,040,945,994</u>	<u>100.00%</u>	

**4.6.3
EMERGING RISKS**

SMU operates in an industry subject to countless uncertainties related to the domestic and global context. The Company’s risk management model covers emerging risks to prevent or mitigate negative impacts and adapt strategy in the face of events that could alter its context. Emerging risk analysis considers short, medium and long-term risks that could arise from changes in the business context or objectives. These could include changes in the business environment that may have not previously applied to the entity; considerations that had not been previously identified; or considerations that were identified but have changed to reflect modifications to the business, risk appetite or assumptions.

Emerging Risks

Emerging Risk	Description of Risk	Potential Business Impacts	Mitigation Actions
Environment: Biodiversity loss and ecosystem collapse	Climate change can lead to irreversible consequences for the environment, humanity and economic activity, and the permanent destruction of natural capital. In SMU’s business context, this poses a risk to the supply chain and availability of the products sold in its stores, e.g., certain crops and animal products, whose production depends on weather conditions, including water availability and other variables affected by climate change.	SMU’s business depends on an attractive product offering that satisfies customer needs. Changing weather that affects production of the goods the Company sells would result in a less complete, less attractive offer resulting in lower sales revenues. Furthermore, suppliers may face increases in their production costs, which could be passed on to the Company and affect its profitability. Similarly, a lower availability in the product universe would make it more difficult to optimize promotional activity, which is central SMU’s commercial strategy.	SMU has diversified its supplier matrix, including suppliers from different origins, so the Company is not dependent on a single supplier or group of suppliers. In addition to constantly seeking potential new suppliers, SMU engages with its current suppliers to understand their risks, e.g., water scarcity, and anticipate future impacts.
Technology: Adverse results of technological advances	Technological advances in artificial intelligence, biotechnology, geoengineering, quantum computing and others could have a negative impact if the Company fails to adapt and implement properly and promptly	Technology is critical to SMU’s business, which requires systems that support in-person and online transactions, loyalty programs, advanced analytics, demand planning and other business processes. Technological innovation is accelerating, increasing the risk that existing technologies will become obsolete and/or	SMU’s Strategic Plan includes evaluating and implementing new technological tools; its investment plans involve innovation. Management and compliance models have been modified to reflect best

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Emerging Risk	Description of Risk	Potential Business Impacts	Mitigation Actions
	<p>or if the implemented technologies do not work correctly. There is also a risk of non-compliance with new regulations related to technological advances.</p>	<p>that SMU will become less competitive in relation to others who implement the latest advances, thus affecting revenues and profitability. Likewise, a technological malfunction can interrupt operations, negatively impact customer experience and/or give rise to reputational issues.</p> <p>If the Company fails to adapt to regulatory changes related to technological advances, it could face fines and/or reputational problems.</p>	<p>practices, and the Company has undergone external certification processes and audits to measure effectiveness and identify opportunities for improvement.</p>

4.6.4**CLIMATE CHANGE**

Caring for the environment is a pillar of SMU's Corporate Sustainability Model. Consequently, the Company's 2020-2022 Strategic Plan included a series of environmental protection initiatives, including waste management and energy efficiency, that enabled SMU to manage and reduce its carbon footprint. (Additional information in Chapter 10: We Care About the Environment.) The Company aims to analyze climate change-related risks, opportunities and impacts according to TCFD (Task Force on Climate-Related Financial Disclosures) recommendations.

As noted in the Risk Governance section, the SMU Board's Audit and Risk Committee oversees risks, including climate risks, by supervising the Management Risk Committee.

The SMU Sustainability Committee, comprised of directors and executives, meets four times yearly. It is tasked with monitoring Strategic Plan projects and initiatives related to the environment, specifically climate change, the plan's compliance metrics and related KPIs. At each board meeting, the committee provides a summary report.

At the management level, the Sustainability department monitors climate issues as they relate to company projects and reports at Sustainability Committee meetings.

4.6.4.1

TRANSITION RISKS AND PHYSICAL RISKS

The TCFD framework³ divides climate-related risks into two main categories: transition risks and physical risks. Transition risks acknowledge that the transition to a low-carbon economy could bring major political, legal, technological and market challenges tied to climate-related mitigation and adaptation requirements and that these changes could pose risks for organizations. On the other hand, physical risks can cause events (acute) or long-term changes (chronic) in climate patterns, impacting the production chain, infrastructure, transportation, water availability and, thus, organizational performance.

The Company referenced TCFD recommendations and the SMU risk management methodology to identify and assess potential climate-related risks. It gathered secondary information to understand the organization’s context and the industry (including the laws and bills of law) and conducted upstream and downstream analyses to identify impacts on the supply chain and products. Then, the areas responsible for environmental management analyzed the data to produce a final list of climate-related risks.

From that perspective, SMU has identified the following possible transition risks and physical risks:

Transition Risks

Type of Risk	Description	Possible Impacts
Political and legal	<ul style="list-style-type: none"> Regulatory changes (e.g., modification of key business processes; higher tax burden associated with current processes; greater reporting demands) Restrictions on hiring certain services or sale of certain products Litigation with stakeholders related to contribution to the effects of climate change 	<ul style="list-style-type: none"> Increase in operating expenses Amortization, asset impairment and early retirement of existing assets Lower demand for products and services
Technological	<ul style="list-style-type: none"> Investment in emerging technologies that quickly become obsolete Mandatory transition to low-emission technologies 	<ul style="list-style-type: none"> Amortization and early retirement of existing assets Lower demand for products Costs of implementing/utilizing new practices and processes
Market	<ul style="list-style-type: none"> Changes in customer behavior Increase in merchandise and material costs 	<ul style="list-style-type: none"> Lower demand for products and services

³ <https://assets.bbhub.io/company/sites/60/2020/10/TCFD-2017-Final-Report-Spanish-Translation.pdf>

Type of Risk	Description	Possible Impacts
		<ul style="list-style-type: none"> Increased direct and indirect costs (e.g., energy, water, waste treatment) Changes in asset prices (e.g., land values or permits)
Reputational	<ul style="list-style-type: none"> Changes in customer preferences Increase in stakeholder demands 	<ul style="list-style-type: none"> Lower demand for products and services Difficulties attracting and retaining talent Less capital availability

Physical Risks

Type of Risk	Description	Possible Impacts
Acute	<ul style="list-style-type: none"> Increase in extreme weather phenomena 	<ul style="list-style-type: none"> Higher merchandise costs (e.g., lower supply and importation costs) Lower demand for products and services Greater absenteeism due to effects on employee health and safety Damage to assets in high-risk locations Increase in operating costs (e.g., merchandise refrigeration)
Chronic	<ul style="list-style-type: none"> Changes in precipitation regimes Extreme variability in climate patterns 	<ul style="list-style-type: none"> Increase in insurance premiums and possible reductions in coverage/availability of insurance on assets in high-risk locations Possible rationing of water and energy that impacts operations at stores and distribution centers

4.6.4.2 OPPORTUNITIES AND RESILIENCE

Through climate-related risk analysis, SMU can assess the resilience of its strategy and how to mitigate these risks. On the other hand, efforts to mitigate and adapt to climate change could also create opportunities for organizations. The following describes some potential opportunities identified in SMU’s analysis:

Opportunities

Type of Risk	Description	Possible Impacts
Resource efficiency	<ul style="list-style-type: none"> • More structurally efficient corporate buildings, distribution centers and stores • More efficient operating methods (purchasing, logistics, distribution and sales) • Recycling • Reducing resource use and consumption (water, electricity, fuel, etc.) 	<ul style="list-style-type: none"> • Lower operating expenses • Increased distribution capacity and merchandise sales as a result of better product availability, which translates into increased revenue • Increase in the value of property, plant and equipment
Energy sources	<ul style="list-style-type: none"> • Use of low-emissions energy sources • Use of political support incentives • Use of new technologies • Participation in the carbon market • Shift toward distributed energy generation 	<ul style="list-style-type: none"> • Lower operating expenses • Reduced uncertainty in fossil fuel prices • Less exposure to changes in carbon costs due to reduction of GHG emissions • Return on investment in low-emissions technology • Increased capital availability through investor preference • Reputational benefits that increase demand
Products and services	<ul style="list-style-type: none"> • Development and expansion of low-emissions services • Changes in customer preferences 	<ul style="list-style-type: none"> • Greater profitability as a result of demand for low-emissions services or merchandise • Improved competitive position and higher sales reflecting incorporation of changes in customer preferences

4.5.3.3 METRICS AND TARGETS

In addition to the Company’s regular environmental management projects, the 2023-2025 Strategic Plan includes seven environmental projects to address the main climate change issues facing the business. The projects draw on risk and opportunity detection data to help SMU anticipate the adverse impacts of climate change. They focus on issues like electromobility; renewable energy use; water footprint and recirculation; and reducing, recycling and recovering waste.

The Strategic Plan sets a quantitative target of reducing carbon intensity by 8% by 2025, relative to 2021. As part of its commitment to the World Business Council for Sustainable Development’s five sustainability factors, this year SMU committed to moving toward carbon neutrality by 2050.

For 2022, emissions are as follows:

GHG Emissions (Ton/CO2e)

	2022	2021	2020
Scope 1 emissions ⁴	327,746	184,612	160,270
Scope 2 emissions	72,543	91,715	93,243
Scope 3 emissions ⁵	76,252	77,012	39,428
Total emissions	476,542	353,339	292,941

⁴ The increase in Scope 1 emissions relative to 2021 was due to refrigerant gas lost through failure and replacement of older equipment, which in some cases meant changing the type of refrigerant. This one-time situation associated with replacing older equipment is part of a plan to replace assets approaching the end of their useful life.

⁵ The increase in scope 3 emissions relative to 2020 is primarily due to the decision to begin measuring the Company's e-commerce emissions related to delivering products to customers.

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As part of the numerous strategic initiatives relating to energy efficiency, SMU aims to reduce energy consumption per square meter by 8% by 2025 with respect to 2020. The Company also aims to cover 40% of its electric supply in Chile using renewable energy sources.

With respect to promoting recycling of the packaging of its private label products, SMU belongs to the Clean Production Agreement for the Ecolabel II, an initiative led by SOFOFA and the Environmental Ministry's Agency for Sustainability and Climate Change.

The purpose of the initiative is to attain Ecolabel certification, which verifies that 80% of the total volume of the packaging, considering its components and materials, is technically recyclable, with capacities currently operating in the country. In 2022, the Company certified 171 products (12% of the private label portfolio), surpassing its goal of 150 products certified by year end. The Company also defined a more ambitious goal going forward: certification of 50% of the private label assortment by 2025.

The goals proposed by the Company help monitor its emissions, energy, and waste management. For further information, please see chapter 10: We Care About the Environment.

5.



CULTURE OF
INTEGRITY AND
**ETHICAL
MANAGEMENT**



CULTURE OF INTEGRITY AND ETHICAL MANAGEMENT

SMU is strongly committed to ethics. They are part of its identity and culture and reflect how it sustainably meets its goals. The Company constantly strives to improve its practices and train employees on ethics and conduct issues like consumer protection, criminal liability of legal entities, diversity and inclusiveness, human rights in business, data privacy protection and the community.



Progress: Culture of Integrity and Ethical Management

PRIORITY AREA	PROGRESS IN 2022	SDG
Ethical management	<ul style="list-style-type: none"> • First human rights due diligence process (Unimarc, Logistics, and Headquarters in Chile) 	  Contributes to goals: <ul style="list-style-type: none"> • 5.1 • 5.5 • 16.5 • 16.b
Free competition	<ul style="list-style-type: none"> • Certification of SMU's Consumer Protection Model 	
Consumer protection	<ul style="list-style-type: none"> • Independent evaluation of SMU's Privacy Protection Model 	
Privacy protection	<ul style="list-style-type: none"> • Training in prevention of workplace and sexual harassment 	

SMU conducts its business based on ethical principles and respectful, honest conduct, striving to make our decisions and actions faithfully reflect the Company's values. The SMU Code of Ethics and Business Conduct establishes the principles and guidelines that must guide the actions of the Board of Directors, Management, employees and third parties that work with the Company, including contractors, advisors, and other suppliers.

In accordance with the SMU Code of Ethics and Business Conduct, the corporate values of Closeness, Excellence, Respect, Collaboration and Agility ("CERCA culture"), and the Corporate Sustainability Model, the Company seeks to achieve its vision of being the supermarket chain that best meets customer needs and to generate shared value for all its stakeholders sustainably.

The Code of Ethics and Business Conduct is part of the employment contract with all employees and the commercial contract with each supplier/contractor. It is also binding for directors and any third parties that interact with the Company.

SMU seeks to strengthen corporate ethics in its organizational culture and fully uphold the most stringent national and international standards through policies, procedures, training, talks, workshops, publicity materials and other actions. In 2022, the Company worked on human rights due diligence. Per international standards, the process took a preventative approach and aims to identify, prevent, and address the negative consequences of SMU's activities. It involved assessing the impact of activities on human rights; integrating the findings; taking the necessary actions to prevent and mitigate impacts; following up on those actions; and effectively communicating how the Company addresses negative consequences.

5.1 ETHICAL MANAGEMENT

SMU's **Ethics and Business Conduct Committee** – comprised of senior management, including the Chief Executive Officer, Chief Financial Officer, Chief Legal and External Affairs Officer, Chief Operating Officer, Chief Human Resources and Sustainability Officer and the Ethics and Compliance Manager – aims to ensure ethical and regulatory compliance. The committee meets monthly and holds extraordinary sessions when the situation warrants. In 2022, it heard reports on the complaints and queries submitted through the Whistleblower Channel, their potential impacts on the Company's ethical values, measures to prevent recurrence and the resulting sanctions. The committee also interpreted regulations, evaluated complaints, and resolved conflicts of interest. The Ethics and Business Conduct Committee reports to the Board of Directors quarterly through the **Audit and Risk Committee**.

Upon joining SMU and throughout their labor relationship, employees and directors commit to complying with the Code of Ethics and Business Conduct, the Crime Prevention Model, free competition regulations, conflict of interest statements, data privacy protection, consumer protection, human rights, and other regulations. SMU requires the same commitment from its suppliers and contractors. Communiqués, meetings, regulatory courses, operations training talks, speakers and other methods regularly remind employees of this commitment.

Values and Business Ethics Barometer

For the third straight year, SMU participated in the Integrity Commitment Recognition event by Fundación Generación Empresarial (FGE), which has been promoting cultures of integrity and good business practices since 1995. This event distinguishes organizations committed to raising their ethical standards and highlights ongoing efforts on best practices.

SMU employees also took the FGE Values and Business Ethics Barometer, a survey designed to measure companies' and organizations' ethical and compliance culture. The employee survey complements corporate integrity management as a diagnostic instrument for the implicit and explicit perception of the Company's ethical behavior. Once again, SMU placed in the top 25% of the 120 participating companies for best practice accreditation and values barometer measurement. This type of initiative provides feedback for implementing improvement plans and is consistent with SMU's corporate values and culture.

Given the results of the Barometer survey, FGE recognized SMU for the commitment to integrity it has demonstrated by raising ethical standards. The recognition highlighted SMU's ongoing efforts on best practices.

Transparent Business Program

In 2022, SMU and 30 other companies actively participated in the **Acción Empresas Transparent Business Program**, which promotes a robust ethical culture as a basis for corporate sustainability strategies. The program has three action areas: (i) Regenerating business value for society through a culture of integrity and purpose. (ii) Strengthening corporate governance, and (iii) Transparency and accountability. This year, SMU was invited to present its best practices in ethics management and the Whistleblower Channel.

5.1.1 TRAINING

SMU raises awareness of and prevents potential risk situations or violations daily. It is currently working on a detailed training plan to reinforce compliance with regulations, procedures and the Code of Ethics and Business Conduct. The Company is constantly developing ethical dilemmas, talks, courses and training activities to keep employees informed and abreast of developments in ethics and business conduct, crime prevention, free competition, consumer and data privacy protection, human rights, sustainability, diversity and inclusion.

In 2022, SMU conducted approximately 240,000 hours of training on compliance and ethics issues.

Compliance and Ethics Training 2022 – Total SMU

Topic of Training	Hours	People
Code of Ethics and Whistleblower Channel	48,413	4,286
Human and Fundamental Rights	3,696	231
Donations Law	2,000	250
Free Competition	48,436	4,141
Crime Prevention	48,396	4,029
Consumer Protection	32,503	4,191
Information Security	5,088	262
Data Privacy Protection	48,858	4,175
Unconscious Bias	1,624	203

Since 2019, SMU has stipulated that those whose roles involve greater compliance and conduct risk must receive regular ethics and compliance training in addition to the training they receive during employment induction. This priority training group primarily consists of employees in leadership roles and is periodically updated to include new hires and promotions. In 2022, approximately 1,700 operations supervisors joined the group, and 85% of the total priority group completed the regulatory and ethics training courses.

5.1.2 WHISTLEBLOWER CHANNEL

Operated by Fundación Generación Empresarial, an independent third party, the SMU Whistleblower Channel is available to the Company’s customers, suppliers, advisors, employees, shareholders, neighbors, the community and the general public in Chile and Peru. Anyone who has questions about ethical issues or other matters, the Code of Ethics and Business Conduct and/or internal policies or procedures, is a victim or becomes aware of a potential violation of the law or regulations can file a report in a confidential, transparent manner without fear of retaliation. Reports can also be anonymous. Whistleblowers can monitor their complaints and communicate directly through the system if necessary.

The Company encourages use of the Whistleblower Channel through employment contracts, contracts with suppliers, operations talks, training sessions and signage displayed at each location.

The Whistleblower Channel is available through the Company’s website. In 2022, 64 queries and 868 complaints were filed for matters related to the protection of people and the work environment; crime prevention, criminal liability and Law No. 20,393; business conduct and free competition; use of Company assets; and customer complaints. The complaints and queries received this year are broken down as follows:

Complaints and Queries Received through the Whistleblower Channel by Type of Stakeholder

Group	Number of Complaints or Queries	Main Issues
Customers ⁶	475	Merchandise, service
Employees	444	Different issues related to harassment, discrimination, regulatory violations
Neighbors	2	Changes to unloading schedules, machinery settings (noise-related)
Suppliers	11	Procedure violations and/or Code of Ethics and Business Conduct

⁶ Complaints received from customers are sent to the Customer Service Area for timely resolution. A record is kept of the process and measures taken. Queries from customers are investigated and managed in the same manner as complaints and queries from other stakeholders.

Complaints and Queries by Issue

Issue	2022	2021
Workplace harassment and mistreatment	200	122
Sexual harassment	28	16
Bribery	-	1
Conflicts of interest	1	-
Questions	64	72
Corruption among private entities	-	4
ARCO Rights (Access, Rectification, Cancellation and Opposition)	-	1
Lack of equal opportunity or discrimination	16	13
Fraud, falsification or altering accounting or financial information	-	6
Free competition	1	1
Other complaints	29	17
Other crimes under No. Law 20,393	1	-
Other human resources issues	146	158
Customer complaints	415	386
Retaliation	3	2
Theft/misappropriation	10	12
Workplace safety and environmental protection	18	16
Improper use of common spaces, goods and/or the Company's corporate image	-	1
Total	932	828

SMU resolves the complaints submitted while making improvements and eradicating all conduct that deviates from CERCA culture. It identifies issues, stores and areas where there are opportunities for improvement and puts forth extra effort in the form of training, visits, protective measures or other tools.

Preliminary measures to protect the whistleblower, like a change in workplace, are taken. Confirmed violations receive prompt sanctions, which may include, but are not limited to, verbal warning, written warning, docking 25% of daily pay or firing. Additional post-investigation measures may include training, courses, talks and others.

Internal Sanctions

Result	2022	2021
Written warning	61	29
Verbal warning	36	24
Firing	27	29
Fine	3	5
Other	16	16
Total	143	103

2022 Internal Sanctions by Issue

Issue	Written warning	Verbal warning	Firing	Fine	Other
Workplace harassment and mistreatment	36	18	8	1	8
Sexual harassment	8	-	10	1	-
Conflicts of interest	-	-	-	-	1
Lack of equal opportunity or discrimination	4	1	-	-	-
Other complaints	-	-	1	-	1
Other crimes under No. Law 20,393	-	-	-	1	-
Other human resources issues	10	8	1	-	6
Customer complaints	-	8	7	-	-
Workplace safety and environmental protection	3	1	-	-	-
Total	61	36	27	3	16

5.1.3

HUMAN RIGHTS COMMITMENT AND MANAGEMENT

SMU establishes its commitment to human rights in its Declaration of Human Rights, which is consistent with the values and guiding principles expressly recognized in its CERCA seal, Code of Ethics and Business Conduct and its Sustainability Model. The Company commits to respecting, promoting and protecting human rights in all its actions and throughout the value chain. It has established complaint and sanction mechanisms to mitigate and repair the impact in the event of a violation.

SMU abides by the guidelines in the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the UN Guiding Principles on Business and Human Rights, the Covenant on Economic, Social and Cultural Rights, as well as the Declaration on Fundamental Principles and Rights at Work (ILO). It recognizes that all people are born free and equal in dignity and rights, which translates into the right to life, liberty and security, freedom from slavery, fair trial and equality before the law.

Given this commitment to human rights and as indicated in the Code of Ethics and Business Conduct, SMU does not tolerate any form of corruption, extortion or bribery, money laundering, terrorism finance, alteration of financial or accounting records, conflicts of interest without proper management, human rights violations or failure to comply with current legislation on the part of its suppliers and/or contractors. Workplace violence and/or harassment, child labor, forced labor and human trafficking are also expressly forbidden.

Any infringement of human rights can be reported through the Whistleblower Channel described in Section 5.1.2.

5.1.3.1

HUMAN RIGHTS DUE DILIGENCE

To ensure proper management of human rights risks and impacts at the organization and throughout the value chain, SMU implemented a due diligence process this year. The Company seeks to identify those potentially affected by its process to anticipate and prevent negative externalities on people and the environment. It identifies, prevents and mitigates any negative impact on human rights, identifying potential risks along with the necessary reparations and/or mitigation measures.

To that end, SMU has worked with external consultants on human rights due diligence. The process, based on international standards, takes a preventive approach and has included: a) assessing the impact of operations on human rights; b) integrating findings; c) taking the necessary actions to prevent and mitigate impact; d) following up; and e) effectively communicating how SMU addresses negative consequences.

Per procedure, SMU periodically monitors the human rights risk matrix. In 2022, the first of these monitoring processes covered SMU headquarters in Chile, the Unimarc format and the

logistics division. The goal is to monitor the human rights matrix at Chile's remaining formats and all operations in Peru in 2023.

Stakeholders

The due diligence process considered the potential human rights impacts on different SMU stakeholders, including employees, contractors, other suppliers, customers and community members. Some stakeholders considered in the analysis were women, migrants and/or children.

Human rights

The due diligence process examined potential impacts on the following human rights:

- Right to work
- Right to life
- Right to enjoy just and favorable working conditions
- Right not to be subjected to torture or cruel, inhuman or degrading treatment
- Right to form and join trade unions and right to strike
- Right to liberty and security of person
- Right to social security
- Right not to be subjected to slavery, servitude or forced labor
- Right to family life
- Right to an adequate standard of living
- Right to health
- Freedom of expression
- Right to privacy
- Freedom of association and collective bargaining
- Child protection rights
- Right to protection of the family
- Right to equality before the law, without discrimination
- Right to live in a safe, clean, healthy and sustainable environment

Identification

The due diligence process began with an analysis of the industry and geographic context, which identified critical human rights factors. The analysis considered:

- The regulatory framework, international treaties, political context, institutional governance, social and environmental context
- Benchmarks from corporate leaders in human rights management
- Relevant industry standards and requirements: (1) Guiding Principles on Business and Human Rights - UN, (2) Chile Guidelines - Casa La Paz Foundation, (3) Business and Human Rights - Business & Human Rights, (4) COVID-19 and Human Rights, UN, (5) National Action Plan on Business and Human Rights, (6) OECD Due Diligence Guide, (7) UN Global Compact Business & Human Rights Navigator, (8) CEO Guide to Human Rights - WBCSD
- Review and analysis of secondary information: policies/procedures
- Interviews with the Corporate Management; Operations, Supply Chain & Logistics, Human Resources and Sustainability, Audit, Private Label, Development, Labor Relations, Commercial, Customer Knowledge and Experience and Risk Prevention areas to ascertain understanding and practical application of the human rights concept.
- Stakeholder interviews with workers' representatives, transportation companies, private label suppliers, and the community

The process detected 59 human rights risks, 30 of which apply to SMU, 48 to Unimarc, and 33 to the DCs. Of these, 21 risks affect the entire company.

The 59 risks detected fall into 11 categories: operation and development; employees; diversity, inclusion and non-discrimination; occupational health and safety; suppliers/contractors: security guard services; transportation providers; customer relations; information management; community (Good Neighbor); and the whistleblower channel.

Assessment

At this stage, the teams responsible for risk management used the risk matrix to assess risks and identify the potential human rights effects and/or impacts as well as the mitigating measures for SMU operations and supply chain.

The assessment classified each of the 59 risks detected in the previous stage as high (8), medium (8) or low risk (43).

The following teams participated: Operational Excellence, Sustainability, Commercial, Human Resources, Technology and Digital, Quality Assurance, Real Estate Development, Procurement, Supply Chain, Labor Relations and Safety.

Mitigation and remediation

For each human rights risk detected during the due diligence process, controls were put in place to minimize the impact on stakeholders. Where residual risk remains high, action plans will be implemented and their effectiveness monitored to prevent the risk from materializing.

Should a risk materialize despite the controls and action plans, SMU is committed to taking the remedial measures appropriate to the situation and/or circumstance. For those potentially affected, the Company also offers complaint mechanisms, including the Whistleblower Complaints and Queries Channel, accessible directly from the Company's website.

Available to any stakeholder, the whistleblower channel has a clear, concrete, transparent and non-retaliatory procedure that offers direct communication with the affected party while maintaining confidentiality and privacy. Reparation is understood to have been made when there is a resolution whereby the damage or harm has been mitigated or ceased. For more information, see Section 5.1.2 Whistleblower Channel.

5.1.4 DONATIONS⁷

The SMU Corporate Donations Policy sets guidelines and criteria for making donations to third parties, thereby ensuring they are made in accordance with internal and external regulations.

The Company focuses on supporting institutions that work with cognitive and physical disabilities or developing regional MSMEs. SMU does not donate to political causes.

Donation Procedure

Since 2019, the Company has had a donation management procedure to complement the Donations Policy. The document establishes how donation requests should be processed to ensure proper handling.

The regulations considered in the creation of this procedure are the Donations Policy, Law No. 20,393 and the Crime Prevention Model.

Donations Committee

The Donations Committee is responsible for approving – partially or fully – or rejecting third-party donation requests. The committee is comprised of the Chief Executive Officer, Chief Financial Officer, Chief Legal and External Affairs Officer, Compliance Manager and Chief Human Resources and Sustainability Officer. To convene, the Chief Executive Officer and at least three other members must participate. Meetings are held on an *ad hoc* basis when requests are awaiting approval.

Of the 241 donation requests received in 2022, the committee evaluated seven and approved six related to cognitive and physical disabilities and zero hunger. The remaining 233 were dismissed through the filtering procedure before reaching the committee. SMU donations may be in the form of gift cards that can be used for purchases in its stores, products or cash. In 2022, all donations were gift cards or cash, totaling CLP 379 million.⁸

As part of its corporate citizenship strategy, SMU also offers social sponsorships. While these are not donations, they focus on the same priority areas and are also reviewed by the Donations Committee. In 2022, the Company's social sponsorships totaled CLP 734.5 million.

⁷ Note that this section does not include food donations made under the Reducing Food Waste program. These donations are not reviewed by the Donations Committee, as they are donations of a different nature- However, the beneficiary organizations that receive the donations are previously reviewed to verify that they do not have a history of corruption.

⁸ Total delivered during the 2022 calendar year. Includes amounts approved in 2021 and delivered in 2022. Excludes amounts approved in 2022 that will be delivered in 2023.

5.2 COMPLIANCE

SMU is subject to laws and regulations that govern a wide range of matters and impact several business areas. Thus, it has made compliance a strategic part of its operations.

The entire organization works to uphold current regulations. The Compliance Division monitors, encourages and leads efforts through training activities, work teams that study new regulations, and implementation and periodic review of internal policies, procedures and other initiatives.

The Company also has a three-director Compliance Committee to oversee the SMU Free Competition Compliance program and a Free Competition Compliance Officer who reports directly to the Board.

5.2.1 CRIME PREVENTION

The SMU Crime Prevention Model includes a Crime Prevention Officer who reports to the Company's Board of Directors. Updated as the legislature has expanded the scope of Law No. 20,393, the model involves prevention, detection, response, oversight, training and monitoring activities to prevent the crimes listed in Law No. 20,393 on the Criminal Liability of Legal Entities.

SMU operations in Peru also have a Crime Prevention Model designed to comply with Law No. 30,424 on Administrative Liability of Legal Entities and enhance the company culture of regulatory compliance.

Importantly, the Company's Crime Prevention Policy is designed to create a structure and culture where procedures prevent crimes and sanction deviations from the prevention model. The model is binding for all employees, contractors, directors, senior managers, suppliers and service providers that interact with the Company. Crime Prevention training is ongoing and annual per the SMU Crime Prevention Model.

SMU has several management and monitoring tools to prevent violations of the Crime Prevention Model and Law No. 20,393, which expressly prohibits corruption, money laundering and terrorism finance. Under the principle of due diligence, the Company acquaints itself with third parties that are interested in or currently have a commercial relationship with SMU to determine whether they have committed any of the crimes listed in the law.

The Company worked with an external, impartial third party this year to recertify its crime prevention model, which has been adjusted to include issues like human trafficking and cybercrime.

The SMU Conflict of Interest Statement Policy is a prevention and management measure that meets regulatory requirements. It promotes an ethical, responsible and transparent culture;

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identifies potential conflicts of interest and/or situations or conduct that could be contrary to its ethical values. The policy sets general and specific action guidelines for resolving any conflicts of interest involving employees, senior executives, directors or third parties and their relationship to the Company.

SMU executives, managers and directors file their conflict-of-interest statements via a third-party digital platform that enables monitoring and, if necessary, action. They file conflict of interest statements upon joining the Company, renew them annually and are obliged to file new statements whenever any unforeseen potential conflict arises.

The Company's suppliers file conflict of interest statements at the beginning of each bidding, quotation, negotiation or contract renewal process. They re-file statements every two years if the service is ongoing and are also obliged to file new statements whenever any unforeseen potential conflict arises.

Situations that may constitute conflicts of interest are presented to the Ethics Committee, which, in turn, reports substantiated cases to the Directors' Committee and the Audit and Risk Committee.

In 2022 and 2021, the Company did not receive any sanctions related to the crimes listed in Law No. 20,393.

5.2.1.1

RELATIONS WITH AUTHORITIES

The SMU Corporate Policy on Relations with Authorities and Public Officials ensures employee relationships abide by applicable external and internal regulations. The policy guarantees transparency and integrity in meetings or hearings held on the Company's behalf. Current Chilean legislation (Law No. 20,730 on Lobbying) applies only to meetings requested by lobbyists or special interest groups (active subjects). The SMU policy is more stringent and applies to any meeting, hearing or working group requested by the Company as an active subject or by authorities (passive subjects).

The Company's Public Affairs department authorizes requests for hearings or meetings, logs all contact and reports quarterly to the Management Committee. The Chief Executive Officer reports monthly to the Board of Directors on the most noteworthy items concerning relations with authorities. The Compliance area monitors compliance with regulations and policies, which the Comptroller area also audits.

Most efforts focus on 1. Relations with ministries and entities relevant to the Company (e.g., National Consumer Service ("SERNAC"), Labor Directorate); 2. Business issues (e.g., permits and patents); 3. Contingencies (e.g., the health crisis) and 4. Legislation.

5.2.2

PROMOTING FREE COMPETITION

Competition is a key consideration for SMU. The Company's Free Competition Compliance Policy is part of its Free Competition program, which involves all areas and employees. Independently certified since 2020, the program meets the requirements outlined in the Free Competition Regulatory Compliance Program Guide published in June 2012 by National Economic Prosecutor's Office (FNE).

The SMU Free Competition program complies with the Chilean Antitrust Court's Sentence No. 167/2019. Requirements include having a Compliance Committee comprised of three directors and a Free Competition Compliance Officer who reports to the Board. SMU submits timely compliance reports to antitrust authorities.

The number of free competition training hours quadrupled. In 2022, training reached 4,141 employees, 38% more than in 2021.

SMU did not receive any sanctions for free competition violations in 2022.

5.2.3

CONSUMER PROTECTION

Customers are at the heart of SMU's daily business and corporate purpose: *"Making our customers' lives easier through proximity."* In that spirit, the Company seeks to safeguard the rights of its customers through policies and procedures – particularly the Corporate Consumer Protection Policy – training and a dedicated Customer Service area.

SMU constantly strives to promote the best commercial and service practices to provide a satisfactory experience for all its customers. Under its Corporate Consumer Protection Compliance Policy, SMU has designed and implemented a Consumer Protection Compliance Program and Plan to address all risks of non-compliance with current consumer rights protection regulations. It takes into account (i) company characteristics; (ii) stakeholder needs and expectations; and (iii) risk assessment.

The Compliance Officer proposes the Consumer Protection Compliance Plan objectives based on the size, nature, operational complexity and environment of each SMU format. Once the Board has approved the objectives, all SMU activities, including governance, risk management, audits and legal counsel, must consider the plan requirements and demands.

SMU's consumer rights protection culture focuses on potentially sensitive areas and is based on the following guiding principles:

1. Provide customers with relevant information about the products offered through our stores and digital platforms in a clear, complete, true and timely manner.
2. Fulfill commitments to customers.

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3. Provide professional service based on respect for the dignity of others and concern for their physical and psychological integrity. Provide prompt, friendly and effective service based on high quality standards.

To implement these principles and prevent the most common customer service violations, the SMU Consumer Protection Decalogue lists ten behaviors to adopt when interacting with customers:

(1) Treat customers with respect and help other employees do the same; (2) Verify that all products have a published price; (3) Honor the price on shelves or in advertisements; (4) Clarify terms of validity and other applicable conditions on promotional activity; (5) Contribute to customer safety by not leaving items in the stores that could cause accidents; (6) Tell customers why SMU requests personal data, e.g., tax ID number; (7) Ensure that the store manager's full name and the store address are posted in a visible location; (8) Collaborate in the event of a complaint or inspection; (9) Facilitate the exercise of guarantees; and (10) Protect customer health by reporting products in poor condition.

In its ongoing effort to keep customers at the heart of operations, SMU began its first Consumer Protection Model certification process this year through an impartial third party, MC Compliance. SMU and participating subsidiaries earned certification.

On privacy protection, SMU informs its customers about the use of their personal data through the respective loyalty program privacy policies for *Club Ahorro* and *Club Alvi*. These policies provide information about the nature of the data processing; data usage; the rights to access, rectification, cancellation, opposition and revocation of consent (ARCO Rights); how long the data remains in the Company's systems; how the data is protected; and its disclosure to third parties. For more information on data protection at SMU, please see Section 5.2.4 Data Privacy Protection.

In 2022, authorities levied fines for consumer rights violations related to customer safety in connection with in-store accidents; theft and damage in parking lots; unacceptable treatment by security guards; and legal guarantees. To prevent new incidents, the respective areas – e.g., Risk Prevention, Maintenance and Customer Service – constantly reinforce best practices through training and inspections.

Consumer Rights Fines

	2022
Number of fines	12
Amount of fines (CLP)	21 million

5.2.4

DATA PRIVACY PROTECTION

SMU is committed to protecting the personal data of its employees, customers, suppliers and, in general, any individual who interacts with the Company. The Company expanded its data privacy protection model this year. Its new Corporate Personal Data Protection Policy sets the general guidelines for personal data processing activities, aligning them with the principles of lawfulness, purpose, quality, transparency and information, security, confidentiality, minimization and proportionality.

Protecting and guaranteeing data privacy is a priority at SMU. As such, the Company's Information Security Officer focuses exclusively on data protection issues. Meanwhile, the Information Security Committee – comprised of representatives from the Legal, Compliance and Technology areas, external advisors and other business areas – comprehensively addresses data privacy protection under current legislation.

Any personal data processing must be lawful, i.e., supported by a legal hypothesis that authorizes personal data processing. It requires legal authorization, consent from the data subject or whatever the law stipulates at the time.

The Company informs the data subjects of their rights through the terms and conditions currently in effect for its different formats as well as their prerogatives under applicable regulations. Clear, simple tools and procedures are available for exercising ARCO Rights (access, rectification, cancellation, opposition and revocation of consent).

SMU has continued strengthening its data protection program. It developed an ISO 31,000-based risk matrix and applied that framework to its data privacy protection program, which addresses the handling of customer, employee and supplier data. In 2022, the Company engaged EY to audit regulatory compliance in personal data protection and identify improvement opportunities in anticipation of possible future regulatory changes. Given the importance of data protection for SMU and its customers, the Company reinforces security standards through training and internal communications campaigns. In 2022, 4,175 employees were trained on data privacy, 68% more than in 2021.

In 2022, SMU did not receive any sanctions for data privacy violations or customer complaints regarding data loss. Any employee violation of the Data Privacy Policy, procedures or rules deriving therefrom may result in disciplinary action under the Company's Internal Regulations on Order, Hygiene and Safety.

5.2.5 EMPLOYEE RIGHTS PROTECTION

As established in its Corporate Sustainability Model, SMU is a company of people. Respect and concern for employee rights and wellbeing are paramount to the Company's values and culture. SMU has several policies, procedures and tools to ensure all its workers have complete and transparent information about their rights and how to report suspected violations.

One such document, the Internal Regulations on Order, Hygiene and Safety includes the Code of Ethics and Business Conduct. The internal regulations set the rules for several aspects of the labor relationship, including the workday, legal holidays, workers' obligations and prohibitions, procedures for reporting violations of fundamental rights and workplace harassment. It also addresses equal opportunity and social inclusion of people with disabilities.

Anyone who becomes aware of a potential violation of the law, regulations, the Code of Ethics and Business Conduct and/or internal policies or procedures may follow the transparent process of filing a confidential report through the Whistleblower Complaints and Queries Channel. Reports can be anonymous.

Another document, the Procedure for Confidential Filing and Handling of Complaints Related to Unfair or Discriminatory Situations, establishes the methodology, responsibilities and actions to be taken when employees file a complaint about a situation they consider discriminatory.

The table below shows the sanctions for employee rights violations that SMU received in 2022.

Employee Rights Sanctions

	2022
Number of sanctions*	404
Amount of fines (CLP)	458 million

*Figure includes final, unappealable rulings and labor fines levied by the Labor Directorate.

In 2022, though SMU was the subject of 60 job protection proceedings, it, importantly, was not found to be at fault in any.

The Company uses training to discourage the associated conduct and prevent new incidents.

5.2.5.1

PREVENTION OF WORKPLACE AND SEXUAL HARASSMENT

SMU promotes a good working environment and encourages respectful, honest and collaborative relationships among its employees. It does not tolerate workplace or sexual harassment and proactively discourages such conduct through policies, procedures, training, communications campaigns and other actions. Per the Code of Ethics and Business Conduct, it sanctions substantiated cases of harassment.

The Gender Equality and Conciliation Management System implemented by the Company in 2022 includes the Measures to Prevent and/or Detect Workplace and Sexual Harassment procedure to describe the mechanisms and responsibilities for preventing, detecting, reporting, investigating, and sanctioning conduct involving workplace or sexual harassment.

Training is important in preventing workplace and sexual harassment and teaching employees how to report these behaviors.

Workplace and Sexual Harassment Prevention Training

	No. of people trained	% of workforce trained
Workplace and Sexual Harassment Prevention Training (2022)	20,239	83%

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Workplace and Sexual Harassment Reports

	2022
Reports of workplace harassment (Law No. 20,607 or equivalent) *	200
Reports of sexual harassment (Law No. 20,005 or equivalent) *	28

* All complaints filed with the Company are also reported to the Labor Directorate or equivalent agency.

Each report is duly investigated and, when a violation is substantiated, sanctioned. One hundred percent of the 228 workplace and sexual harassment complaints received during 2022 were investigated, resulting in 90 sanctions.

Internal sanctions for workplace and sexual harassment (2022)

Issue	Written warning	Verbal warning	Firing	Fine	Other
Workplace harassment and mistreatment	36	18	8	1	8
Sexual harassment	8	-	10	1	-

5.2.6**ENVIRONMENTAL PROTECTION**

One of the SMU Corporate Sustainability Model's eight priority areas, SMU cares for the environment through the Corporate Environmental Management Policy and specific procedures for issues like waste management and noise measurement. The Company seeks to prevent, control and mitigate the environmental impacts that its operations may cause, increasingly improve its relationship with its surroundings and positively conduct its business.

In 2022, SMU was not required to submit or implement any compliance programs or environmental remediation plans.

The Environmental Qualification Resolution (RCA) for the Lo Aguirre distribution center contains environmental commitments, which are monitored periodically and audited annually to ensure full compliance. This follow-up includes monthly monitoring of LIBs, Reforestation Plan status, industry permits and other aspects. It is worth noting that SMU has upheld these environmental commitments.

In 2022, SMU did not receive any sanctions for environmental violations.

5.3 REGULATORY FRAMEWORK

SMU is subject to the laws, standards, regulations and oversight that generally apply to companies operating in Chile and Peru. These include legislation on labor and social security, public health, consumer protection, environmental protection, securities and free competition as well as standards designed to ensure the health and safety conditions of the facilities where the Company sells and distributes food products. Company facilities must also have construction permits from the respective municipality.

SMU fully upholds environmental regulations, which are fundamental to sustainable development. In Chile, SMU has actively participated in all discussions regarding the Extended Producer Responsibility Law (REP Law) – a recycling milestone that will place the country at the same regulatory level as more advanced economies.

SMU has not been immune to the impact of the COVID-19 pandemic and has striven to thoroughly comply with all public health standards and Chilean Health Ministry regulations. In the first years of the pandemic, measures included restricting the number of people allowed inside stores and other spaces, among others. As time has passed, other measures have been implemented, in light of the Sanitary Alert decreed by the government that remains in force until March 2023.

5.3.1 CHILE

Consumer Protection Law and SERNAC

SMU and all of its formats operating in Chile are subject to the Consumer Protection Law, with which the National Consumer Service (“SERNAC”) oversees compliance regarding final customers.

SERNAC intercedes or acts as a mediator in disputes between consumers and suppliers and also files complaints with the local courts to hold suppliers responsible for acts that impact the general interest. SERNAC is authorized to file class-action lawsuits when a class of consumers' collective or separate interests have been affected.

Law No. 21,081, which modifies the Law on Protection of Consumer Rights, was published in the *Official Gazette* on September 13, 2018. In summary, it increases the fines on suppliers found to have violated consumer rights and grants SERNAC new oversight authority. The law also creates a new voluntary mediation procedure for suppliers and consumers.

In addition, on December 24, 2021, Law No. 21,398 (known as the “Pro-Consumer Law”) was published in the *Official Gazette*, mandating a series of measures to incentivize the protection of consumer rights.

Free Competition

SMU and all of its subsidiaries that operate in Chile are subject to the free competition legislation contained in Legal Decree No. 211, which promotes and defends free market competition.

The National Economic Prosecutor's Office (FNE), the Chilean Antitrust Court (TDLC) and the Supreme Court are responsible for defending and promoting free trade.

The FNE's main duty is to investigate all deeds, acts or conventions that impede, restrict or hinder free competition or that tend to produce those effects. The fundamental role of the TDLC is to hear and judge the conflicts that arise from affronts to free competition. Its final rulings and resolutions can be subject to appeal heard by the Supreme Court.

Regional Health Ministry Secretariats

SMU food retail stores in Chile are subject to oversight by the Regional Health Ministry Secretariats, which regularly inspect stores, take samples for analysis and ensure strict compliance with Food Sanitary Regulations. Due to the COVID-19 pandemic, the Health Ministry has been constantly inspecting to ensure compliance with public health requirements. The Company regularly hires private inspectors to ensure that its facilities meet regulatory standards.

SMU's food retail stores in Chile are also subject to oversight by the Agriculture and Livestock Service.

5.3.2
PERU

SMU subsidiaries that operate in Peru are subject to Legislative Decree No. 1034, which approved the Anti-Competitive Conduct Restriction Law, a piece of legislation that prohibits and sanctions anti-competitive practices. They are also subject to Law No. 29,751, the Consumer Defense and Protection Code. The National Defense of Competition and Protection of Intellectual Property Institute (INDECOPI) oversees compliance with these laws. Under the Fifth Complementary Provision of Urgent Decree No. 013-2019, corporate acquisitions and any other merger transactions require prior approval by INDECOPI beginning April 20, 2020.

Personal Data Privacy Protection regulations, designed to ensure proper handling of personal data, are also important to SMU subsidiary operations in Peru. Businesses must register with the Personal Data Bank, obtain prior informed consent from the owners of personal data, and comply with other rules. The general regulations are set forth in the Personal Data Protection Law, Law No. 29,733. Directive No. 01-2020-JUS/DGTA-PD, was published recently and went into effect on April 6, 2020. It establishes provisions for handling personal data captured through video surveillance systems meant for security, job oversight and other purposes. The National Personal Data Protection Authority oversees compliance with these regulations.

Special governmental licenses or permits are not required for the sale and distribution of food and other products sold in SMU stores in Peru with the exception of the licenses required for the sale of alcoholic beverages, baked goods, pharmaceuticals, seafood and vegetables and the business licenses normally required by entities such as the Agriculture or Health Ministries. SMU cash and carry stores in Peru are subject to oversight by the General Food Safety and Environmental Health Directorate (DIGESA). The Health Ministry's technical regulatory agency verifies the safety of industrially produced food for human consumption. Local municipalities are responsible for conducting in-store health inspections.

6.



**WE ARE A COMPANY
OF PEOPLE**



WE ARE A COMPANY OF PEOPLE

SMU's organizational culture is the cornerstone of its human resources management. The strategy seeks to build excellent, agile teams that are customer-focused, collaborative and committed to their daily work in an environment of respect that promotes diversity and inclusion.



Progress: We are a Company of People

PRIORITY AREA	PROGRESS IN 2022	SDG
Inclusion & diversity	<ul style="list-style-type: none"> Certification of Chilean Standard No. 3262 on Gender Equity and Work-Life Balance 85% adhesion to UN Chile's Women's Empowerment Principles (+17 pp vs. 2021) 	
Personnel development	<ul style="list-style-type: none"> 10th place in IMAD (Women in Senior Management Index) ranking, improvement of three places vs. 2021 	<p>Contributes to goals:</p> <ul style="list-style-type: none"> • 1.2 • 5.1 • 5.5 • 5.c • 8.3 • 8.5 • 8.6 • 8.8 • 10.2 • 16.7
Labor relations	<ul style="list-style-type: none"> Incorporation of sustainability and wellness indicators in employee engagement survey 	
Managing people	<ul style="list-style-type: none"> New trainee program: "Young Digital Talent" 	

6.1 ORGANIZATIONAL CULTURE



Organizational culture shapes work and lends meaning through a shared perspective. As such, commitment to it is an essential part of implementing strategy. CERCA culture highlights the core values that characterize SMU and its employees: Closeness, Excellence, Respect, Collaboration and Agility.

SMU seeks to showcase and reinforce these values in daily life and work, emphasizing their connection to business and alignment with its purpose and strategy. The Company fortifies its values through performance management, engagement and training processes. One such program, Bravo, was designed to commend those who demonstrate a daily commitment to CERCA values. It awarded 27,560 recognitions to 10,851 employees in 2022.

6.1.1 ENGAGEMENT

In 2022, SMU distributed the biennial Engagement Survey. The 2022 survey was supplemented and refined to enrich the dimensions of personal and workplace wellbeing and sustainability perceptions while further exploring engagement to align with global benchmarks.

SMU's 2021 brief pulse survey on engagement made it possible to track and monitor trends, analyze the impact of action plans, make adjustments and safeguard ongoing processes. After detecting a drop in engagement in 2021 relative to 2020, the Company adjusted its action plans and achieved significant recovery in 2022.

The 2022 results for questions comparable to 2021 show a three-percentage point improvement in overall satisfaction, particularly regarding feedback, sustainability awareness and the clarity of goals and objectives. The different business formats and areas also recorded smaller improvements. Supervisors present these results to their teams annually, garnering commitment to improvement plans.

Dimensions and questions regarding the clarity of the objectives and goals for each area received the highest scores. More than 86% indicated an understanding of their work area’s goals and objectives, while 84% indicated that they know what is expected of each person. High scores for an environment of integrity and respect also stood out, especially on questions related to everyday respectful treatment and accepting and respecting individual differences, like age, gender, nationality, or disability.

Engagement Survey Results (*)

	2022	2021 Pulse Survey
SMU Chile	73.54%	69.01%
Response rate (%)	96.85%	98.35%
SMU Peru	85.13%	85.69%
Response rate (%)	82.47%	71.34%
SMU Engagement Survey	73.84%	69.40%
2022 Engagement Survey Target	70.00%	

* The Engagement Survey was available online to all employees with SMU for at least one month.

Engagement Survey Results by Gender

	2022	2021 Pulse Survey
Women	73.26%	68.94%
Men	74.96%	70.25%

Engagement Survey Results by Age Group

	2022	2021 Pulse Survey
18 to 25 years	74.68%	71.02%
26 to 36 years	70.81%	66.77%
37 to 49 years	74.45%	69.73%
50 and over	76.10%	71.42%

6.2 EMPLOYEE DEVELOPMENT

At SMU, people are fundamental to achieving the established objectives and fulfilling the business purpose. Attracting and retaining talent, investing in training opportunities and the performance evaluation process are key factors for development and, thus, the sustainability of the Company.

The Company's annual training plan builds a common foundation of the knowledge required for business and prepares employees with the training and talents that the environment, business developments and projects of the future demand.

In 2022, SMU updated its recruitment, selection, training, human resource development procedures and performance evaluation processes to promote diversity of skills, knowledge, conditions, experience, and perspectives among individuals throughout the organization. The new approach facilitates universal access to training, promotes specific programs for priority stakeholder groups (e.g., women, people with disabilities, young people and senior citizens) and ensures inclusion in performance evaluation processes and development programs.

To retain this combination of skills and experience and continue developing talent, SMU offers training and development programs, a performance evaluation system, and a competitive incentive structure with equity safeguards.

Comprised of directors, the SMU Human Resource Committee oversees and reviews aspects of corporate culture and human resource development and management policies. It also analyzes organizational, social or cultural barriers that could affect diversity and inclusion.

6.2.1 HIRING

SMU's hiring and recruitment processes harness internal talent and attract external talent to build a team capable of fulfilling the Company's corporate purpose and achieving its strategic objectives.

The Recruitment and Selection Procedure sets the criteria for recruiting and selecting candidates to fill vacant positions so that the processes are transparent, objective, traceable and free of bias. Such procedures ensure equal opportunity for men and women, regardless of ethnicity, religion, sexual orientation or any other factor that could constitute a disadvantage in an individual's opportunity to access a position at SMU.

In 2022, SMU updated all its procedures on personnel recruitment, selection, training and development procedures. The update reflects continuous internal human resource policy improvement and the requirements outlined in models that certify diversity, inclusion and non-discrimination management practices.

All SMU employees receive annual performance evaluations. The Company offers development programs for individuals with outstanding results at all levels of the organization and gives them priority access to growth opportunities. Similarly, job vacancies are openly shared with all employees to prioritize internal development over external recruitment. Each selection process considers performance data along with the Recruitment and Selection area’s position-specific evaluation.

Internal Mobility

	2022	2021
Vacancies filled internally (%) (*)	40.5%	55.0%

*Excludes entry-level positions, which by definition cannot be filled internally.

At SMU and its subsidiaries, the hiring process is integrated from recruitment and selection through digital preparation of employment documents, assignment of the operations induction process and monitoring. The preferred application method is through each format’s Work with Us web portal, which integrates application management and online evaluation.

In 2022, SMU received over 120,000 applications and hired 10,917 new people across all formats.

2022 INTEGRATED REPORT

New Hires by Gender

	2022	2021
Women	5,787	5,090
Men	4,443	4,041
Total New Hires	10,230	9,131

New Hires by Age Group

	2022	2021
Under 30 years	7,082	6,710
30-50 years	2,577	2,004
Over 50 years	571	417

New Hires by Position

	2022	2021
Senior Management	-	1
Middle Management	21	26
Junior Management	80	93
Operator	4,372	4,047
Sales Force	5,133	4,468
Administrative	77	52
Other Professionals	292	251
Other Technicians	255	193

6.2.2 TRAINING

SMU and subsidiary training focuses on current job performance and employee development to support the Company's objectives. The CERCA organizational culture is the backdrop that ensures employees get the tools they need to learn and develop skills aligned with the Company's strategic plan.

The SMU Training Policy focuses on employee performance and prepares them for future positions with skill-building and development programs to broaden and reinforce knowledge, technical skills, and other training activities. The policy ensures high coverage and a simple, practical training experience aligned with the business objectives, company strategy, and CERCA culture.

The SMU Training Management Procedure ensures that training is correct, timely and aligned with objectives, business strategies and culture. It promotes the development of all people without discrimination or bias on the basis of gender, age, disability or nationality. It weighs certain conditions when determining access to training and guarantees gender equity.

In 2022, training in Chile focused on the following programs:

Operations Induction for Store Leaders and Entry-level Positions: The induction model for leadership positions provides thorough instruction on operating procedures and formal support for the first 90 days on the job. For entry-level positions, the model includes on-the-job training by work-center leaders. In place for the last three years, the operations induction program achieved 73% coverage in 2022.

Store Openings and New Store Processes: The induction and training process for store openings and/or new processes is critical to ensuring good customer service and adherence to internal processes from the first day of operations. In 2022, 54 training processes covered 88% of the impacted employees.

Operations Update for Store Leaders, Specialties and Entry-level Positions: In 2022, 2,132 leaders from all formats participated in this shared knowledge base program for all in-store and distribution center roles. The update also included a plan to reinforce practices and processes on-site with the active participation of leaders and entry-level employees.

Regulations Program: This program builds knowledge and commitment to issues critical to business operations, including competition, consumers, human resources, prevention and culture. In 2022, it increased coverage to include 1,700 operations leaders in the target group.

At SMU Peru, in 2022, training supported key store processes focusing on restocking, checkouts and quality assurance.

Additionally, SMU offered a leadership program for the leaders of each department to address service and customer service issues as a pillar of future growth.

Training

	2022	2021
Total training time	2,328,127	1,830,026
Number of employees trained (*)	20,518	17,704
Percent of headcount trained	84%	68%

Average Training Time by Position and Gender (Hours)

	2022		2021	
	Women	Men	Women	Men
Senior Management	145	84	139	159
Middle Management	99	119	154	208
Junior Management	238	256	393	316
Operator	56	61	40	49
Sales Force	75	75	40	51
Administrative	139	49	130	50
Other Professionals	143	140	138	149
Other Technicians	245	221	129	150
Total	90	103	60	86

Average Training Time by Age Range (Hours)

	2022	2021
Under 30 years	88	55
30 to 50 years	105	80
Over 50 years	80	64
Total	95	70

Training Hours by Topic

	2022	2021
Skills needed for current role	1,239,142	991,716
Development for future roles	187,206	304,660
Courses on regulation	901,779	533,650

Investments in Training

	2022	2021
Total training time (hours)	2,328,127	1,830,026
Average training time per employee (hours)	95	70
Amount spent on training (Millions of CLP)	2,302	2,585
Amount spent on training (% revenue)	0.1%	0.1%
Amount spent on training per employee (CLP)	94,144	98,662

Training hours were up an average of 25 hours per employee in 2022 due to substantial operational changes to several processes and operations positions as well as the number of projects whose proper implementation demanded training support. Most trainings addressed digital transformation, position-specific operations issues, future positions, culture or regulations.

**6.2.3
PERFORMANCE EVALUATION**

The full Performance Management model provides 100% of the employees with the opportunity to be evaluated and receive feedback from their supervisor at least annually.

There are two different evaluation processes. The first, the Performance Cycle, applies to operations support staff and individuals in leadership positions who have been with the Company for more than three months. Meanwhile, the Performance Appraisal process is geared toward people who have been working in stores and distribution centers in Chile and Peru for more than one month.

The Performance Cycle now includes setting, monitoring and evaluating individual goals to measure progress and individual development. This complementary section enables supervisors and their teams to align the year’s efforts and to work toward clear, measurable objectives. For entry-level positions, the goals are specified in action plans based on the identified opportunities.

Communications campaigns, training activities and team monitoring facilitate understanding of evaluation and performance appraisal tools among human resources staff, store managers and operations supervisors.

Given the broad coverage, data from the finished process facilitates comparative analysis by achievement level, development opportunities and the potential to give outstanding performers access to development programs while giving those who need additional support action plans to improve performance for the next work cycle.

Performance Evaluation: Target Group Coverage (*)

	2022	2021
Employees evaluated – Total	98.0%	99.2%

*Percentage of target workforce group evaluated. The annual performance evaluation cycle finishes in the first quarter of the following year. Thus, 2022 figures are preliminary, and the figures for 2021 differ from those reported in the 2021 Integrated Report.

6.2.4 DEVELOPMENT PROGRAMS

Performance evaluation is a crucial part of the ongoing cycle of employee development. It identifies opportunities for continuous improvement in the Company's operations and is closely related to the development and recognition programs.

In this context, in 2022, SMU launched several performance-evaluation-based initiatives as part of the Differentiated Leadership Development program. The first of these initiatives was the third version of Develop Your Career. Offered in conjunction with the renowned AIEP Professional Institute, the program focuses on leadership and operations positions at SMU subsidiaries. A group of 810 employees with outstanding performance reviews participated in a training curriculum that prepared them to take on new responsibilities and career challenges within the Company.

Another program, part of Differentiated Talent Development, was a second version of the development program for people in support positions. More than 150 employees with outstanding performance in the Performance Cycle process participated, choosing among several learning, self-awareness, mentoring and continuous development opportunities from the curriculum of core courses and electives to suit their needs.

Both initiatives prepare top performers for the next level of responsibility within the organization. Since 2020, program participants have accounted for 15.3% of internal movements.

SMU partnered with the Executive Training School at Pontificia Universidad Católica de Chile on another important initiative: a second version of the Digital Acceleration program. The Innovation and Digital Transformation course taught by a multidisciplinary team of outstanding professionals, primarily from technology and e-commerce, attracted 149 participants. The program also offered an Agile Methodologies certificate course for the first time. The 151 attendees were primarily executive committee members from SMU and its subsidiaries and outstanding performers. This was only the second year that professionals could earn access to the Digital Acceleration program through outstanding performance.

Finally, SMU launched the third version of the Leadership Pool program to attract new talent. The system ensures ongoing hiring and training of people displaying potential for key positions to ensure talent availability for operational continuity and organizational growth. In 2022, a total of 111 people joined SMU's different business formats through this program.

6.2.5 COMPENSATION STRUCTURE

SMU is fiercely committed to equity and equality in compensation management. Consequently, it has used the GGS (global grading system) compensation management system for more than 10 years.

Designed to ensure equality, internal equity and external competitiveness in employee compensation management, the GGS is applied impartially and without distinction to everyone working at the Company. Any components that could cause distortions and/or arbitrary discrimination based on variables like gender, age and nationality are eliminated.

Every position at the company is assigned to a GGS level and assessed on the basis of the level. The SMU Remunerations and Compensation Policy, in turn, sets a salary bracket for each of these levels, ensuring that employee compensation is fair and based on their performance and contribution to the organization.

Compensation management is crucial to SMU's human resource management strategy. The Company aims to ensure that remunerations are market competitive and that employees are fairly compensated for their work and dedication. SMU also offers additional employee benefits, such as wellness programs and personal and professional development, which help attract and retain talent.

The Remunerations and Compensation Policy and the Internal Regulations on Order, Hygiene and Safety include a complaint procedure as an additional safeguard. Any employee who believes the right to equal remunerations has been violated or not respected can submit a written complaint describing the unequal remuneration, attaching the background information s/he deems necessary (knowledge and skills evaluations, technical skills, experience and any others to substantiate the claim). The procedure enables all SMU employees to monitor pay equity.

As part of SMU's commitment to non-discrimination, the Remunerations and Compensation Policy establishes a series of measures to ensure non-sexist compensation:

- At least every six months, a salary gap and gender participation study detects any differences in the remunerations men and women receive by type of position and their participation in the different positions and levels at the Company.
- Positions are calibrated when pertinent, regardless of whether they are occupied primarily by men or women.
- Equal access for men and women to variable incentives is ensured.
- SMU verifies that positions occupied mostly by men do not have a greater number of factors associated with benefits than those occupied mostly by women and that there is no discriminatory weight in the values assigned to these factors.
- Compensation is reported to the Selection area before any internal, external or mixed search processes to avoid and eliminate any variance in starting pay. Furthermore, the selected candidate's final income may not be below that established in the

Remunerations and Compensation Policy, i.e., the lowest point of the assigned salary bracket.

At the metrics level, the Company has established certain parameters to ensure the monitoring and proper functioning of non-discrimination measures:

- Salary gap, measured according to Financial Market Commission (CMF) Standard No. 461
 - Frequency: Annual
 - Unit of measurement: %
 - Expected results:
 - Good → Less than the previous year
 - Average → Same as the previous year
 - Bad → More than the previous year

- Proportion of employees who have received merit-based pay increases
 - Frequency: Annual
 - Unit of measurement: %
 - Expected results:
 - Good → More than the previous year
 - Average → Same as the previous year
 - Bad → Less than the previous year

- Proportion of employees who have received pay increases reflecting a new position or duties
 - Frequency: Annual
 - Unit of measurement: %
 - Expected results:
 - Good → More than the previous year
 - Average → Same as the previous year
 - Bad → Less than the previous year

Salary gap (*)

	Average Salary Gap	Median Salary Gap
Senior management	82%	82%
Middle management	78%	84%
Junior management	93%	92%
Operator	101%	102%
Sales force	119%	117%
Administrative	104%	102%
Other professionals	87%	86%
Other technicians	90%	93%

Salary gap: average gross salary (including fixed and variable components) of all female employees of a particular group of functional roles by average gross salary (including fixed and variable components) of all male employees of the same group of functional roles.

Incentives

SMU’s variable compensation model encourages employees to work more efficiently and focus on achieving the Company’s objectives. The inclusion of department and/or area-specific performance objectives in the variable compensation structure allows us to recognize and reward a job well done at all levels of the Company.

The organization’s strategic objectives are aligned with employee incentives, thus improving talent retention and fostering a more collaborative, results-oriented work environment. The variable compensation structure encourages employees to work together to achieve common goals rather than focusing exclusively on personal interests.

The Company strives to set fair, transparent incentives tied to clear, measurable objectives. To that end, the variable compensation model is a valuable tool for motivating and retaining the most talented and committed employees.

6.3 DIVERSITY AND INCLUSION

Since its founding, contributing to a more diverse and inclusive society has been essential to SMU’s corporate identity. CERCA culture and the value of Respect amplify this commitment. The principles of diversity and inclusion are part of the Company’s regulatory and ethical framework through its Code of Ethics and Business Conduct; Internal Regulations on Order, Hygiene and Safety; and Diversity and Inclusion Policy, which were widely disseminated and reinforced in 2022.

SMU S.A. efforts aim to strengthen and promote workplace relationships in an environment that always protects and respects personal dignity, free from harassment and/or aggression. The Company creates harmonious spaces where everyone is treated with respect in a safe work environment. To amplify impact, the Company also promotes diversity inclusion among its employees and their families, customers, suppliers and the surrounding community.

The SMU Diversity and Inclusion Model, part of its Diversity and Inclusion Policy, includes communications initiatives that focus on four types of diversity: gender, immigrants, generations and disability.

SMU's Diversity and Inclusion Model




**6.3.1
GENDER**

Inspired by CERCA culture, SMU recognizes the importance of progress on equality of opportunity for women and men regarding access to employment, training and professional development, and working conditions.

In 2022, SMU Chile accomplished a very important milestone, becoming Chile’s first food retailer to implement and certify a Gender Equality and Work-Life Balance Management System under Chilean Regulation NCh 3262:2012.

SMU’s figures for female participation in leadership positions reflect its commitment to and management of gender equity. At the Board level, three of SMU’s nine directors (33.3%) are women, two of whom serve as Chairperson and Vice Chairperson. Thirty-one percent of senior managers are women, up from 23% in 2021. Women hold 32% of management and executive positions, compared to 30% in 2021. Thirty-four percent of supervisors, the next hierarchical level, were women. Thus, total female participation in the Company’s leadership positions was 33% in 2022.

SMU has a communication and culture change campaign called #QueNoSeaTema to raise awareness of the paradigm transformations that true inclusion requires. The campaign, which has been well-received by employees, provides tools and practical guidelines. In 2022, SMU published a Welcome Guide for Immigrants with information about the immigration process. Its Parent guides offered information on the benefits SMU offers all employees expecting a child. The Company also updated its Shared Responsibility and Work-Life Balance, Violence and Violence Prevention and Inclusive Language guides. The updated Guide to Self-diagnosing Violence helps users identify and self-evaluate situations employees may experience.

<p>Management System for Gender Equality and Work, Family and Personal Life Balance</p>	<ul style="list-style-type: none">• Gap detection• Development of action plans to reduce or eliminate gaps detected.• Internal training• Update and creation of procedures with gender perspective• Creation of an internal audit team focused on gender equality and work-life balance.	 <p>SMU, WORKING FOR GENDER EQUALITY PROCESS OF CERTIFICATION UNDER CHILEAN REGULATION ON GENDER EQUITY AND WORK-LIFE BALANCE</p>
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Collaborating to promote gender equity

SMU has and builds collaborative relationships on gender issues with the following organizations:

- **UN Women:** SMU Chile is part of the UN Women Global WEPs community. Community members commit to the Women's Empowerment Principles (WEPs), promote gender equality and develop employees in keeping with this commitment.
- **RED+Activa:** SMU has been a member of this network, which promotes gender equality and more inclusive policies, since 2020.
- **Acción Empresas:** SMU actively participates in the Acción Empresas working group on people, through which it supports diversity promotion initiatives. In 2022, it was on the people and work committee, addressing issues including shared responsibility and quality of life.
- **Global Compact:** At the end of 2021, SMU signed a Letter of Commitment to the UN Global Compact, supporting objectives that contribute to meeting the Sustainable Development Goals (SDG) by 2030.
- **SernamEG:** The Chilean National Service for Women and Gender Equity provides technical assistance for materials development and supports specific gender equity initiatives.

Through collaboration, SMU promotes gender equity with different stakeholders, not just within the organization. One example, which is also consistent with the Company's commitment to developing local suppliers, was the first women's entrepreneurship fair co-sponsored with the Chilean National Service for Women and Gender Equity. The activity allowed entrepreneurs to participate in AIEP training workshops and round table discussions with entrepreneurs from the 100% *Nuestro* program while showcasing and selling their products to SMU employees and the public.

Gender equity rankings and evaluations

SMU participates in different rankings and evaluations to measure its gender equity performance and identify gaps in order to develop action plans and continue improving. In 2022, the Company performed as follows:

- **2022 IMAD Ranking:** SMU ranked 10th among 127 companies, earning the highest score of any food retailer. This performance was an improvement over 2021, when SMU ranked 13th.
- **Female Business Empowerment Tool - UN Women:** As of December 2022, the Female Business Empowerment Tool shows that the SMU has reached leadership level (85%) for developing and implementing gender equity policies and practices. This score is up 17 points from 2021.
- **Best Organizations for Work-Life Balance Study:** Fundación Chile Unido and the *El Mercurio* newspaper measured employee perceptions on shared responsibility and work-life balance. SMU Chile participated in 2022 and earned the seal of distinction among nine organizations with outstanding results.

6.3.2 IMMIGRANTS

In our globalized world, immigrants offer a great opportunity in terms of attracting talent and valuing diversity on work teams. Thus, SMU has taken several actions to incorporate people of different nationalities and create working environments with equal treatment, free of any kind of discrimination.

As part of the immigrant initiatives under the #QueNoSeaTema campaign, SMU launched its first Welcome Guide for Immigrants in 2022. The Welcome Guide is part of the corporate induction program that aims to improve retention. It guides immigrants joining the Company, notes internal and social support channels and information on public services for immigration-related processes and offers recommendations for successfully joining work teams.

SMU also collaborates with several organizations that advocate for and protect immigrant dignity and rights, including the UN International Organization for Migration (IOM), the Jesuit Migrant Service (SJM) and the Intercultural Companies Network (REI).

As of December 2022, SMU Chile and Peru employ 609 immigrants, comprising 2.5% of the workforce.

Immigrants at SMU as of 12.31.2022

	SMU Chile		SMU Peru	
	Number	%	Number	%
Locals	23,114	97.4%	732	98.4%
Foreigners	597	2.6%	12	1.6%

6.3.3 GENERATIONS

SMU is convinced that work teams benefit from intergenerationality as it lends value to the experience and participation of people at different life stages.

Given its demographics, the Company's efforts focus on older people by creating welcoming work environments that benefit from their experience.

SMU has participated in the Pontificia Universidad Católica SeniorLab's Companies with Experience (REE) network since its founding. The network promotes multi-sector initiatives that address the challenge of aging by collaboratively generating new models of sustainable development. Its 15 companies share their initiatives to promote workplace inclusion of senior citizens and create material on best practices.

One important 2022 initiative toward building a culture that understands and welcomes generational diversity, particularly older people, was the **Corporate Volunteer program with Fundación Las Rosas Foundation**. SMU employees participated in different activities to support residents of the Maria Madre de Dios group home in El Bosque, fostering empathy for and effective communication with people at this juncture of life. Employees visited the group home at different times of the year, including the Chilean National holidays and Christmas, to spend time with the residents. The initiative began in 2021, and the number of volunteers grew in 2022.

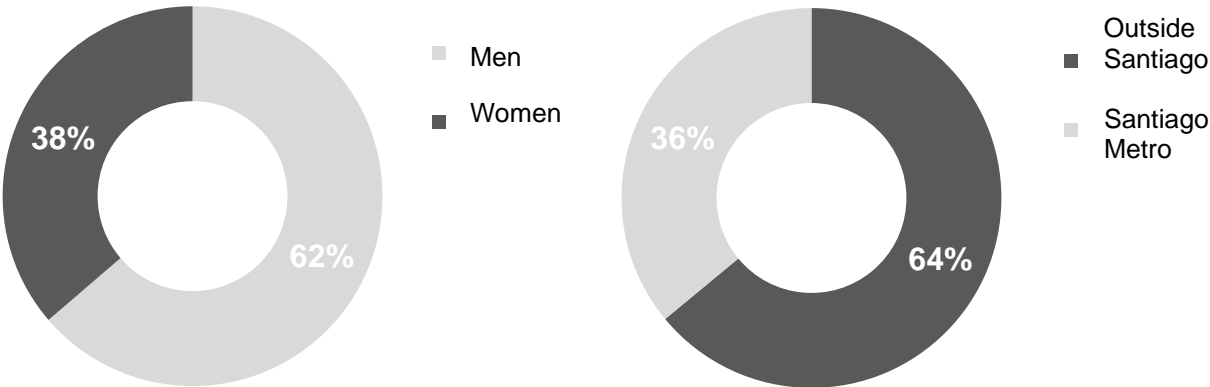
6.3.4
DISABILITY

SMU’s historical focus on inclusion for individuals with disabilities began early on through its relationship with the Teletón and Descúbreme foundations.

Thanks to this experience, the SMU Diversity and Inclusion Model has longstanding lines of work on disability that optimize true inclusiveness in the workplace and contribute to the self-supporting work of individuals with disabilities.

As of December 2022, the Company employs 331 people with disabilities, most of whom live outside Metropolitan Santiago.

Employees with Disabilities by Gender and Region of Chile (2022)



Diversity and inclusion management is further supported by the #QueNoSeaTema campaign. In 2022, SMU published and distributed a series of quick guides called “Dispelling Myths” to share best practices and fight misconceptions about individuals with disabilities. This year, it distributed guides on the following topics: People with Hearing Impairment, People on the Autism Spectrum and People with Down Syndrome.

One particularly noteworthy program is the Caregivers program. It is a response to the complex problems facing people caring for dependent family members who require constant care as the result of an illness or disability. The program facilitates balance between work and the shared responsibility of family care. It includes a team of social workers who provide the support employees need to access social benefits, support health care management, conduct home visits and draft reports. In 2022, 254 people participated in the Caregivers program; 82% were women. Of the universe of people requiring care, 61% were children and adolescents, and 39% were adults.

Another program highlight is the caregivers' support network, which organized two meetings to discuss self-care for caregivers and processing emotions and mindfulness. The caregivers also shared experiences related to this important role.

As part of ongoing efforts to promote inclusion and formalize the Company's commitment to workplace inclusion and fostering work environments of respect, diversity and inclusion, 15 SMU employees completed the Chile Valora National Job Skills Certification System. Their certifications brought SMU into compliance with Law No. 21,275, which requires companies to designate a workplace inclusion manager.

For the fifth straight year, SMU participated in Expo Inclusión, held online again this year. SMU sponsored the event, participating in the Expo Inclusion round tables and as the keynote speaker for the closing event at the Teletón Center, which drew more than 2,800 attendees. SMU's virtual stand received close to 800 visits from people interested in applying for a job.

Collaborating to promote workplace inclusion

To continue adopting best practices and to share its experiences, SMU collaborates with institutions that promote workplace inclusion for people with disabilities. These organizations include municipal job offices, disability offices, university employment exchanges, mental health rehabilitation centers and technical training centers.

SMU also serves on the Inclusive Companies Network (REIN) board, leading the content panel and suggesting topics for the entity to address. The Company participates actively in several REIN activities, including the Mentors Network, Coffee Talks (Café con Tema) and the Workplace Inclusion Committee.

6.3.5 PROMOTING INCLUSIVE CULTURE

The SMU Inclusion Model involves employees, their families, customers, suppliers and the surrounding community.

Contractor Awareness

SMU has worked hard to support inclusiveness among contractors. It hosted the fourth annual Contractor's Day in December, attracting 63 participants. Gender equity was addressed through a talk on changing organizational culture with strategies proposed to address the gender gap. Another talk covered the inclusion of people with disabilities and Law No. 21,275 on Workplace Inclusion Managers.

SMU surveyed its contractors for the third time this year to understand their realities and how they address workplace inclusion.

The following survey results are noteworthy:

- 21% of the companies surveyed report having a policy or formal commitment on D&I issues. Fifty-one percent are considering initiating such a process.
- 16% of companies report having a designated individual responsible for D&I issues at their organization.
- 79% of companies report they do not have people with disabilities employed at their operations; the same percentage of companies report fewer than 100 employees.

This information is central to drafting a plan to promote and communicate the benefits of D&I at companies and to create inclusive workspaces that improve employee engagement and retention.

Collaborative Work with Foundations and Organizations

SMU works with foundations and organizations to increase its contribution to creating a more diverse and inclusive society. This work, closely connected to the Company's Diversity and Inclusion Model, is described in Chapter 9, Section 9.2 herein.

6.3.6**2022 AWARDS AND RECOGNITION**

- **Outstanding Company Award in Diversity, Equity and Inclusiveness:** This EY / *El Mercurio* Business Award recognizes the most outstanding and innovative business strategies, visions and initiatives in the areas of diversity, equity and inclusiveness.
- **Fundación Chile Unido and *El Mercurio* Seal of Distinction:** Recognizes organizations with outstanding scores for work-family balance measures and benefits.
- **Certification of the Gender Equality and Work-Life Balance Management System** under Chilean Regulation NCh 3262. SMU also earned the National Women's Service **Iguala Balance Seal** for its actions favoring gender equality and balance.
- **Women in Senior Management Ranking** SMU was among the outstanding companies this year, moving up to 10th place to become the only food retailer at the top of the ranking of 127 major companies.
- **UN Women WEP Rating - Chile** On the most recent rating (December 2022), SMU improved 17 points, becoming one of the leading companies in employment and gender equality. The score highlights SMU's commitment to and impact on promoting gender equality.

6.4 BENEFITS AND WELLBEING

To positively impact the quality of life of employees and their families, SMU works on a 360° Value Proposition that allows it to identify what employees experience and feel in their relationship with the Company and the work environment. Likewise, SMU prioritizes a wellbeing program that fosters pride, commitment and belonging, focusing on concern, care and respect for everyone. The program also aims to be a factor in attracting and retaining talent. Several SMU initiatives facilitate work-life-family balance, represent company values on sustainability and caring for the environment and aim to make the company a real agent of inclusion and diversity. The Company also makes agreements with third parties to support employees' family budgets by offering activities and special discounts that help in their daily lives.

6.4.1 WORK-LIFE-FAMILY BALANCE

The Work-Life Balance with Co-responsibility for Work, Family and Personal Life Procedure creates conditions that foster shared responsibility and balance among the different dimensions of employees' lives. It establishes measures related to the organization of the working day; leave and work-life-family balance measures beyond those required under current labor legislation; and support services for employees' families.

Job Flexibility

SMU promotes employee quality of life through policies and programs that facilitate work-life balance. Depending on the nature of each position, the Company offers different work schedules (part-time and full-time) and hours (start and end times) alternatives. Compatible positions may opt for a hybrid work system, dividing time between company premises and working remotely.

While the Company does not have adaptability agreements as defined under Chilean legislation, it offers support programs for employees with family responsibilities. In keeping with its commitment to diversity and inclusion, SMU has a Caregivers program, which grants leave to employees caring for dependent family members who require constant care as the result of an illness or disability. This enables employees to accompany the family member to medical appointments and other care instances during the workday.

Workforce by Schedule and Gender

	Full-Time		Part-Time	
	2022	2021	2022	2021
Women	11,314	11,856	4,603	5,261
Men	7,014	7,337	1,524	1,751
Total	18,328	19,193	6,127	7,012
Total as % of workforce	74.9%	73.2%	25.1%	26.8%

Employees Working Remotely (*)

	2022	2021
Women	649	617
Men	793	751
Total	1,442	1,368
Total as % of workforce	5.9%	5.1%

* SMU offers a hybrid system. Employees in compatible positions may divide their time between company premises and a location of their choice.

Parental Leave

As part of the CERCA culture and the Diversity and Inclusion Model, the #QueNoSeaTema campaign raises awareness among employees and contractors regarding shared responsibility. It shares internal statistics and invites employees to learn about and use parental leave benefits. The campaign's Parents guides cover shared parental responsibility; applicable Chilean regulations; best practices and advice associated with the benefits; and initiatives that foster shared responsibility and contribute to better work-life-family balance.

Under Chilean law, pregnant employees are entitled to state-subsidized paid maternity leave that allows them to be absent from work. The leave is divided into three rest periods:

- **Prenatal leave:** six weeks before delivery
- **Postnatal leave:** twelve weeks postpartum
- **Postnatal parental leave:** an additional twelve weeks after the end of the postnatal leave period. The mother may cede a portion of this time to the newborn's father.

Under Chilean law, fathers are entitled to five days of paid leave at the father's discretion within the first month after the birth date.

Through its Parental Rights and Benefits guides, SMU reinforces topics such as:

- Preventive care for the gestational person
- Prenatal leave
- Job protections for new and expectant mothers
- Postnatal and postnatal parental leave
- Paternity leave
- Child feeding leave for children under 2 years of age
- Daycare benefits
- Others

Notably, as part of efforts to promote gender equality and work-life-family balance, SMU and its subsidiaries offer the gestational parent a flexible return for the first month after parental leave. Such flexibility fosters better balance as they return to work. Likewise, the father or non-gestational parent is entitled to five additional days of leave beyond the five legally required. The additional days may be used anytime during the child's first year.

The Company published Parents guides and a Welcome Guide for Immigrants to inform employees about maternity and paternity rights and encourage their use. The guides encourage employees to take part in best practices in shared responsibility, reminding them that this involves both parents consistently doing their fair share in raising their children for the benefit of the entire family group.

At SMU Peru, mothers are legally entitled to one hour of breastfeeding leave per day until the child turns one year old. Mothers have access to a comfortable, private environment at work where they can express and store breast milk during working hours.

Maternity and Paternity Leave (Chile)

	2022			2021		
	Women	Men (Paternity leave 5 days)	Men (Parental leave 6 weeks)	Women	Men (Paternity leave 5 days)	Hombres (Parental leave 6 weeks)
People eligible to take parental leave	648	186	186	792	205	205
People who took parental leave	648	186	-	792	168	-
Percent of people who took parental leave	100%	100%	0%	100%	82%	0%

Maternity and Paternity Leave (Peru)

	2022		2021	
	Women	Men (Paternity leave 10 days)	Women	Men (Paternity leave 10 days)
People eligible to take parental leave	11	12	11	11
People who took parental leave	11	12	11	11
Percent of people who took parental leave	100%	100%	100%	100%

Maternity and Paternity Leave: Average Days Used by Functional Role (Chile)

	Women		Men (Paternity leave 5 days)		Men (Paternity leave 6 weeks)	
	2022	2021	2022	2021	2022	2021
Senior Management	N/A	N/A	N/A	N/A	N/A	N/A
Middle Management	92	95	6	2	N/A	N/A
Junior Management	102	131	6	4	N/A	N/A
Operator	109	104	5	3	N/A	N/A
Sales Force	112	108	4	3	N/A	N/A
Administrative	117	99	6	2	N/A	N/A
Other Professionals	109	126	9	5	N/A	N/A
Other Technicians	113	108	5	3	N/A	N/A

Maternity and Paternity Leave: Average Days Used by Functional Role (Peru)

	Women		Men (Paternity leave 10 days)	
	2022	2021	2022	2021
Senior Management	N/A	N/A	N/A	N/A
Middle Management	N/A	N/A	10	10
Junior Management	N/A	N/A	N/A	15 ⁹
Operator	N/A	N/A	10	N/A
Sales Force	65	73	10	10
Administrative	44	20	4	10
Other Professionals	N/A	92	10	N/A
Other Technicians	94	N/A	N/A	10

⁹ The average is more than 10 days because one employee had twins and was granted leave of 20 days.

6.4.2 WELLBEING PROGRAM

In 2022, SMU Chile continued its Wellbeing program to promote healthy habits and self-care while also addressing pandemic-related problems. The three focus areas were prevention in physical health, mental health, self-care and healthy habits. Talks, discussions and special employee discounts in these areas addressed cancer prevention, encouraging physical activity, dealing with anxiety, emotional health, life as a couple, conserving muscle mass, and healthy eating.

6.4.3 BENEFITS

SMU fosters work-life-family balance through our Shared Responsibilities guide, which provides information on benefits for employees and their families in the areas of health and healthy living, more family time, recreational activities and economic benefits like bonuses and discounts on purchases. These are all in addition to the benefits provided by employee benefit funds (*cajas de compensación*) for births, weddings and education assistance.

At the subsidiary level, the collective bargaining agreements with the labor unions establish other benefits, including bonuses for the Chilean National Holidays and Christmas; end-of-year parties; benefits for school-age children; and other bonuses and benefits specific to each organization.

Main Benefits SMU Chile

Benefit ¹⁰	Description
Insurance	Supplementary health insurance, dental insurance, catastrophic insurance, life insurance and discounts at pharmacies and dental centers
Economic benefits	Gift cards for Chilean National Holidays and Christmas and social assistance
Christmas party	End-of-year party for employees' children up to 12 years old
Christmas gift	A Christmas gift for employees' children up to 12 years old
Childcare	Agreements with daycare centers nationwide
Through the respective employee benefit fund	Discounts for schools, scholarships for employees and their children, spousal or child death benefit, bonus for the birth of child or marriage/civil union, access to vacation and recreation centers
Discount agreements	Agreements in education, healthcare, gyms, recreation and business give employees and their families access to services and products at lower prices
Social worker network	Access to social workers who accompany, support and provide guidance to all employees in response to more specific requests

Main Benefits SMU Peru

Benefits	Description
Health	Supplementary Insurance for High-Risk Work - The Peruvian government does not require the Company to offer this insurance given its line of business. Rather, it is an additional benefit covering workplace accidents, occupational illness, disability and death.
Legally Mandated Life Insurance	Covers death due to illness and everyday accidents
Economic benefits	Christmas bonus (voucher for purchases)

¹⁰ Benefits arising from collective labor agreements may not be combined with similar or identical benefits that the Company provides employees outside of those agreements.

6.5 LABOR RELATIONS

SMU takes a comprehensive approach to labor relations. It strives to engage direct employees and contractors in ongoing training and communication as it complies with all legal, labor and benefits regulations. The Company strictly upholds its Code of Ethics and Business Conduct as it strives to maintain ongoing relationships based on respect, quality and trust, along with unwavering respect for SMU's commitment to human rights at the Company. The Company shares best practices with its contractors and their employees.

6.5.1 UNION RELATIONS

Respect for the rights and guarantees of all employees and their organizations is a core value at SMU. The Company has an open-door policy for union organizations and actively promotes transparent communication, respect and trust. SMU creates harmonious, healthy work environments that translate into higher employee commitment and collaboration.

In 2022, SMU Chile had more than 17,000 unionized employees in more than 130 unions, with a total unionization rate of about 73% of the workforce. This year, there were 48 collective bargaining processes and no strikes. SMU Peru does not have union organizations. The consolidated unionization rate is 71%.

In Chile, SMU's union relations model ensures ongoing communication through periodic meetings to follow up on commitments and address concerns. SMU sees the role of the unions and their leaders as critical to reaching agreements that ensure the harmony of its workplaces while respecting the autonomy of the organizations and current labor regulations.

6.5.2 SUPPLIERS AND CONTRACTORS

The SMU Code of Ethics and Business Conduct, Responsible Sourcing Policy Statement and Indirect Suppliers' Manual govern SMU's supplier and contractor management and establish the standards required of suppliers. For example: freedom of expression, association and the right to collective bargaining are the indisputable prerogatives of all those employed by indirect suppliers of SMU or its subsidiaries, per current regulations; and indirect suppliers shall promote diverse work teams and guarantee equal opportunity among their employees. No discriminatory acts or omissions shall be permitted.

Importantly, SMU Special Regulations for Contractors ensure compliance with the provisions of Law No. 16,744 on in-store occupational health and safety management. The Special Regulations document includes our Risk Prevention policy, the accident prevention measures required for store access, compliance and workplace protection standards, obligations and prohibitions for contractors and their employees, the contractor obligation to report occupational hazards and the verification procedures through which we protect the life and health of all the people who work at our stores.

Labor and Social Security Certification

Per the Labor and Social Security Certification Procedure, SMU monitors the labor and social security benefits compliance practices of contractors, subcontractors and temporary service providers each month. In 2022, the Company worked with 294 contractors with a monthly average of 7,800 employees. The service areas with the largest representation are housekeeping (28%), security (28%), maintenance (14%), temporary service providers (9%), transportation (7%) and bakery (6%).

As of December 31, 2022, a total of 137 payments had been withheld to ensure contractor compliance with labor, safety and benefits obligations to its employees. Each month, SMU works with a certifying agency and any supplier with observations or withheld payments to create a plan to correct these situations.

In 2022, SMU offered three talks for contractors to promote best practices: risk prevention, gender equity and work-life balance, and workplace inclusion for people with disabilities and the designation of a workplace inclusion manager.

6.6 WORKPLACE SAFETY

One of SMU's main objectives is to provide a safe and healthy work environment. To that end, its Corporate Risk Prevention Policy sets risk prevention and occupational health guidelines that ensure the physical and psychological wellbeing of its employees, contractors, suppliers and customers. The policy also builds a risk prevention culture, contributes to service quality and productivity, and ensures operational continuity. The policy includes the work center risk prevention management program, safe work procedures, inspections and training.

The CERCA cultural seal provides the SMU occupational safety framework. Its preventative approach invites employees to take leading roles in prevention. Based on conduct like excellence, transparency in the event of mistakes, agile decision-making and respect for standards, the approach combines other aspects that jointly encourage preventative leadership.

6.6. 1 OCCUPATIONAL HEALTH AND SAFETY SYSTEM

SMU's preventative approach to occupational health and safety management protects lives and supports operational continuity. To that end, and per current regulations, the Company has implemented a health and safety management system in Chile and Peru.

In Chile, Law No. 16,744 on Work-Related Accidents and Occupational Illness requires an occupational health and safety system when the total number of workers at a work site exceeds 50, as is the case at SMU. Meanwhile, in Peru, the Occupational Health and Safety Law (Law No. 29,783) requires all public, private and armed forces companies to establish an occupational health and safety management system to prevent accidents and occupational illness.

SMU's occupational health and safety management system in Chile and Peru covers 100% of SMU employees and contractor personnel who work at SMU facilities.

Furthermore, contractors and other indirect suppliers must comply with SMU's Indirect Supplier Manual, which requires these suppliers (i) to provide their employees with a safe work environment that offers the health and safety conditions required by government officials and the specific hazards and risks of each activity; (ii) take adequate measures to prevent workplace accidents and occupational illness by providing the protective and safety gear required to guarantee the minimum safety conditions at work; and (iii) provide staff with safety and health training that enables them to identify the risks associated with the job and workplace environment as well as the practices necessary to minimize them.

2022 Coverage of the Operational Health and Safety Management System

	Chile		Peru	
	No.	%	No.	%
SMU employees covered	23,711	100%	744	100%
Contractor employees covered	7,874	100%	92	100%
Total coverage for SMU and contractor employees	31,585	100%	836	100%

6.6.1.1 HAZARD IDENTIFICATION, RISK ASSESSMENT AND INCIDENT INVESTIGATION

Preparation of the hazard identification and risk assessment (HIRA) matrix considers each operations task in order to detect potential risks. The Risk Prevention and Operations (stores and logistics centers) departments are responsible for designing and continuously updating the matrix to incorporate the most effective and efficient preventive controls for the inherent risks.

Risks are prioritized by probability and consequence with an accident-control focus. Action plans with well-defined objectives and targets are developed to minimize and mitigate risks. Risks are reviewed annually, whenever a workplace accident occurs, when processes undergo significant modifications or when an employee identifies a new risk.

In addition to the annual review, SMU constantly monitors the accident rate, lost day indicators, and compliance rates for health and safety conditions. It uses the data to measure progress toward the Company's targets for reducing and preventing health and safety risks.

Risk Identification by Employees

As part of SMU's culture of prevention, employees play a leading role in promoting best practices in occupational health and safety. This includes reporting hazards or dangerous situations that they detect during their workday. Likewise, each employee has the right and obligation to refuse to perform activities incompatible with their role, tasks for which they are not trained or when some condition makes performing their work unsafe.

In these situations, employees must notify their supervisor, joint committee or Risk Prevention to take the actions required to control and correct the situation. Employees receive information on these processes through an occupational health and safety induction and internal regulations of order, hygiene and safety upon joining the Company.

Safety processes are supported through technological tools and devices that enable Risk Prevention to inspect facilities, detect risk conditions and notify those responsible so they can make improvements that prevent work accidents and occupational illness. The joint health

and safety committee is another body that detects hazards that could cause work accidents. At their monthly meeting, they report any hazards, which are reported to Risk Prevention and the facility supervisor for the necessary improvements.

Protecting occupational health and safety is part of SMU's Code of Ethics and Business Conduct, which establishes that every employee is responsible for contributing to a safe and healthy workplace at all times. They must do so by upholding safety and health standards, policies, procedures and practices and promptly informing their superiors of accidents, injuries, defective equipment, or any unsafe practices or conditions in the workplace. The Code of Ethics also stipulates the importance of creating a work environment where anyone can raise concerns about the ethical issues addressed therein or any other matter without fear of retaliation. Employees who believe they have suffered retaliation should immediately report it through official company channels.

Emergencies

The Occupational Health and Management System procedures include activities, mainly drills, to prevent emergencies. They also address actions that prepare employees to respond efficiently and control the situation when emergencies do occur. SMU checks and inspects emergency response equipment like fire extinguishers, sprinkler systems and panic buttons. Each employee also receives specific training.

Internal Control

As part of its preventive approach, SMU Risk Prevention inspects facilities, and the Internal Control area performs internal audits as part of SMU's Occupational Health and Safety Management System.

Periodic safety inspections of each work center are conducted with technological tools that enable us to identify substandard safety conditions, make improvements, monitor control measures and close each file.

2022 Internal Audit of the Operational Health and Safety Management System

	Chile		Peru	
	No.	%	No.	%
SMU employees covered by the system who have undergone internal audits	5,032	21	744	100
Contractor employees covered by the system who have undergone internal audits	764	10	92	100
Total coverage for SMU and contractor employees	5,796	18	836	100

Independent Verification

The Chilean Institute of Occupational Health (IST), the institution charged with implementing Law No. 16,744, continuously oversees the Company's activities and tasks. Its formal tools include hazard identification, checklists, technical-legal data collection and inspection forms (COVID-19). These important processes provide an objective, outside perspective of how tasks are carried out and the degree of technical and legal compliance with Chilean regulations.

Incident Investigation

SMU's accident investigation procedure is activated immediately following any incident. An investigation involves gathering information such as a statement from the injured employee and/or witness, videos, photographs, work procedures, training, regulations or any other evidence to support a comprehensive analysis of what happened. The purpose is to determine the causes of the event in order to report them to the facility manager, who takes the appropriate control measures to prevent a recurrence.

The joint committee, Risk Prevention and the facility supervisor monitor the implementation of post-accident control measures.

6.6.1.2 TRAINING

Occupational health and safety training is essential to SMU's preventive approach to occupational health and safety management as it raises awareness and reduces incidents.

At SMU Chile, all employees participate in a basic risk prevention induction that addresses general issues and benefits available in case of workplace accidents or occupational illness. Depending on the needs of each position, SMU also offers the following in-person or remote training:

- Fire extinguisher use and management
- Emergencies and evacuation
- Use of critical machinery
- Joint committees
- COVID-19 prevention
- Prevention measures for working at a height
- Psychosocial risk
- Manual load management
- Musculoskeletal disorders
- UV radiation
- First aid

Under Peru's Occupational Safety and Health (OSH) law, all company employees must have at least four OSH training courses per year. The topics are chosen and included in an annual training plan, prepared according to the identified occupational risks. The training can be conducted in-person or virtual and must cover at least the following:

- Reporting accidents and incidents
- Importance of ergonomics in the workplace (administrative and operations personnel)
- Importance of preventing psychosocial risk factors and stress management
- First aid and fire extinguisher use

Employees also receive the training in the Occupational Health and Safety area's annual plan.

6.6.1.3 HEALTH PROMOTION

Occupational Health Services

Per legal provisions, SMU Chile and its contractors work with a workplace insurance provider overseen by the Superintendency of Social Security to ensure quality and compliance with coverage. Workplace insurance companies provide preventative, medical and financial assistance for workplace accidents. To prevent workplace accidents and occupational illness, they visit facilities to identify hazards and assess risk. Employees can access the workplace insurance companies through their web pages, where courses, technical data sheets and preventive safety information is available along with the opening hours and locations of care centers.

In Peru, companies are legally required to have an occupational physician whose primary role is to prevent occupational illness. Among other tasks, the occupational physician works with the Occupational Health and Safety area to create the risk matrix, design controls and follow up on accidents. The induction process facilitates employee access to services through training from the medical area on the reporting processes, prepathological conditions, accidents and similar situations.

Medical and Health Care Services

SMU promotes employee health and wellbeing beyond occupational health services through its Wellbeing program, which promotes healthy habits and self-care through three priority areas: prevention in physical health, mental health, self-care and healthy habits. The Company also offers a range of health-related benefits. For more information, see section 6.4 Benefits and Wellbeing.

Personal Data Protection

SMU's data protection model includes protecting personal data. Safeguarding the confidentiality of personal health data is also mandatory in Chile and Peru. Using data from occupational health services to determine favorable or unfavorable treatment of employees would constitute, on the one hand, an illegal use of information, and on the other hand, an act of illegal discrimination. Employees who believe their personal data has been misused should report it through SMU's Whistleblower Channel.

6.6.1.4

EMPLOYEE INVOLVEMENT IN OCCUPATIONAL HEALTH AND SAFETY

Joint Health and Safety Committees

The Joint Health and Safety Committees (in Chile) and the Workplace Safety and Health Committee (in Peru) play leading roles in risk prevention. Each joint committee is composed of management and employee representatives. The latter are elected by secret ballot by all employees at the corresponding work center. The role of each joint committee is to advise and instruct on the correct use of protective gear (personal, equipment, machinery, etc.); to monitor compliance with prevention, hygiene and safety measures; to investigate work accidents in order to learn lessons and avoid recurrence; to assess risk conditions and monitor improvements; and to promote courses on occupational health and safety. Members of the joint committees in both countries are trained to identify, report and correct dangerous situations while promoting a culture of safety.

Initiatives focus on site inspections, safety talks, and accident investigations. The joint committees also promote best practices in the psychosocial and ergonomic fields and proper task performance.

Joint Health and Safety Committees

CHILE	2022	2021
Number of committees	383	377
Percentage of workforce represented	99.5%	98%
PERU	2022	2021
Number of committees	1	1
Percentage of employees represented out of total workforce	100%	100%

6.6.2

OCCUPATIONAL HEALTH AND SAFETY INDICATORS AND INCIDENTS

The effects of the pandemic have diminished considerably in the last year, enabling us to optimize preventive measures and occupational safety controls. Safety indicators have stabilized, with most comparatively higher and generally meeting the targets for the year. This was primarily thanks to better control of the risks inherent to the business. However, social variables external to the business negatively impacted workplace safety and often offset the favorable change in the aforementioned indicators.

Leadership has participated in management and employee training programs as a preventive control measure. The Company has also implemented emotional support and other programs. This is all part of the “I take care of you; you take care of me” corporate campaign to encourage caring spaces at all levels of the organization.

2022 INTEGRATED REPORT

Employee Safety

CHILE		2022	Goal 2022	2021*
Number of fatalities	Men	0	0	0
	Women	0	0	0
	Total	0	0	0
Accident rate (number of accidents per year/ average workforce)	Men	4.5		4.9
	Women	4.1		4.1
	Total	4.3	4.4	4.4
Lost days rate (Days lost in the year/average workforce)	Men	65.8		77.1
	Women	68.3		64.2
	Total	67.5	68.8	68.2
Average days lost due to accidents (days lost per year/ number of accidents)	Total	15.7		15.6
Frequency rate (Total accidents/million hours worked)	Total	31.2		22.6
Severity rate (Total days lost in the year/ million hours worked)	Total	444.7		352.0

*The difference between this figure and that reported in the 2021 Integrated Report is attributable to reclassifications by the workplace insurance provider or authorities.

PERU		2022	Goal 2022	2021*
Number of fatalities	Men	0	0	0
	Women	0	0	0
	Total	0	0	0
Accident rate (number of accidents/ average workforce)	Men	0.76		0.46
	Women	0.33		0.15
	Total	0.57	2.0	0.61
Lost days rate (Days lost in the year/ average workforce)	Men	5.2		1.67
	Women	0.6		0.67
	Total	3.2	2.0	2.0
Average days lost due to accidents (days lost in the year/ number of accidents)	Total	6		3
Frequency rate (Total accidents/ million hours worked)	Total	2.3		2.5
Severity rate (Total days lost in the year/ million hours worked)	Total	13.2		8

Contractor Safety

	2022	2021
Number of Fatalities	0	0
Accident Rate (Number of accidents per year/ average workforce)	7.2	3.1
Lost Days Rate (Lost days in the year/ average workforce)	59.7	28.1
Frequency Rate (Total accidents/ million hours worked)	36.1	12.6
Severity Rate (Total days lost in the year /million hours worked)	296.6	107.6

Occupational Health

		2022	2021
Employees with occupational illnesses (Number of people)	Men	0	0
	Women	3	0
Employees with occupational illnesses (n/million hours worked)	Total	0.08	0.0
Employees with occupational illnesses ((n/average hours worked) x 100)	Total	0.01	0.0

6.7 OUR PEOPLE: INDICATORS¹¹

Headcount by Country and Functional Role as of 12.31.2022

Functional Role	Food Retail Chile	Food Retail Peru	Total
Senior Management	12	1	13
Middle Management	235	24	259
Junior Management	715	37	752
Operator	838	35	873
Sales Force	2,316	502	2,818
Administrative	1,016	33	1,049
Other Professionals	7,297	52	7,349
Other Technicians	11,282	60	11,342
Total Headcount	23,711	744	24,455

Headcount by Functional Role and Gender

Functional Role	2022			2021		
	Women	Men	Total	Women	Men	Total
Senior Management	4	9	13	3	9	12
Middle Management	83	176	259	72	173	245
Junior Management	255	497	752	258	516	774
Operator	7,124	4,218	11,342	7,431	4,515	11,946
Sales Force	5,814	1,535	7,349	6,587	1,751	8,338
Administrative	645	404	1,049	651	467	1,118
Other Professionals	386	487	873	386	432	818
Other Technicians	1,606	1,212	2,818	1,729	1,225	2,954
Total Headcount	15,917	8,538	24,455	17,117	9,088	26,205

¹¹ 2021 figures include 1,159 employees of OK Market, a business held for sale as of 12.31.2021.

Headcount by Nationality, Functional Role and Gender as of 31.12.2022

Nationality	Senior Mgmt.	Middle Mgmt.	Junior Mgmt.	Operators	Sales Force	Administrative	Other Professionals	Other Technicians	Total
Chilean	11	223	704	10,983	6,708	993	784	2,708	23,114
Women	3	68	236	6,917	5,465	619	342	1,558	15,208
Men	8	155	468	4,066	1,243	374	442	1,150	7,906
Peruvian	1	24	40	162	550	38	55	75	945
Women	-	10	15	81	271	16	30	33	456
Men	1	14	25	81	279	22	25	42	489
Argentinian	-	3	1	4	3	1	1	1	14
Women	-	1	-	2	1	1	-	-	5
Men	-	2	1	2	2	-	1	1	9
Bolivian	-	-	-	73	39	3	-	4	119
Women	-	-	-	60	38	2	-	4	104
Men	-	-	-	13	1	1	-	-	15
Chinese	-	-	-	1	-	-	1	-	2
Women	-	-	-	1	-	-	-	-	1
Men	-	-	-	-	-	-	1	-	1
Colombian	-	3	3	55	18	-	2	4	85
Women	-	1	2	35	17	-	2	1	58
Men	-	2	1	20	1	-	-	3	27

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Senior Mgmt.	Middle Mgmt.	Junior Mgmt.	Operators	Sales Force	Administrative	Other Professionals	Other Technicians	Total	Senior Mgmt.
Dominican	-	-	-	8	3	2	-	-	13
Women	-	-	-	7	2	-	-	-	9
Men	-	-	-	1	1	2	-	-	4
Ecuadorian	-	-	1	10	3	1	-	1	16
Women	-	-	-	6	2	1	-	1	10
Men	-	-	1	4	1	-	-	-	6
Spanish	-	1	-	-	-	-	-	-	1
Women	-	-	-	-	-	-	-	-	-
Men	-	1	-	-	-	-	-	-	1
American	-	2	-	-	-	-	-	-	2
Women	-	2	-	-	-	-	-	-	2
Men	-	-	-	-	-	-	-	-	-
French	-	1	-	-	-	-	-	-	1
Women	-	-	-	-	-	-	-	-	-
Men	-	1	-	-	-	-	-	-	1
Haitian	-	-	-	20	3	-	-	-	23
Women	-	-	-	4	2	-	-	-	6
Men	-	-	-	16	1	-	-	-	17
Italian	-	1	-	-	-	-	1	-	2
Women	-	1	-	-	-	-	-	-	1
Men	-	-	-	-	-	-	1	-	1
Mexican	-	-	-	1	1	-	-	-	2

Senior Mgmt.	Middle Mgmt.	Junior Mgmt.	Operators	Sales Force	Administrative	Other Professionals	Other Technicians	Total	Senior Mgmt.
Women	-	-	-	1	1	-	-	-	2
Men	-	-	-	-	-	-	-	-	-
Nicaraguan	-	-	-	1	-	-	-	-	1
Women	-	-	-	1	-	-	-	-	1
Men	-	-	-	-	-	-	-	-	-
North Korean	-	-	1	-	-	-	-	-	1
Women	-	-	1	-	-	-	-	-	1
Men	-	-	-	-	-	-	-	-	-
Pakistani	-	-	-	-	-	-	1	-	1
Women	-	-	-	-	-	-	1	-	1
Men	-	-	-	-	-	-	-	-	-
Paraguayan	-	-	-	1	1	-	-	1	3
Women	-	-	-	1	1	-	-	-	2
Men	-	-	-	-	-	-	-	1	1
Rumanian	-	-	-	-	-	-	1	-	1
Women	-	-	-	-	-	-	1	-	1
Men	-	-	-	-	-	-	-	-	-
Russian	-	1	-	-	-	-	-	-	1
Women	-	-	-	-	-	-	-	-	-
Men	-	1	-	-	-	-	-	-	1
Uruguayan	-	-	-	4	-	-	-	-	4
Women	-	-	-	-	-	-	-	-	-
Men	-	-	-	4	-	-	-	-	4

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Senior Mgmt.	Middle Mgmt.	Junior Mgmt.	Operators	Sales Force	Administrative	Other Professionals	Other Technicians	Total	Senior Mgmt.
Venezuelan	1	-	2	19	20	11	27	24	104
Women	1	-	1	8	14	6	11	9	50
Men	-	-	1	11	6	5	16	15	54

Headcount by Age Range, Functional Role and Gender

2022						
	Under 30 years	31 to 40 years	41 to 50 years	51 to 60 years	61 to 70 years	Over 70 years
Senior Management	-	1	7	4	1	-
Women	-	-	4	-	-	-
Men	-	1	3	4	1	-
Middle Management	-	77	127	50	5	-
Women	-	30	42	11	-	-
Men	-	47	85	39	5	-
Junior Management	27	308	301	103	13	-
Women	11	109	97	34	4	-
Men	16	199	204	69	9	-
Operator	2,558	3,069	2,594	2,211	813	97
Women	1,116	2,075	1,915	1,508	475	35
Men	1,442	994	679	703	338	62
Sales Force	2,903	1,948	1,292	923	271	12
Women	1,898	1,672	1,161	848	226	9
Men	1,005	276	131	75	45	3
Administrative	165	445	259	136	39	5
Women	82	278	177	88	18	2
Men	83	167	82	48	21	3
Other Professionals	214	445	162	39	13	-
Women	91	208	68	16	3	-
Men	123	237	94	23	10	-
Other Technicians	216	1,079	964	473	84	2
Women	85	616	618	264	23	-
Men	131	463	346	209	61	2
Total	6,083	7,372	5,706	3,939	1,239	116
Women	3,283	4,988	4,082	2,769	749	46
Men	2,800	2,384	1,624	1,170	490	70

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2021						
	Under 30	31 to 40 years	41 to 50 years	51 to 60 years	61 to 70 years	Over 70 years
Senior Management	-	2	7	2	1	-
Women	-	-	3	-	-	-
Men	-	2	4	2	1	-
Middle Management	1	83	116	40	5	-
Women	-	27	35	10	-	-
Men	1	56	81	30	5	-
Junior Management	33	333	281	116	11	-
Women	11	123	89	33	2	-
Men	22	210	192	83	9	-
Operator	3,046	3,289	2,635	2,158	711	107
Women	1,345	2,221	1,938	1,471	421	35
Men	1,701	1,068	697	687	290	72
Sales Force	3,621	2,187	1,368	900	238	24
Women	2,433	1,891	1,238	815	195	15
Men	1,188	296	130	85	43	9
Administrative	214	468	271	122	36	7
Women	97	281	181	73	16	3
Men	117	187	90	49	20	4
Other Professionals	196	406	159	44	13	-
Women	86	203	78	13	6	-
Men	110	203	81	31	7	-
Other Technicians	315	1,210	928	425	73	3
Women	166	715	598	231	19	
Men	149	495	330	194	54	3
Total	7,426	7,978	5,765	3,807	1,088	141
Women	4,138	5,461	4,160	2,646	659	53
Men	3,288	2,517	1,605	1,161	429	88

Headcount by Tenure, Functional Role and Gender

2022					
	Under 3 years	3 to 6 years	6 to 9 years	9 to 12 years	Over 12 years
Senior Management	3	5	-	5	-
Women	2	2	.	.	.
Men	1	3	.	5	.
Middle Management	68	79	26	42	44
Women	27	22	10	15	9
Men	41	57	16	27	35
Junior Management	181	142	71	84	274
Women	58	37	31	24	105
Men	123	105	40	60	169
Operator	3,079	1,997	1,899	1,927	2,440
Women	1,580	1,189	1,287	1,433	1,635
Men	1,499	808	612	494	805
Sales Force	3,297	1,396	1,009	849	798
Women	2,231	1,171	900	779	733
Men	1,066	225	109	70	65
Administrative	143	158	207	182	359
Women	101	79	91	110	264
Men	42	79	116	72	95
Other Professionals	530	166	57	42	78
Women	219	76	33	24	34
Men	311	90	24	18	44
Other Technicians	391	323	370	513	1,221
Women	165	144	186	309	802
Men	226	179	184	204	419
Total	7,692	4,266	3,639	3,644	5,214
Women	4,383	2,720	2,538	2,694	3,582
Men	3,309	1,546	1,101	950	1,632

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2021					
	Under 3 years	3 to 6 years	6 to 9 years	9 to 12 years	Over 12 years
Senior Management	5	2	1	4	
Women	2	1			
Men	3	1	1	4	
Middle Management	88	56	19	44	38
Women	28	17	7	10	10
Men	60	39	12	34	28
Junior Management	238	127	64	112	233
Women	64	42	23	36	93
Men	174	85	41	76	140
Operator	3,630	2,373	1,984	1,843	2,116
Women	1,782	1,469	1,404	1,369	1,407
Men	1,848	904	580	474	709
Sales Force	3,939	1,915	995	829	660
Women	2,715	1,608	892	769	603
Men	1,224	307	103	60	57
Administrative	163	209	227	211	308
Women	100	94	108	124	225
Men	63	115	119	87	83
Other Professionals	489	127	60	54	88
Women	219	64	37	25	41
Men	270	63	23	29	47
Other Technicians	426	412	454	585	1,077
Women	201	221	255	345	707
Men	225	191	199	240	370
Total	8,978	5,221	3,804	3,682	4,520
Women	5,111	3,516	2,726	2,678	3,086
Men	3,867	1,705	1,078	1,004	1,434

Headcount by Type of Contract and Gender¹²

	Indefinite				Fixed Term			
	2022		2021		2022		2021	
	N°	%	N°	%	N°	%	N°	%
Women	14,936	61%	15,559	59%	981	4%	1,558	6%
Men	7,728	32%	7,973	31%	810	3%	1,115	4%
Total	22,664	93%	23,532	90%	1,791	7%	2,673	10%

Employee Turnover by Age Range and Gender

	2022			2021		
	Total	Women	Men	Total	Women	Men
Under 30 years	117%	111%	124%	92%	85%	100%
31 to 50 years	20%	19%	24%	29%	27%	36%
Over 50 years	13%	12%	13%	24%	21%	28%
Total	44%	38%	55%	46%	39%	57%
Voluntary Turnover	33%	28%	41%	30%	26%	38%
Non-Voluntary Turnover	11%	9%	15%	16%	14%	19%

“STEM” (Science – Technology – Engineering – Mathematics) Roles by Gender

	2022		2021	
	% Women	% Men	% Women	% Men
Total	46.3	53.7	50.4	49.6

¹² SMU does not have employees with contracts associated with specific projects or service fees.

Managers and Executives in Revenue-Generating Areas

2022				
	Women		Men	
	Number	%	Number	%
Operations	8	14.3	48	85.7
Commercial	4	33.3	8	66.7
UNIDATA	3	75.0	1	25.0
E-Commerce	1	16.7	5	83.3
Total	16	20.5	62	79.5

2021				
	Women		Men	
	Number	%	Number	%
Operations	13	15.9%	69	84.1%
Commercial	6	22.2%	21	77.8%
UNIDATA	10	58.8%	7	41.2%
E-Commerce	5	41.7%	7	58.3%
Total	34	24.6%	104	75.4%

People with Disabilities

	Women	Men	Total
Senior Management	-	-	-
Middle Management	1	-	1
Junior Management	-	2	2
Operator	4	3	7
Sales Force	6	2	8
Administrative	10	6	16
Other Professionals	46	34	80
Other Technicians	58	159	217
Total Headcount	125	206	331

7.



CUSTOMER CENTRIC



CUSTOMER CENTRIC

SMU’s vision and purpose establish that customers and their needs should be at the center of the entire organization and must be an overarching focus for all areas. Each SMU format strives to get to know its customers and establish a close relationship with each to offer excellent service that makes their shopping experience more pleasant. The Company also takes steps to maintain transparent communication, ensure the quality and safety of its merchandise, and protect its customers' personal information.



Progress: Customer Centric

PRIORITY AREA	PROGRESS IN 2022	SDG
<p>Improved shopping experience</p> <p>Responsible consumption</p> <p>Private label</p>	<ul style="list-style-type: none"> • Omnichannel expansion, getting closer to customers with new stores and new online sales channels: launch of Alvi.cl and partnership with Mercado Libre • Private label development: 330 product launches, 69% sales growth, and 171 products certified with recyclable packaging Ecolabel • Consume Soon program offers savings to customers and reduces food waste (5,404.5 tons in 2022) • Certification of SMU’s Consumer Protection Model 	 <p>Contributes to goals:</p> <ul style="list-style-type: none"> • 12.3 • 12.5

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The SMU business model puts the customer at the center of each decision and project. Doing so makes it possible to fulfill the Company's purpose: making life easier for its customers. Strategic plans and the Corporate Sustainability Model reflect this commitment to the customer, a key focus of each SMU area.

The SMU commitment to the customer also involves a culture of consumer rights protection, including a Corporate Consumer Protection Compliance Policy, a Consumer Protection Decalogue and a Consumer Protection Model, which was certified by an independent third party for the first time in 2022. For more information on how SMU addresses this issue, see Section 5.2.3 Consumer Protection.

SMU serves a diverse customer base through its different formats and extensive geographic coverage, including operations in Chile and Peru. No customer – at the consolidated, Food Retail Chile or Food Retail Peru levels – represented more than 10% of the Company's or the respective segment's revenue in 2022.

7.1 THE CUSTOMER EXPERIENCE

Since the shopping experience is a cornerstone of its operations, SMU always strives to understand its customers' needs and preferences in order to improve the value proposition at each of its formats. Customer preferences shifted during the pandemic. Some changes were temporary, but others are permanent. SMU's knowledge has proven a valuable tool in this dynamic context. The Company has used the *Club Ahorro* and Club Alvi loyalty programs to offer affiliated customers personalized discounts and other benefits.

SMU's multiformat strategy enables it to offer several value propositions and serve the needs and preferences of different customer segments.

7.1.1 MAKING LIFE EASIER

Understanding its customers' changing needs, the Company can improve its value propositions to provide experiences and solutions that make life easier. Assortment is one of the most important elements of the shopping experience. Consequently, SMU constantly monitors customer assortment needs through ad hoc studies and surveys. Each time customers communicate a need for improvement in this area, SMU strives to understand what is missing in terms of customer needs and preferences and to take action to make the requested improvement.

**7.1.1.1
PROMOTIONAL ACTIVITY**

Pricing is another crucial component of the shopping experience. In 2022, with inflation high, SMU sought to help customers optimize their household budget through various initiatives and campaigns.

Loyalty programs are a valuable tool in designing promotional activity. They enable the Company to identify customer preferences and needs as well as offer personalized discounts to save customers money on the products that are most important to them.

Promotional activity is at the core of Unimarc’s value proposition. The Path to Savings program ran most of the year, offering low prices on food staples and generating savings for millions of families in Chile. Another highly valued campaign was the partnership with BancoEstado which offered discounts when using a BancoEstado payment method. The timing of this last campaign (September and December) gave customers access to more discretionary categories, where inflation weighed on consumption.



At other formats, promotional campaigns focused on household staples and kept the focus on savings.

Another initiative that helps customers save while also contributing to food waste reduction is the Consume Soon program. It offers steep discounts on products in optimal condition but within a few days of being removed from the shelves due to their sell-by date. In 2022, it kept 5,401.8 metric tons of food from being discarded, and customers enjoyed discounts of 30% to 50% off the products.

7.1.1.2 HEALTH AND NUTRITION

Based on the in-depth knowledge it gleans from loyalty programs, studies and surveys, each SMU format determines and adjusts its product assortment to meet customer needs and preferences. Since the Company focuses on food sales, which represent approximately 98% of its revenues, the health and nutrition of the products it sells are important to its value proposition.

Across different segments, customers are beginning to demand increasingly natural, functional foods with clean labels (without additives or sweeteners). They look for reduced fat, low or no sugar, organic and plant-based foods. Others look for Free From products, not necessarily because of a food allergy, but because they are adopting a new lifestyle that is more conscious of the impact they generate along the value chain.

Each format addresses this trend in the way that best suits its customers. Unimarc has identified four key factors: experience, variety, quality and availability. The format aims to draw closer and build loyalty among a segment of customers who, driven by burgeoning food awareness or satisfying specific dietary needs, seek easier, one-stop access to a variety of products that suit their dietary restrictions or lifestyle. This results in a more pleasant experience as they satisfy their needs.

At Mayorista 10, which strives to be an ally for household savings, customers access wholesale prices beginning with the first unit purchased. The offerings include natural and healthy products, covering the main units of need with a simple assortment of market and customer favorites.

Similarly, the Super10 format seeks to offer a complete assortment, covering all its customers' units of need with a focus on savings. The perishables section includes unprocessed products, with a focus on natural, healthy options, Free From (sugar, lactose, gluten, etc.) products and products without warning labels. The addition of new private-label products will complement the assortment in Super 10 stores, where they already comprise a significant portion of the offering.

Alvi's B2B customers enjoy very direct relationships with the families in the communities where they operate. The Alvi assortment now includes different healthy options – e.g., with fewer warning labels or higher protein content – in the highest demand, most frequently purchased categories. These include dairy products, candy, cookies, cereals and snack-sized beverages. On the other hand, the larger formats serving hotel, restaurant, cafeteria and food service customers have added new products to satisfy the different food trends.

**7.1.1.3
NEW PRODUCTS**

Developing private-label products is one of the main initiatives of SMU’s strategic plan as it aims to make life easier for its customers. Recently launched new brands and products have been well-received by customers. They perceive the price-quality ratio to be good, which was especially important in the context of high inflation that motivated customers to look for less expensive products. The Company closed 2022 with 14 specialized brands, including Nuestra Cocina (dry goods), Amada Masa (bread and pastry), Fondo Rio Alegre (meat), Azul Profundo (frozen fish), Tento (indulgence), Smart Clean (cleaning) and Como en Casa (ready-to-eat food). These brands, marketed across all SMU formats, have been well-received as reflected in sales, which grew 69% in 2022 compared to 2021.



7.1.1.2 NEW SALES CHANNELS

In 2022, as part of its multiformat strategy and omnichannel growth initiatives, SMU expanded its brick-and-mortar and online presence. It drew closer to customers, opening and reopening a total of nine Unimarc, Alvi and Maxiahorro stores and expanding coverage of its online platform, Unimarc.cl, to operate in all 16 regions of Chile. It also added a new sales channel for Club Alvi members with the launch of Alvi.cl. This solution boosts business by allowing B2B customers to restock their businesses while continuing to serve their customers. Additionally, the Company announced a new strategic partnership between Unimarc.cl and Mercado Libre, Chile’s most visited online marketplace.

7.1.2 CUSTOMER SATISFACTION

SMU constantly conducts satisfaction surveys to track the customer experience in the different store formats. The Net Promoter Score (NPS), calculated on the basis of those results, indicates customer loyalty to each format based on willingness to recommend it. Understanding why a customer recommends or does not recommend a brand makes it possible to enhance areas that contribute to the recommendation and improve those that negatively affect it.

Raising awareness and visibility of how customers evaluate their shopping experience at SMU formats is essential to deepening commitment to the customer within the organization. To that end, NPS has been a variable in the calculation of employee performance incentives since 2019. By linking NPS results to incentives, the Company seeks to place customer experience at the center of employee decisions.

In 2022, the NPS reflected the impact of inflation on customers, as most customer demands focused on prices and sales. These aspects also weighed even more heavily in their evaluations.

Net Promoter Score

















	2022	2021
NPS SMU (*)	57.9%	61.8%

*Operations in Chile.

7.1.3 RESPONSIBLE COMMUNICATION

Ongoing, fluid communication with customers is essential to understanding their needs and improving their shopping experience at SMU's different formats. As such, each format has channels through which customers can ask questions and submit complaints, suggestions or positive feedback.

Communication Channels Available to Customers

	Unimarc	Alvi	Mayorista 10	Super10
600 phone line				
Social media networks				
Whistleblower channel on website				
Complaints and suggestions book				

In addition to the communication channels through which customers can contact SMU, each format has a website to share important information, including store locations, hours of operations and current discounts.

7.1.3.1 COMPLAINT MANAGEMENT

The Customer Service area uses a formal procedure to process feedback received through the different communication channels. When a complaint is received, the Company strives to contact the customer as quickly as possible, usually within 24 business hours. Complaint management platforms facilitate receipt, follow up and resolution of complaints.

In recent years, as a result of the pandemic, customers have modified their habits regarding the use of communication channels. They now prefer digital channels, like social networks and other remote channels like the 600 hotline. The Company has adapted well to this shift and has managed to maintain its service levels and response times.

In addition to SMU communication channels, the Company is legally required to respond to complaints filed through SERNAC within seven days. To improve traceability and streamline processes, the Customer Service team includes complaints filed through SERNAC in the complaint management platform. As in 2021, the average response time for SERNAC complaints was five days in 2022.

SERNAC Complaint Management

SERNAC Complaints 2022	Unimarc	Alvi	M10	Super10	Total
Average response time (days)	5	5	5	5	5
% of SERNAC complaints answered	100%	100%	100%	100%	100%

SERNAC Complaints 2021	Unimarc	Alvi	M10	Super10	Total
Average response time (days)	5	5	5	5	5
% of SERNAC complaints answered	100%	100%	100%	100%	100%

To reinforce best practices in complaint management and streamline processes to provide more agile solutions to customers, employees responsible for in-person response to customer complaints receive training. This group of employees includes store managers, heads of area and customer service teams in stores where such a role exists.

**7.1.4
PRIZES AND RECOGNITION**

In 2022, SMU received the following prizes and recognition regarding customer experience:

- **Effie Awards:** The Company received three Effie awards, recognizing the creativity and results of its advertising campaigns: Gold Effie in the “Promotions” category and Bronze Effie in the “Seasonal Marketing” category for the “*El asaito del 18 es de Unimarc*” campaign, and Silver Effie in the “Seasonal Marketing” category for the “*Las celebraciones de fin de año de Unimarc*” campaign.
- **IAB Mixx Awards:** SMU’s retail media business, Unimedios, was recognized for the strategy and results of its *Leche Nido* campaign, receiving third place in the “Direct” category.



7.2 QUALITY AND SAFETY ASSURANCE

SMU's work is characterized by a firm commitment to the quality of its products and processes, in accordance with its Corporate Quality Policy.

Each format strives to provide this essential piece of the shopping experience to all customers while also meeting health regulations. The Company's Comprehensive Quality Assurance System covers the product cycle from arrival in the distribution center or store until the product is stocked on the shelf. The system includes a rigorous process for selecting and monitoring suppliers as well as validating in-store operating processes.

Each year, the Company establishes a Quality Assurance Plan. In 2022, as it did in 2021 under this plan, the Company focused on stricter adherence to quality processes and identifying suppliers with external quality certifications. In addition to ensuring the quality of the products SMU carries, successful implementation of these measures should reduce the number of quality complaints and health code violations received. In 2022, the number of complaints was 7% lower than in 2021, and the number of health code violations was 23% lower than in 2021. Out of total health inspector visits to facilities, 8% resulted in the citation of a health code violation, but none of the violations was related to food safety.

The Quality Assurance Area has an annual plan for training and reinforcing best operating practices under current procedures and regulations. Among other activities, the plan involved training focused on more than 12 safety and quality issues, and as a result, adherence to quality processes has improved by 1.9%.

7.2.1 PRODUCT SAFETY

As part of its quality assurance model, SMU has a Microbiological Monitoring Program to ensure that food manufacturing, production and handling processes comply with the Company's internal rules and current legislation. The program involves periodic sampling of products, equipment and utensils to ensure compliance with internal processes.

In 2022, samples were taken at 135 establishments, more than the previous year's 93 samples, and 100% of samples taken had results that were within acceptable levels according to regulations in force.

With respect to its private label products, the Company also has a random sampling plan, in order to ensure compliance with both legal requirements and quality standards for these products. In 2022, based on the risk matrix, the Company decided to sample 103 formulations of products belonging to 36 categories. As part of the process, product labels, nutritional information, microbiology, and technical specifications, among other characteristics, are reviewed. This plan is carried out by an independent, accredited laboratory, which takes samples from different Company stores.

7.2.2

FOOD LABELING

As part of its commitment to the Quality Policy, SMU ensures that the information on the labels of the products it offers – including private labels – is clear and meets the requirements outlined in Food Labeling Law No. 20,606. This includes the recommended total daily calorie, fat, sodium and total sugar intake for an adult.

The third phase of the Labeling Law came into effect in 2019. In 2022, SMU continued monitoring the process of including products under the law. A total of 7,125 products were added during the year.

In 2022, the Company received five health code violations for failure to comply with the labeling law, relating to labels provided by suppliers.

7.2.3

SUPPLIERS AND QUALITY

For quality assurance, SMU uses a supplier evaluation and monitoring methodology involving a risk matrix based on each supplier's initial conditions (e.g., certifications) and its response to complaints from customers, stores or distribution centers.

As an additional input, it includes reviewing products already in storage to analyze behavior over their useful life. This step has significantly reduced the rate of complaints in certain product categories.

According to the risk matrix and historical product and supplier behavior, the Company has certified laboratories evaluate the microbiological characteristics of products on a regular basis, in order to ensure product safety.

7.3 DATA PROTECTION

Protecting and guaranteeing the privacy of customer data is a priority at SMU. Through a subsidiary dedicated to handling and protecting data, the Company consolidates data in a storage repository that meets high security standards and transforms data into internal work codes. Additionally, the Information Security Officer focuses exclusively on data protection issues, while the Information Security Committee – comprised of representatives from the legal, compliance and technology areas as well as external advisors and business areas – comprehensively addresses data protection under current legislation.

Similarly, SMU informs its customers about the use of their personal data through the Privacy Policies of its respective loyalty programs, Club Ahorro and Club Alvi. These policies provide information about data treatment: the data collected, the use of the data, ARCO Rights (Access, Rectification, Cancellation and Opposition), the amount of time data will be stored, how data is protected, and what data is disclosed to third parties, among others.

SMU always strives to implement best practices in information security. To that end, it continually reviews its processes and procedures. The Information Security Policy and internal regulations on all aspects of protecting information assets govern proper use in alignment with international best practices (ISO 27,000).

The Company has continued strengthening its data protection program, developing a risk matrix per ISO 31,000 and expanding the scope of the new monitoring systems to ensure data is exchanged correctly and prevent data leaks in 2021. During 2'22, the Company hired the audit firm EY to review the level of regulatory compliance with respect to personal data protection, and also to identify opportunities for improvement, ahead of potential regulatory changes in the future. Given the importance of data protection for SMU and its customers, the Company reinforces security standards through training and internal communications campaigns. In 2022, 4,175 employees received training on data privacy protection, an increase of 68% compared to 2021.

SMU did not receive any complaints regarding customer data loss in 2022.

8.



RESPONSIBLE SOURCING



RESPONSIBLE SOURCING

SMU encourages responsible sourcing throughout the supply chain, promoting respect, trust, transparency, fair treatment and fluid relationships with more than 5,000 suppliers. It acts under the premise that a good relationship with them improves the quality of the final products and services and also supports the development of local micro, small and medium-sized suppliers. The Company strives to better understand its suppliers' practices and policies and ensure alignment with CERCA values.



Progress: Responsible Sourcing

PRIORITY AREA	PROGRESS IN 2022	SDG
Risk management in supply chain Development of local suppliers	<ul style="list-style-type: none"> 100% <i>Nuestro</i> program: 34 new suppliers, for a total of 203 at year end 100% <i>Nuestro</i>: product recommendation +28,2 pp and supplier recommendation survey +16.4 pp. Partnership with INDAP to develop small suppliers of fruits and vegetables, offering three training sessions on topics specific to the agriculture industry 	 Contributes to goals: <ul style="list-style-type: none"> 2.3 8.3

The supply chain is an essential part of SMU's business and in achieving its corporate vision of being the supermarket chain that best meets customer needs. The company must have an assortment of high-quality products at attractive prices, which requires developing long-term relationships with many suppliers.

In addition to direct suppliers, which supply the merchandise SMU sells, the Company works with many indirect suppliers, which are the companies that provide the goods and services SMU uses in its operations, e.g., technology, marketing, security and housekeeping.

Given their relevance in the quality of the products and services the Company offers its customers, SMU considers all its suppliers key stakeholders. SMU manages these relationships from a perspective of responsible sourcing – one of the core concepts of the SMU Corporate Sustainability Model. Thus, the Company promotes respect and mutual trust with each of its suppliers with the expectation that they will uphold the highest ethical and regulatory standards while building sustainable, mutually beneficial relationships.

8.1 SUPPLIER MANAGEMENT

SMU's relationships with its suppliers are managed in accordance with policies and procedures that aim to promote transparency, fair treatment and best practices. These include the Code of Ethics and Business Conduct, Free Competition Policy, Crime Prevention Policy, Responsible Sourcing Policy, Suppliers' Decalogue (ten rules that regulate the Company's supplier relationships), and a Supplier Ombudsperson (an impartial mediator who acts in good faith to bring the parties together to resolve differences amicably and to reach a fair resolution).

In addition, the Company has specific policies and procedures in place depending on the type of supplier. For example, for direct suppliers, the General Merchandise Provision Regulations (NGAM) apply, whereas indirect suppliers are subject to the provisions of the Indirect Supplier Manual.

Overall, SMU worked with 3,609 suppliers in 2022, none of which individually represented more than 10% of total purchases of goods and services at the consolidated, Food Retail Chile segment, or Food Retail Peru segment level.

During 2021 and 2022, SMU implemented the SAP Ariba tool, thereby transforming the supply process through standardization and automation. This tool facilitates improved supplier management by making it easier to access and track documents; providing increased confidentiality and transparency in negotiation processes; centralizing and updating information; and delivering greater efficiency and time savings for buyers, among other benefits.

Another achievement in supplier management was a review of geographic zones in Chile that are affected by droughts, mapping out the main fruit and vegetable suppliers with production facilities in those zones, in order to understand how the water shortage affects them. This review was conducted as part of the Company's efforts to ensure the availability of products that are a key part of customer satisfaction and to mitigate the risks of climate change on the supply chain. The analysis focuses on regions with the most severe water shortages, identifying product types, production areas, and the type of sprinkler system used, covering large, medium, and small suppliers.

Critical Suppliers

At SMU, supplier management includes identifying critical suppliers. Critical direct suppliers are defined as those that supply more than 60% of purchases in a given category. There were 24 suppliers in this group in 2022. In order to safeguard the merchandise supply process and ensure high levels of product availability, SMU's logistics area has a program focused on high-volume suppliers, including critical suppliers. This program includes monitoring the supply chain, inventory management, early warnings of situations that affect the supply chain, designing efficiency plans, and the use of KPIs, among others.

Critical indirect suppliers are those that supply products or services that are essential for the Company's operations and without which, a significant business process would be interrupted, be it at stores, distribution centers, or headquarters. There are several special requirements involved in managing these suppliers. For example, SMU must have a continuity of service plan; include clauses on confidentiality, audits and service levels in contracts; have documentation that supports the supplier's financial solvency; and evaluate the supplier's internal oversight via an annual report from an independent auditing firm. In 2022, the Company identified six critical indirect suppliers, representing less than 1% of all purchases.

8.1.1 SUPPLIER EVALUATION

In order to determine whether a contractual or commercial relationship can be initiated or maintained, SMU evaluates current and potential suppliers on the basis of criteria that depend on the nature of the product or service to be hired. These criteria may include factors relating to the supplier's internal control system, energy efficiency, labor regulation compliance, anticorruption, social inclusion, and sustainable agriculture, among others.

Likewise, the Company reviews potential conflicts of interest with suppliers before initiating the contractual or commercial relationship. This information must be updated by suppliers every two year and/or whenever new situations that could affect the relationship arise.

Suppliers Evaluated Under Sustainability Criteria

	Evaluated in last year ¹³			Evaluated in last three years ¹⁴	
	No. Suppliers	% Purchases in 2022 ¹⁵	% of New Suppliers Added	No. Suppliers	% Purchases in 2022
Domestic Suppliers	1,082	62.7%	65%	2,728	92.9%
International Suppliers	108	4.2%	61%	158	7.0%
Total	1,190	66.9%	64%	2,886	99.8%

¹³ Includes suppliers with purchases in 2022 who were evaluated during the preceding year.

¹⁴ Includes suppliers with purchases in 2022 who were evaluated at least once between 2020-2022.

¹⁵ It should be noted that this percentage is calculated at the supplier level. There are suppliers from which the Company purchases multiple types of products or services. The Company may evaluate some but not necessarily all products or services under sustainability criteria. For example, organic certification is evaluated at the product level, not at the supplier level. It is not possible to calculate the purchase amount at the supplier-product level. Therefore, if a supplier has been evaluated under at least one sustainability criterion, then all purchases of goods and services from that supplier are included, even those in categories that were not evaluated.

8.1.1.1

DIRECT SUPPLIERS

The SMU direct supplier evaluation methodology applies to new and existing suppliers. The Company classifies its direct suppliers based on their products' risk and determines whether they are certified (e.g., IFS Food, HACCP and SQF). A matrix dictates the actions required for each supplier based on their category, e.g., requesting proof of certification, conducting an audit, monitoring, etc. There are also specific criteria that apply to particular products. For example, organic products must have the corresponding certificate.

SMU requires that its private label and controlled brand suppliers be certified under the Global Food Safety Initiative (food products), ISO 9000 quality management or equivalent standards (non-food products). In the absence of these certifications, the supplier must submit to quality inclusion audits to verify minimum compliance levels. The recyclability of the packaging materials is also factored into the evaluation, in order to comply with the Clean Production Agreement. Specific, product-level requirements apply for the private label portfolio, as well. For example, suppliers of cage-free eggs must provide the animal welfare certification (Certified Humane).

The technical area for private label products also contracts service providers for development and quality processes. These include certifying laboratories; consultants specializing in food safety regulations and ISP issues; and certifying agencies for audits, pre-shipping inspections, and ISO 9001:2015 certification maintenance for the development process.

Aiming to promote sustainability in the products it offers, SMU is working with suppliers to increase awareness of best practices in areas like social audits and animal welfare for consideration in future purchase processes. The Company has requested and received certifications relating to different sustainability matters. This information can be incorporated in future evaluation and selection processes.

8.1.1.2

INDIRECT SUPPLIERS

In accordance with the Indirect Suppliers Evaluation and Adjudication Procedure, suppliers that participate in bidding processes, suppliers that are subject to Law No. 20,123 (regulating subcontracted work and temporary service providers), and other suppliers that the Company considers necessary must be evaluated on an annual basis by an external company that reviews legal, financial, and labor factors, as well as compliance with Chile's inclusion law. In addition, for domestic suppliers, prior to adjudication, the company must verify that the supplier has not in any way been linked to crimes regulated by Law No. 20,393 (bribery of domestic or international public officials, money laundering, financing terrorism, receiving stolen property, corruption, misappropriation, malfeasance, negotiations where a conflict of interest in present, water pollution, and others) or other crimes.

With respect to indirect suppliers that have been identified as critical, in accordance with the Indirect Supplier Purchase Policy, the internal controls of such suppliers must be evaluated once a year, through a report issued by an independent audit firm.

With respect to contractors, subcontractors, and temporary service providers, in accordance with the Labor and Social Security Certification Procedure, in order to commence and maintain a contractual relationship with SMU, the Company uses an agency authorized by the National Institute for Standardization to certify monthly compliance with labor and social security obligations. The agency monitors 100% of recurrent contractors with personnel in the Company's facilities, and these suppliers authorize SMU to undertake the necessary actions required to fulfill the obligations with the individuals who are employed as contractors or temporary service providers at the Company's facilities, in the event that such suppliers fail to comply with the certification requirement.

During 2022, SMU worked with 286 contractor companies, of which 89% complied with 100% of their monthly certifications. The Company generated action plans to work with the remaining 11% of companies, in order to remedy the situation. Thanks to these action plans, it was not necessary to terminate the contractual relationship with any of these suppliers due to failure to comply with labor certifications.

In order to continue to promote sustainability in the supply chain, the Company is working to gather information about the labor, environmental, and ethical practices of its indirect suppliers. This information may be used in evaluation and selection processes in the future.

8.2 DEVELOPMENT OF LOCAL SUPPLIERS

8.2.1

LOCAL SUPPLIERS

As a company with a strong regional identity, SMU strives to enrich its offerings with local products that reflect the areas where it operates and, more importantly, support SME growth.

In Chile, 93% of SMU purchases are from Chilean suppliers. Furthermore, 80% of the purchases from Chilean suppliers are from Santiago, while the other 20% are from outside Metropolitan Santiago.

8.2.2

THE *100% NUESTRO* PROGRAM

The “*100% Nuestro*” program is an innovative initiative within the retail industry. This program was created by Unimarc in 2012 in order to contribute to society through the development of local suppliers in the different regions of Chile. The first region to participate in the program was Aysén, from the far south of the country, and today, *100% Nuestro* has local suppliers and sales in all regions.

Through the *100% Nuestro* program, Unimarc aims to complement its product assortment by offering attractive, regional products that contribute to the customer shopping experience while also helping small, local producers to strengthen their businesses. By the end of 2022, the program had a total of 203 suppliers, 40 of which are from the Santiago Metropolitan Region, and the remaining 163 are all from other regions of Chile. Overall, the *100% Nuestro* assortment includes 1,057 products across different categories, including fruits and vegetables, fresh products, mass consumer products, and production.

Fruits and vegetables and other fresh products account for 64% of *100% Nuestro* sales

This program provides new suppliers, who otherwise might not have access to large retailers, with an opportunity to sell their products at a supermarket with national coverage for the first time. Program benefits include specialized, dedicated executives who follow KPIs that include not only sales but also other variables relating to socioeconomic and environmental development. Participants also benefit from preferential conditions, access to mass sales channels, training programs, dedicated selling space, and advertising through traditional and social media, thereby generating a connection to the creation of shared value. A key focus area of the program is to help SMEs build up the scale of their businesses, and the

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successful results are evidenced by the fact that many of these companies now sell their products at the national or even international level.

The program promotes small businesses who produce their goods using local labor and practices based on sustainable development, considering social, environmental, and economic factors.

Different indicators reflect this focus. For example, 83 suppliers are women-led companies. The assortment includes products based on recovered foods (such as the Imperfect Project). Other suppliers have a social focus, providing employment opportunities to people with disabilities or senior citizens (*Cooperativa Hortinclusiva* with *IncluyeTé*, with their range of teas, and *A la Huerta de la Esquina* from *Edudown*, producing jams and jellies), to name a few.

In 2022, the Company focused its efforts on the search for new suppliers, as well as training programs and SME business development programs. The year's highlights included a business conference organized in partnership with the Chilean Entrepreneurs' Association, ASECH; participation in a business conference organized by the Technical Cooperation Service, SERCOTEC, in La Serenca, and training seminars in partnership with the Agricultural Development Institute, INDAP, and ASECH.

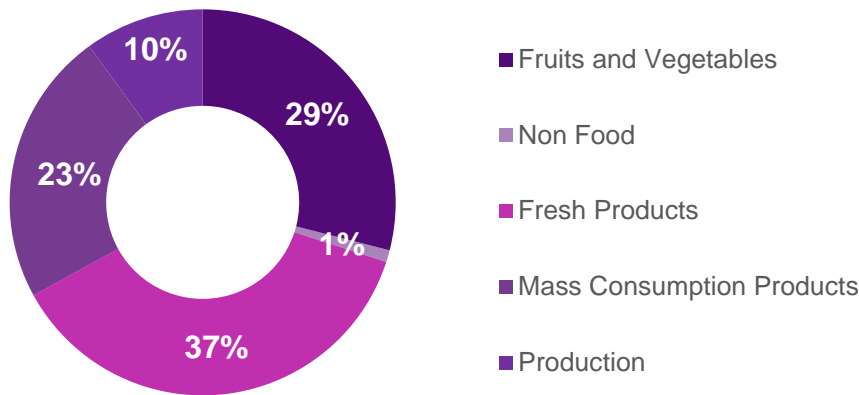
The program has been developed to the point that it includes products in all of the main categories offered by Unimarc, offering an assortment that contributes to a differentiating and sustainable value proposition.

100% Nuestro Suppliers by Business Line

Business	No. Suppliers	% Suppliers
Fruits and vegetables	68	33.3%
Non-food	5	2.4%
Fresh foods	45	22.1%
Mass consumer products	64	31.9%
Production	21	10.3%
Total	203	100%

Out of all purchases from *100% Nuestro* suppliers, the largest share comes from fresh products, which include dairy, cheese, cold cuts, and fresh juices. The second-largest category is fruits and vegetables.

100% Nuestro Unimarc Purchases in 2022



SUPPLIER DEVELOPMENT

Partnership with INDAP

The 100% Nuestro program began as an opportunity to incorporate small entrepreneurs that produced fruits and vegetables in the Aysén Region of Chile, through a strategic public-private partnership with INDAP, thereby responding to the need for fresh, local produce from the same geographic zone, in order to create shared value among customers, suppliers, and food retailers. As such, it was possible to include suppliers that otherwise would not have had access to mass sales channels like supermarkets.

The partnership with INDAP continues today, through the Fruit and Vegetable Production Supply Program, which aims to promote the development of small growers and to help optimize their production processes, as well as to incorporate them in sales channels and help them access special conditions

In addition, as part of this partnership, during the year, over 30 regional agricultural suppliers participated in three different training seminars, giving them the opportunity to ask questions, and giving the Company the opportunity to attract new suppliers to the program.

As of December 31, 2022, 36 SMEs belong to this program.

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ASECH and SERCOTEC Business Conferences

In collaboration with the Chilean Entrepreneurs' Association (ASECH), the Company organized a new "100% *Nuestro* Business Conference," inviting potential suppliers from the food industry throughout Chile, and with a special emphasis on regions outside of Santiago Metro, to present their products to Company executives and buyers, in order to evaluate their incorporation into the 100% *Nuestro* program.

Over 400 entrepreneurs signed up for the conference, 70 of which advanced to the evaluation stage of the process.

In addition, on August 17, SERCOTEC organized a business conference in which the 100% *Nuestro* program participated, meeting with potential suppliers in La Serena.

Supplier Training

In addition to having access to special conditions and a dedicated service team, the 100% *Nuestro* program helps promote the development of SMEs so they can grow in scale, providing them with a series of training programs to help with continued improvement.

An example is the Bootcamp program executed with ASECH and the Universidad del Desarrollo. A total of 44 100% *Nuestro* suppliers participated in this program, focusing on female-led start-ups. The topics covered included developing a value proposition, supply chain, accounting, value chain, and brand positioning.

In November, marking the ten-year anniversary of the program, 129 suppliers were invited to a training program on organizational digitalization, including data, analytics, people, communication, digital positioning, strategy, digital transformation, culture, and leadership. The program was given by ASECH and speakers specializing in each of the topics.

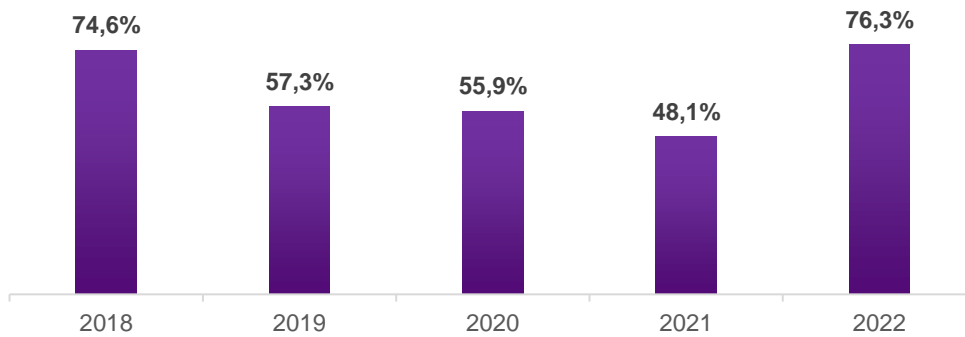
Customer and Supplier Evaluation of 100% *Nuestro*

The Program Awareness Survey applied to customers in October 2022, there was a significant improvement in the levels of awareness of the 100% *Nuestro* program among Unimarc customers, with an NPS¹⁶ of 76.3%, an improvement of 28.2 percentage points with respect to 2021. The key attributes that are most valued by customers include the excellent quality of 100% *Nuestro* products and the high awareness of the fact that these products are produced by regional SMEs

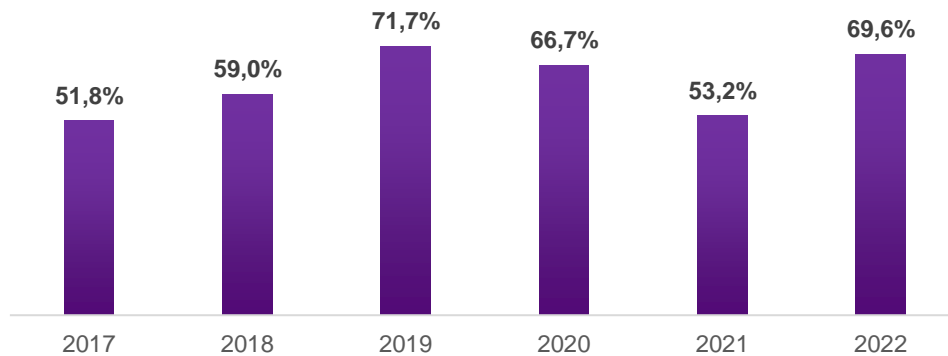
¹⁶ NPS (*Net Promoter Score*) is an indicator used to measure customer loyalty to a particular brand, providing insight into the practices that contribute to user preference.

Similarly, the Program Awareness Survey applied to suppliers the same month had an improvement of 16.4 percentage points over 2021, reaching an NPS of 69.6%. In this case, the SMEs that participate in the program highlighted the growth they have achieved thanks to their exposure at Unimarc stores, as well as better market positioning, and the quality of service provided by the Company's dedicated team.

NPS 100% Nuestro: Measurement of Customer Awareness of the Program



NPS 100% Nuestro: Measurement of Supplier Satisfaction



8.3 SUPPLIER PAYMENTS

SMU conducts its payment processes based on the General Merchandise Procurement Regulations, the Indirect Suppliers Manual, the Small Suppliers Procedure, the Payment Processing Procedure and the Exception Registration Procedure, rules anchored in the contractual relationship and current legal regulations. The distinction is not between critical and non-critical suppliers but between small and large ones.

All small suppliers are paid within a maximum of 30 days. Unless a supplier has a contract with SMU that sets a different term, the payment term is also 30 days. Suppliers with contracts are paid within the agreed-upon term.

The Company has a scheduling team that ensures these standards are met. This team periodically reviews supplier classifications to ensure that small suppliers are classified as such. SMU does not set goals for supplier payment terms other than those outlined in the policies above. In 2022 and 2021, the Company did not pay interest for late payment of invoices.

By law, agreements setting payment terms for domestic suppliers in excess of legal requirements must be registered with the Chilean Ministry of Economy's Registry of Agreements with Exceptional Payment Terms. As of December 31, 2022, SMU has 15 contracts registered.¹⁷

¹⁷ The registry does not allow registration of agreements more than five days after their signing. Most contracts between SMU and its suppliers were signed before the registry came into effect. The Company is in the process of signing contract annexes that will allow the agreements to be added to the Registry. However, it should be noted that supplier payment is made in accordance with the mutually agreed-upon conditions set forth in the respective commercial agreements.

Supplier Payments 2022

	Up to 30 calendar days*	31-60 calendar days	Over 60 calendar days	Total
No. Invoices (Domestic Suppliers)	390,062	1,984,873	784,309	3,159,244
SMU Chile	354,492	1,932,156	776,690	3,063,338
SMU Peru	35,570	52,717	7,619	95,906
No. Invoices (International Suppliers)	762	2,218	1,890	4,870
SMU Chile	745	2,187	1,860	4,792
SMU Peru	17	31	30	78
Amount of Invoices (Domestic Suppliers) (CLP millions; amounts include VAT)	816,575	1,615,772	540,258	2,972,605
SMU Chile	794,291	1,570,854	529,637	2,894,782
SMU Peru	22,284	44,918	10,621	77,823
Amount of Invoices (International Suppliers) (CLP millions; amounts include VAT)	53,706	190,392	90,276	334,375
SMU Chile	53,683	190,354	90,052	334,089
SMU Peru	24	38	224	286
No. Domestic Suppliers	2,993	1,159	461	3,430
SMU Chile	2,746	881	412	2,856
SMU Peru	247	278	49	574
No. International Suppliers	72	105	131	179
SMU Chile	69	103	129	172
SMU Peru	3	2	2	7

Supplier Payments 2021

	Up to 30 calendar days*	31-60 calendar days	Over 60 calendar days	Total
No. Invoices (Domestic Suppliers)	514,892	2,547,575	933,990	3,996,457
SMU Chile	479,962	2,505,982	928,101	3,914,045
SMU Peru	34,930	41,593	5,889	82,412
No. Invoices (International Suppliers)	1,201	1,581	856	3,638
SMU Chile	1,173	1,552	829	3,554
SMU Peru	28	29	27	84
Amount of Invoices (Domestic Suppliers) (CLP millions; amounts include VAT)	604,268	1,564,923	533,864	2,703,056
SMU Chile	582,045	1,531,903	527,795	2,641,744
SMU Peru	22,223	33,020	6,069	61,312
Amount of Invoices (International Suppliers) (CLP millions; amounts include VAT)	62,425	107,243	36,282	205,950
SMU Chile	62,316	107,210	35,678	205,204
SMU Peru	109	33	604	746
No. Domestic Suppliers	2,986	1,238	523	3,411
SMU Chile	2,697	987	458	2,806
SMU Peru	289	251	65	605
No. International Suppliers	127	120	121	166
SMU Chile	124	118	120	160
SMU Peru	3	2	1	6

* In compliance with legal requirements in Chile, all small suppliers are paid within a maximum of 30 days.

Purchases from Suppliers¹⁸

	No. of Suppliers		Proportion of Purchases (%)		Amount of Purchases (CLP Bn, excl. VAT)	
	2022	2021	2022	2021	2022	2021
Domestic Suppliers	2,816	2,723	93%	93	2,247	2,108
International Suppliers	169	154	7%	7	170	156
Total	2,985	2,877	100%	100%	2,417	2,264

Purchases from Domestic Suppliers

	No. of Suppliers		Proportion of Purchases (%)		Amount of Purchases (CLP Bn, excl. VAT)	
	2022	2021	2022	2021	2022	2021
Suppliers from Santiago	1,996	1,908	80%	81%	1,797	1,711
Suppliers from Other Regions	820	815	20%	19%	449	398
Total	2,816	2,723	100%	100%	2,247	2,108

¹⁸ Data is for operations in Chile. There are small differences between the number of suppliers with purchases and the number of suppliers paid, due to differences between the date of the purchase order and invoice date.

9.



COMMITMENT TO SOCIETY




COMMITMENT TO SOCIETY

SMU aims to be a strategic partner in the communities where it operates, focusing its efforts on generating shared value and friendly community management that is part of operations at each store. Likewise, drawing on its extensive presence throughout Chile and regional origins, SMU’s sustainable management of its business enables it to promote inclusiveness of individuals with disabilities at and outside the Company, and support initiatives and projects that benefit the community.



Progress: Commitment to Society

PRIORITY AREA	PROGRESS IN 2022	SDG
Regional development Good neighbor CSR and contributing to society	<ul style="list-style-type: none"> Update of store risk index and mapping of stakeholders connected to operations. Execution of “Unidos” campaign Execution of Teletón 2022 campaign 16 projects financed by Fondo Descúbreme 2022, with 399 direct beneficiaries 	 Contributes to goals: <ul style="list-style-type: none"> 2.1 10.2 17.17

9.1 COMMUNITY RELATIONS

Knowing and connecting with the community is part of sustainable business management.

Relationships based on mutual understanding enable a more fluid and productive exchange between organizations and the communities where they operate. Thanks to our regional origins, community relations are part of our DNA at SMU.

The Company summarizes its commitment to the more than 160 municipalities where it operates as being a good neighbor. The concept is expressed in the Code of Ethics and Business Conduct, the Corporate Sustainability Policy and its Good Neighbor Policy Statement.

Strengthening community engagement efforts, generating quality employment, developing local suppliers, and supporting local organizations are the cornerstones of the Good Neighbor program.

9.1.1 GOOD NEIGHBOR PROGRAM

SMU launched the “Good Neighbor” community relations program as part of its strategic plan in 2019. The program aims to foster trust-based relationships and collaboration with residents in the areas where the Company operates and to add the community variable to new projects in each SMU format.

Important milestones marked the years following its launch. In 2020, SMU adopted a methodology for identifying key figures in the community, classifying the immediate surroundings, and developing specific community relations plans for operational stores. Then, community-related tasks were added to store supervisors’ agendas and regular duties in 2021.

Over the past year, the Company has continued its progress, identifying key figures in the community and classifying the immediate surroundings for the second time.

For new project development and store remodels, SMU continued conducting diagnostics and stakeholder surveys to roll out early outreach in each location.

With these efforts, SMU has continued strengthening an organizational culture where being a good neighbor reflects CERCA culture.

9.2 COLLABORATION WITH NON-PROFITS

Since collaboration is part of CERCA culture, SMU operates with the conviction that institutional partnerships that enable the Company to reach more people and stakeholders complement its efforts, expertise and country-wide presence to produce better results.

Thus, it has signed agreements and strengthened relationships with several renowned Chilean organizations, like Teletón, Club de Leones Cruz del Sur de Magallanes, Fundación Las Rosas, Servicio Jesuita al Migrante, Fundación Gastronomía Social, Fundación Nuestra Casa and Fundación Descúbreme.

Through its work with these specialized organizations, SMU supports and undertakes initiatives closely related to its Diversity and Inclusion Model while contributing to social inclusion and zero hunger.

Teletón

Since 2011, Unimarc has been the official supermarket of the Teletón— an institution that aims to provide comprehensive rehabilitation to children and young people with physical disabilities, raise awareness and advocate for the rights of individuals with disabilities.

In 2022, Unimarc and all SMU Chile supported the Teletón through customer and employee fundraising campaigns that complement the Company’s corporate donation. Initiatives included the Teletón gift card, through which SMU donated 10% of each sale to the Teletón.



As in previous years, employees demonstrated their remarkable commitment through multiple fundraisers and donated CLP 485 million.

The corporate donation, Teletón Gift Card campaign and employee donations amounted to a total Teletón donation of CLP 1.3 billion.

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Magallanes Rehabilitation Event

For the last 13 years, Unimarc has participated in this important charity campaign to fund annual operations at the Cruz del Sur Lions Club rehabilitation centers for people with disabilities in Magallanes, a region where the Teletón does not have any centers. In 2022, SMU donated CLP 84,600,440 in addition to the CLP 7,745,440 in customer checkout donations raised at the region's Unimarc stores.

Fundación Las Rosas

In 2022, SMU continued collaborating with Fundación Las Rosas, Chile's largest organization working with senior citizens, at its Long-Term Care for Senior Citizens Facilities (ELEAM for Spanish acronym). Similarly, the Company organized corporate volunteer opportunities at the María Madre de Dios nursing home in the municipality of El Bosque, where they offered cooking classes and other activities for the organization's beneficiaries.

“Unidos” Campaign

The “Unidos” campaign, born during the pandemic in 2020, took place from June 28 to August 5, 2022. The initiative brings customers, the community and the Company together to form a three-part network that supports different social organizations.

This year, the beneficiary organizations were: Fundación Las Rosas, which provides shelter and dignified living conditions for senior citizens; Food for All (Fundación Gastronomía Social), a public-private collaboration network to eradicate hunger in Chile; Servicio Jesuita Migrantes, an NGO advocating for immigrant dignity and rights in Chile; and Corporación Nuestra Casa, an organization that seeks to overcome the social exclusion of homelessness and works with Chef por Chile to feed its beneficiaries.

SMU donated the equivalent of 10% of gift card sales during the campaign. The total donation of CLP 172,246,214 was equally divided among the four beneficiary organizations and foundations to purchase food and toiletries.

Donations at checkout

SMU raised funds through customer donations at checkouts nationwide for three organizations serving people with disabilities: Fondo Descúbreme between the Arica y Parinacota and Los Lagos regions, Coyhaique Rehabilitation Center in the Aysén region and Cruz del Sur Lions Club in Magallanes. The program reflects SMU culture and its deep commitment to the inclusion of people with disabilities.

In 2022, SMU undertook to strengthen employee commitment to the donations at checkout initiative in participating areas and improve monitoring and feedback. It organized awareness activities to share the beneficiaries' stories and experiences, held follow-up meetings, regularly updated fundraising data and shared it through internal channels.

Thanks to these efforts, donations at checkout totaled CLP 165,064,070 for the year, which SMU transferred in its entirety to the beneficiary organizations.

Fondo Descúbreme

SMU has partnered with Fundación Descúbreme since 2012, and this partnership has given rise to the Fondo Descúbreme, one of the beneficiaries of the checkout donations program. Thanks to these donations, each year, organizations throughout Chile apply for Fondo Descúbreme grants to fund projects related to the inclusion of people with cognitive disabilities.

Fondo Descúbreme has funded more than 170 projects and directly benefited over 4,000 people to date. In 2022, it significantly improved fundraising results, recording CLP 150,449,170, up 18% from the CLP 123,217,720 raised for the cause in 2021.

2022 Fondo Descúbreme Projects

Region	Institution	No. Beneficiaries	Project
Atacama	Descubre Mi Mundo	20	Alternative reading workshop for children with autism at Descubre Mi Mundo
Bio Bío	Center for student projects, Domingo Ortiz de Rozas High School	20	Walking together toward socio-educational inclusion
Bio Bío	Rebrota NGO	20	Creating alternatives for workplace inclusion: Strengthening the Kuwü Newen cooperative together
Valparaíso	Mundo Color Special School	30	With my screen, there are no barriers
Valparaíso	Corporación Altavida	57	Personalized sensory stimulation plans for students at Altavida School
O'Higgins	Fundación Llaftun	22	Hippotherapy, emotional expression and support
Maule	Corporación Hogar Belen Talca	22	My life improves with inclusive education
Metropolitan	Fundación Yoga y Meditación para la Educación	27	Timelessness at school
Los Rios	Corporación Educacional Inka Poyen	31	Meaningful learning
Metropolitan	Pequeño Cottolengo	25	Cotto Bazar

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Region	Institution	No. Beneficiaries	Project
Metropolitan	Fundación Nuestros Hijos	20	Contributing to the educational inclusion of children with cancer and intellectual disabilities
Metropolitan	Aspaut: Asociación de Padres y amigos de los autistas	30	Communicating our emotions, interests and needs
Los Rios	Taller Laboral CEI Amasando con cariño	13	Moving toward inclusion
Los Lagos	Fundación Sello Inclusivo	22	Té Quiero, Love infusions
Ñuble	Agrupación Colaboradores: / Las Acacias Special School	20	Birds raised with love
Maule	Fundación Hijos de María	20	Inclusive car wash

10.



WE CARE
ABOUT THE
ENVIRONMENT




WE CARE ABOUT THE ENVIRONMENT

Caring for the environment is part of SMU’s Code of Ethics and Business Conduct, as well as its Sustainability Policy, Environmental Management Policy, and the Company’s strategic plan. As such, SMU is committed to identifying the operation's potential impacts, moving forward with plans and programs designed to mitigate them, by expanding waste management initiatives, climate change mitigation, emissions reduction, circular economy, and energy and water efficiency measures.



Progress: We Care About the Environment

PRIORITY AREA	PROGRESS IN 2022	SDG
Caring for the environment Waste management	<ul style="list-style-type: none"> Avoided 6,201 tons of food waste, 80.1% more than in 2021. Certified 171 private label products with Ecolabel for recyclable packaging, exceeding the goal of 150 for 2022 	
	<ul style="list-style-type: none"> Changed to renewable energy sources for facilities accounting for 20% of consumption in Chile Measured water footprint of Lo Aguirre distribution center Electromobility: 30% of fleet for deliveries from MFC to customers 	<p>Contributes to goals:</p> <ul style="list-style-type: none"> 6.3 7.2 7.3 12.2 12.3 12.5 13.2 13.3

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SMU believes it is important to engage in real environmental management by identifying, measuring, and generating improvement plans and actions. The Corporate Environmental Management Policy and the Statement of Care for and Protection of the Environment in the Corporate Sustainability Policy establish SMU's commitment.

The Company has taken action on issues fundamental to caring for and protecting the environment. These include solid and liquid waste management, quantifying and reducing greenhouse gas emissions, ecolabels for recycling and energy efficiency. SMU undertook projects related to water efficiency and the circular economy and made progress on implementing the Energy Management System.

As a company, we are convinced this is the right path. In 2022, SMU committed to managing five key sustainability factors aligned with the World Business Council for Sustainable Development (WBCSD) provisions and reporting on progress annually over the two-year implementation period. The factors are carbon neutrality; biodiversity; human rights and due diligence; inclusion and diversity; and transparency and reporting.

This commitment aligns with the SMU Strategic Plan, where seven of the eleven sustainability projects for 2023 are related to environmental protection and climate change.

Rising to future challenges requires a governance structure that monitors progress on sustainability issues. SMU monitors at the management level and through the Sustainability Committee. The committee, comprised of board members and management, including the Chairwoman of the Board and the Chief Executive Officer, performs quarterly monitoring of Strategic Plan initiatives and projects. In 2022, these included issues closely related to climate change, like carbon footprint and waste reduction.

Important milestones marked 2022. Under the Reducing Food Waste program, SMU began donating food unfit for human consumption to zoos, animal shelters and animal rescue organizations. It measured the water footprint at the Lo Aguirre Distribution Center and began using renewable energy.

CIRCULAR ECONOMY

As a part of its commitment to climate action, **SMU has been an active participant in the Clean Production Agreement for the Transition to Circular Economy**, a program led by Acción Empresas, since 2021. The goal of this agreement is to help companies increase their circularity score, through the use of metrics to define a baseline and design action plans to move towards a circular economy.

As part of this commitment, during 2022, SMU evaluated the four facilities that are part of the agreement.

The Company measured the variables of energy use, water consumption, and product flow, and waste at these facilities, in order to calculate the circularity percentage or score estimated through the CTI (Circular Transition Indicators) tool. During 2023, SMU will use the results of this analysis to develop action plans that aim to generate efficiencies in processes, leading to improvements in its energy, water and waste management.

In addition, in order to fulfill the agreement's goals of raising awareness about the importance of applying circular economy concepts in companies, SMU carried out training sessions for employees of these facilities and other areas involved in the agreement



10.1 WASTE MANAGEMENT

SMU is committed to responsibly managing the waste it generates and applies the criteria necessary to reduce the impact of its operations. The Company is constantly looking for ways to reduce the amount of unrecovered waste it generates while improving its distribution and sales processes to reduce food waste. It responsibly manages the liquid byproducts of its processes and adopts best practices to comply with current legislation.

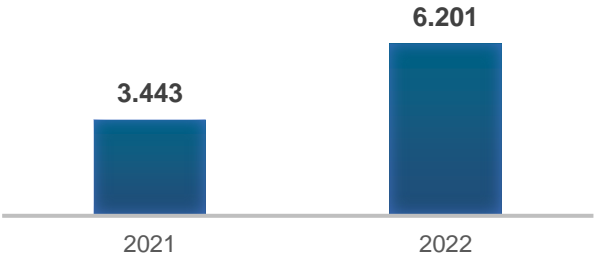
10.1.1 REDUCING FOOD WASTE

As a food retailer, SMU can significantly impact climate action and zero waste by reducing food waste. The Company addresses the challenge throughout its various areas. It begins by offering the right product assortment for customers' preferences and plans procurement to ensure purchased volumes align with demand. To that end, the Company is implementing technology to improve the precision of its projections.

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All SMU initiatives to reduce food waste are grouped under the **Everyone Wins** program. These include the **Consume Soon** program, food donations to social organizations through the - **Waste + Awareness** program and the donation of food unfit for human consumption to zoos, animal shelters and animal rescue organizations in the communities where SMU and its subsidiaries operate. The initiatives prevented 6,201 metric tons of food from becoming waste, 80.1% more than in 2021, and reduced emissions by 383,864 MTCO_{2e}.

Food waste avoided
(Metric tons)



The **Consume Soon** program offers steep discounts on products in optimal condition but within a few days of being removed from the shelves due to their sell-by date. The initiative primarily focuses on fresh products, and in 2022, it kept the equivalent of 5,401.8 metric tons of food from being discarded.

Additionally, in 2022, SMU launched a pilot program to sell products through GoodMeal, an application that allows users to purchase products that are about to expire at discounts of up to 70%. As of year-end, the GoodMeal partnership had kept 2,173.77 kilos of food from becoming waste. We are working on expanding the initiative to more stores.

SMU has donated food since 2019, when it partnered with Red de Alimentos on a pilot program at CD Lo Aguirre. In 2021, it began to make donations directly from stores, expanding coverage this year to 100% of SMU stores and distribution centers in Chile. Through the program, SMU made 33,229 donations this year, delivering 661,441 kilograms of food, benefiting 257 foundations and non-profit social organizations. These organizations, in turn, were able to help more than 87,000 at-risk people, while the Company reduced emissions by 414.6 MTCO_{2e} by preventing these products from becoming waste

FOOD DONATIONS TO NON-PROFIT ORGANIZATIONS

Arica y Parinacota

Donations	127
Beneficiaries (ORG)	5
Beneficiaries (People)	394
KG Donated	1.518

Tarapacá

Donations	589
Beneficiaries (ORG)	7
Beneficiaries (People)	780
KG Donated	5.099

Antofagasta

Donations	2.099
Beneficiaries (ORG)	15
Beneficiaries (People)	2.875
KG Donated	33.416

Atacama

Donations	705
Beneficiaries (ORG)	5
Beneficiaries (People)	521
KG Donated	12.722

Coquimbo

Donations	2.578
Beneficiaries (ORG)	15
Beneficiaries (People)	1.199
KG Donated	47.531

Metropolitana

Donations	7.907
Beneficiaries (ORG)	170
Beneficiaries (People)	64.828
KG Donated	221.805

Valparaíso

Donations	2.320
Beneficiaries (ORG)	32
Beneficiaries (People)	3.877
KG Donated	39.976

Del Libertador Bernardo O'higgins

Donations	1.960
Beneficiaries (ORG)	16
Beneficiaries (People)	1.809
KG Donated	35.688

Maule

Donations	2.893
Beneficiaries (ORG)	21
Beneficiaries (People)	2.203
KG Donated	52.474

Ñuble

Donations	1.247
Beneficiaries (ORG)	11
Beneficiaries (People)	743
KG Donated	14.208

Bío Bío

Donations	5.158
Beneficiaries (ORG)	21
Beneficiaries (People)	2.500
KG Donated	88.270

Araucanía

Donations	2.666
Beneficiaries (ORG)	16
Beneficiaries (People)	1.999
KG Donated	42.490

Los Ríos

Donations	888
Beneficiaries (ORG)	10
Beneficiaries (People)	724
KG Donated	17.638

Los Lagos

Donations	1.457
Beneficiaries (ORG)	19
Beneficiaries (People)	1.755
KG Donated	35.691

Aysén del General Carlos Ibáñez del Campo

Donations	75
Beneficiaries (ORG)	1
Beneficiaries (People)	100
KG Donated	2.282

Magallanes y La Antártica Chilena

Donations	560
Beneficiaries (ORG)	7
Beneficiaries (People)	1.202
KG Donated	10.633

661



TONS
OF FOOD
DONATED



OVER

250

BENEFICIARY ORGANIZATIONS

87,500

INDIVIDUAL BENEFICIARIES

415



TON/CO2E

EMISSIONS AVOIDED BY
DONATING FOOD

*Some non-profits operate in multiple regions.

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In parallel, the Company developed other channels to avoid food waste, including donating products unfit for human consumption to zoos, animal shelters and animal rescue organizations, like Buin Zoo, the EDRA Animal Welfare Foundation and the Peñaflores Primate Rehabilitation and Rescue Center. These donations in the Metropolitan and the Coquimbo regions cut waste by 38,609.59 kilos while supporting several animal welfare foundations and organizations.

In 2022, the waste recovery pilot project continued to use food products unfit for human consumption to feed larvae and soldier flies, which produce new products for animal nutrition and soil improvement. The initiative recovered a total of 69,305.5 kilos of organic waste, reducing emissions by the 86,213 MTCO_{2e} that would have otherwise resulted from landfill disposal of this waste. In late 2022, SMU began working with GroupCycle on a waste recovery service that produces animal feed supplements, recovering 27,465 kilos of products.

Between donated and recovered products, in 2022, SMU avoided wasting 796.82 metric tons of food, the equivalent of 6.51% of the total volume of food waste and up 0.95% from 2021.

Summary of Donated and Recovered Food

	2022
Donated food (mt)	661.44
Products donated for animal consumption (mt)	38.61
Recovered food (mt)	96.77
Total food donated or recovered (mt)	796.82
Total food waste (mt)	12,233.22
% of food donated and recovered relative to total food waste	6.51%

Company Culture: Promoting Recycling and Caring for the Environment

For SMU, raising awareness about the importance of caring for the environment among employees is a key part of the Company's environmental strategy. As such, in 2022 the Company offered a training session about new packaging and ecolabeling methods in retail, introducing the main strategies of circular economy and consumption, and presenting the challenges and opportunities posed by new trends in product design, production, consumption, and packaging.

Additionally, considering the potential impact from employees implementing best practices at home, SMU held an environmental awareness workshop for children of employees, explaining the importance of taking care of the natural resources of the planet and of including environmentally friendly habits in their daily life

In 2022, the Company also promoted recycling beyond the waste generated by its own operations, with campaigns to collect electronic devices at its headquarters and its Lo Aguirre distribution center, made with the support of the non-profit Chilenter. This program raised awareness among employees regarding responsible disposal of these devices, and in addition, the devices were reconditioned and donated to schools through the country.



10.1.2 PROMOTING RECYCLING

Under its Environmental Management Policy, SMU seeks to reduce its impact by recycling, recovering and reusing its waste. New practices are constantly evaluated to improve effectiveness. The Company also encourages its customers and employees to recycle.

SMU primarily recycles oils and grease generated in food production, packaging waste like flexible plastics, cardboard used to transport and store products and paper waste. It also recovers waste that cannot be recycled. For example, an external supplier picks up the wood waste from use and wear and tear on pallets in logistics operations and recovers it for energy.

 Recycled or Reused Waste¹⁹

	2022	2021
Recycling		
<i>Paper and cardboard</i>	15,052.26	14,655.71
<i>Plastic</i>	656.87	629.40
<i>Oil</i>	555.22	562.06
Total recycling (mt)	16,264.35	15,012.78
Recovery for energy (mt)	79.32	93.11
Recovered organic waste (mt)	96.77	21.48
Total recycled or reused waste	16,440.44	15,127.37

SMU Chile is preparing to comply with the future requirements of the REP Law (No. 20,920), which establishes the framework for waste management, extended producer responsibility and recycling promotion, and Supreme Decree No. 12/2021, which sets recycling targets. The targets are a percentage of recycled materials used in the containers and packaging for the products the Company markets. They must be tracked through a Management System and apply to private label products, single-use service containers (bulk sales) and direct imports for sale and professional use.

¹⁹ Data is for operations in Chile.

The decree sets the following targets:

Targets for household containers and packaging

Year	Cardboard for liquids	Metal	Paper and cardboard	Plastic	Glass
1	5%	6%	5%	3%	11%
2	8%	9%	9%	6%	15%
3	11%	12%	14%	8%	19%
4	15%	15%	18%	11%	22%
5	19%	17%	23%	14%	26%
6	23%	21%	28%	17%	31%
7	27%	25%	34%	20%	37%

Targets for non-household containers and packaging

Year	Metal	Paper and cardboard	Plastic
1	23%	48%	13%
2	32%	54%	19%
3	42%	60%	25%
4	51%	65%	32%
5	61%	71%	38%
6	64%	74%	42%
7	66%	78%	46%
8	68%	81%	51%
9 onwards	70%	85%	55%

The 2022 SMU training program supported these targets by including two short videos on the REP Law and the Supreme Decree on packaging targets. The videos raise awareness and educate employees on the impact of packaging waste. To the same end, SMU Chile and its subsidiaries adopted the ReSimple management system, which it will begin using to track progress toward the targets in 2023.

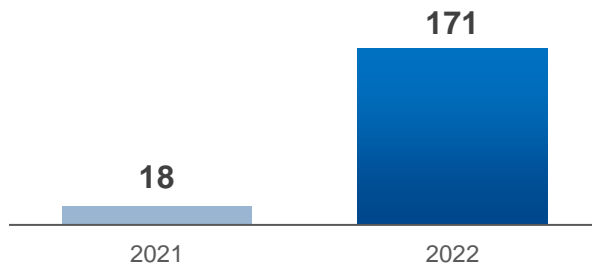


Another recycling initiative related to the recyclability of SMU’s private-label products, the Clean Production Agreement (CPA) for Ecolabeling II, is led by SOFOFA and the Environment Ministry’s Sustainability and Climate Change Agency.

The initiative aims to certify the ecolabel, verifying that 80% of the container’s total mass – components and materials – is technically recyclable under the country’s current recovery capabilities. Certified products are eligible to use the *EligoReciclar* seal, impacting customer preference.

In 2022, SMU certified 171 products, surpassing its goal of 150 products, thus certifying 12% of its private-label assortment. It set a more ambitious goal to certify 50% of its assortment by 2025. The Company also launched publicity campaigns to help customers make informed decisions about the material composition and the recyclability of the products they purchase.

Ecolabel-certified private-label products



Another 2022 milestone was the replacement of plastics in single-use packaging for ready-to-eat food in compliance with Law No. 21,368 on Single-Use Plastics. SMU began distributing wooden cutlery and paper straws, eliminating expanded polystyrene packaging for pre-prepared food.

SMU has agreements to set up collection points to encourage recycling recyclable products and facilitate recycling for customers and employees. Beginning in 2023, the Company will provide space for these points – operated by a third party – in three stores. SMU has also formed partnerships with several foundations that will benefit economically from the recycling initiatives.

SMU encourages packaging reuse to reduce waste. It offers customers the option of returnable bottles and, to ensure that they are actually reused, accepts the empty containers in its stores for reprocessing. In parallel, the Company runs a campaign encouraging customers to reduce disposable container waste by choosing returnable bottles.

SMU also added a detergent in reusable packaging to the Unimarc assortment, starting the pilot program at the Los Militares store and expanding to four more stores by the end of the year.



10.1.3 SOLID AND LIQUID WASTE MANAGEMENT

To ensure proper management, SMU aims to standardize the collection and treatment processes for the waste it generates in order to comply with current regulations and encourage continuous improvement.

Non-Hazardous and Hazardous Solid Waste (metric tons)²⁰

	2022	2021
Recycled or reused waste	16,440.11	15,127.37
Trash	67,570.89	72,293.65
Hazardous waste	36.37	16.81
Total	84,047.37	87,437.83

10.1.3.1 NON-HAZARDOUS SOLID WASTE

SMU manages non-hazardous waste through external companies specializing in collecting and treating different types of waste, including paper, cardboard, plastic, oil and household-like waste, or trash. These companies treat and dispose of the waste properly at duly authorized establishments.

The amount of non-hazardous solid waste generated by the stores is reported monthly to the Environment Ministry through the National Waste Declaration System (SINADER) via the Ministry's Pollutant Release and Transfer Register (RETC) in compliance with resolutions No. 5,081/93 and No. 144/2020, which regulate reporting and traceability of waste generated.

The Company reduced its household-like waste, or trash, by more than 4,700 metric tons this year thanks to several operations improvements at stores and distribution centers. One of the most impactful improvements, the Reducing Food Waste program, kept 80% more food out of landfills and dumps.

²⁰ Data is for operations in Chile.

10.1.3.2**LIQUID INDUSTRIAL BYPRODUCTS (LIBS)**

The Mayorista 10 and Unimarc formats generate the most liquid industrial byproducts (LIBs) due to their in-store production, e.g., roasting chicken and baking bread. The LIBs, mainly oily water and organic matter are regulated by D.S. 609 and periodically inspected by health authorities.

The 31 SMU establishments with monitoring programs from the health authority comply with those programs. They self-monitor and measure the parameters mandated in each resolution.

To uphold regulations and improve LIB quality, the Company promotes best practices through on-site visits and training for the areas involved in environmental protection. It also applies bacteria-based products that break down any organic matter present in the LIBs.

Operations training at stores nationwide is essential to improving LIB management. Thus, SMU offered nearly 50 trainings on LIB best practices in 2021 and 2022.

10.1.3.3**HAZARDOUS WASTE**

Given the nature of its operations, SMU does not produce large quantities of hazardous waste. The hazardous waste generated by its activities is primarily: aerosols, bleach, damaged cleaning supplies, batteries, waste from certain products and waste generated by equipment maintenance. All hazardous waste is declared through Single Window, the platform for the Chilean Environment Ministry's SIDREP (Hazardous Waste Declaration and Electronic Monitoring System).

In 2022, 24 hazardous waste trainings took place at several locations throughout Chile. Furthermore, another five RESPEL (hazardous waste) warehouses were implemented, bringing the total to 28.

Hazardous Waste

Hazardous Waste Declaration (kg) (*)	2022	2021
Aerosols	570	204
Lead batteries	6,406	7
Bleach	1,642	7,843
Insecticides in aerosol cans	20	0
Damaged cleaning supplies	4,295	2,110
Detergents	20	0
Refrigerant gas containers	1	0
Waste contaminated with hydrocarbons	21,490	0
Used oil	160	6,420
Electric equipment	122	0
Toner	65	0
Fluorescent tubes	1,575	230
Total	36,366	16,814

*Data is for operations in Chile.

Annual waste volumes vary; they reflect specific circumstances. The figures on the chart above reflect replacing incandescent bulbs with LED lighting technology; changing the batteries in distribution center machinery; water entering the oil tank, creating waste contaminated with hydrocarbons; and hazardous substance leaks (containers and damaged cleaning supplies).

10.2 CARBON FOOTPRINT

As part of its commitment to environmental and climate action, SMU manages its carbon footprint, quantifying its greenhouse gas (“GHG”) emissions, which an independent third party verifies. This measurement provides the Company with a baseline for managing and promoting reduction initiatives. In addition to the projects already underway to reduce impact, the 2023-2025 Strategic Plan features new initiatives and a quantitative carbon reduction target of 8% by 2025, relative to 2021. Similarly, as part of its commitment to the World Business Council for Sustainable Development’s five sustainability factors, this year SMU committed to moving toward carbon neutrality by 2050.

10.2.1 FOOTPRINT MEASUREMENT

SMU began quantifying emissions in 2018 and expanded its measurements to include 100% of its stores and distribution centers in Chile by 2020. In 2021, it began including scope three emissions to account for the transportation emissions generated by deliveries to customers of its online business.

In 2022, GHG emissions generated and quantified totaled 476,546 MTCO_{2e}.

GHG Emissions (MTCO_{2e})²¹

	2022	2021	2020
Scope 1 emissions ²²	327,746	184,612	160,270
Scope 2 emissions	72,543	91,715	93,243
Scope 3 emissions ²³	76,252	77,012	39,428
Total emissions	476,542	353,339	292,941

²¹ Data is for operations in Chile.

²² The increase in scope one emissions relative to 2022 was due to refrigerant gas lost through failure of older equipment and its replacement, which in some cases meant changing the type of refrigerant. This one-time situation associated with replacing older equipment is part of a plan to replace assets approaching the end of their useful life.

²³ The increase in scope three emissions in 2021 relative to 2020 is primarily due to the decision to begin measuring the Company’s e-commerce emissions related to delivering products to customers.

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The measurement includes scope one emissions (direct emissions: fuel consumption and refrigerant gases), scope two emissions (indirect emissions associated with the purchase of electricity) and scope three emissions (indirect emissions: transportation of products from distribution center to supply stores and waste treatment and/or disposal). According to the results, the most significant source of GHG is refrigerant gas charging, followed by electricity consumption, transportation and final disposal of waste.

Types of Emissions

ISO 14064- 1	WRI/WBCSD GHG Protocol	Source
Direct Emissions	Scope 1	<ul style="list-style-type: none"> • Fixed sources • Mobile sources • Gases from processes • Fugitive emissions
Indirect Emissions	Scope 2	<ul style="list-style-type: none"> • Electricity (Kwh/MWh)
Indirect Emissions	Scope 3	<ul style="list-style-type: none"> • Waste and emissions from the distribution chain

SMU has obtained independent verification for its carbon footprint measurements and earned the Environment Ministry’s *Huella Chile* Quantification seals annually since 2018.



10.2.2 FOOTPRINT REDUCTION

SMU can use the measurement results to continue evaluating and implementing projects that reduce the carbon footprint through more ambitious indicators aligned with the Paris Agreement.

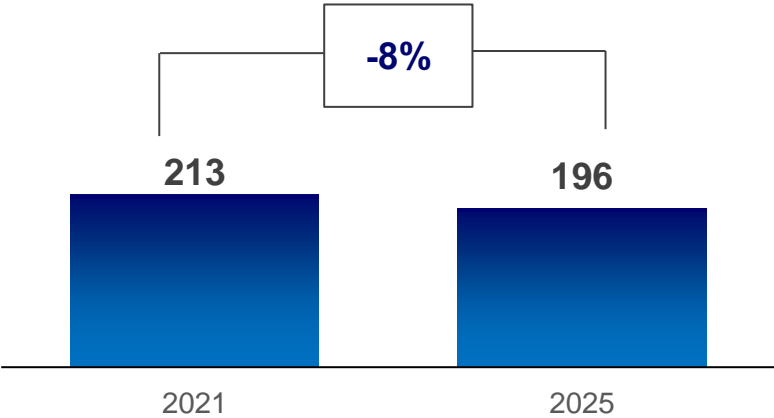
SMU has been working on switching to LED lighting in its stores and distribution centers for several years. Its efforts have reduced scope two emissions and earned the *Huella Chile* Emissions Reduction seal. The application process for the *Huella Chile* Reduction seal



examined 2021 emissions, which included a project that replaced the lighting with LED at a group of Unimarc stores. The initiative cut emissions by 240 MTCO₂e, the equivalent of 0.32% of scope two emissions generated that year. The initiative continued in 2022, with more facilities making the switch.

Other SMU initiatives to reduce the carbon footprint include the Reducing Food Waste program, electromobility for some Unimarc.cl deliveries, several 2023-2025 Strategic Plan projects in energy efficiency and the 2022 negotiations to switch to renewable energy sources at facilities that account for 20% of our energy use in Chile. The stores where the initiative was implemented in 2022 represent 3% of SMU's energy use.

Carbon intensity reduction target
(KgCO₂e/M² – Operations in Chile)



Importantly, SMU participates in and serves on the Board of Santiago Climate Exchange (SCX), the southern hemisphere’s first private climate exchange, which operates under the strictest accounting criteria and greenhouse gas reduction methodology. Over the last year, SMU devoted major effort to registering International Renewable Energy Certificates (IREC), actively participated in the green taxes debate and doubled its certifications for carbon neutrality and renewable energy consumption compared to 2021.

10. 3 ENERGY EFFICIENCY

Proper management of energy consumption is crucial to reducing environmental impact and optimizing operational efficiency. Consequently, SMU has multidisciplinary teams working on company-wide efforts to improve operating processes and energy efficiency.

This year, the Company established an Energy Policy and began implementing an ISO 50,001-based Energy Management System. The 2023-2025 Strategic Plan also includes several energy efficiency initiatives with quantitative targets for 2025, such as cutting energy consumption per square meter by 8% relative to 2020.

Consumption management

In 2021, SMU launched a digital platform for monitoring and tracking electricity, water and gas consumption at all its facilities in Chile. The technology detects irregular equipment operations, e.g., low power factors or energy performance, that can be corrected to increase energy efficiency or reduce energy use. In 2022, SMU continued using the platform to track and monitor consumption.

Another 2022 initiative, a monitoring and control system called the Sustainable Stores Pilot program, installed IoT (Internet of Things) sensors on the equipment that consumes the most energy: refrigeration, climate control, lighting and electricity. The sensors make it possible to obtain accurate operations data and automatically control equipment, so it operates at maximum efficiency. For refrigeration equipment, the sensors detect problems and set off early warnings to prevent a break in the cold chain that would cause product losses. The pilot program was launched at four stores. The plan is to expand its scope by 2025, prioritizing stores that use the most energy and covering 17% of SMU's total energy consumption in Chile.

Similarly, since 2015, SMU has been changing store lighting to LED, either replacing incandescent bulbs or completely renovating the lighting technology to LED systems. The Company has decided to install LED technology in all new or remodeled supermarkets.

Renewable energy supply

In 2022, SMU conducted a bidding process to switch to electricity generated from renewable energy sources through a negotiated contract at a free customer rate. Under the deal, 30 facilities signed contracts for renewable energy supply, cutting energy costs by more than 40%. The supply contract is equivalent to 20% of SMU Chile's energy consumption. The goal is to secure a contract for electricity from renewable sources for 40% of SMU Chile's electricity consumption by 2025. Some facilities had renewable energy supplies through the contract for part of 2022 when renewable energy accounted for 3% of total consumption. Implementation will continue in 2023.

ISO 50,001 Energy Management System

At three facilities that account for more than 5% of SMU Chile's total energy consumption, SMU began implementing an ISO 50,001:2018-based energy management system as part of the Energy program. The Company uses the system to constantly look for energy improvements and works hard to manage change and promote energy efficiency habits throughout the organization. The three facilities where the Energy Management pilot program took place were recommended for certification under ISO 50,001:2018. In 2023, the pilot program will extend to more SMU Chile facilities. The goal is to certify 100% of SMU Chile's energy consumption by 2025.

The Company continued adopting new technology to improve energy efficiency by reducing energy consumption from operations. Beginning in 2023, new stores will have a bypass installed between the water main and the pump pressure pipe to keep the potable water pumps from functioning unnecessarily.

Electromobility

Several clean energy alternatives are being developed to replace conventional engines and minimize the impact of logistics emissions, specifically from transport vehicles. The 2023-2025 Strategic Plan establishes the target of using electric trucks for 10% of distribution center-store deliveries by 2025, which would reduce CO2 emissions.

In 2022, the Lo Aguirre Distribution Center joined the *Giro Limpio* program as a load-generating company to reduce energy consumption and emissions of greenhouse gases and other local pollutants. SMU will apply for the program's *Giro Limpio* seal certification in the first quarter of 2023.

Giro Limpio is a no-cost, voluntary national program run by the Energy Sustainability Agency and funded by the Chilean Energy Ministry. The program certifies and recognizes the efforts made by freight transportation industry companies in the areas of sustainability and energy efficiency.

10.4 WATER FOOTPRINT MANAGEMENT

The problem of water scarcity in the countries where SMU operates has worsened in recent years, causing several impacts on SMU and the communities where it operates. As part of environmental management, the Company seeks to use water responsibly, measuring consumption, seeking opportunities to optimize water use and raising employee awareness.

In 2022, the Company measured the water footprint of its Lo Aguirre distribution center, which accounts for 10% of water consumption at its operations in Chile. Based on this measurement, SMU is developing a project that uses a reverse osmosis treatment system to reuse water from the refrigeration system cooling process and thereby reduce the center's water footprint. The project is scheduled for implementation in 2023.

10.5 ENVIRONMENTAL INDICATORS

Energy Consumption

	2022	2021
Natural gas (MWh)	79,325	88,846
Electricity (MWh)	241,725	244,727
Total Energy Consumption (MWh)	321,050	333,573

Renewable Electric Energy 2022

	MWh	% Consumption
Renewable sources	7,380	3%
Non-renewable sources	234,345	97%

Energy Cost

	2022	2021
Energy cost (CLP million)	25,953	26,152

Water Consumption

	2022	2021
Water consumption (millions of M ³)	1.13	1.2

Packaging (*) (Metric Tons)

	2022	2021
Paper/cardboard/wood	12,380	9,470
Cardboard for liquids	166	114
Metal	2,479	1,322
Glass	428	330
Plastic	4,396	3,664
Other complex materials	67	69

* Includes packaging for private label products sold in Chile.

11.



FINANCIAL PERFORMANCE




FINANCIAL PERFORMANCE

A solid financial position is essential in order for SMU to execute its strategic plans and attain the objectives for sustainable and profitable growth it has set as part of its long-term vision. The Company has rigorous processes in place to monitor progress on its strategic plan, its operating and non-operating results, and its investment projects, in order to ensure proper implementation, with a focus on carrying out its business activities responsibly at all times



Progress: Financial Performance

PRIORITY AREA	PROGRESS IN 2022	SDG
Profitable growth	<ul style="list-style-type: none"> Operating income increased 19.7% in 2022 Return on equity improved from 10.1% in 2021 to 16.8% in 2022 Credit rating upgraded to A+ 	 <p>Contributes to goals:</p> <ul style="list-style-type: none"> 10.4

11.1 MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE 2022 FINANCIAL STATEMENTS

11.1.1

EXECUTIVE SUMMARY: SMU S.A.'S CONSOLIDATED RESULTS

During 2022, SMU had a **strong financial and operating performance**, continuing to show sustained growth and reporting **significant improvements in its EBITDA, EBITDA margin and net income**, both in the year and the fourth quarter; **gaining market share**; and **strengthening its financial position**, as reflected in the Company's **credit rating upgrades**. Moreover, the Company successfully implemented its strategic plan for the 2020-2022 period and announced its new roadmap for 2023-2025.

SMU's **revenue** for the full year 2022 **increased 14.3%** with respect to full year 2021, totaling CLP 2,826,614 million. This growth was driven by an **increase of 13.2% in same-store sales**, as well as by sales at new stores that have opened over the past year as part of the Company's omnichannel growth strategy. In the fourth quarter of 2022 (4Q22), revenue increased 10.1% with respect to the fourth quarter of 2021 (4Q21), totaling CLP 765,986 million, with same-store sales growth of 8.4%. During the year, **customers responded favorably to SMU's multiformat strategy**, as evidenced by the **strong sales growth for the Alvi, Mayorista 10, and Super10 formats, which reached 26.7% for the full year and 23.4% for the fourth quarter**.

The Company's **gross profit grew 15.9%** in 2022, totaling CLP 835,295 million. As a percentage of revenue, **gross margin amounted to 29.6%**, higher than the 29.2% reported for 2021 by 40 basis points (bps). With respect to the fourth quarter, gross profit grew 18.1%, amounting to CLP 232,005 million. Gross margin for 4Q22 reached 30.3%, an increase of 210 bps with respect to 28.2% for 4Q21, reflecting improved commercial efficiency.

Operating expenses²⁴ increased 15.0% in 2022 and 17.1% in 4Q22, primarily due to inflation adjustments and the higher minimum wage. Measured as a percentage of revenue, operating expenses reached 20.1% in 2022 (similar to 20.0% in 2021) and 20.7% in 4Q22 (130 bps higher than 4Q21).

EBITDA²⁵ for 2022 **increased 18.0%**, totaling CLP 266,332 million, and **EBITDA margin reached 9.4%**, an increase of 30 bps with respect to 2021. In the fourth quarter, EBITDA amounted to CLP 72,780 million, an increase of 20.2% with respect to 2021, and EBITDA margin of 9.6% (expansion of 80 bps vs. 4Q21).

Operating income for 2022 grew 19.7%, to CLP 174,764 million, and in the fourth quarter it improved 20.0%, totaling CLP 49,321 million.

²⁴ Operating expenses = distribution costs + administrative expenses – depreciation - amortization

²⁵ EBITDA = Gross profit – distribution costs – administrative expenses + depreciation + amortization

Non-operating results for 2022 amounted to a loss of CLP -86,213 million, an improvement of CLP 3,271 million with respect to 2021. The Company's non-operating loss for 4Q22 amounted to CLP 23,586 million, an improvement of CLP 1,828 million vs. 4Q21. The main impacts were inflation and non-recurring effects in the line Other Gains (Losses), including the gain on the sale of OK Market in February 2022.

Net income increased 74.4% (CLP 56,353 million) for 2022 with respect to 2021, totaling CLP 132,059 million, mostly explained by the growth of CLP 40,553 in EBITDA. Also, the sale of Ok Market generated a non-recurring gain of approximately CLP 20 billion in the year. Excluding this effect, the increase in net income would have been 48%. With respect to the fourth quarter, net income increased 7.7%, amounting CLP 31,223 million in 4Q22, also explained mostly by the improved operating income

With respect to SMU's **financial position**, one of the year's highlights was the decision, in September and October 2022, respectively, by SMU's local rating agencies ICR and Feller-Rate to **upgrade the Company's credit** rating from A (positive outlook) to A+ (stable outlook). The basis for the upgrades was the strengthening in recent years of both SMU's business profile and its financial profile, reflecting the implementation of the Company's strategic plan.

During the fourth quarter, the positive trend in the Company's **financial indicators** continued: interest coverage was 6.0 times as of December 31, 2022, compared to 4.9 times as of December 2021. Net financial liabilities to EBITDA was 3.44 times as of December 2022, compared to 3.86 times in December 2021. When these ratios are adjusted to correct for the impact of store rental contracts on EBITDA and financial liabilities, interest coverage grew to 17.5 times in December 2022 (9.5 times in December 2021), and net financial debt to EBITDA was 2.26 times in December 2022 (2.66 times in December 2021).

The Company's cash generation is also worth highlighting. Cash from operating activities increased CLP 30,741 million in 2022, enabling the Company to increase capex by CLP 10,168 million and reduce financial debt by CLP 17,626 million, ending the year with an increase of CLP 10,737 million in cash and cash equivalents.

11.1.2 ANALYSIS OF THE INCOME STATEMENT

SMU's consolidated results for the periods of three and twelve months ended December 31, 2022 and 2021 are presented in the table below. All figures are expressed in Chilean pesos (CLP) and have been prepared in accordance with International Financial Reporting Standards ("IFRS")

Table 1.1: Quarterly Income Statement

(CLP Million)	4Q22	4Q21	% Var.
Revenue	765,986	695,611	10.1%
Cost of Sales	(533,981)	(499,128)	7.0%
Gross Profit	232,005	196,483	18.1%
<i>Gross Margin (%)</i>	<i>30.3%</i>	<i>28.2%</i>	
Distribution Costs	(10,459)	(8,778)	19.1%
Contribution Margin	221,547	187,705	18.0%
Contribution Margin (%)	28.9%	27.0%	
Administrative Expenses (Excluding Depreciation)	(147,766)	(126,299)	17.0%
EBITDA	73,780	61,406	20.2%
<i>EBITDA Margin (%)</i>	<i>9.6%</i>	<i>8.8%</i>	
Depreciation and Amortization	(24,459)	(20,301)	20.5%
Operating Income	49,321	41,106	20.0%
Other Gains (Losses)	(1,428)	(1,242)	14.9%
Financial Income	3,202	697	359.5%
Financial Expenses	(13,684)	(12,098)	13.1%
Share of Profit (Loss) of Associates	(180)	72	n.a.
Foreign Exchange Differences	115	157	(26.3%)
Income (Loss) for Indexed Assets and Liabilities	(11,611)	(13,000)	(10.7%)
Non-Operating Income	(23,586)	(25,415)	(7.2%)
Net Income (Loss) Before Taxes	25,734	15,691	64.0%
(Income Tax Expenses)	5,489	10,648	(48.4%)
Net Income (Loss) from Continued Operations	31,223	26,339	18.5%
Net Income (Loss) from Discontinued Operations	0	2,643	(100.0%)
Net Income (Loss) of the Period	31,223	28,982	7.7%
Net Income attributable to owners of the Parent	31,251	28,982	7.8%
Net Income attributable non-controlling interests	(28)	0	n.a.
Net Income (Loss) of the Period	31,223	28,982	7.7%

Table 1.2: Annual Consolidated Income Statements

(CLP Million)	2022	2021	% Var.
Revenue	2,826,314	2,472,378	14.3%
Cost of Sales	(1,991,019)	(1,751,647)	13.7%
Gross Profit	835,295	720,731	15.9%
<i>Gross Margin (%)</i>	29.6%	29.2%	
Distribution Costs	(38,912)	(31,431)	23.8%
Contribution Margin	796,383	689,300	15.5%
<i>Contribution Margin (%)</i>	28.2%	27.9%	
Administrative Expenses (Excluding Depreciation)	(530,051)	(463,520)	14.4%
EBITDA	266,332	225,780	18.0%
<i>EBITDA Margin (%)</i>	9.4%	9.1%	
Depreciation and Amortization	(91,568)	(79,829)	14.7%
Operating Income	174,764	145,951	19.7%
Other Gains (Losses)	15,426	(14,717)	n.a.
Financial Income	11,600	1,642	606.6%
Financial Expenses	(53,084)	(47,889)	10.8%
Share of Profit (Loss) of Associates	(554)	75	n.a.
Foreign Exchange Differences	(185)	143	n.a.
Income (Loss) for Indexed Assets and Liabilities	(59,416)	(28,738)	106.8%
Non-Operating Income	(86,213)	(89,484)	(3.7%)
Net Income (Loss) Before Taxes	88,552	56,466	56.8%
Income Tax Expense	42,973	13,399	220.7%
Net Income (Loss) from Continued Operations	131,524	69,865	88.3%
Net Income (Loss) from Discontinued Operations	535	5,841	(90.8%)
Net Income (Loss) of the Period	132,059	75,707	74.4%
Net Income attributable to owners of the Parent	132,088	75,707	74.5%
Net Income attributable to non-controlling interests	(28)	0	n.a.
Net Income (Loss) of the Period	132,059	75,707	74.4%

*n.a = not applicable. Indicates a comparison in percentage terms between a positive number in one period and a negative number in another period.

11.1.2.1 RESULTS OF OPERATIONS

Revenue

Revenue for the year 2022 amounted to CLP 2,826,314 million, an increase of 14.3% with respect to CLP 2,472,378 million for 2021. With respect to the fourth quarter of 2022, revenue totaled CLP 765,986 million, 10.1% higher than the CLP 695,611 million recorded in the fourth quarter of 2021.

Table 2.1: Quarterly Revenue (CLP BN)

Revenue (CLP BN)	4Q22	4Q21	% Variation
Unimarc	512	489	4.7%
Cash & Carry	231	187	23.4%
Others (*)	4.2	3.3	27.2%
Food Retail Chile	747	680	9.9%
Food Retail Peru	18.7	15.8	18.7%
CONSOLIDATED	766	696	10.1%

Table 2.2: Annual Revenue (CLP BN)

Revenue (CLP BN)	2022	2021	% Variation
Unimarc	1,900	1,733	9.6%
Cash & Carry	856	676	26.7%
Others (*)	9.0	13.7	-34.3%
Food Retail Chile	2,765	2,422	14.1%
Food Retail Peru	61.2	50.0	22.4%
CONSOLIDATED	2,472	2,472	14.3%

(*) "Others" includes all revenue other than that generated by the Company's operating formats presented in the table, as well as revenue from Telemercados and the Los Dominicos dark store in 2021 and the financial services business in 2022. See Note Regarding Presentation and Comparison of Information, page 309

Food Retail Chile revenue increased 14.1% in 2022 with respect to 2021, and 9.9% in 4Q22 with respect to 4Q21. It should be noted that, according to the National Statistics Institute of Chile, the Chilean food retail industry grew 8.2% in 2022 vs. 2021 and 4.9% in 4Q22 vs. 4Q21. SMU's higher revenue growth means that the Company has gained market share.

The recovery in customer traffic that has taken place in recent periods continued during the fourth quarter in all formats, whereas the average ticket also continued to gradually decrease, but to a lesser extent than the increase in transactions and remaining well above historical levels.

By format, revenue for Unimarc—the traditional supermarket—grew 9.6% in 2022 and 4.7% in 4Q22, driven by same-stores sales growth. Revenue for the cash & carry segment grew 26.7% in 2022 and 23.4% in 4Q22, driven by all three banners: Mayorista 10, Super10, and Alvi. The strong performance of these stores shows that they offer attractive value propositions that satisfy the needs of the different segments of customers they serve, as a consequence of SMU's multiformat strategy.

Online sales, through both SMU's own platforms and through strategic partnerships with last milers—who operate at Unimarc and Mayorista 10 stores—account for approximately 2.2% of revenue at the stores where they operate, reflecting growth in Unimarc.cl.

As part of its hybrid strategy, during 2022, SMU strengthened its online offering, through both its own platforms and strategic partnerships. With respect to the Company's own platforms, the geographic coverage of Unimarc.cl expanded, reaching all 16 regions of Chile; the Company launched Alvi.cl and the App Alvi Compras, enabling Alvi's B2B customers to supply their business through online shopping; and the Company began operating the first micro-fulfillment center in Latin America, with the goal of optimizing Unimarc.cl's operations and improving the customer experience, through more complete and exact orders. The Company also announced a new partnership with the marketplace Mercado Libre, adding a new sales channel for SMU.

In Food Retail Peru, revenue (measured in Chilean pesos) grew 22.4% in 2022 (+18.7% in 4Q22), and in local currency, the increase was 5.5% in 2022 (4.4% in 4Q22), driven by the contribution of new Maxiahorro stores opened in the last year, which are the focus of future growth in SMU Peru.

Table 3: Same Store Sales Growth (SSS) (%)

SSS (Δ %)	2022	4Q22	2021	4Q21
Unimarc	9.1%	3.6%	10.1%	13.2%
Cash & Carry	23.5%	20.9%	8.9%	14.9%
Food Retail Chile	13.1%	8.3%	9.5%	13.7%
Food Retail Peru	-1.1%	-2.4%	0.8%	8.4%
TOTAL SMU	13.2%	8.4%	9.0%	13.5%

Same-store sales (SSS) grew 13.2% in 2022 and 8.4% in the fourth quarter, with performance by format in line with revenue growth: Unimarc increased 9.1% in 2022 (+3.6% in 4Q22), whereas the cash & carry formats grew 23.5% in 2022 (+20.9% in 4Q22). As mentioned above, the strong sales performance reflects the attractive value propositions offered by each format, satisfying customer needs and driving a recovery in the number of transactions.

Food Retail Peru—which accounts for 2% of SMU's revenue—recorded a decrease in SSS (measured in Soles) of 1.1% in 2022 and 2.4% in 4Q22, reflecting the high comparison base from 4Q21 and greater competition from the traditional trade. However, new stores opened in the north of Peru during the last year, which are not included in SSS calculations, have outperformed projections for their first year of operations.

Table 4: Sales per Square Meter (Thous. CLP/M²)

SALES PER SQM (CLP Thousand/SQM)	4Q22	4Q21	Δ %	2022	2021	Δ %
Food Retail Chile	522.7	484.5	7.9%	487.7	463.1	5.3%
Food Retail Peru	319.4	284.2	12.4%	274.7	249.3	10.2%
TOTAL FOOD RETAIL	515.1	476.8	8.0%	479.7	455.0	5.4%

Sales per square meter reached CLP 479,730 for the full year 2022, 5.4% higher than 2021. Food Retail Chile grew 5.3%, whereas Food Retail Peru (measured in Chilean pesos) saw growth of 10.2%, in line with revenue performance. With respect to the fourth quarter, sales per square meter totaled CLP 515,083, an increase of 8.0% with respect to 4Q21

Table 5: Number of Stores and Sales Area (Thous. Square Meters)

	N° STORES		SALES AREA	
	4Q22	4Q21	4Q22	4Q21
Unimarc	285	283	348	347
Cash & Carry	95	96	122	124
Food Retail Chile	380	379	470	470
Food Retail Peru	29	26	20	18
TOTAL FOOD RETAIL	409	405	490	487

Table 6: Store Openings and Closures

OPENINGS AND CLOSURES	4Q21		1Q22		2Q22		3Q22		4Q22	
	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.
Unimarc	1	1	1	3	0	0	3	0	1	0
Cash & Carry	1	0	0	0	0	1	0	0	0	0
Food Retail Chile	2	1	1	3	0	1	3	0	1	0
Food Retail Peru	1	0	1	0	0	0	1	0	1	0

As of December 31, 2022, SMU's operations included 380 stores in Chile, distributed from Arica to Punta Arenas—similar to the 379 stores in operation at the end of 4Q21—and a total of 469,959 square meters. In Peru, the Company had 29 stores, with 19,734 square meters, for a total of 409 stores and 489,693 square meters between the two countries.

During the full year 2022, the Company opened five Unimarc stores, in four different regions of Chile, and three Maxiahorro stores, in Piura. In addition, the Company reopened an Alvi store that had been closed since January 2020, due to the acts of vandalism during the social unrest in Chile beginning on October 18, 2019. During the period, three Unimarc stores and one Alvi store that had not operated since the fourth quarter of 2019 (January 2020 in the case of Alvi), also due to the social unrest, were removed from the total number of stores.

Distribution Costs and Administrative Expenses

Operating expenses (distribution costs plus administrative expenses, excluding depreciation and amortization) totaled CLP 568,962 million for the full year 2022, an increase of 15.0% with respect to CLP 494,951 million for 2021. As a percentage of revenue, operating expenses amounted to 20.1% in 2022, similar to 20.0% in 2021. With respect to the fourth quarter of 2022, operating expenses totaled CLP 158,225 million (20.7% of revenue), an increase of 17.1% with respect to CLP 135,077 million (19.4% of revenue) for 4Q21.

Distribution costs for full year 2022 totaled CLP 38,912 million, an increase of 23.8% with respect to 2021. Distribution costs as a percentage of revenue amounted to 1.4% in 2022 and 1.3% in 2021. In 4Q22, distribution costs amounted to CLP 10,459 million (1.4% of revenue), an increase of 19.1% with respect to CLP 8,778 million (1.3% of revenue) in 4Q21. The increase in distribution costs is explained by the higher cost of oil, as well as the high levels of inflation—variables that affect the algorithm used to determine transportation cost.

Administrative expenses (excluding depreciation and amortization) totaled CLP 530,051 million (18.8% of revenue) in 2022, an increase of 14.4% with respect to CLP 463,520 million (18.7% of revenue) in 2021. Similarly, in the fourth quarter, administrative expenses increased 17.0%, to CLP 147,766 million (19.3% of revenue), compared to CLP 126,299 million (18.2% of revenue) in 4Q21.

The main variations during the full year 2022 are described below:

- a. Increase of CLP 27,722 million (+11.8% YoY) in personnel expenses, primarily due to the higher average minimum wage (11,1%), inflation adjustments (+9.7%) and openings and reopenings of stores in 2022, partially offset by a lower average headcount.
- b. Increase of CLP 14,979 million (+17.2% YoY) in services, primarily explained by higher rates on security services, cleaning services and utilities, associated with inflation and higher minimum wage, as well as higher expenses related to sales growth in Unimarc.cl
- c. Increase of CLP 5,541 million (+29.6% YoY) in credit card commissions, due to the increase in the use of electronic forms of payment, higher rates charged under the new four-party model, and higher sales.
- d. Increase of CLP 4,116 million (+31.2% YoY) in external services, primarily due to consulting services on strategic projects.
- e. Increase of CLP 3,742 million (+21,4% YoY) in IT services, primarily due to the implementation of strategic initiatives, including new modules of SAP and improvements to e-commerce platforms, as well as increases associated with the value of the UF and the dollar.
- f. Increase of CLP 2,125 million (+8.3% YoY) in lease expenses, primarily due to inflation, new store openings, and higher variable payments associated with higher sales.
- g. Increase of CLP 1,461 million (+10.8%) in advertising expenses.

The main increases during the fourth quarter are described below:

- a. Increase of CLP 12,037 million (+18.8% YoY) in personnel expenses, primarily due to the higher average minimum wage and inflation adjustments, as well as new store openings and expenses from employee performance incentives.
- b. Increase of CLP 3,219 million (+14.2% YoY) in services, primarily due to higher rates on utilities, cleaning services, and security services, associated with inflation and higher minimum wage (as these are the main elements of the cost of these services).
- c. Increase of CLP 2,108 million (+60.2% YoY) in external services, primarily due to consulting services on strategic projects.
- d. Increase of CLP 1,400 million (+24.6%) in credit card commissions, due to the increase in the use of electronic forms of payment, higher rates charged under the new four-party model, and higher sales.

Table 7: Average Headcount

AVERAGE HEADCOUNT	4Q22	4Q21	Δ %	2022	2021	Δ %
Stores Chile	21,278	22,299	-4.6%	21,802	22,540	-3.3%
Headquarters Chile	2,160	2,020	7.0%	2,078	2,017	3.0%
Food Retail Chile	23,439	24,318	-3.6%	23,881	24,557	-2.8%
Stores Peru	557	529	5.2%	538	489	10.0%
Headquarters Peru	163	165	-1.2%	162	158	2.8%
Food Retail Peru	720	694	3.6%	700	647	8.2%
CONSOLIDATED	24,158	25,013	-3.4%	24,580	25,204	-2.5%

Gross Margin, Contribution Margin and EBITDA

Gross profit for the full year 2022 totaled CLP 835,295 million, an increase of 15.9% with respect to CLP 720,731 million for 2021. With respect to the fourth quarter, gross profit amounted to CLP 232,005 million, an increase of 18.1% with respect to CLP 196,483 million for 4Q21. In percentage terms, gross margin amounted to 29.6% in 2022, 40 bps higher than 2021 (29.2%). With respect to the fourth quarter, gross margin reached 30.3%, 210 bps higher than 4Q21 (28.2%), reflecting the improved commercial efficiency.

Contribution margin totaled CLP 796,383 million (28.2% of revenue) in 2022, an increase of 15.5% compared to CLP 689,300 million (27.9% of revenue) for 2021. Contribution margin for 4Q22 totaled CLP 221,547 million (28.9% of revenue), an increase of 18.0% compared to CLP 187,705 million (27.0% of revenue) for 4Q21.

EBITDA for 2022 totaled CLP 266,332 million, an increase of 18.0% with respect to CLP 225,780 million in 2021. EBITDA margin for 2022 amounted to 9.4%, an expansion of 30 bps compared to 9.1% for 2021. With respect to 4Q22, EBITDA amounted CLP 73,780 million, an increase of 20.2% with respect to CLP 61,406 million in 4Q21. EBITDA margin for 4Q22 expanded 80 bps to 9.6%, compared to 8.8% for 4Q21, reflecting the increase of 210 bps in the gross margin, partially offset by the increase of 130 bps in the opex margin.

EBITDA adjusted for store rental expenses (EBITDA including all rental expenses, including those not included in administrative expenses under IFRS 16) for 2022 totaled CLP 188,296 million, an increase of 20.0% with respect to CLP 156,858 million in 2021. EBITDA adjusted for store rental expenses for 4Q22 totaled CLP 52,817 million, an increase of 19.7% with respect to CLP 44,109 million in 4Q21.

11.1.2.2

NON-OPERATING INCOME²⁶ AND INCOME TAX EXPENSE

The consolidated **non-operating loss** for SMU totaled CLP -86,213 million in 2022, a difference of CLP 3,271 million with respect to CLP -89,484 million in 2021. The main variations were:

- a. **Losses on inflation-indexed assets and liabilities:** negative variation of CLP 30,678 million, due to higher inflation with respect to 2021.
- b. **Other gains (losses):** positive variation of CLP 30,143 million, primarily due to two nonrecurring effects: (i) Gain of CLP 18,034 million in 2022 from the sale of OK Market, which was completed on February 28; and (ii) Loss of CLP 13,142 million in 2021 due to the plan implemented by the Company in February 2021 to optimize its organizational structure, as a result of the operating efficiency initiatives that have been implemented as part of the strategic plan, including the incorporation of technological tools and redesigning in-store processes. This plan started to generate savings in March 2021.
- c. **Financial income:** positive variation of CLP 9,958 million, as higher levels of cash during the period led to an increase in time deposits, and interest rates were higher.
- d. **Financial expenses:** negative variation of CLP 5,196 million, primarily due to the increase in the UF (higher inflation), affecting financial costs associated with UF-denominated liabilities.

With respect to the fourth quarter of 2022, the non-operating loss amounted to CLP -23,586 million, a positive variation of CLP 1,828 million with respect to CLP -25,415 million for 4Q21, primarily explained by:

- a. **Financial income:** positive variation of CLP 2,505 million, as higher levels of cash during the period led to an increase in time deposits, and interest rates were higher.
- b. **Financial expenses:** negative variation of CLP 1,586 million, primarily due to the increase in the UF (higher inflation), affecting financial costs associated with UF-denominated liabilities.
- c. **Losses on inflation-indexed assets and liabilities:** positive variation of CLP 1,388 million, due to lower inflation with respect to 4Q21.

²⁶ Non-operating income = Financial income and financial expenses + Share in profit (loss) of associates + foreign currency translation differences + income (expense) from inflation adjusted units + other gains (losses)

11.1.2.3

RESULTS OF DISCONTINUED OPERATIONS: OK MARKET

The results of the OK Market business are presented consolidated in one line, “Net income from discontinued operations” (see Note Regarding Presentation and Comparison of Information, page 309).

Net income from discontinued operations amounted to CLP 535 million in 2022, a decrease of 90.8% compared to CLP 5,841 million in 2021, reflecting the fact that OK Market ceased to belong to the SMU Group on February 28, 2022, so 2022 results only reflect two months of operations, whereas 2021 results include the full year.

11.1.2.4

NET INCOME

SMU reported **net income** of CLP 132,059 million for 2022, an increase of CLP 56,353 (74.4%) compared to CLP 75,707 million for 2021, primarily explained by the improvement of CLP 40,553 million in EBITDA. Also, the sale of OK Market created a non-recurring gain of about CLP 20 billion in 2022. Excluding this effect, the increase in net income would have been 48%. With respect to the fourth quarter, net income increased 7.7%, reaching CLP 31,223 million in 4Q22, also explained because of the improved operating income.

11.1.3 ANALYSIS OF STATEMENTS OF FINANCIAL POSITION

Table 8.1: Statement of Financial Position as of December 31, 2022 and 2021 – Assets

(CLP Million)	Dec. 2022	Dec. 2021	Δ \$	Δ %
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	124,531	113,794	10,737	9.4%
Other Current Financial Assets	6,734	8	6,726	81,062.0%
Other Current Non-Financial Assets	35,737	28,496	7,241	25.4%
Trade Accounts Receivable and Other Receivables, Net	81,633	93,719	(12,086)	(12.9%)
Accounts Receivable from Related Companies	401	16,004	(15,602)	(97.5%)
Inventories	245,353	231,874	13,479	5.8%
Current Tax Assets	2,844	2,698	147	5.4%
Non-Current Assets Classified as Held for Sale	-	41,666	(41,666)	(100.0%)
Total Current Assets	497,235	528,259	(31,024)	(5.9%)
NON-CURRENT ASSETS				
Other Non-Current Financial Assets	396	1,713	(1,317)	(76.9%)
Other Non-Current Non-Financial Assets	3,921	2,270	1,652	72.8%
Non-Current Accounts Receivable	41,358	2,351	39,007	1,659.3%
Investments Accounted for Using the Equity Method	3,253	13,750	(10,498)	(76.3%)
Intangible Assets Other Than Goodwill	67,473	61,514	5,960	9.7%
Goodwill	472,939	472,573	366	0.1%
Property, Plant, and equipment, net	762,790	713,965	48,825	6.8%
Deferred tax assets	479,271	424,088	55,183	13.0%
Total Non-Current Assets	1,831,402	1,692,224	139,178	8.2%
TOTAL ASSETS	2,328,637	2,220,482	108,154	4.9%

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Table 8.2: Statement of Financial Position as of December 31, 2022 and 2021 – Liabilities

(CLP Million)	Dec. 2022	Dec. 2021	Δ \$	Δ %
LIABILITIES				
CURRENT LIABILITIES				
Other Current Financial Liabilities	164,346	146,700	17,646	12.0%
Trade and Other Current Payables	446,798	423,762	23,036	5.4%
Accounts Payable to Related Companies	1,017	918	99	10.8%
Other Current Provisions	3,033	2,193	841	38.3%
Current Tax Liabilities	257	139	118	85.3%
Current Provisions for Employee Benefits	26,223	34,647	(8,424)	(24.3%)
Other Current Non-Financial Liabilities	10,765	7,378	3,387	45.9%
Non-Current Liabilities Classified as Held for Sale	-	10,877	(10,877)	(100.0%)
Total Current Liabilities	652,438	626,612	25,826	4.1%
NON-CURRENT LIABILITIES				
Other Non-Current Financial Liabilities	876,600	838,520	38,080	4.5%
Non-Current Payables	0	1	(1)	(100.0%)
Deferred Tax Liabilities	0	74	(74)	(100.0%)
Non-Current Provisions for Employee Benefits	12,267	2,514	9,753	387.9%
Other Non-Current Non-Financial Liabilities	-	-	-	-
Total Non-Current Liabilities	888,868	841,109	47,758	5.7%
TOTAL LIABILITIES	1,541,305	1,467,721	73,584	5.0%

Table 8.3: Statement of Financial Position as of December 31, 2022 and 2021 –Equity

(CLP Million)	Dec. 2022	Dec. 2021	Δ \$	Δ %
EQUITY				
Issued Capital	523,742	523,742	-	0.0%
Reacquired Own Equity	(833)	-	(833)	-
Retained Earnings	114,582	79,858	34,724	43.5%
Other Reserves	145,428	149,161	(3,733)	(2.5%)
Equity Attributable to the Owners of the Parent Company	782,919	752,761	30,158	4.0%
Non-Controlling Interest	4,412	-	4,412	-
Total Equity	787,331	752,761	34,570	4.6%
TOTAL LIABILITIES AND EQUITY	2,328,637	2,220,482	108,154	4.9%

Assets

As of December 31, 2022, SMU's **total assets** increased by CLP 108,154 million (4.9%) with respect to December 31, 2021, totaling CLP 2,328,637 million.

Current assets as of December 31, 2022 decreased CLP 31,024 million (5.9%) with respect to December 31, 2021, totaling CLP 497,235 million. The primary variations during the period were:

- A decrease of CLP 41,666 million in non-current assets or asset groups classified as held-for-sale, due to the completion of the sale of OK Market during the first quarter (see Note on Presentation and Comparison of Information, page 309).
- A decrease of CLP 15,602 million in accounts receivable from related companies, due to elimination adjustments resulting from the consolidation of the financial services companies (see Note on Presentation and Comparison of Information, page 309).
- An increase of CLP 13,479 million in inventory, primarily due to higher merchandise costs related to the increase in supplier costs.
- A decrease of CLP 12,086 million in current trade accounts receivable and other accounts receivable primarily due to the transfer from current to non-current of the account receivable related to the payment of insurance for business interruption and physical damages arising from the acts of vandalism that took place beginning on October 18, 2019, in the amount of CLP 39,610 million. This change is due to the expected timing of payment, associated with the arbitration proceeding to be carried out between SMU and the insurance companies. However, the Company maintains its estimate of a high probability of recovery the amounts claimed, based on the

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insurance adjuster's verification of both the coverage and the amounts, as well as the opinion of the external legal counsel, who are experts in this subject matter. This effect was partially offset by (i) An increase in accounts receivable from Transbank, related to the payment cut-off dates at the end of each year, and (ii) the increase due to the adding of the financial services net portfolio, due to the consolidation of these companies.

- e. Increase of CLP 10,737 million in cash and cash equivalents, due to the variations described in section 3. Analysis of Statement of Cash Flows.
- f. Increase of CLP 7,241 million in other current non-financial assets, primarily due to higher VAT fiscal credit, as well as the increase in pre-paid insurance, related to policy renewals.
- g. Increase of CLP 6,726 million in other current financial assets, which is mostly explained by greater investments in time deposits.

Non-current assets as of December 31, 2022 increased CLP 139,178 million (8.2%) with respect to December 31, 2021, totaling CLP 1,831,402 million. The primary variations during the period were:

- a. Increase of CLP 55,183 million in deferred tax assets, primarily due to the increase in tax loss carryforwards, due to inflation adjustments and the impact of the sale of OK Market.
- b. Increase of CLP 48,825 million in property, plant, and equipment, primarily due to additions during the period (CLP 137,680 million), partially offset by depreciation (CLP 81,962 million) and sales, disposals, and derecognition (CLP 5,137 million).
- c. Increase of CLP 39,007 million in non-current accounts receivable, primarily due to the transfer from current to non-current of the account receivable related to the payment of insurance for business interruption and physical damages arising from the acts of vandalism that took place SMU Earnings Release – December 2022 17 beginning on October 18, 2019, in the amount of CLP 39,610 million. This change is due to the expected timing of payment, associated with the arbitration proceeding to be carried out between SMU and the insurance companies. However, the Company maintains its estimate of a high probability of recovery the amounts claimed, based on the insurance adjuster's verification of both the coverage and the amounts, as well as the opinion of the external legal counsel, who are experts in this subject matter.
- d. Decrease of CLP 10,498 million in investments accounted for using the equity method, due to the consolidation of the financial services companies, leaving only Unired as an associate company in this account (CLP 3,235 million).
- e. Increase of CLP 5,960 million in intangible assets other than goodwill, primarily due to additions during the period (CLP 10,622 million) and the consolidation of the financial services companies (CLP 2,124 million), partially offset by amortization (CLP 9,606 million).

Liabilities

As of December 31, 2022, the Company's **total liabilities** increased by CLP 73,584 million (5.0%) with respect to December 31, 2021, totaling CLP 1,541,305 million.

Current liabilities as of December 31, 2022 increased by CLP 25,826 million (4.1%) with respect to December 2021, totaling CLP 652,438 million.

The primary variations during the period are detailed as follows:

- a. An increase of CLP 23,036 million in current trade accounts payable and other payables, primarily due to the cut-off date for payments.
- b. An increase of CLP 17,646 million in other current financial liabilities, primarily due to:
 - i. Obligations with the public: increase of CLP 28,591 million explained by (a) transfer from non-current to current of a portion of the Series B, T, and AL bonds (CLP 85,650 million), and (b) the variation of the UF (inflation) during the period and accrued interest, partially offset by payments of a portion of the Series B, T and AL bonds for CLP 62,809 million.
 - ii. Obligations for rights of use: increase of CLP 7,400 million, explained by (a) new and modified leasing contracts, and (b) UF adjustments (inflation) partially offset by leasing payments made during the period.
 - iii. Bank loans: decrease of CLP 18,665 million, due to (a) payments made during the period of CLP 13,000 million, and (b) transfer from current to non-current of CLP 6,000 million of debt that was refinanced to longer term.
- c. Decrease of CLP 10,877 million in non-current liabilities or liability groups classified as held-for-sale, related to the completion of the sale of OK Market in the first quarter (see Note on Presentation and Comparison of Information, page 309).
- d. Decrease of CLP 8,424 million in current provisions for employee benefits, primarily due to the decrease of CLP 10,172 million in the provision for benefits and bonuses as a result of the payment of bonuses during the period, partially offset by new bonus provisions. Also, the vacation provision grew CLP 1,607 million, reflecting the higher salaries, following inflation and minimum wage adjustments.
- e. Increase of CLP 3,387 million in other current non-financial liabilities, primarily due to a decrease of CLP 3,194 million in VAT fiscal debit.

Non-current liabilities as of December 31, 2022 increased by CLP 47,758 million (5.7%) with respect to December 2021, amounting to CLP 888,868 million.

The primary variation during the period were:

- a. Increase of CLP 38,080 million in other non-current financial liabilities, primarily due to:
 - i. Obligations for rights of use: increase of CLP 28,536 million, explained by new and leasing contracts, and UF adjustments (inflation).
 - ii. Bank loans: increase of CLP 6,000 million, due to transfer from current to non-current of CLP 6,000 million of debt that was refinanced to longer term.

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- iii. Obligations with the public: increase of CLP 1,381 million, due to the placement of the series AO bonds (UF 1 million) in March 2022, as well as the UF variation, partially offset by the transfer from non-current to current of a portion of the bonds of the series B, T, AL.
- b. Increase of CLP 9,753 million in employee benefits, due to the provision of long-term performance incentives.

Shareholder's Equity

Shareholders' equity increased by CLP 34,570 million (4.6%), primarily explained by the increase of CLP 34,724 million in retained earnings, due to net income for the period (CLP 132,059 million), less dividends paid (CLP 97,364 million).

11.1.4

ANALYSIS OF STATEMENT OF CASH FLOWS

Table 9: Statement of Cash Flows for the Year Ended December 31, 2022 and 2021

(CLP Million)	Dec. 2022	Dec. 2021	Δ \$
Net Cash Flows From (Used in) Operating Activities	270,586	239,846	62,323
Net Cash Flows From (Used in) Investing Activities	(11,881)	(47,196)	(6,298)
Net Cash Flows From (Used in) Financing Activities	(247,967)	(276,572)	(286,853)
Net Increase (Decrease) in Cash and Cash Equivalents Before Effect of Exchange Rates	10,737	(83,922)	(230,828)
Net Increase (Decrease) in Cash and Cash Equivalents	10,737	(83,922)	(230,828)
Cash and Cash Equivalents at Beginning of Period	113,794	197,716	146,906
Cash and Cash Equivalents at End of Period	124,531	113,794	(83,922)

During the full year 2022, cash provided by **operating activities** totaled CLP 270,586 million, an increase of CLP 30,741 million compared to CLP 239,845 million for 2021. During the period, cash receipts from the sale of goods and rendering of services increased by CLP 360,663 million, while payments to suppliers increased by CLP 301,890 million, payments to employees by CLP 11,433 million, and other operating payments by CLP 29,066 million (primarily related to VAT payments from higher sales). At the same time, interest received increased by CLP 10,036 million during the period.

Cash used in **investing activities** for 2022 totaled a net inflow of CLP -11,881 million, a difference of CLP 35,314 million compared to the net outflow of CLP -47,196 million for 2021. The main cash inflow in 2022 was from the sale of OK Market (CLP 49,100 million), whereas the main outflow of cash in investing activities is for CAPEX, which includes purchases of property, plant and equipment and purchases of intangible assets and amounted to CLP 56,876 million in 2022 and CLP 46,708 million in 2021.

Cash used in **financing activities** for 2022 totaled a net outflow of CLP -247,267 million, mainly explained by (i) payments of dividends for CLP 97,364 million; (ii) repayment of loans for CLP 78,401 million (Series B, T, and AL bonds and bank debt); (iii) payments of financial leases for CLP 51,760 million; and (iv) interest payments for CLP 51,429 million; partially offset by proceeds from long-term loans for CLP 31,820 million, from the placement of Series AO bonds. In 2021, cash used in financing activities totaled a net outflow of CLP -276,572 million, mainly explained by: (i) repayment of loans for CLP 120,600 million; (ii) dividend payments of CLP 57,413 million; (iii) payments of financial leases for CLP 48,598 million; and (iv) interest payments of CLP 49,961 million.

11.1.5 FINANCIAL INDICATORS

Table 10: Financial Indicators

			Dec. 2022	Dec. 2021
LIQUIDITY				
Liquidity Ratio	Times	Current assets/current liabilities	0.76	0.84
Acid Ratio	Times	(Current assets - inventories)/current liabilities	0.39	0.47
LEVERAGE				
Total Liabilities / Total Assets	Times	Total Liabilities / Total Assets	0.66	0.66
Total Liabilities / Equity	Times	Total Liabilities / Equity	1.96	1.95
Net Financial Debt / Equity	Times	(Other current financial liabilities - current obligations for rights of use + other non-current financial liabilities - non-current obligations for rights of use - cash and cash equivalents)/Shareholders' equity	0.54	0.55
Current Liabilities / Total Liabilities	%	Total current liabilities/Total liabilities	42.33	42.69
Net Financial Liabilities / EBITDA	Times	Other current financial liabilities + other non-current financial liabilities - cash and cash equivalents)/EBITDA for the last 12 months	3.44	3.86

			Dec. 2022	Dec. 2021
WORKING CAPITAL				
Days of Inventory	days	Average inventory for the period / Daily cost of goods sold for the period	43.14	43.22
Accounts Receivable Days	days	Average current trade and other accounts receivable for the period / (Daily revenue for the period * 1.19)	9.38	11.33
Accounts Payable Days	days	Average current trade and other accounts payable for the period / (Daily cost of goods sold for the period * 1.19)	66.14	67.90
EFICIENCY				
Interest Coverage (Last 12 months)	Times	EBITDA for the last 12 months / (financial expenses for the last 12 months - financial income for the last 12 months)	6.42	4.88
Gross Margin (Last 12 months)	%		29.55	29.15
EBITDA (Last 12 months)	CLP MM		266,332	225,780
EBITDA Margin (Last 12 months)	%		9.42	9.13

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			Dec. 2022	Dec. 2021
PROFITABILITY				
Return on Assets	%	Net income last 12 months / Total assets	5.67	3.41
Return on Assets (excluding goodwill)	%	Net income last 12 months / (Total assets - goodwill)	7.12	4.33
Return on Equity	%	Net income last 12 months / Shareholders' Equity	16.77	10.06
Return on Invested Capital (including goodwill)	%	Operating income last 12 months / (Accounts receivable + inventories + intangible assets + goodwill + property, plant and equipment)	10.72	9.27
Return on Invested Capital (excluding goodwill)	%	Operating income last 12 months / (Accounts receivable + inventories + intangible assets + property, plant and equipment)	15.10	13.26
EBITDA Adjusted for Store Rental Expenses				
EBITDA Adjusted for Store Rental Expenses (Last 12 months)	CLP MMM	EBITDA including store rental expenses not included in administrative expenses under IFRS	188,296	156,859
Interest Coverage Adjusted for Store Rental Expenses (Last 12 months)	Times	EBITDA Adjusted for Store Rental Expenses for the last 12 months / (interest expense for the last 12 months - interest on liabilities for rights of use for the last 12 months - financial income for the last 12 months)	17,52	9,48
Net Financial Debt/EBITDA Adjusted for Store Rental Expenses	Times	(Other current financial liabilities - current obligations for rights of use + other non-current financial liabilities - non-current obligations for rights of use - cash and cash equivalents)/EBITDA Adjusted for Store Rental Expenses for the last 12 months	2.26	2.66

With respect to **liquidity** indicators, the difference between December 2021 and December 2022 is due to the fact that current assets decreased, whereas current liabilities increased, as explained in section 2 of this document.

With respect to **indebtedness** indicators, the improvement in the ratio of net financial liabilities to EBITDA is due to the higher EBITDA, as explained in section 1 of this document.

With respect to **working capital** indicators, the main difference is in accounts receivable days, due to the decrease in current accounts receivable, as explained in section 2 of this document.

With respect to **efficiency** and **profitability** indicators, the improvements are primarily explained by the increase in EBITDA, operating income, and net income for the last 12 months, as explained in section 1 of this document.

11.1.6

RISK MANAGEMENT

The main risks faced by SMU, as well as certain measures taken by the Company to mitigate such risks, are described in note 4 to SMU's consolidated financial statements as of December 31, 2022.

11.1.7

RELEVANT EVENTS DURING THE PERIOD

1. On February 28, 2022, the Company filed an essential fact, informing:
 - a) As informed in the essential fact filed on October 8, 2020, SMU's subsidiaries Supermercados Chile S.A. and Inversiones SMU SpA (together, the "Sellers"), which own 100% of the shares of OK Market S.A. ("OK Market"), today executed a binding agreement (herein, the "Agreement") with FEMSA Comercio, S.A. de C.V. (herein, "FEMSA" and together with the Sellers, the "Parties"), for the sale of 100% of OK Market's shares and the sale of the merchandise in OK Market's stores at the closing date (herein, the "Transaction").
 - b) As informed in the abovementioned essential fact, the Transaction was subject to a series of conditions for its completion, including, among others, approval by anti-trust authorities, the negotiation of a share purchase agreement according to which shares shall be transferred, and completion of due diligence by FEMSA.
 - c) November 26, 2021, the Chilean antitrust authority (Fiscalía Nacional Económica or "FNE") approved the Transaction, subject to remedies proposed by the parties.
 - d) The regulatory requirements that are necessary to complete the Transaction have been met, and the due diligence process has been satisfactorily completed by FEMSA. Therefore, I hereby inform you that today the sale of OK Market has been completed, through the execution of a share purchase agreement.
 - e) The total price received by SMU as a result of the sale amounts to CLP 49,474,788,613. As stated in the essential fact filed on October 8, 2020, SMU's Board of Directors approved that the proceeds from this transaction will be used primarily towards the execution of the Company's strategic plan
 - f) The Company estimates that the impact from the Transaction on first quarter 2022 net income will be approximately CLP 20 billion.
2. On March 15, 2022, the Company filed an essential fact, informing the placement of dematerialized bearer bonds in the local Chilean market under Series AO (ticker BCSMU-AO), charged to the bond line that is registered with the Securities Registry of the CMF under number 1.098 ("Series AO Bonds"). The series was placed at an annual interest rate of 6.25%, with an annual coupon rate of 6.3%, and a maturity date of March 1, 2027. The placement of the Series AO Bonds was for a total amount of UF 1 million. The Company intends to use the total amount of the net proceeds from the placement to refinance existing financial liabilities.

The placement of the Series AO Bonds was for a total amount of UF 1 million. The Company intends to use the total amount of the net proceeds from the placement to refinance existing financial liabilities.

3. On March 28, 2022, the Company filed an essential fact, informing that that the Company's Board of Directors agreed the following
 - (1) To call an Annual Ordinary Shareholders' Meeting to be held on April 21, 2022, at 10:00 am, at Cerro El Plomo 5680 11th floor, Las Condes, Santiago, in order to inform the Company's shareholders of and/or to submit for the approval of the Company's shareholders the following matters:
 - a. Approve annual report and financial statements for the 2021 period.
 - b. Approve the report of independent auditors.
 - c. Approve remunerations of Board of Directors and other corporate committees for the 2022 period. Inform Board of Directors expenses incurred during 2021 period.
 - d. Inform activities and expenses of Directors' Committee for the 2021 period and determine remunerations and budget for the 2022 period.
 - e. Inform operations referred to under Title XVI of Law No. 18,046 (related-party SMU Earnings Release – December 2022 23 operations).
 - f. Designate independent audit firm for the 2022 period.
 - g. Designate credit rating agencies for the 2022 period.
 - h. Dividend payment and distribution of net income for the 2021 period.
 - i. Designate newspaper in which legally required notifications will be published.
 - j. Review any other matter that is of interest to shareholders and pertains to the Annual Ordinary Shareholders' Meeting.
 - (2) To submit for shareholder approval at such Annual Shareholders' Meeting a proposal for the payment of a final dividend in the amount of CLP 3.76549 per share, which is in addition to the interim dividends of CLP 0.65525 per share, CLP 2.48282 per share, and CLP 2.93258 per share, paid on September 23, September 28, and December 22, 2021, respectively, for a total amount of CLP 56,779,874,116, or CLP 9.83614 per share. If approved, such dividend would be paid on April 29, 2022 to shareholders of record as of the fifth business day prior to such date.

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- (3) In addition, the Board of Directors agreed to call an Extraordinary Shareholders' Meeting, to be held immediately after the Annual Ordinary Shareholders' Meeting, in order to discuss and vote on the following matters:
- a. Approval of a share repurchase program, in accordance with Articles 27A to 27C of the Corporations Act (*Ley de Sociedades Anónimas*) of Chile, as well as other applicable regulations.
 - b. Approval of the details of the share repurchase program, in particular: (a) the maximum amount or percentage to be acquired; (b) the purpose and duration of the share repurchase program, which may not exceed five years; (c) delegation to the Board of Directors of the responsibility for setting the purchase price for the respective shares; (d) authorization of the Board of Directors to directly acquire shares representing up to 1% of shares within any 12-month period, without the need to apply the pro rata procedure; (e) authorization of the Board of Directors to sell the shares acquired, through a preferential rights offering or without a preferential rights offering when the total amount of shares to be sold within any 12-month period does not exceed 1% of shares; and (f) any other relevant conditions.
 - c. In general, approval of any other agreements necessary to implement the share repurchase program and other related resolutions.

In light of public health concerns related to the COVID-19 pandemic, the Board of Directors also agreed to offer shareholders the option to participate remotely. Further information about how to participate remotely in the meeting will be available soon on the Company's website.

4. On March 31, 2022, the rating agency ICR improved the outlook on SMU's credit rating from A (stable outlook) to A (positive outlook)

5. On April 21, 2022, the Company filed an essential fact, informing that shareholders at SMU's annual general shareholders' meeting approved the following:
- a) Approve annual report and financial statements for the 2021 period.
 - b) Approve the report of independent auditors.
 - c) Approve remunerations of Board of Directors and other corporate committees for the 2022 period. In addition, shareholders were informed of Board of Directors expenses incurred during 2021 period.
 - d) Approve remunerations of the Directors' Committee for the 2022 period and inform activities and expenses of such committee during 2021.
 - e) Approve the report of operations referred to under Title XVI of Law No. 18,046 (related party operations).
 - f) Designate KPMG Auditores Consultores Limitada as the independent audit firm; and designate Feller-Rate and ICR as local credit rating agencies.
 - g) Designate the El Pulso section of La Tercera as the newspaper in which legally required notifications will be published.
 - h) Distribute to shareholders a final dividend of CLP 3.76549 per share, which is in addition to the interim dividends of CLP 0.65525 per share, CLP 2.48282 per share, and CLP 2.93258 per share, paid on September 23, September 28, and December 22, 2021, respectively, for a total amount of CLP 56,779,874,116, or CLP 9.83614 per share (75% of net income). The balance of net income from 2021, CLP 18,926,776,778, will remain in the retained earnings account of shareholders' equity. Such dividend was paid beginning on April 29, 2022 to shareholders of record as of the fifth business day prior to such date.
 - i) Approve a dividend policy to distribute 75% of net income of each period.

The Company also held an Extraordinary Shareholders' Meeting, at which shareholders approved the following resolutions:

- a) Approve a share repurchase program, in accordance with Articles 27A to 27C of the Corporations Act (Ley de Sociedades Anónimas) of Chile, as well as other applicable regulations.
- b) Approve that the maximum amount of the share repurchase program will not exceed the Company's retained earnings. The Company may not hold shares in excess of 5% of total shares outstanding.
- c) Approve that the duration of the share repurchase program will be five years beginning on today's date, and the objective of the program is for SMU to be able to purchase its own shares in order to obtain potential benefits for the Company and its shareholders.
- d) Delegate to the Board of Directors the responsibility for setting the purchase price for the respective shares.

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- e) Authorize the Board of Directors to directly acquire shares representing up to 1% of shares within any 12-month period, without the need to apply the pro rata procedure.
 - f) Authorize the Board of Directors to sell the shares acquired, through a preferential rights offering or without a preferential rights offering when the total amount of shares to be sold within any 12-month period does not exceed 1% of shares.
 - g) Delegate to the Board of Directors any additional matters necessary to implement the share repurchase program and other related resolutions.
6. On April 29, 2021, the rating agency Feller-Rate ICR improved the outlook on SMU's credit rating from A (stable outlook) to A (positive outlook).
 7. On May 16, 2022, the Company filed an essential fact, informing that the Board of Directors had agreed to distribute an interim dividend of CLP 37,350,939,015 (CLP 6.47041 per share), to be charged to retained earnings for 2022. This interim dividend is equivalent to 75% of net income for the first quarter of 2022 and was paid beginning on June 6, 2022 to shareholders of record on the fifth business day prior to such date.
 8. On May 30, 2022, the Company filed an essential fact, informing that its Board of Directors agreed to begin the share buyback program that was approved at the Extraordinary Shareholders' Meeting held on April 21, 2022. The Board authorized the Company's Management to directly acquire up to 1% of SMU's shares, without the need to apply the pro rata procedure, during the six months starting today, at a market price it deems convenient. At the end of the six-month period, the Board will evaluate whether the buyback program should continue for a new period.
 9. On September 8, 2022, the Company announced a partnership between Unimarc and the marketplace Mercado Libre to sell groceries, especially dry goods. This partnership allows SMU to continue strengthening its omnichannel growth strategy, diversifying its sales channels.
 10. On July 15, 2022, the Company filed an essential fact, informing the following:
 - a) As informed in the Essential Fact filed on July 27, 2021, SMU and Inmobiliaria Santander S.A. ("ISSA") executed, on such date, a binding Framework Contract for the lease of business locations where supermarkets from the Montserrat chain previously operated (the "Agreement").
 - b) In such filing, the Company reported that the Transaction was subject to a series of conditions, including, among others, the approval of free competition authorities and the completion of a due diligence procedure by SMU, covering ISSA's commercial locations.
 - c) The Transaction has been approved by the free competition authorities, and the due diligence procedure has been completed, and therefore, SMU and ISSA have executed lease contracts for 21 store locations (the "Lease Contracts").
 - d) Should the terms and conditions defined in the Lease Contracts be met, ISSA will make the properties available to SMU, in order to begin construction on the stores the Company will operate. On such date, SMU or one of its subsidiaries will also execute a purchase agreement for the assets located inside of each store location.

- e) Finally, we hereby inform you that it is not currently possible to accurately estimate the impact that the Transaction will have on the Company's results. Approve annual report and financial statements for the 2021 period.
11. On August 1, 2022, SMU announced the launch of App Alvi Compras, the new online sales channel for the Alvi cash & carry format that allows the chain's B2B customers—including mom-and-pops and other small businesses—to order and receive products without having to leave their place of business, which means they can continue to serve their own customers and ensure product availability at the same time. Through this launch, SMU continues to develop its omnichannel strategy and adding a new online sales platform to its existing offering, which includes Unimarc.cl, Unimarc app, and partnerships with Mercado Libre and the last milers Rappi and Pedidos Ya.
 12. On August 16, 2022, the Company filed an essential fact, informing that the Board of Directors had agreed to distribute an interim dividend of CLP 16,267,800,721 (CLP 2.82270 per share), to be charged to retained earnings for 2022. This interim dividend is equivalent to 75% of net income for the second quarter of 2022 and was paid beginning on September 6, 2022 to shareholders of record on the fifth business day prior to such date.
 13. On September 26, 2022, the rating agency ICR upgraded the Company's local credit rating from A (positive outlook) to A+ (stable outlook).
 14. On October 5, 2022, the rating agency Feller-Rate upgraded the Company's local credit rating from A (positive outlook) to A+ (stable outlook). This upgrade follows the upgrade by the rating agency ICR on September 26, 2022, and consequently, SMU now has a credit rating of A+, with stable outlook, with both of its rating agencies.
 15. On October 7, 2022, SMU S.A voluntarily committed to the management of five key sustainability criteria promoted by the World Business Council for Sustainable Development (WBCSD), which includes: carbon neutrality, biodiversity, human rights and due diligence; inclusion and diversity, and transparency and reporting.
 16. On November 14, 2022, the Company filed an essential fact, informing the following:
 - a) The Board of Directors approved payment of an interim dividend of CLP 22,008,184,123 (CLP 3.81874 per share) to be charged to retained earnings for 2022. This interim dividend is equivalent to 75% of net income for the third quarter of 2022 and was paid beginning on December 7, 2022, to shareholders of record as of the fifth business day prior to such date.
 - b) The Board also agreed to extend the Company's share buyback program, which was approved by shareholders on April 21, 2022, by an additional 12 months beginning on November 30, 2022, keeping the same conditions of the program informed in the essential fact on May 30, 2022. At the end of the 12-month period, the Board will evaluate whether the buyback program should continue for a new period.
 17. On November 23, 2022, SMU S.A launched its robotic micro-fulfillment center, the first of its kind in Latin America, in order to optimize order picking and delivery processes for Unimarc.cl through the use of robotic technology and artificial intelligence. This operation will help guarantee more complete and precise orders, thereby improving the customer shopping experience.

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18. On November 30, 2022, the Company announced its strategic plan for the 2023-2025 period, describing the main initiatives, as well as the key operating and financial goals associated with the plan, including capex of CLP 265 billion. Just like the 2020-2022 strategic plan, which concluded in December, SMU's new roadmap is based on four pillars: Omnichannel Growth; Customer Experience; Efficiency and Productivity; and Sustainable and Committed Organization.
19. On December 20, 2022, SMU increased its ownership interest in the company Inversiones RF S.A, controlling shareholder of the companies Unicard S.A, Administradora de Tecnologías y Servicios Unicard Ltda. and Unimarc Corredores de Seguros Ltda., thereby acquiring control over Inversiones RF by being the main shareholder. Consequently, beginning on such date, the aforementioned companies are consolidated on a line-by-line basis in SMU's financial statements.

11.1.8**NOTE REGARDING PRESENTATION AND COMPARISON OF INFORMATION****Sale of OK Market**

On October 8, 2020, SMU signed a binding agreement for the sale of its OK Market convenience stores to FEMSA Comercio S.A. de C.V., which operates OXXO convenience stores in Chile. On November 26, 2021, the Chilean antitrust authority (Fiscalía Nacional Económica or “FNE”) approved the Transaction, subject to remedies proposed by the parties. On February 28, 2022, the sale was completed. Therefore, and in accordance with the provisions of IFRS 5, in SMU’s Consolidated Financial Statements as of December 31, 2022, the OK Market business is presented as available for sale.

Consequently, in the Company’s statements of comprehensive income, the amounts corresponding to the OK Market business from 2021 and the first two months of 2022 are presented under a single line, “Profit (loss) from discontinued operations”.

The statements of cash flows for the full year 2021 are not comparable to the figures for the full year 2022. The statements of cash flows for 2021 include cash flows corresponding to OK Market, whereas in 2022, such cash flows are not included.

Additionally, as of December 31, 2022 and 2021, OK Market’s assets are consolidated in a single line of SMU’s statements of financial position, under “Non-current assets or asset groups classified as held-for-sale”, and its liabilities are consolidated in a single line under “Non-current liabilities or liability groups classified as held-for-sale”.

Consolidation of Financial Services Companies

On December 20, 2022, SMU increased its ownership interest in the company Inversiones RF S.A, controlling shareholder of the companies Unicard S.A, Administradora de Tecnologías y Servicios Unicard Ltda. and Unimarc Corredores de Seguros Ltda., thereby acquiring control over Inversiones RF by being the main shareholder. Consequently, beginning on such date, the afore mentioned companies are consolidated on a line-by-line basis in SMU's financial statements.

These companies are associated with the operation of the Unipay credit card, a payment method that is available for customers of Unimarc, Alvi, Mayorista 10 and Super10, complementing their value proposition and promotional activity, offering a convenient payment option, and helping to build customer loyalty.

In SMU's income statement for the year ended December 31, 2022, the revenue, costs and expenses of these companies for the dates between December 20 and 31, 2022, are consolidated on a line-by-line basis. Likewise, the statement of cash flow also includes cash movements for that same period. In the statement of financial position, all assets and liabilities are consolidated on a line-by-line basis as of December 31, 2022, while on December 31, 2021, these companies were consolidated in a single line under "Share of Profit (Loss) of Associates" in the income statement, and under "Investments Accounted for Using the Equity Method" in the statements of financial position.

12.



ADDITIONAL INFORMATION



12.1 INFORMATION ABOUT SUBSIDIARIES AND ASSOCIATES

12.1.1 DIRECT SUBSIDIARIES

Inversiones SMU Limitada	
Company name	Inversiones SMU Limitada
Type of company	Limited liability company
Chilean I.D.	76.147.279-8
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	834,970,314
Investment as a percentage of the parent company's total individual assets	35.6403%
Corporate purpose	Invest in instruments such as mutual fund shares, time deposits, loans, rights, commercial papers, and other credit instruments in general, as well as shares in order to receive dividends, in local or foreign currency. Invest in real estate or movable goods, as well as shares in the same. Participate as a partner, shareholder, or joint holder of any type of company as long as by so doing the invested funds increase; it shall not be necessary to demonstrate this to third parties. The company may manage the assets acquired through its investments and obtain the profits generated by such assets and, in general, carry out any profit-seeking business dealings.
Business activity	Investments
Administrator	SMU S.A., through its representatives
Chief executive officer	Marcelo Gálvez Saldías*
Ownership interest	SMU S.A. 99.9999% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

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INVERSIONES SMU SpA	
Company name	Inversiones SMU SpA
Type of company	Joint stock company
Chilean I.D.	76.142.764-4
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	1,000
Investment as a percentage of the parent company's total individual assets	0.0001%
Corporate purpose	Invest in instruments such as mutual fund shares, time deposits, loans, rights, commercial papers, and other credit instruments in general, as well as shares in order to receive dividends, in local or foreign currency. Invest in real estate or movable goods, as well as shares in the same. Participate as a partner, shareholder, or joint holder of any type of company as long as by so doing the invested funds increase; it shall not be necessary to demonstrate this to third parties. The company may manage the assets acquired through its investments and obtain the profits generated by such assets and, in general, carry out any profit-seeking business dealings.
Business activity	Investments
Administrator	SMU S.A., through its representatives
Chief executive officer	Marcelo Gálvez Saldías*
Ownership interest	SMU S.A. 100% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

OMICRÓN SpA	
Company name	Omicrón SpA
Type of company	Joint stock company
Chilean I.D.	76.023.547-4
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	100
Investment as a percentage of the parent company's total individual assets	(0.0000%)
Corporate purpose	Investment in all kinds of goods, including real estate and movable goods, and tangible and intangible goods, including the acquisition shares, rights in partnerships, debentures, bonds, commercial papers, and all kinds of securities or investment instruments, as well as the administration of such investments and their resulting profits.
Business activity	Investments
Administrator	SMU S.A., through its representatives
Chief executive officer	Marcelo Gálvez Saldías*
Ownership interest	SMU S.A. 100% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

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INVERSIONES OMEGA LIMITADA	
Company name	Investments Omega Limitada
Type of company	Limited liability company
Chilean I.D.	76.007.938-3
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	17,211,248
Investment as a percentage of the parent company's total individual assets	(0.5485%)
Corporate purpose	Investment in all kinds of goods, including real estate and movable goods, and tangible and intangible goods, including the acquisition shares, rights in partnerships, debentures, bonds, commercial papers, and all kinds of securities or investment instruments, as well as the administration of such investments and their resulting profits.
Business activity	Investments
Administrator	SMU S.A., through its representatives
Chief executive officer	Marcelo Gálvez Saldías*
Ownership interest	SMU S.A. 99.9999999% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

UNIDATA S.A.	
Company name	UNIDATA S.A.
Type of company	Corporation
Chilean I.D.	76.203.126-4
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	1,200
Investment as a percentage of the parent company's total individual assets	(0.5407%)
Corporate purpose	Promoting customer loyalty with Chilean and international companies by providing, supplying, and developing multiple services and holding ownership positions in all types of companies in Chile and abroad whose purpose is directly or indirectly related to the activities described above. In order to do so, the company may agree to form, modify or take place in any type of company or associations for such purpose, as well as performing information consulting and information facilities management and other activities and developing information technology and information services.
Business activity	Promoting loyalty
Board of directors	Arturo Silva Ortiz*, Marcelo Gálvez Saldías*, Eduardo Herrera Barros*, Claudia Gonzalez Montt* and Horacio Salamanca Uboldi
Chief executive officer	Luisa Astorino Morales*
Ownership interest	SMU S.A. 99.916667 % - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

12.4.2 ASSOCIATES

UNIRED S.A.	
Company name	Unired S.A.
Type of company	Corporation
Chilean I.D.	76.063.653-3
Address	Avda. La Dehesa N°181, Of. 905, Lo Barnechea
Telephone number	None
Paid-in capital (ThCh\$)	5,986,838
Investment as a percentage of the parent company's total individual assets	0.1397%
Corporate purpose	To carry out the following activities, legal actions, and operations, on behalf of banks or other companies or on the company's own behalf, associated with the provision of the following services: (1) Collecting and/or paying bills for water, gas, and electric utilities, phone services, pay TV, highway tolls, taxes, others, social security and insurance payments, health service, loans granted to individuals or businesses, such as consumer, automotive, mortgage, credit card, or credit line loans, tuition payments for primary and secondary schools, universities, institutes, or other educational institutions, installments, licenses, rights, permissions, interest, fines, similar payments corresponding to private or public institutions to communities, or public or private institutions, on payments made by their customers or users, prepayments of telephone or transportation services, e-wallet, or similar payments, and in general, all types of collections, payment or money transfer operations. (2) Payment of remunerations and benefits, prizes, exchanges, bonuses, and similar payments from private or public institutions. (3) Make deposits and withdrawals from current accounts, savings accounts, credit cards, and credit lines. (4) Make investments on its own behalf or on behalf of third parties in real estate or other assets, manage these investments, and receive the benefits. (5) Hold interest and invest in other types of companies. (6) Promotional and marketing services and renting spaces from individuals or companies from or for the products sold by the latter. (7) Marketing and selling own and third party products. (8) Developing and managing own or third party digital platforms or solutions.
Business activity	Collections
Board of directors	Pilar Dañobeitía Estades*, Horacio Salamanca Uboldi, Claudio Cisternas Duque, Cecilia Vergara Fisher, and Arturo Silva Ortiz*
Chief executive officer	Marcela Sáez Villouta
Ownership interest	Inversiones SMU Limitada 48.9982% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of SMU.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

12.4.3 INDIRECT SUBSIDIARIES

SUPERMERCADOS CHILE S.A.	
Company name	Supermercados Chile S.A.
Type of company	Corporation
Chilean I.D.	76.147.310-7
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	195,443,250
Investment as a percentage of the parent company's total individual assets	4.6195%
Corporate purpose	Invest in instruments such as mutual fund shares, time deposits, loans, rights, commercial papers, and other credit instruments in general, as well as shares in order to receive dividends, in local or foreign currency. Invest in real estate or movable goods, as well as shares in the same. Participate as a partner, shareholder, or joint holder of any type of company as long as by so doing the invested funds increase; it shall not be necessary to demonstrate this to third parties. The company may manage the assets acquired through its investments and obtain the profits generated by such assets and, in general, carry out any profit-seeking business dealings.
Business activity	Investments
Board of directors	Marcelo Gálvez Saldías*, Marcelo Fuentes Guglielmetti* and Arturo Silva Ortiz*
Chief executive officer	Marcelo Fuentes Guglielmetti*
Ownership interest	Inversiones SMU Limitada 99,9998306% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

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RENDIC HERMANOS S.A.	
Company name	Rendic Hermanos S.A.
Type of company	Corporation
Chilean I.D.	81.537.600-5
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	642,085,432
Investment as a percentage of the parent company's total individual assets	43.6811%
Corporate purpose	To carry out activities related to commerce, including the purchase and/or exchange of moveable goods to subsequently be sole, exchanged, or rented in their original form or modified; the operation of supermarkets, the purchase of business establishments, the rental of moveable goods or real estate in order to rent them; mom-and-pop businesses, stores, and similar establishments, land, sea, or air transportation companies; construction of real estate, such as buildings, roads, industrial facilities, and similar; the purchase, sale, and/or exchange of real estate; the promotion, distribution, and commercialization of credit cards, contests, advertising campaigns, and in general all types of products and service; all types of operations involving collections, payment, or transfer of money on its own behalf or on behalf of third parties; or any other business activity or financial operation agreed upon unanimously by the board of directors.
Business activity	Food retail
Board of directors	Marcelo Gálvez Saldías*, Marcelo Fuentes Guglielmetti* and Arturo Silva Ortiz*
Chief executive officer	Jorge Sáez Correa
Ownership interest	Inversiones SMU Limitada 99.99989% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

SUPER 10 S.A.	
Company name	Super 10 S.A.
Type of company	Corporation
Chilean I.D.	76.012.833-3
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	119,996
Investment as a percentage of the parent company's total individual assets	(40.1696%)
Corporate purpose	Commercialization of all types of goods, on the company's own behalf or on behalf of third parties, especially operating in the supermarket and pharmacy industries, either through buying and selling, importing, exporting, distributing, charging commissions, and/or consignment of all type of moveable goods, as a retailer or a wholesaler. To make investments, on the company's own behalf or on behalf of third parties, in tangible or intangible goods and real estate or moveable goods; to manage such investments; and to receive any profits generated by the same. To provide management, organizational, financial, commercial, economic, tax, legal, or marketing advisory services. To own or invest in all types of companies. To carry out activities for the promotion, commercialization, or distribution of credit cards, contests, promotional campaigns, and, generally, all kinds of products or services, collections, payments, delivery or transfer of funds on its on behalf or on behalf of third parties.
Business activity	Food retail
Board of directors	Marcelo Gálvez Saldías*, Marcelo Fuentes Guglielmetti* and Arturo Silva Ortiz*
Chief executive officer	Francisco Chávez Chávez
Ownership interest	Supermercados Chile S.A. 99.999998% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

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ALVI SUPERMERCADOS MAYORISTAS S.A.	
Company name	Alvi Supermercados Mayoristas S.A.
Type of company	Corporation
Chilean I.D.	96.618.540-6
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	69,725,327
Investment as a percentage of the parent company's total individual assets	2.1689%
Corporate purpose	Commercial activity in its broadest and most varies forms, especially buying and selling, importing, exporting, distributing, and marketing all types of goods, on the company's own behalf or on behalf of third parties, in representation of Chilean or foreign companies, and any other related activities agreed upon by shareholders, especially operating in the retail and/or wholesale supermarket industry, the distribution and commercialization of dairy products, cured meats, dry goods, candies, cleaning supplies, and in general all mass consumption food products; the distribution and retail or wholesale commercialization of liquor and alcoholic beverages, and the distribution and retail or whole commercialization of other goods. Any activity that is by nature related to the above. Hold ownership stakes in other companies, regardless of the type of company or nationality. To carry out activities for the promotion, commercialization, or distribution of credit cards, contests, promotional campaigns, and, generally, all kinds of products or services, collections, payments, delivery or transfer of funds on its on behalf or on behalf of third parties.
Business activity	Food retail
Board of directors	Marcelo Gálvez Saldías*, Marcelo Fuentes Guglielmetti* and Arturo Silva Ortiz*
Chief executive officer	Andrés Fernandez Palacios
Ownership interest	Supermercados Chile S.A. 99.99872% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

ABU GOSCH Y COMPAÑÍA LIMITADA	
Company name	Abu Gosch y Compañía Limitada
Type of company	Limited liability company
Chilean I.D.	85.641.200-8
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	466,150
Investment as a percentage of the parent company's total individual assets	0.4125%
Corporate purpose	Manufacture of wool and cotton textiles; manufacture of work clothes and clothing in general; importing, exporting, representation, distribution, marketing, and commerce in general, and any other business that the partners mutually agree upon, whether directly or indirectly related to the foregoing, or creating or holding ownership stakes in companies with the same or different business activity, whether civil or commercial.
Business activity	Food retail
Administrator	Rendic Hermanos S.A., through its representatives
Chief executive officer	Jorge Sáez Correa
Ownership interest	Rendic Hermanos S.A. 99.46% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

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SERVICIOS LOGÍSTICOS SANTIAGO S.A.	
Company name	Servicios Logísticos Santiago S.A.
Type of company	Corporation
Chilean I.D.	76.051.937-5
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	1,000
Investment as a percentage of the parent company's total individual assets	(0.5008%)
Corporate purpose	Providing all types of storage, custody, warehouse, inventory or general logistics services. Distribution and transport of merchandise on the company's own behalf or on behalf of third parties. Providing all types of merchandise and product transport services whether on vehicles belonging to the company or to third parties. Commercialization of all types of goods, on the company's own behalf or on behalf of third parties, especially operating in the supermarket and pharmacy industries, either through buying and selling, importing, exporting, distributing, charging commissions, and/or consignment of all type of moveable goods, as a retailer or a wholesaler. To make investments, on the company's own behalf or on behalf of third parties, in tangible or intangible goods and real estate or moveable goods; to manage such investments; and to receive any profits generated by the same. To provide management, organizational, financial, commercial, economic, tax, legal, or marketing advisory services. To own or invest in all types of companies.
Business activity	Logistics
Board of directors	Marcelo Gálvez Saldías*, Marcelo Fuentes Guglielmetti* and Arturo Silva Ortiz*
Chief executive officer	Martin Celedón Yañez
Ownership interest	Rendic Hermanos S.A. 99.9% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

SERVICIOS LOGÍSTICOS LA SERENA S.A.	
Company name	Servicios Logísticos La Serena S.A.
Type of company	Corporation
Chilean I.D.	76.051.947-2
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	1,000
Investment as a percentage of the parent company's total individual assets	0.0060%
Corporate purpose	Providing all types of storage, custody, warehouse, inventory or general logistics services. Distribution and transport of merchandise on the company's own behalf or on behalf of third parties. Providing all types of merchandise and product transport services whether on vehicles belonging to the company or to third parties. Commercialization of all types of goods, on the company's own behalf or on behalf of third parties, especially operating in the supermarket and pharmacy industries, either through buying and selling, importing, exporting, distributing, charging commissions, and/or consignment of all type of moveable goods, as a retailer or a wholesaler. To make investments, on the company's own behalf or on behalf of third parties, in tangible or intangible goods and real estate or moveable goods; to manage such investments; and to receive any profits generated by the same. To provide management, organizational, financial, commercial, economic, tax, legal, or marketing advisory services. To own or invest in all types of companies.
Business activity	Logistics
Board of directors	Marcelo Gálvez Saldías*, Marcelo Fuentes Guglielmetti* and Arturo Silva Ortiz*
Chief executive officer	Martin Celedón Yañez
Ownership interest	Rendic Hermanos S.A. 99,9% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

2022 INTEGRATED REPORT

ESCUELA DE CAPACITACIÓN Y OFICIOS SUPERMERCADISTAS LIMITADA	
Company name	Escuela de Capacitación y Oficios Supermercadistas Limitada
Type of company	Limited liability company
Chilean I.D.	76.033.021-3
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	1,000
Investment as a percentage of the parent company's total individual assets	0.1048%
Corporate purpose	Providing training services in accordance with Law No. 19,518, which establishes the new statute for training and employment, as well as any modification and scope. Training services may include labor or occupational training, training for private security guards in subjects inherent to private security, as long as it has been authorized by the authorities and the corresponding authorities.
Business activity	Training
Administrator	Rendic Hermanos S.A., through its representatives
Chief executive officer	Jorge Sáez Correa
Ownership interest	Rendic Hermanos S.A. 99% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

INMOBILIARIA SMU S.A.	
Company name	Inmobiliaria SMU S.A.
Type of company	Corporation
Chilean I.D.	76.139.841-5
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	1,001,000
Investment as a percentage of the parent company's total individual assets	(0.2358%)
Corporate purpose	The purchase, sale, lease, sublease, brokerage, or other type of exploitation, division into lots, subdivision, merger, construction, and urbanization of real estate, either on the company's own behalf or on behalf of third parties, and, in general, investments on its own behalf or on behalf of third parties in all types of real estate or moveable goods, tangible or intangible goods, securities, shares, and all types of credit or investment titles; and with regard to the foregoing, manage, exploit or dispose of them, or receive any profits generated by them. The construction, either on the company's own behalf or on behalf of third parties, of all types of buildings, urban developments, tourist complexes, hotels, commercial buildings, and others. The administration and exploitation of hotels, malls, tourist complexes, and/or real estate projects of all kinds, either on the company's own behalf or on behalf of third parties. To provide management, organizational, financial, commercial, economic, tax, legal, or marketing advisory services. To own or invest in all types of companies.
Business activity	Real Estate
Board of directors	Marcelo Gálvez Saldías*, Marcelo Fuentes Guglielmetti*, Arturo Silva Ortiz* ³⁹
Chief executive officer	Marcelo Fuentes Guglielmetti*
Ownership interest	Rendic Hermanos S.A. 99.9999%. - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

2022 INTEGRATED REPORT

ALVI SERVICIOS LOGÍSTICOS LIMITADA	
Company name	Alvi Servicios Logísticos Limitada
Type of company	Limited liability company
Chilean I.D.	78.381.240-1
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	315,553
Investment as a percentage of the parent company's total individual assets	(0.0654%)
Corporate purpose	The provision of logistics services to Chilean and foreign companies related to land transport of cargo, in vehicles owned by the company or by third parties. The rental of all types of motorized vehicles. Storage in own or third-party warehouses. Distribution of merchandise. Retail or wholesale commercialization of food products. In general, the company may undertake any activity that the partners agree to, whether or not it is part of its defined business activities.
Business activity	Logistics
Administrator	Alvi Supermercados Mayoristas S.A., through its representatives
Chief executive officer	Andrés Fernández Palacios
Ownership interest	Alvi Supermercados Mayoristas S.A. 99.8677% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

SERVI 2000 S.A.	
Company name	Servi 2000 S.A.
Type of company	Corporation
Chilean I.D.	96.781.670-1
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	262,944
Investment as a percentage of the parent company's total individual assets	(0.0009%)
Corporate purpose	Buying, selling, leasing, subleasing, distributing, commercializing, importing, and/or exporting all type of computer equipment and systems. Providing maintenance, repair, and support services for computer equipment and systems. Providing IT advisory services for administrating, developing, and operating companies as well as accounting and tax services.
Business activity	IT services
Board of directors	Marcelo Gálvez Saldías*, Marcelo Fuentes Guglielmetti* and Arturo Silva Ortiz*
Chief executive officer	Marcelo Fuentes Guglielmetti*
Ownership interest	Alvi Supermercados Mayoristas S.A. 99.98%. - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

2022 INTEGRATED REPORT

RED APOYO S.A.	
Company name	Red Apoyo S.A.
Type of company	Corporation
Chilean I.D.	76.948.390-K
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	3,401,127
Investment as a percentage of the parent company's total individual assets	0.0720%
Corporate purpose	A) Operation as a purchasing center, commission agent, and intermediary for all types of goods and services. B) Purchase and sale of all types of merchandise. C) Distribution and logistics of mass consumption products and equipment. D) Granting credits and financial advisory services. E) Intermediation of financial services, insurance, and similar. F) Leasing and subleasing of business equipment. G) Production of events. H) Provision of all types of advisory services. I) Training in human resources. J) Brand representation. K) Investment in all types of goods, whether real estate or moveable goods and tangible or intangible goods, including the acquisition of shares, rights in companies, bonds, commercial paper, all kinds of investment instruments and the management of these investments and their profits. L) The authorization and registry of transactions made by holders or users of prepayment, credit, and/or debit cards, cards with funds for purchasing food, coupons, or other forms of payment developed in the future ("forms of payment"). M) Managing affiliation of entities to the system without being part of the rendering of services regulated as part of the operation of forms of payment. N) The provision of point of sales terminals or electronic or IT applications that enable the authorization, capture, aggregation, and communication of payment operations to be subsequently processed by an operator of forms of payment to be paid. O) Other activities related to the operation of forms of payment, including the payment of amounts corresponding to affiliated entities. P) All types of collections, payment or money transfer operations on behalf of third parties.
Business activity	Financial services management for the Alvi store network
Board of directors	Marcelo Gálvez Saldías*, Marcelo Fuentes Guglielmetti* and Arturo Silva Ortiz*
Chief executive officer	Marcelo Fuentes Guglielmetti*
Ownership interest	Alvi Supermercados Mayoristas S.A. 99.59%. – Increase of 0.59% during the year 2022, due to capital increase.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

TELEMERCADOS EUROPA S.A.	
Company name	Telemercados Europa S.A.
Type of company	Corporation
Chilean I.D.	87.711.200-4
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	147,623
Investment as a percentage of the parent company's total individual assets	(0.2009%)
Corporate purpose	Commercializing, buying, selling, distributing, representing, importing, or importing all types of articles for the home or others, including groceries, clothing, sporting or recreational goods, furniture, personal hygiene products, cleaning supplies, and appliances; selling and distributing cigarettes and tobacco through retail, wholesale or other similar channels. The company may hold ownership stakes in other companies whose purpose is related to the foregoing.
Business activity	Food retail
Board of directors	Marcelo Gálvez Saldías*, Marcelo Fuentes Guglielmetti* and Arturo Silva Ortiz*
Chief executive officer	Javier Fernández Fernández*
Ownership interest	Alvi Supermercados Mayoristas S.A. 99.99999%. - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

2022 INTEGRATED REPORT

INVERSIONES DEL SUR S.A.	
Company name	Inversiones del Sur S.A.
Type of company	Corporation
Chilean I.D.	76.027.259-0
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	21,765,662
Investment as a percentage of the parent company's total individual assets	(6.5865%)
Corporate purpose	Investment in all kinds of goods, including real estate and movable goods, and tangible and intangible goods, including the acquisition shares, rights in partnerships, debentures, bonds, commercial papers, and all kinds of securities or investment instruments, as well as the administration of such investments and their resulting profits. Providing services in economic, financial, organizational or business administration matters, as well as negotiation, financial structuring, treasury, budget management, commercial mandate, and in general the provision of all types of services in areas related to the development and administration of businesses.
Business activity	Investments
Board of directors	Marcelo Gálvez Saldías*, Marcelo Fuentes Guglielmetti* and Arturo Silva Ortiz*
Chief executive officer	Marcelo Fuentes Guglielmetti*
Ownership interest	Investments Omega Limitada 99.999999%. - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

SUPERMERCADOS DEL SUR LIMITADA	
Company name	Supermercados del Sur Limitada
Type of company	Limited liability company
Chilean I.D.	76.027.291-4
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	333,337
Investment as a percentage of the parent company's total individual assets	(6.6024%)
Corporate purpose	a) Direct or indirect operation of supermarkets, malls, restaurants, industrial kitchens, and locations used for wholesale or retail commerce; b) wholesale or retail purchase, packaging, transformation, production, sale, import, export, and distribution of all kinds of merchandise, articles, product, foods, and other consumer goods related to the operation of supermarkets, malls, restaurants, industrial kitchens, and commercial locations; c) representation of Chilean or foreign companies and granting or accepting commercial concessions related to the operation of supermarkets, malls, restaurants, industrial kitchens, and commercial locations.
Business activity	Food retail
Administrator	Inversiones del Sur S.A., through its representatives
Chief executive officer	Marcelo Fuentes Guglielmetti*
Ownership interest	Investments del Sur S.A. 99.999999% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

2022 INTEGRATED REPORT

MAYORISTAS DEL SUR LIMITADA	
Company name	Mayoristas del Sur Limitada
Type of company	Limited liability company
Chilean I.D.	76.027.289-2
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	17,671
Investment as a percentage of the parent company's total individual assets	(0.0866%)
Corporate purpose	a) Direct or indirect operation of supermarkets, malls, restaurants, industrial kitchens, and locations used for wholesale or retail commerce; b) wholesale or retail purchase, packaging, transformation, production, sale, import, export, and distribution of all kinds of merchandise, articles, product, foods, and other consumer goods related to the operation of supermarkets, malls, restaurants, industrial kitchens, and commercial locations; c) representation of Chilean or foreign companies and granting or accepting commercial concessions related to the operation of supermarkets, malls, restaurants, industrial kitchens, and commercial locations.
Business activity	Food retail
Administrator	Inversiones del Sur S.A., through its representatives
Chief executive officer	Marcelo Fuentes Guglielmetti*
Ownership interest	Inversiones del Sur S.A. 99.99998% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

VALDIVIA S.A.	
Company name	Valdivia S.A.
Type of company	Corporation
Chilean I.D.	76.032.772-7
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	1,000
Investment as a percentage of the parent company's total individual assets	(0.0009%)
Corporate purpose	Any type of investment in tangible or intangible goods and moveable goods or real estate; operation, commercialization or management of such investments in any way, on the company's own behalf or on behalf of third parties; receiving any profits generated and reinvesting such profits with no restrictions of any type, as well as executing all actions and contracts necessary and conducive to the aforementioned corporate purpose.
Business activity	Investments
Board of directors	Marcelo Gálvez Saldías*, Marcelo Fuentes Guglielmetti* and Arturo Silva Ortiz*
Chief executive officer	Marcelo Fuentes Guglielmetti*
Ownership interest	Supermercados del Sur Ltda. 99.9%. - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

2022 INTEGRATED REPORT

PALOMA S.A.	
Company name	Paloma S.A.
Type of company	Corporation
Chilean I.D.	76.032.763-8
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	1,000
Investment as a percentage of the parent company's total individual assets	(0.0027%)
Corporate purpose	Any type of investment in tangible or intangible goods and moveable goods or real estate; operation, commercialization or management of such investments in any way, on the company's own behalf or on behalf of third parties; receiving any profits generated and reinvesting such profits with no restrictions of any type, as well as executing all actions and contracts necessary and conducive to the aforementioned corporate purpose.
Business activity	Investments
Board of directors	Marcelo Gálvez Saldías*, Marcelo Fuentes Guglielmetti* and Arturo Silva Ortiz*
Chief executive officer	Marcelo Fuentes Guglielmetti*
Ownership interest	Supermercados del Sur Ltda. 99.9%. - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

SAN SEBASTIÁN S.A.	
Company name	San Sebastián S.A.
Type of company	Corporation
Chilean I.D.	76.032.749-2
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	1,000
Investment as a percentage of the parent company's total individual assets	(0.0026%)
Corporate purpose	Any type of investment in tangible or intangible goods and moveable goods or real estate; operation, commercialization or management of such investments in any way, on the company's own behalf or on behalf of third parties; receiving any profits generated and reinvesting such profits with no restrictions of any type, as well as executing all actions and contracts necessary and conducive to the aforementioned corporate purpose.
Business activity	Investments
Board of directors	Marcelo Gálvez Saldías*, Marcelo Fuentes Guglielmetti* and Arturo Silva Ortiz*
Chief executive officer	Marcelo Fuentes Guglielmetti*
Ownership interest	Supermercados del Sur Ltda. 99.9%. - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

2022 INTEGRATED REPORT

CHILOÉ S.A.	
Company name	Chiloé S.A.
Type of company	Corporation
Chilean I.D.	76.032.756-5
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	1,000
Investment as a percentage of the parent company's total individual assets	(0.0012%)
Corporate purpose	Any type of investment in tangible or intangible goods and moveable goods or real estate; operation, commercialization or management of such investments in any way, on the company's own behalf or on behalf of third parties; receiving any profits generated and reinvesting such profits with no restrictions of any type, as well as executing all actions and contracts necessary and conducive to the aforementioned corporate purpose.
Business activity	Investments
Board of directors	Marcelo Gálvez Saldías*, Marcelo Fuentes Guglielmetti* and Arturo Silva Ortiz*
Chief executive officer	Marcelo Fuentes Guglielmetti*
Ownership interest	Supermercados del Sur Ltda. 99,9%. - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

PUERTO VARAS S.A.	
Company name	Puerto Varas S.A.
Type of company	Corporation
Chilean I.D.	76.032.752-2
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	1,000
Investment as a percentage of the parent company's total individual assets	(0.0003%)
Corporate purpose	Any type of investment in tangible or intangible goods and moveable goods or real estate; operation, commercialization or management of such investments in any way, on the company's own behalf or on behalf of third parties; receiving any profits generated and reinvesting such profits with no restrictions of any type, as well as executing all actions and contracts necessary and conducive to the aforementioned corporate purpose.
Business activity	Investments
Board of directors	Marcelo Gálvez Saldías*, Marcelo Fuentes Guglielmetti* and Arturo Silva Ortiz*
Chief executive officer	Marcelo Fuentes Guglielmetti*
Ownership interest	Supermercados del Sur Ltda. 99,9%. - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

2022 INTEGRATED REPORT

COMERCIALIZADORA DEL SUR UNO LIMITADA	
Company name	Comercializadora del Sur Uno Limitada
Type of company	Limited liability company
Chilean I.D.	76.0299.643-0
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	18,303
Investment as a percentage of the parent company's total individual assets	(0.3342%)
Corporate purpose	a) Direct or indirect operation of supermarkets, malls, restaurants, industrial kitchens, and locations used for wholesale or retail commerce; b) wholesale or retail purchase, packaging, transformation, production, sale, import, export, and distribution of all kinds of merchandise, articles, product, foods, and other consumer goods related to the operation of supermarkets, malls, restaurants, industrial kitchens, and commercial locations; c) representation of Chilean or foreign companies and granting or accepting commercial concessions related to the operation of supermarkets, malls, restaurants, industrial kitchens, and commercial locations.
Business activity	Food retail
Administrator	Supermercados del Sur Limitada, through its representatives
Chief executive officer	Marcelo Fuentes Guglielmetti*
Ownership interest	Supermercados del Sur Ltda. 99.9997% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

COMERCIALIZADORA DEL SUR DOS LIMITADA	
Company name	Comercializadora del Sur Dos Limitada
Type of company	Limited liability company
Chilean I.D.	76.029.209-5
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	3,917,266
Investment as a percentage of the parent company's total individual assets	0.2671%
Corporate purpose	a) Direct or indirect operation of supermarkets, malls, restaurants, industrial kitchens, and locations used for wholesale or retail commerce; b) wholesale or retail purchase, packaging, transformation, production, sale, import, export, and distribution of all kinds of merchandise, articles, product, foods, and other consumer goods related to the operation of supermarkets, malls, restaurants, industrial kitchens, and commercial locations; c) representation of Chilean or foreign companies and granting or accepting commercial concessions related to the operation of supermarkets, malls, restaurants, industrial kitchens, and commercial locations.
Business activity	Food retail
Administrator	Supermercados del Sur Limitada, through its representatives
Chief executive officer	Marcelo Fuentes Guglielmetti*
Ownership interest	Supermercados del Sur Ltda. 99.99999% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

2022 INTEGRATED REPORT

COMERCIALIZADORA DEL SUR TRES LIMITADA	
Company name	Comercializadora del Sur Tres Limitada
Type of company	Limited liability company
Chilean I.D.	76.029.208-7
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	700,858
Investment as a percentage of the parent company's total individual assets	0.0487%
Corporate purpose	a) Direct or indirect operation of supermarkets, malls, restaurants, industrial kitchens, and locations used for wholesale or retail commerce; b) wholesale or retail purchase, packaging, transformation, production, sale, import, export, and distribution of all kinds of merchandise, articles, product, foods, and other consumer goods related to the operation of supermarkets, malls, restaurants, industrial kitchens, and commercial locations; c) representation of Chilean or foreign companies and granting or accepting commercial concessions related to the operation of supermarkets, malls, restaurants, industrial kitchens, and commercial locations.
Business activity	Food retail
Administrator	Supermercados del Sur Limitada, through its representatives
Chief executive officer	Marcelo Fuentes Guglielmetti*
Ownership interest	Supermercados del Sur Ltda. 99.99996% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

COMERCIALIZADORA DEL SUR CUATRO LIMITADA	
Company name	Comercializadora del Sur Cuatro Limitada
Type of company	Limited liability company
Chilean I.D.	76.029.661-9
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	2,936
Investment as a percentage of the parent company's total individual assets	(0.0343%)
Corporate purpose	a) Direct or indirect operation of supermarkets, malls, restaurants, industrial kitchens, and locations used for wholesale or retail commerce; b) wholesale or retail purchase, packaging, transformation, production, sale, import, export, and distribution of all kinds of merchandise, articles, product, foods, and other consumer goods related to the operation of supermarkets, malls, restaurants, industrial kitchens, and commercial locations; c) representation of Chilean or foreign companies and granting or accepting commercial concessions related to the operation of supermarkets, malls, restaurants, industrial kitchens, and commercial locations.
Business activity	Food retail
Administrator	Supermercados del Sur Limitada, through its representatives
Chief executive officer	Marcelo Fuentes Guglielmetti*
Ownership interest	Supermercados del Sur Ltda. 99.99996% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

2022 INTEGRATED REPORT

COMERCIALIZADORA DEL SUR CINCO LIMITADA	
Company name	Comercializadora del Sur Cinco Limitada
Type of company	Limited liability company
Chilean I.D.	76.029.738-0
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	1,426,231
Investment as a percentage of the parent company's total individual assets	(0.1003%)
Corporate purpose	a) Direct or indirect operation of supermarkets, malls, restaurants, industrial kitchens, and locations used for wholesale or retail commerce; b) wholesale or retail purchase, packaging, transformation, production, sale, import, export, and distribution of all kinds of merchandise, articles, product, foods, and other consumer goods related to the operation of supermarkets, malls, restaurants, industrial kitchens, and commercial locations; c) representation of Chilean or foreign companies and granting or accepting commercial concessions related to the operation of supermarkets, malls, restaurants, industrial kitchens, and commercial locations.
Business activity	Food retail
Administrator	Supermercados del Sur Limitada, through its representatives
Chief executive officer	Marcelo Fuentes Guglielmetti*
Ownership interest	Supermercados del Sur Ltda. 99.999997% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

COMERCIALIZADORA DEL SUR SEIS LIMITADA	
Company name	Comercializadora del Sur Seis Limitada
Type of company	Limited liability company
Chilean I.D.	76.029.743-7
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	70,936
Investment as a percentage of the parent company's total individual assets	0.1117%
Corporate purpose	a) Direct or indirect operation of supermarkets, malls, restaurants, industrial kitchens, and locations used for wholesale or retail commerce; b) wholesale or retail purchase, packaging, transformation, production, sale, import, export, and distribution of all kinds of merchandise, articles, product, foods, and other consumer goods related to the operation of supermarkets, malls, restaurants, industrial kitchens, and commercial locations; c) representation of Chilean or foreign companies and granting or accepting commercial concessions related to the operation of supermarkets, malls, restaurants, industrial kitchens, and commercial locations.
Business activity	Food retail
Administrator	Supermercados del Sur Limitada
Chief executive officer	Marcelo Fuentes Guglielmetti*
Ownership interest	Supermercados del Sur Ltda. 99.9999957% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

2022 INTEGRATED REPORT

INVERSIONES RF S.A.	
Company name	Inversiones RF S.A.
Type of company	Corporation
Chilean I.D.	76.208.961-0
Address	Cerro El Plomo N° 5680, piso 10, Las Condes, Santiago, Chile
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	24,892,576
Investment as a percentage of the parent company's total individual assets	0.0567%
Corporate purpose	To make investments, on the company's own behalf or on behalf of third parties, in tangible and intangible goods, and real estate or moveable goods; to manage such investments; and to receive any profits generated. To invest in instruments such as mutual fund shares, time deposits, loans, rights, commercial paper, and credit titles in general, including shares in order to receive dividends in local or international currency, or real estate or moveable goods, including a partial ownership stake. And to own or invest in all types of companies, whether for speculative or other purposes.
Business activity	Investments
Board of directors	Claudio Cisternas Duque, Andrés Winter Salgado and Rodrigo Errázuriz Ruiz-Tagle
Chief executive officer	Raúl Leal Rozas
Ownership interest	SMU S.A. 47.03%. Due to capital increases in 2022, SMU S.A.'s ownership interest increased from 11.10% as of 12.31.2021 to 47.03% as of 12.31.2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

UNICARD S.A.

Company name	Unicard S.A.
Type of company	Special Corporation
Chilean I.D.	76.086.272-K
Address	Avda. La Dehesa N°181, Of. 905, Lo Barnechea, Santiago
Telephone number	None
Paid-in capital (ThCh\$)	54,552,800
Investment as a percentage of the parent company's total individual assets	0.0427%
Corporate purpose	The only purpose of the company is the issuance of credit cards and all complementary activities authorized by the superintendency of banks and financial institutions or the institution or authority that replaces or succeeds it.
Business activity	Issuance of Unipay credit card (formerly Unimarc credit card)
Board of directors	Pilar Dañobeitia Estades* , Horacio Salamanca Uboldi, Claudio Cisternas Duque, Arturo Silva Ortiz* and Andrés Winter Salgado
Chief executive officer	Inguer Pérez-Borroto
Ownership interest	SMU 42.63%, and the associate company Inversiones RF 57.37%. No changes during 2022. However, due to the increase in the ownership interest of SMU S.A. in Inversiones RF, Unicard became a subsidiary of SMU S.A., and its results are consolidated on a line-by-line basis in the 2022 financial statements.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

2022 INTEGRATED REPORT

ADMINISTRADORA DE TECNOLOGÍAS Y SERVICIOS UNICARD LTDA.	
Company name	Administradora de Tecnologías y Servicios Unicard Ltda.
Type of company	Limited liability company
Chilean I.D.	76.891.181-9
Address	Avenida Apoquindo N° 4660, piso 8, Las Condes, Santiago, Chile
Telephone number	None
Authorized capital (ThCh\$)	9,505,314
Paid-in capital (ThCh\$)	9,505,314
Investment as a percentage of the parent company's total individual assets	(0.0517%)
Corporate purpose	To carry out, on the company's own behalf or on behalf of third parties, the following activities, legal actions, and operations, associated with the provision of the following services: providing, to individuals or companies, all kinds of material and/or immaterial services, and especially computer, operating, administrative, and business support services, as well as services to help such parties initiate and/or manage and/or maintain systems of financing to acquire all kinds of assets; risk analysis and evaluation; obtaining short- and/or long-term loans; evaluating, organizing, structuring, intermediating, and executing, on its own behalf or for others, the sale of all kinds of facilities, maintenance, advisory services, security services, repair, rental car, roadside assistance, and assistance of any nature, including travel, theft, and others, for individuals and their home, the execution of all types of operations, implementation of businesses in accordance with the company purpose, and in general the rendering of all kinds of services, including the design and structure of the services, and entering into necessary contracts in order to carry out the corporate purpose.
Business activity	Provision of services
Chief executive officer	Raúl Leal Rozas
Ownership interest	SMU 42.63%, and the associate company Inversiones RF 57.37%. No changes during the year 2022. However, due to the increase in the ownership interest of SMU S.A. in Inversiones RF, Administradora de Tecnologías y Servicios Unicard Ltda. became a subsidiary of SMU S.A., and its results are consolidated on a line-by-line basis in the 2022 financial statements.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of SMU.

UNIMARC CORREDORES DE SEGUROS LIMITADA	
Company name	Unimarc Corredores De Seguros Limitada
Type of company	Limited liability company
Chilean I.D.	76.454.856-6
Address	Avda. La Dehesa Apoquindo N° 181, Of. 905, Lo Barnechea, Santiago, Chile
Telephone number	None
Authorized capital (ThCh\$)	500.500
Paid-in capital (ThCh\$)	500
Investment as a percentage of the parent company's total individual assets	(0.0154%)
Corporate purpose	a) To act as broker or intermediary in the hiring of all types of damage or personal liability insurance, except social security insurance, with any insurer authorized to operate in Chile, in accordance with the provisions of Article 57, from Decree Law 251 published in 1931 b) to offer, market and/or produce all types of services that are complementary or related to the insurance business, such as assistance, inspections, or technical advisory services. The company may not operate as an insurance adjuster or in any other business area prohibited by law or restricted to special corporations. In the course of carrying out its business the company may provide advisory services and offer services related to its corporate purpose, in the broadest sense permitted by current or future law.
Business activity	Insurance broker
Representante legal	Carolina Fuentes Riveros
Ownership interest	SMU 42.63%, and the associate company Inversiones RF 57.37%. No changes during the year 2022. However, due to the increase in the ownership interest of SMU S.A. in Inversiones RF, Unimarc Corredores de Seguros Limitada became a subsidiary of SMU S.A., and its results are consolidated on a line-by-line basis in the 2022 financial statements.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

2022 INTEGRATED REPORT

SMU PERÚ S.A.C.	
Company name	SMU Perú S.A.C.
Type of company	Closed joint stock company
Peruvian I.D.	20514675156
Address	Avenida El Polo 670 interior 801, Centro Empresarial El Polo II, distrito de Santiago de Surco, provincia y departamento de Lima, Peru.
Telephone number	+51-1-7006700
Paid-in capital (ThPEN)	200,204
Investment as a percentage of the parent company's total individual assets	1.4820%
Corporate purpose	To acquire and hold shares in Mayorsa S.A. In order to fulfill its objective and carry out activities related to it, the company may execute legal actions, agreements, and/or contracts related to its shares in Mayorsa S.A.
Business activity	Investments
Board of directors	Pilar Dañobeitia Estades*, Marcelo Gálvez Saldías*, Raúl Sotomayor Valenzuela*, Gustavo Persson Donoso* and Arturo Silva Ortiz*
Chief executive officer	Patricio Llosa Bellido*
Ownership interest	Alvi Supermercados Mayoristas S.A. 99,999999% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

MAYORSA S.A.	
Company name	Mayorsa S.A.
Type of company	Corporation
Peruvian I.D.	20108730294
Address	Avenida El Polo 670 interior 801, Centro Empresarial El Polo II, distrito de Santiago de Surco, provincia y departamento de Lima, Peru.
Telephone number	+51-1-7006700
Paid-in capital (ThPEN)	114,196
Investment as a percentage of the parent company's total individual assets	0.6848%
Corporate purpose	Industry, production, manufacture, distribution, purchase, and sale of groceries, similar products. Importing and exporting all types of goods and products, artisanal products, textiles, agricultural products, services in general, and related activities.
Business activity	Food retail
Board of directors	Pilar Dañobeitia Estades*, Marcelo Gálvez Saldías*, Raúl Sotomayor Valenzuela*, Gustavo Persson Donoso* and Arturo Silva Ortiz*
Chief executive officer	Patricio Llosa Bellido*
Ownership interest	SMU Perú S.A.C. 99,283681% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

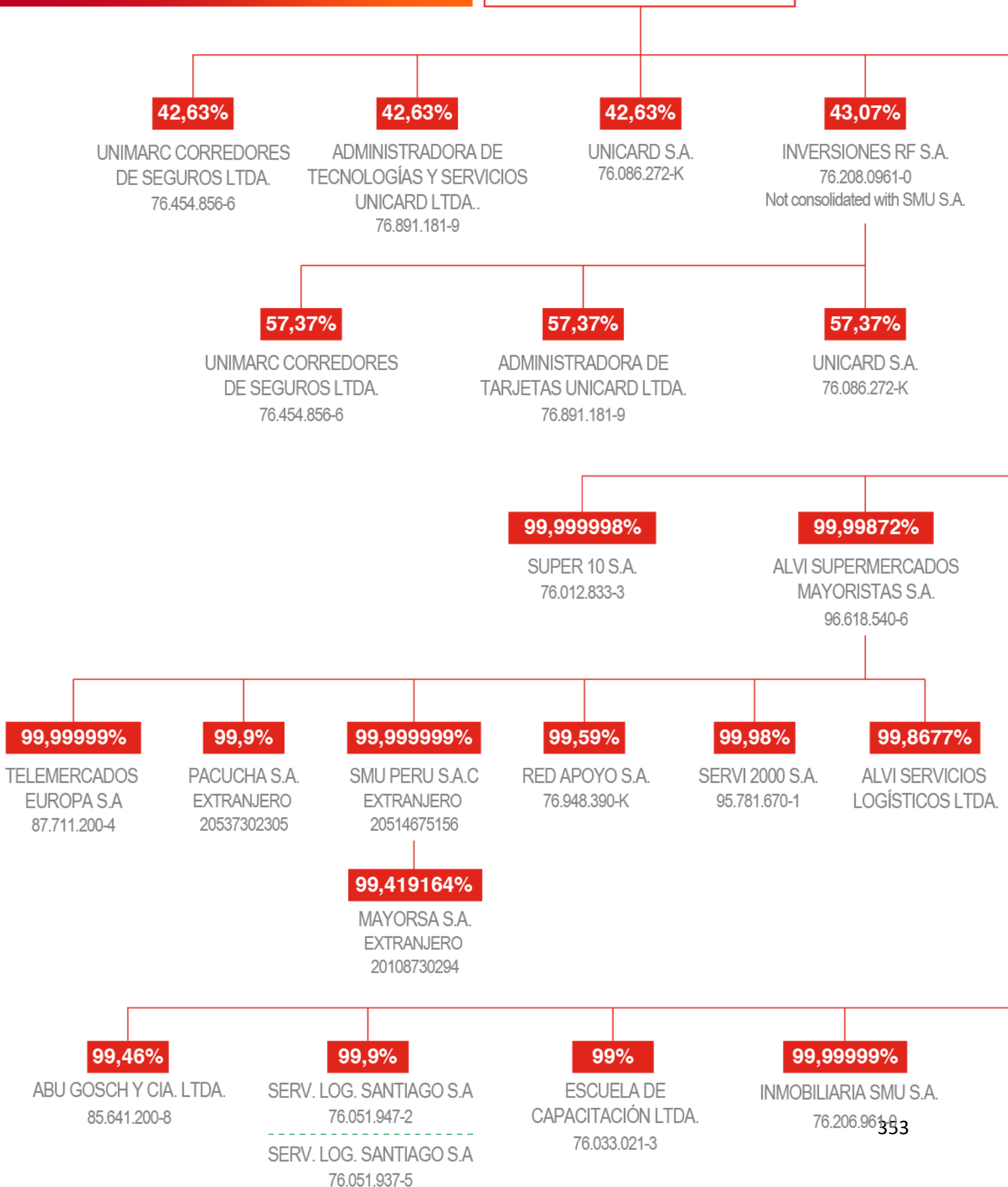
2022 INTEGRATED REPORT

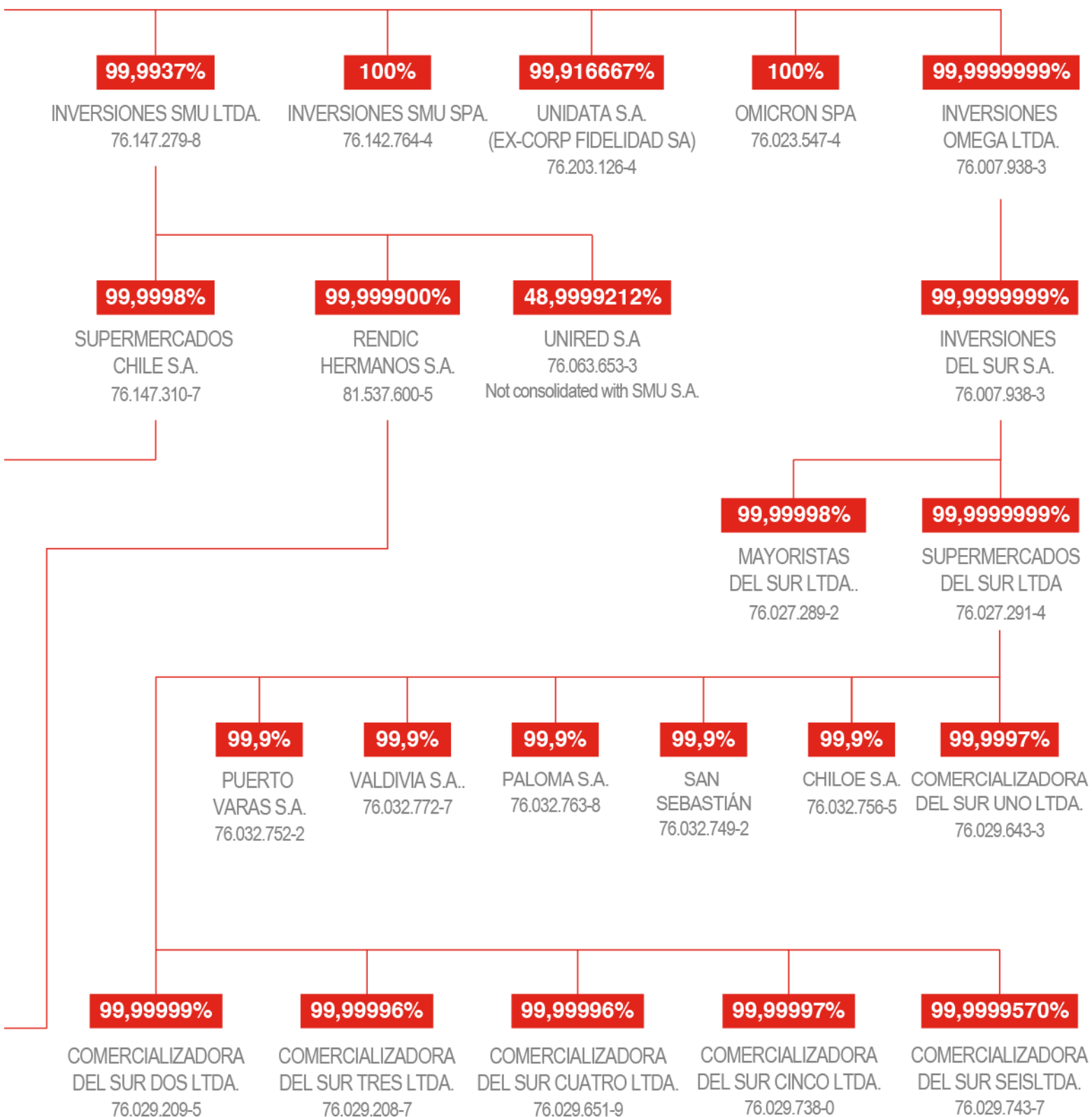
PACUCHA S.A.	
Company name	Inversiones Pacucha S.A.
Type of company	Corporation
RUC	20537302306
Address	Avenida El Polo 670 interior 801, Centro Empresarial El Polo II, distrito de Santiago de Surco, provincia y departamento de Lima, Peru.
Telephone number	+51-1-7006700
Paid-in capital (ThPEN)	1
Investment as a percentage of the parent company's total individual assets	(0.0110%)
Corporate purpose	Other not previous classified business activities.
Business activity	Other not previous classified business activities.
Board of directors	None
Chief executive officer	Patricio Llosa Bellido*
Ownership interest	Alvi Supermercados Mayoristas S.A. 99.9% - No changes during the year 2022.
Contracts or actions	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

*Holds position of director, chief executive officer, or senior manager of SMU S.A.

CORPORATE STRUCTURE 2022

SMU S.A.
76.012.676-4





12.2 INDEPENDENT CERTIFICATIONS



GE-2023/0004

AENOR certifica que la organización

SMU S.A.

dispone de un sistema de gestión energética conforme con la Norma UNE-ISO 50001:2018

para las actividades: Venta de productos alimenticios y no alimenticios, refrigerados y no refrigerados.
Elaboración de panadería y comidas rápidas. Almacenamiento de productos refrigerados y no refrigerados.

que se realizan en: AVENIDA MANQUEHUE NORTE, 457. - LAS CONDES (SANTIAGO - Chile)
PRÍNCIPE DE GALES, 7271 - LA REINA (SANTIAGO - Chile)
CAMINO LÓ AGUIRRE SUR, 537. - PUDAHUEL (SANTIAGO - Chile)

Fecha de primera emisión: 2023-01-10
Fecha de expiración: 2026-01-10



Rafael GARCÍA MEIRO
CEO



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Original Electrónica



Occupational Health and Safety – SMU S.A. Y FILIALES

1. General Background

Based on the requirement made by the Company SMU S.A. Y FILIALES, Rut: 76012676-4, It is proceed to inform the statistical details.

2. Required Information

2.1 Occupational Health and Safety – Fatalities.

Fatalities	FY 2017	FY 2018	FY2019	FY 2020	FY 2021	FY 2022
SMU S.A. y Filiales	0	0	0	0	0	0

2.2 Occupational Health and Safety - Lost-Time Injury Frequency Rate (LTIFR) Employees:

LTIFR LTIFR	Unit	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Employees	n/million hours worked	34,0	29,7	26,5	19,1	22,6	31,2
Data coverage (as % of employees, operations or revenues)	percentage of: (employees)	100%	100%	100%	100%	100%	100%

2.3 Occupational Illness Frequency Rate (OIFR) – Employees

OIFR	Unit	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Employees	n/million hours worked	0,37	0,19	0,15	0,12	0,00	0,08
Data coverage (as % of contractors, operations or revenues)	percentage of: (employees)	100%	100%	100%	100%	100%	100%

The employee total hours worked, estimated by The Instituto de Seguridad del Trabajo, used to the elaborated this document are 158 hours per employee.

(Signature)
 Raúl Rojas Romero
 Gerente de Prevención



Viña del Mar, March 16th 2023
 RRR/SCV
 (* Information provided by the company.)

CERTIFICADO N° 2/2022

PLAN DE CUMPLIMIENTO - LEY 19.496 SOBRE PROTECCIÓN DE LOS DERECHOS DE LOS CONSUMIDORES

DISEÑADO EN EL MARCO DE UNA COLABORACIÓN SUSTANCIAL DEL PROVEEDOR ANTE EVENTUALES INFRACCIONES CONFORME AL ARTÍCULO 24, INCISO CUARTO LETRA C) – LEY 19.496

En Santiago de Chile, a 30 de diciembre de 2022, MC Compliance S.A., RUT N°76.125.969-5, registrada como entidad idónea para la Certificación de Planes de Cumplimiento en normas de Protección al Consumidor, ante el Servicio Nacional del Consumidor (en adelante "SERNAC"), de acuerdo con lo establecido en la Resolución Exenta N°689, de fecha 10 de septiembre del año 2021, certifica que la empresa que se menciona a continuación:

- SMU S.A. RUT 76.012.676-4

Ha diseñado e implementado un plan de cumplimiento en normas sobre protección de los derechos de los consumidores, conforme a la Ley 19.496, y demás normativa vigente - reglamentaria o administrativa- aplicable, que alcanza a los deberes y obligaciones del proveedor en materia de:

- a. **Protección de datos personales**, en cumplimiento de lo dispuesto en los artículos 4 y 9 de la Ley 19.628 en relación con lo dispuesto en el artículo 2 bis letra b), y 15 bis de la Ley 19.496;
- b. **Deberes de información**, en cumplimiento de lo dispuesto en el artículo 3 letra b) de la Ley 19.496;
- c. **Publicidad**, en cumplimiento de lo dispuesto en las normas del párrafo 1° Información y Publicidad, del Título III de la Ley 19.496;
- d. **Normas sobre cumplimiento contractual**, en cumplimiento de lo dispuesto en el artículo 3 letra e) y 18 de la Ley 19.496;
- e. **Garantía legal**, en cumplimiento de lo dispuesto en el artículo 3 letra e) y 20 de la Ley 19.496;
- f. **Promociones y ofertas**, en cumplimiento de lo dispuesto en los artículos 35 y 36 de la Ley 19.496;
- g. **Seguridad en los productos**, en cumplimiento en el artículo 3 letra d), 45 y 46 de la Ley 19.496; y
- h. **Equidad en las estipulaciones**, en cumplimiento de lo dispuesto en el artículo 16 de la Ley 19.496. Adicionalmente se ha observado la empresa a certificar ha adoptado medidas que contribuyen en la profesionalidad del proveedor tales como velar por la capacitación de sus colaboradores en materia de Protección de los Derechos de los consumidores, y el establecimiento de un Código de Ética que transmite el compromiso de la compañía por representar y cuidar las relaciones con sus clientes.

El contenido y alcance del plan de cumplimiento se ajusta a lo establecido en la resolución del Servicio N°689 de fecha 10 de septiembre de 2021, que aprueba la *circular interpretativa sobre el alcance, contenido, procedimiento de aprobación y presentación de los planes de cumplimiento de los artículos 24 inciso cuarto letra c) y 54 P de la Ley N°19.496*, y a la Especificación Técnica INN/ET1 *planes de cumplimiento para la protección de los derechos de los consumidores*.

Periodo de vigencia de la certificación de 24 meses contados desde el 30 de diciembre de 2022.

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Estuvo a cargo de la dirección del proceso de Certificación y de la evaluación del Plan de Cumplimiento la Sra. Johanna Scotti Becerra, RUT N°13.852.271-7.

MC Compliance S.A., declara que no pertenece al grupo empresarial de la entidad Certificada y que ni MC Compliance S.A. ni sus personas relacionadas han asesorado a la entidad Certificada o a una entidad de su grupo empresarial para efectos del diseño o implementación del Plan de Cumplimiento.

En consideración a la mejora continua, los procesos actualmente en desarrollo del Plan de Cumplimiento elaborado por SMU S.A. y el rol de seguimiento y monitoreo, es que MC Compliance S.A. recomienda al proveedor subsanar las brechas y hallazgos levantados previo a la solicitud de aprobación ante el SERNAC.

DocuSigned by:

AABBF2AEE6448492...

Patricio Eguiguren M.
Presidente Ejecutivo

DocuSigned by:

9AC356C7C262483

Sra. Johanna Scotti B.
Abogado Jefe

MC Compliance S.A.

13.



METHODOLOGY



METHODOLOGY

13.1 ABOUT THIS REPORT

SMU published its first sustainability report in 2026 and has published an Integrated Report each year since 2019, informing stakeholders about the Company's economic, social, and environmental performance, considering all of its operations, in both Chile and Peru.

This document covers the period between January 1 and December 31, 2022 and was prepared in accordance with the requirements of General Standard No. 461 (*Norma de Carácter General N°461*) issued by the Chilean Financial Markets Commission (*Comisión para el Mercado Financiero*) in November 2021. This standard includes the requirement to report information required by the SASB (Sustainability Accounting Standards Board) industry standards for food retailers and distributors. In addition, in line with reporting for previous years, this report was prepared with reference to the new Global Reporting Initiative (GRI) standards.

The data and information contained herein has been prepared by the areas specializing in each subject matter. Further information about SMU's sustainability management is available on the Company's website, www.smu.cl.

13.2 APPLICATION OF GRI STANDARDS

13.2.1

PRINCIPLES FOR THE PREPARATION OF THIS REPORT

- **Stakeholder participation:** In order to develop this document, SMU considered the opinion of its stakeholders, specifically by carrying out a materiality process. The Company prepared a survey that was responded through interviews and focus groups held with employees, customers, consumer associations, non-profits, Board members, neighborhood organizations, investors, entrepreneurs, and suppliers. In addition, an expert in sustainability provided her opinion on both the survey and on the material topics identified.
- **Sustainability context:** The social environment demands increasing levels of transparency from companies, and this Integrated Report aims to satisfy those requirements by providing information about SMU's performance and management of a range of issues that are part of the public discourse, including the economy and high

levels of inflation, diversity and inclusion in the workplace, human rights, and caring for the environment and surrounding communities.

- **Materiality:** This report places special emphasis on the real and potential impacts generated by the Company in the ordinary course of its business activities.
- **Validation and completeness:** The contents of this document were validated by the responsible persons from each specialist area, as well as by the Company's senior management team and Board of Directors.

13.2.2

PRINCIPLES IN ORDER TO GUARANTEE THE QUALITY OF THE PUBLISHED INFORMATION

- **Accuracy:** The contents of this report have been prepared considering the breadth and depth of information required by stakeholders in order to form an opinion about SMU's management.
- **Balance:** This report aims to provide unbiased information about the progress made during 2022, as well as well as challenges and opportunities for improvement going forward.
- **Clarity:** The contents of this report were prepared in such a way that the Company hopes can be easily understood by all of its stakeholders.
- **Comparability:** In most cases, indicators presented in relation to 2022 performance are complemented with information from previous periods, in order to provide context and visibility with respect to how the Company's management has evolved over time.
- **Reliability:** The information contained in this report has been reviewed and validated by senior management.
- **Frequency:** SMU began publishing sustainability reports on an annual basis in 2016 and has published annual integrated reports since 2019.

13.3 MATERIAL TOPICS

According to new GRI guidelines, material topics are topics that represent an organization's most significant impact on the economy, the environment, and people, including impacts on their human rights. These topics can be indicative of the organization's contribution (whether negative or positive) to sustainable development.

Using these guidelines, in an effort to complement and enrich the contents of its integrated report required by General Standard 461, SMU identified its material topics from the perspective of its stakeholders.

13.3.1 IDENTIFICATION OF MATERIAL TOPICS

PROCESS

The material topics reported on in this integrated report were the result of a process that included four steps, as suggested by GRI Standards.

Step 1: Understand the organization's context

Overview of the organization's characteristics and sustainability context, including:

- Review of corporate documents, surveys, policies, statements, publications, manuals, guidelines, and codes.
- Benchmarking of sustainability reports prepared by relevant players in the local and international food retail industry.
- Information requirements for the Corporate Sustainability Assessment (CSA) used for the Dow Jones Sustainability Index.
- Standards and regulations applicable to SMU's business and activities, in terms of consumer protection, free competition, crime prevention, workplace safety, inclusiveness in the workplace, food labeling, and waste management, among others.

Step 2: Identify actual and potential negative and positive impacts. Impacts were selected on the basis of SMU's internal initiatives (Strategic plan, risk management, human rights report, sustainability policy, among others) and external sources including press coverage and social media.

GRI asks organizations to differentiate between their negative and positive impacts, following the guidelines of the GRI Sector Standards- and other standards. SMU chose to use the SASB Industry Standard for Food Retailers and Distributors and the recommendations of the OECD in its Due Diligence Guidance for Responsible Business Conduct.

2022 INTEGRATED REPORT

SMU initially identified more than 80 actual and potential negative and positive impacts and divided them into five areas, in which SMU's material topics are grouped:

- I. Economic Performance and Management of Ethics
- II. Customer Management
- III. People Management
- IV. Responsible Sourcing and Community
- V. Environmental Management

Following GRI recommendations, the Company defined a materiality threshold in order to prioritize the most significant real and potential impacts.

Step 3: Assess the significance of the impacts

This step included the application of GRI criteria, a consultation process with stakeholders, and the opinion of an expert on the UN Sustainable Development Goals, in four stages:

- **Stage 1.** The impacts that were identified underwent a preselection process following GRI criteria. For negative impacts, the criteria applied were “severity” and “likelihood,” and for positive impacts, the criteria applied were “scale,” “scope,” and “likelihood.” The impacts were then grouped into broader categories, reaching a total of 47 impacts that were presented to stakeholders.
- **Stage 2.** The preselected list was presented to representatives of all of SMU's stakeholders, in order for them to assess the most significant impacts for reporting purposes. The Company individually interviewed shareholders, trade associations, consumer associations, Board members, non-profits, media, suppliers, and labor unions. The Company also held focus groups to get feedback from Unimarc, Mayorista 10, and Alvi customers. This process was carried out by an external consultant, and responses were made anonymous in order to ensure candid responses.
- **Stage 3.** Results were presented to the external expert, Margarita Ducci, Executive Director of Global Compact Chile.
- **Stage 4. As a result, the Company obtained a list of the 24 material topics that received the most votes in this process and were also validated by the expert.**

Step 4: Prioritize the most significant impacts for reporting

- The list of material topics was presented to the Sustainability Committee and the Board of Directors for calibration and validation.

Material Topics Identified

Material Topic	Covered in This Report, Section
ECONOMIC PERFORMANCE AND ETHICAL MANAGEMENT	
Organic growth and omnichannel	OUR COMPANY
Ethics and compliance	CULTURE OF INTEGRITY AND ETHICAL MANAGEMENT
Privacy protection and data management	CULTURE OF INTEGRITY AND ETHICAL MANAGEMENT
CUSTOMERS MANAGEMENT	
Customer experience	CUSTOMER CENTRIC
Food health and safety	CUSTOMER CENTRICEL
PEOPLE MANAGEMENT	
Labor conditions	WE ARE A COMPANY OF PEOPLE
Promotion of diversity and inclusion	WE ARE A COMPANY OF PEOPLE
RESPONSIBLE SOURCING AND COMMUNITY	
Responsible sourcing	RESPONSIBLE SOURCING
Supplier and community management	COMMITMENT TO SOCIETY
Corporate citizenship strategy	COMMITMENT TO SOCIETY
ENVIRONMENTAL MANAGEMENT	
Waste management	WE CARE ABOUT THE ENVIRONMENT
Management of GHG emissions	WE CARE ABOUT THE ENVIRONMENT

13.4 GRI INDEX

DECLARATION OF USE	SMU S.A has presented the current information in this GRI index, for the period between January 1 and December 31, 2022, using GRI Standards as a source.
GRI 1 Used	GRI 1: Foundation
GRI 2 Used	GRI 2: General disclosures
GRI 3 Used	GRI 3: Material topics
GRI 4 Used	GRI 202: Market presence
GRI 5 Used	GRI 204: Procurement practices
GRI 6 Used	GRI 205: Anti-corruption
GRI 7 Used	GRI 206: Anti-competitive behavior
GRI 8 Used	GRI 302: Energy
GRI 9 Used	GRI 305: Emissions
GRI 10 Used	GRI 306: Waste
GRI 11 Used	GRI 401: Employment
GRI 12 Used	GRI 403: Occupational health and safety
GRI 13 Used	GRI 404: Training and education
GRI 14 Used	GRI 405: Diversity and equal opportunity
GRI 15 Used	GRI 416: Customer health and safety
GRI 16 Used	GRI 417: Marketing and labeling
GRI 17 Used	GRI 418: Customer privacy

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⁶² The consolidated financial statements of SMU S.A. and subsidiaries are available on the Company's website (https://www.smu.cl/wp-content/files_mf/1682030386FinancialStatements202212.pdf).

13.6 SASB INDICATORS

Fleet fuel management		
SASB code	Accounting metric	Answer
FB-FR-110a.1	(1) Total amount of fuel consumed by its fleet vehicles as an aggregate figure, in gigajoules (GJ). (2) Percentage of the total amount of fuel consumed by its fleet vehicles that is renewable fuel.	Not applicable. The vehicles used in SMU's operations are owned and operated by third parties.

Air emissions from refrigeration		
SASB code	Accounting metric	Answer
FB-FR-110b.1	Gross global Scope 1 emissions from refrigerants	312,777 Ton CO ₂ e
FB-FR-110b.2	Percentage of refrigerants consumed with zero ozone-depleting potential	1.48%
FB-FR-110b.3	Average refrigerant emissions rate	3,059.96%

Energy management		
SASB code	Accounting metric	Answer
FB-FR-130a.1	(1) Operational energy consumed, (2) percentage grid electricity, (3) percentage renewable	(1) 1,155,780 GJ (2) 100% (3) 3%

Food waste management		
SASB code	Accounting metric	Answer
FB-FR-150a.1	(1) Total amount of food waste and unsaleable food generated in metric tons. (2) Percentage of food waste or unsaleable food that was diverted or rescued. (3) Quantification methods used to calculate the amount of food waste and inedible parts, according to the Guidance on FLW Quantification Method.	(1) 12,233.22 tons (2) 6.52% (3) To calculate food waste and inedible portions, SMU keeps daily records of sold and unsold products using product unit data logged or stored in automated databases. Based on net food weight, with packaging and other variables, this data is systematically collected to track daily food waste at each establishment. The records log sold, unsaleable, donated food and apply the mass balance approach to quantification.

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Data security		
SASB code	Accounting metric	Answer
FB-FR-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected ³	SMU had no data breaches in 2022.
FB-FR-230a.2	Description of approach to identifying and addressing data security risks	<p>SMU establishes the ISO 27000 framework as a best practice guide for identifying threats, vulnerabilities and information security risks.</p> <p>Managing security risk starts with senior management's involvement, support and follow-up so that security is inherent to the operation and technology used in our processes.</p> <p>Similarly, controls are in place to mitigate risk from different areas:</p> <ul style="list-style-type: none"> - Security by design, which becomes tangible in an IT Security area review of all processes, products and technology projects as a condition for acquisition from a third party or internal development. - Ongoing employee training in the form of theoretical courses, periodic bulletins on position-specific security habits and hands-on simulations of social engineering attacks. - Ongoing analysis of new external threats and countermeasures based on the implementation of protective technologies appropriate to the technological infrastructure and the customer service model.

Food safety		
SASB code	Accounting metric	Answer
FB-FR-250a.1	High-risk food safety violation rate	SMU received no food-safety-related health code violations in 2022.
FB-FR-250a.2	(1) Number of food-safety-related recalls it issued. (2) Number of units of food products that were subject to food-safety-related recalls it issued.; (3) Percentage of units of food products that were subject to food-safety-related recalls that were private-label products.; (4) In case of existing recalls that affected a significant number of units of one product or those related to serious illness or fatality, describe: 1. Description and cause of the recall issue, 2. The total amount of food products recalled, 3. The cost to remedy the issue, 4Whether the recall was voluntary or involuntary, 5Corrective actions, 6. Any other significant outcomes (e.g., legal proceedings or consumer fatalities)	SMU had no food-safety-related recalls in 2022.

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Product health and nutrition		
SASB code	Accounting metric	Answer
FB-FR-260a.1	Revenue from products labeled and/or marketed to promote health and nutrition attributes	SMU seeks to inform its customers about the products it sells, promoting, for example, the nutritional properties of fruits and vegetables in its stores. The Company's efforts complement current legislation in Chile. The Labeling Law encourages consumers to make informed decisions and choose healthy foods by mandating that producers place stop sign-shaped labels on products high in sodium, fat, sugar and/or calories. Communication campaigns also recommend that consumers choose foods without warning labels. In 2022, sales of products without warning labels were approximately CLP 1.138 billion or 41% of food sales for the year.
FB-FR-260a.2	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers, including (1) efforts to identify concerns, the products and ingredients related to those concerns, and resulting risks and opportunities, (2) How identified concerns and risks are managed and communicated., (3) Use of certification programs that address consumer concerns and preferences over ingredients, additives, and potential allergens., (4) Any significant complaints, such as those resulting in significant lawsuits, relating to nutritional and health concerns associated with products and/or	<ol style="list-style-type: none"> (1) Based on the in-depth knowledge it gleans from loyalty programs, studies and surveys, each SMU format determines and adjusts its product assortment to meet customer needs and preferences. SMU identifies new trends and changes in customer preferences, including health and nutrition aspects and product ingredients, which may represent opportunities to modify product assortment or other aspects of the shopping experience. (2) The Corporate Customer and Marketing Division is responsible for understanding customer needs. It advises the different formats, providing studies and analyses as a foundation for action plans. Based on this data, each format addresses new trends in the way that best suits its customers. (3) SMU requires that its private label and controlled brand suppliers be certified under the Global Food Safety Initiative (food products), ISO 9000 quality management or equivalent standards (non-food products). In the absence of these certifications, the supplier must submit to third-party quality audits.

ingredients, and any efforts to mitigate the related future risks.

(4) In 2022, SMU received no significant complaints related to nutritional and health concerns associated with products or ingredients.

Product labeling and marketing		
SASB code	Accounting metric	Answer
FB-FR-270a.1	Number of incidents of non-compliance with industry or regulatory labeling and/or marketing codes	0.
FB-FR-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labeling practices	Not applicable, as there were no legal proceedings in this subject matter.
FB-FR-270a.3	Revenue from products labeled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	The Company is in the process of gathering this information.

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Labor practices		
SASB code	Accounting metric	Answer
		(1) SMU Chile: CLP 4.193 SMU Perú: PEN 1.636 (2) SMU Chile: 0% SMU Peru: 86%
FB-FR-310a.1	(1) Average hourly wage and (2) percentage of in-store and distribution center employees earning minimum wage, by region	Salaries at SMU Chile include the base wage (which must be at least equivalent to the minimum monthly income, CLP 400,000 as of 12.31.2022), as well as other payments, including allowances for transportation and meals. Therefore, no employee receives only the minimum wage. However, the Company's cost structure is sensitive to changes in the minimum wage, as 9% of employees as of 12.31.2022 had a base wage equal to the minimum monthly income.
FB-FR-310a.2	Percentage of active workforce covered under collective bargaining agreements	71%
FB-FR-310a.3	(1) Number of work stoppages and (2) total days idle	The Company had no work stoppages in 2022 and, consequently, had no days idle.
FB-FR-310a.4	Total amount of monetary losses as a result of legal proceedings associated with: (1) labor law violations and (2) employment discrimination	(1) CLP 1,243 million. This amount includes final court rulings and out of court settlements, as well as fines levied by the Labor Directorate, relating to cases of unlawful termination, workplace accidents, employment documentation, disclosure of risk factors, and shift management.

(2) During 2022, the Company was not found to be at fault in any job protection claims. However, it incurred monetary losses of CLP 50.6 million for the payment of out-of-court settlements for 15 cases relating to labor discrimination.

The Company uses training to discourage the associated conduct and prevent new incidents.

Management of environmental & social impacts on the supply chain		
SASB code	Accounting metric	Answer
FB-FR-430a.1	Revenue from products third-party certified to environmental or social sustainability sourcing standard	In 2022, sales of products certified by third parties under environmentally or socially sustainable sourcing standards totaled CLP 160.969 billion.
FB-FR-430a.2	Percentage of revenue from (1) eggs that originated from a cage-free environment and (2) pork produced without the use of gestation crates	(1) Revenue from eggs from cage-free hens represented 4.6% of total egg sales. (2) The Company is attempting to gather this information from its suppliers.
FB-FR-430a.3	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare Relevant strategies to discuss may include, but are not limited to, supplier screening, diversification of suppliers, supplier training programs on environmental best management practices, supplier engagement on labor and human rights issues, and maintenance of a supply chain code of conduct, supply chain audits, and certifications. Discussion shall include, but is not limited to: (1) Any targets the entity has related to animal welfare	SMU's relationships with its suppliers are governed by policies and procedures that promote transparency, fair treatment and best practices. These include the Code of Ethics and Business Conduct and policies on crime prevention, human rights, responsible sourcing and animal welfare, as well as other policies and procedures specific to the nature of each supplier. When deciding whether to initiate or maintain a contractual or commercial relationship, SMU

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standards and its progress toward those targets; (2) Any requirements for suppliers related to animal welfare standards; (3) How, if in any way, animal welfare standards are addressed in supplier contracts.

The entity shall describe its use of animal welfare certifications,

evaluates current and potential suppliers based on criteria specific to the nature of the product or service. These criteria may include factors related to the supplier's internal control system, energy efficiency, labor compliance, anti-corruption, social inclusion and sustainable agriculture.

As part of supply chain risk management, SMU conducted its first human rights due diligence process this year. The process, which covered SMU headquarters in Chile, the Unimarc format and the logistics division, examines human rights risks in the supply chain.

Regarding animal welfare and per its animal welfare policy, SMU rejects practices contrary to respect for animal welfare and requires that its suppliers comply with the relevant permit requirements and legal regulations. The Company is also gathering data and best practices, including certifications, from its animal product suppliers to increase the visibility of factors related to animal welfare. By ensuring these aspects are considered in the purchasing process, SMU complies with the associated health and ethical conditions.

FB-FR-310a.4	Total amount of monetary losses as a result of legal proceedings associated with: (1) labor law violations and (2) employment discrimination	Under its Environmental Management Policy, SMU seeks to reduce its impact by recycling, recovering and reusing its waste. New practices are constantly evaluated to improve effectiveness. The Company also encourages its customers and employees to recycle.
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Along this line, SMU aims to increase the recyclability of its private-label products as part of the Clean Production Agreement (CPA) for Ecolabeling II, led by SOFOFA and the Environment Ministry's Sustainability and Climate Change Agency.

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		Activity metric	
SASB code	Accounting metric	Answer	
FB-FR-000.A	Number of (1) retail locations and (2) distribution centers	(1) 409 (2) 10	
FB-FR-000.B	Total area of (1) retail space and (2) distribution centers	(1) 490,000 m2 (2) 163,000 m2	
FB-FR-000.C	Number of vehicles in commercial fleet	Not applicable. The vehicles used in SMU's operations are owned and operated by third parties.	
FB-FR-000.D	Ton miles travelled	Not applicable. The vehicles used in SMU's operations are owned and operated by third parties.	

SMU

