

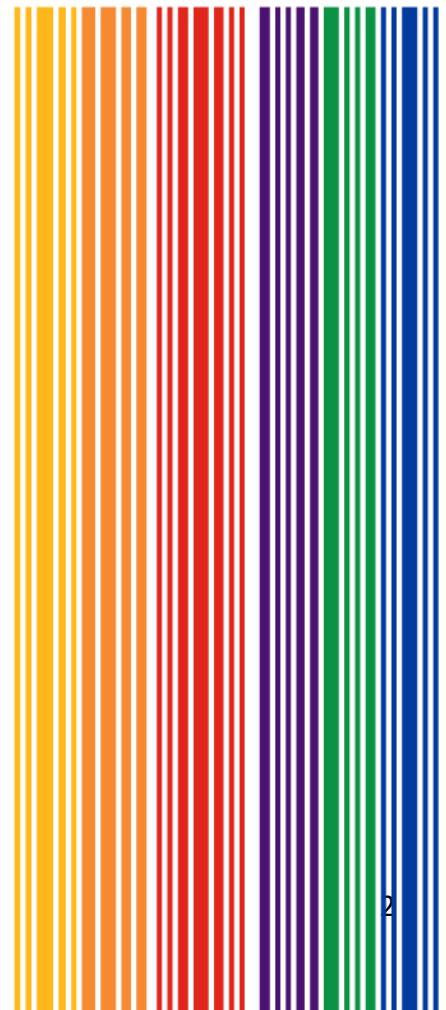


INTEGRATED REPORT 2023





INTEGRATED REPORT
2023



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1

TO OUR
STAKEHOLDERS



LETTER FROM THE CHAIRWOMAN OF THE BOARD

TO OUR STAKEHOLDERS

I am pleased to share SMU's Integrated Report for 2023, in which we describe our economic, social, and environmental performance during the year.

This year was challenging in terms of economic conditions and the impact these conditions had on consumption, but at SMU we continued building the future of our company, delivering on our strategic commitments and carrying out investments of more than CLP 95 billion. We also kept our return on equity at levels above 10%.

We achieved these results by following our guiding values, known as CERCA—Closeness, Excellence, Respect, Collaboration, and Agility—and our Sustainability Model, which is based on eight priority areas: Governance, Ethical Management, People, Customers, Sourcing, Society, Environment, and Financial Performance. Our integrated report contains a chapter dedicated to each of these priority areas, so that you, our stakeholders, can better understand our actions, results, and goals.

We are proud of the fact that each year we improve our scores on evaluations such as the S&P Corporate Sustainability Assessment, where in 2023, we achieved a score of 62 points, six points better than the previous year and placing us in the 94th percentile; and the Merco Companies Ranking, where in 2023, for the first time, we placed within the top 100 companies with the best corporate reputation in Chile.

However, there are always opportunities to continue strengthening our performance in the different areas of our operations, and we proactively seek to identify these gaps. As an example, we hired an independent advisor to evaluate the performance of the Board of Directors. In addition, we carried out a project designed to standardize our risk management practices, in order to use the same methodology for identifying risks throughout the Company. Through these initiatives, we continue to strengthen our corporate governance.

We know our customers and we understand their needs, and during these challenging times, we will continue to help them to maximize their budgets, with promotional campaigns that cover different product categories in order to make their lives easier.

In addition, through our food waste reduction program, we helped more than 173,000 at-risk people with the donation of over 600 tons of food over the course of the year.



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Another priority at SMU is helping our employees find balance between their work, personal, and family lives. We do this through tangible measures, such as accelerating the reduction in the work week. In 2023, Chile passed a law to gradually reduce the work week from 45 to 40 hours over a period of five years. However, at SMU, we made the decision to go straight to a 40-hour work week for stores that have fully adopted the operating model that we are implementing as part of our strategic plan, taking advantage of improvements to processes and new technologies that ensure we maintain the levels of service our customers require. This is one of the ways in which we foment a better quality of life for our employees and their families.

In 2023 we received the “Distinction Certificate” from Fundación Chile Unido for the results of its study entitled Best Organizations for Work-Life Balance, and we were the only food retailer to be recognized. We also received the “Impulsa” award from Fundación ChileMujeres, PWC, and LT Pulso, for being the retailer with the best gender equity indicators, based on transparency and leadership.

Another significant milestone this year was the completion of the human rights due diligence process for our operations in Chile. We also performed very well in the Companies and Human Rights Diagnostic, improving 27% compared to 2022 and ranking in fourth place, an improvement of five positions.

We are very proud of these prizes and recognitions, but for us, the most important thing is to ensure the sustainability of the processes and culture that form the basis of our commitments with all of our stakeholders. I would like to take advantage of this opportunity to thank each of you—our employees, investors, directors, customers, suppliers, and neighbors—for your trust, commitment, and close relationships.

Warm regards,

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



LETTER FROM THE CHIEF EXECUTIVE OFFICER

TO OUR STAKEHOLDERS

The year 2023 marked the beginning of our new three-year strategic plan, following the successful implementation of the previous plan, between 2020 and 2022. During this first year, our team continued to demonstrate the tremendous execution capacity that we have developed since our first three-year plan, in 2014-2016.

For the 2023-2025 period, we have set forth the most ambitious plan in the Company's history with respect to organic growth, with 58 new store openings in three years, and we made significant progress in this first year, with 14 new stores in our Unimarc, Alvi, Super10, and Maxiahorro formats.

Through these new stores, we are closer to more customers, offering value propositions that make their lives easier, thereby fulfilling our corporate purpose.

Improving our customers' shopping experience in order to satisfy their needs is a permanent focus at SMU, and during 2023, we worked to develop solutions that would help our customers maximize their budgets, in the face of adverse economic conditions. As part of this objective, a key accomplishment during the year was the relaunch of Unimarc's loyalty program, under the name *Club Unimarc*. This program is focused on delivering immediate benefits, helping customers save without having to accumulate points.

We also helped customers both save money and contribute to reducing food waste at the same time through our *Pronto Consumo*, or "Consume Soon," program, which offers significant discounts on products whose expiration date is coming up but that are still in perfect conditions for consumption. Through this program, we avoided over 6,000 tons of food waste in 2023.

In addition, we continued to grow our private label product offering, launching nearly 200 new products that provide our customers with excellent quality at attractive prices. Private label development also included the launch of new specialty brands to expand our portfolio to new categories.

Another strategic initiative that enhances our product assortment is our 100% Nuestro program, which helps small and medium-sized regional suppliers to get their products on Unimarc's shelves. Through this program we support these suppliers in the development of their businesses, while also giving our customers the opportunity to buy local products.

The success of these initiatives is evidenced by the sustained increase in the number of customers and in the frequency of their visits to our stores during 2023, showing we are providing our customers with value propositions that satisfy their needs.

Our strategic plan also includes projects designed to improve efficiency and productivity, in order to mitigate the ongoing pressures on operating expenses. A disciplined approach to operating expenses is one of our defining characteristics, and we have continued to make progress on the implementation of new technologies and processes that increase efficiency in terms of store operations, logistics operations, and energy consumption.

The combination of improved efficiency and commercial discipline enables us to maintain our EBITDA margin over 9% in 2023, despite the complex macroeconomic conditions, and also to attain a return on equity over 10%.

In addition, our financial situation was strengthened, with solid cash flow generation for the year. In 2023, for the third year in a row, our credit rating was upgraded, this time reaching the AA- category, with a stable outlook. Furthermore, we are starting off 2024 with a significant cash surplus, giving us plenty of flexibility to implement our investment plan and meet all of our financial obligations.

Our progress in 2023 leaves us well-positioned to continue implementing our plan in the next two years, striving to achieve profitable and sustainable growth through the consolidation of our multiformat strategy.

I would like to take this opportunity to thank our employees for their hard work and dedication throughout 2023. I hope you will continue to show the same enthusiasm and commitment as we take on new challenges and opportunities in 2024.

Warm regards,

Marcelo Gálvez
Chief Executive Officer, SMU S.A.



2

OUR
COMPANY



2.1 SMU AT A GLANCE: YEAR 2023

FINANCIAL PERFORMANCE 2023

REVENUE
CLP

2,862 BN

EBITDA
CLP

262 BN

NET INCOME
CLP

87 BN

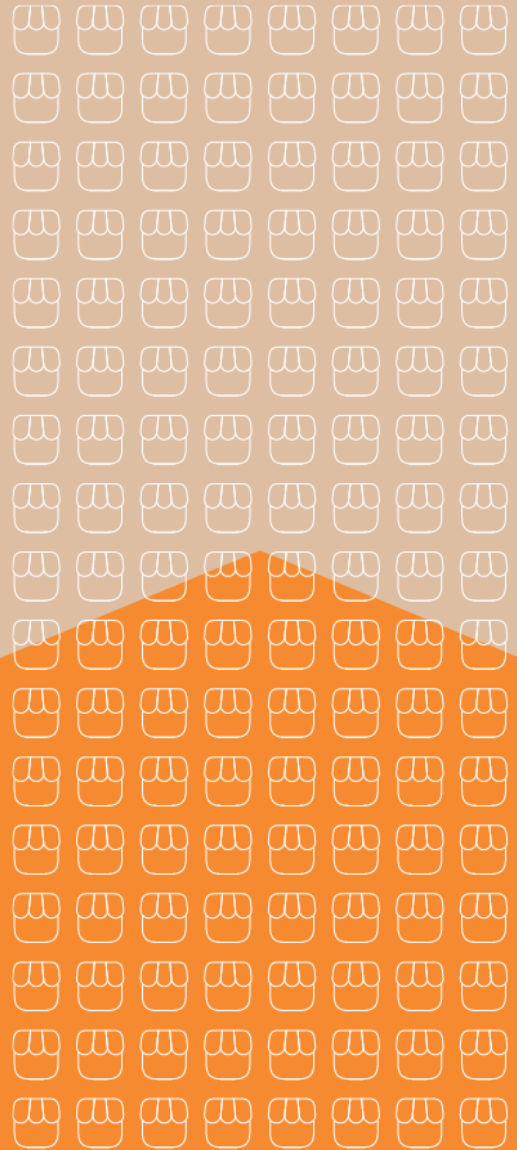
LOCAL CREDIT RATINGS UPGRADE

FELLER RATE

AA- / STABLE

ICR

AA- / STABLE



OPENINGS 2023



9
stores



2
stores



2
stores



1
stores

420
STORES

PLAYER SUPERMARKET INDUSTRY IN CHILE⁽¹⁾

3RD

17.3%⁽²⁾

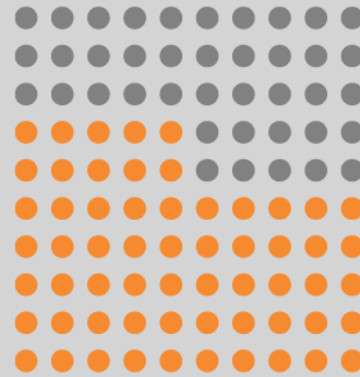
Coverage of all 16 regions of Chile

65%
15,339
WOMEN

35%
8,211
MEN



23,550 EMPLOYEES



REDUCING FOOD WASTE

WE AVOIDED
SENDING

6,900TN

of food to landfills



100% NUESTRO PROGRAM

OF OUR
SUPPLIERS,

76.5%

come from the
regions of Chile



PRIVATE LABEL

LAUNCH OF

196

new products in
our aisles



ENERGY EFFICIENCY

ENERGY MANAGEMENT
SYSTEM

under ISO 50001
implemented in

100%

of facilities operated
by SMU Chile



Notes

(1) SMU's estimates

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

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**, **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

GOVERNANCE

Best practices in corporate governance

CULTURE OF INTEGRITY AND ETHICAL MANAGEMENT

Ethical management
Free competition
Consumer protection
Data privacy

WE ARE A COMPANY OF PEOPLE

Inclusion
Diversity
Employee development
Health and safety
Labor relations
People management

CUSTOMER CENTRIC

Improved shopping experience
Responsible consumption
Marketing and advertising
Private label

RESPONSIBLE SOURCING

Development of local suppliers
Private label suppliers

COMMITMENT TO SOCIETY

Regional development
Good neighbor
Stakeholder management
CSR and contributing to society

WE CARE ABOUT THE ENVIRONMENT

Caring for the environment
Waste management

FINANCIAL PERFORMANCE

Profitable growth

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. Since 2022, we have belonged to a group of companies who have 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

FORMATS IN CHILE



UNIMARC.

● Unimarc

292
stores



● Mayorista 10

57
stores



● Super 10

7
stores



● Alvi

34
stores

PRESENCE IN PERU

1

Distribution
Center



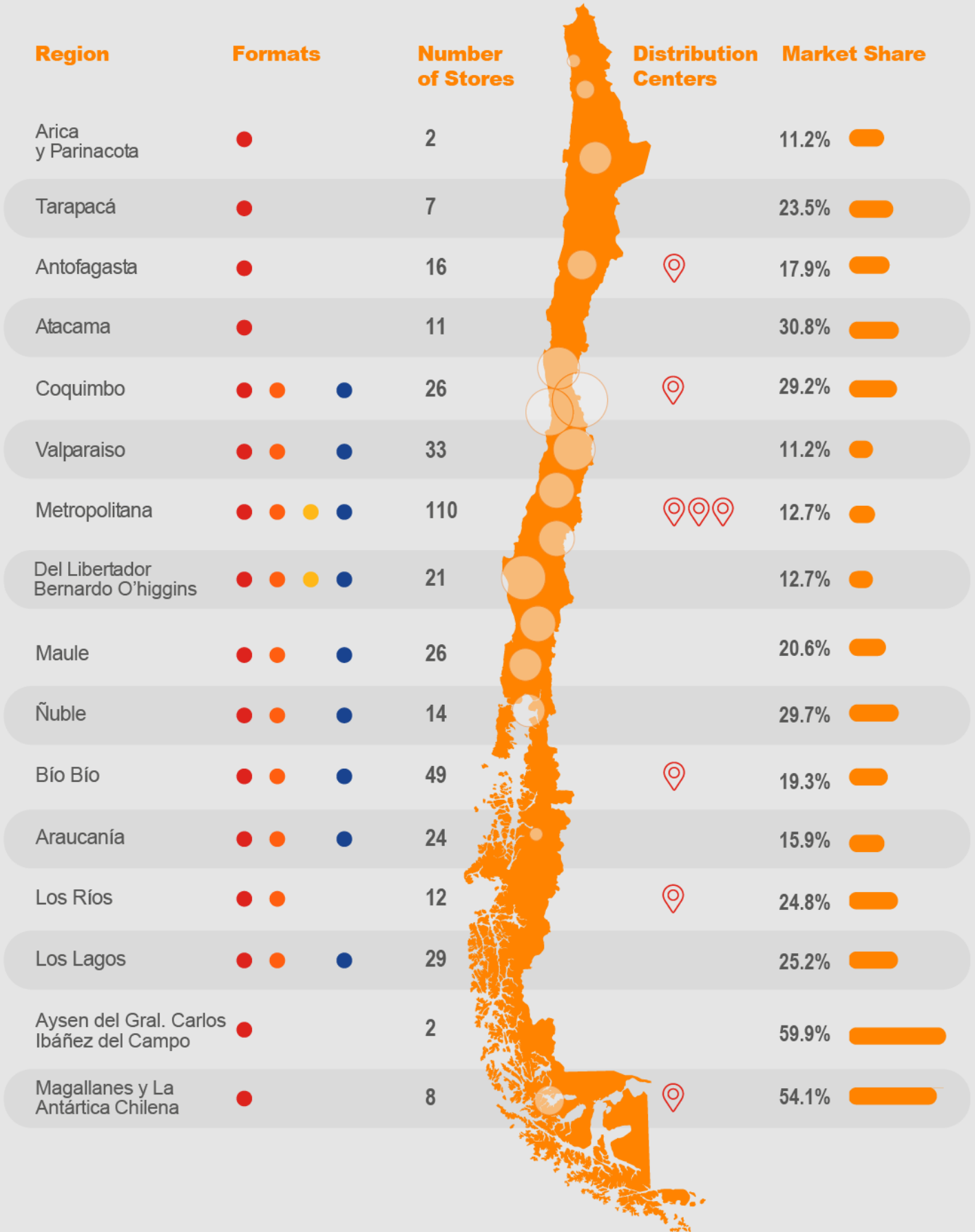
30
STORES

Formats in Peru

Mayorsa 6 stores

**maxi
ahorro** 24 stores

PRESENCE IN CHILE



2.4 OUR HISTORY

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.

• 2007

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.

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 the logistics chain; and strengthened its financial position.

• 2008

2014 - 2016 •

• 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 2011, 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.

Strong organic growth: In the first year of its 2023-2025 strategic plan, SMU began to successfully move forward with its omnichannel growth initiatives, opening a total of 14 new stores, including the first six stores of the Montserrat project. These openings comprised Unimarc (9 locations), Alvi (2), Super10 (2), and MaxiAhorro (1), showcasing the consolidation of its multi-format strategy. Another significant milestone was the relaunch of loyalty programs for Unimarc and Mayorista 10, rebranded as Club Unimarc and Club 10, respectively, introducing new benefits and partnerships. The Company also made progress in its private label program, with the introduction of new brands and the expansion into additional categories. On the financial front, the continuous strengthening of SMU's operational and financial position led to a new upgrade in its credit rating, achieving an AA- rating with stable outlook from both rating agencies. Additionally, the placement of AP series bonds totaling UF 1.5 million, allowed the Company to flatten out its debt maturity profile for the coming years.

2023

2020-2022 strategic plan: The new three-year plan was focused on four central pillars: organic growth, customer experience, efficiency, and committed and sustainable organization. SMU opened a significant number of Unimarc, Alvi and Maxiahorro stores, while also strengthening its multiformat strategy through the new soft discount banner, Super10. In addition, the Company continued to build its online strategy, with the launch of the online platforms Unimarc.cl and Alvi.cl, improving geographic coverage and order fulfillment, and the inauguration of the first robotic fulfillment center in Latin America. SMU also continued developing its private label strategy, reaching over 1,500 products and 14 specialty brands.

Financial strengthening: The sale of OK Market was completed during the period, enabling the Company to focus on its core business: supermarkets. The Company also placed local bonds (series AK, AL and AO) for a total of UF 7 million, and its credit rating was upgraded to A+ with a stable outlook by both of its credit rating agencies, Feller-Rate and ICR.

2020 - 2022

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.

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.

Another relevant event was the sale of the subsidiary Construmart S.A., which enabled the Company to focus on its core business: food retail.

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 17.3% as of December 31, 2023, 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 20 specialty brands (for further information, please see section 7.1.2 Enhancing Product Assortment).

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 2023.

As of December 31, 2023, the Company had 292 Unimarc stores, with a total selling space of 354,609 square meters and an average store size of 1,200 square meters. During the year, this format opened a total of nine new stores, located in the Los Lagos, O'Higgins, del Maule, and Santiago Metropolitan regions of Chile, thereby moving forward with its organic growth strategy.

Unimarc's value proposition aims to provide customers an assortment with a high proportion of quality fresh food products at attractive prices, high levels of promotional activity, and a quick and convenient shopping experience. 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 6,500 SKUs.

Unimarc's pricing strategy is characterized by frequent promotional and advertising activity, in line with the needs and preferences of its customers. The strategy allows the brand to differentiate itself from the competition. As part of its promotional strategy, in 2023 Unimarc continued implementation of a marketing campaign entitled *La Ruta del Ahorro*, or "The Path to Savings," offering savings focused especially on basic products.

One of the key milestones in 2023 was the relaunch of Unimarc's loyalty program, under the name *Club Unimarc*, with a focus on delivering immediate benefits and new partnerships offering discounts on a range of services. The loyalty program is an essential part of Unimarc's value proposition, helping to improve the customer shopping experience through attractive, personalized discounts and other benefits.

In order to ensure product availability for customers, in 2023, Unimarc continued to implement initiatives focused on operating efficiency, including the roll-out of its efficient operating model to over 150 stores by year-end. This model includes efficient product replenishment procedures and greater frequency of deliveries from distribution centers.

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, 2023, the Company had 57 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. These efficiencies can then be passed along to the customer in the form of lower prices. Mayorista 10 stores average 1,300 square meters.

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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 3,200 SKUs.

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, 2023, the Company operated seven 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. In 2023, the Company added three stores to this brand's operations. 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, including a significant presence of private label products.

Store design includes an average of approximately 1,200 square meters of selling space without warehouse space and an average assortment of approximately 3,600 SKUs.

Super10 competes with traditional and low-cost supermarkets.

2.5.1.4
ALVI

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

As of December 31, 2023, the Company had 34 cash & carry stores located between the Coquimbo and Los Lagos regions. These stores average approximately 1,300 square meters and include two new stores opened in 2023, in the municipalities of Peñalolén and El Bosque, in the Santiago Metropolitan region. In addition to in-person sales at its stores, since 2022 Alvi has offered customers an online shopping option, through the Club Alvi Compras app and the website Alvi.cl, so loyalty program members can receive purchases directly at their places of business, without having to interrupt service to their own customers.

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 3,200 SKUs per store in categories B2B members regularly purchase; some categories have specialty products and larger volume packaging for restaurants and institutions.

In terms of pricing strategy, Alvi offers bulk pricing with up to three price levels for each product, 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.

One of the highlights in 2023 was the Alvi Members Expo event, where over 6,000 B2B customers who belong to Club Alvi were able to meet with over 35 suppliers and 80 major brands. Through this activity, Alvi aimed to create value for its members, helping them to discover new products and assortments so they can grow their businesses.

Alvi's main competitors include Fruna, Central Mayorista (owned by Walmart), 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 the needs of different customer segments at different times. At the same time, the strategy seeks growth and business profitability. The Company has developed a hybrid e-commerce model with internal and partnerships with third parties.

With respect to the Unimarc brand, 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, offering home delivery and click and collect options. As a complement, through partnerships with the last milers Pedidos Ya and Rappi, the Company covers express purchases. In addition, SMU has a partnership with Mercado Libre, the most visited online marketplace in Chile, offering an additional sales channel for Unimarc.cl. Online sales accounted for 2.8% of sales at Unimarc stores with online operations in 2023.

The Company also offers an online value proposition for its B2B customers: since 2022, Alvi’s website Alvi.cl and the Club Alvi Compras app have offered B2B customers who are members of Club Alvi the option to place orders online and receive them at their place of business.

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 2023, the Company expanded the coverage of Luminare—a demand planning tool that uses artificial intelligence to generate highly accurate forecasts at the SKU, store, and day levels, optimizing automatic replenishment, improving in-store product availability, and reducing shrinkage—to include additional product categories. 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, the Company began to use electric trucks for a portion of deliveries from distribution centers to stores, amounting to 2% of shipments in 2023, making progress towards its goal of 10% in 2025.

2.5.2 FOOD RETAIL PERU



Operations in Peru accounted for 2% of SMU's revenue in 2023.

As of December 31, 2023, SMU's Peru operations included 30 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.

For 2024, the Company expects to inaugurate a new distribution center located in the northern part of the country, in order to more efficiently supply the growing number of stores in the province of Piura. Likewise, the Company will continue implementing its organic growth plan for Maxiahorro, with its competitive, attractive and differentiated value proposition focused on consumers in the B-C socioeconomic group. 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. In payment methods, customers can use the SMU gift card to make purchases in all of the Company's physical stores throughout Chile and Unimarc.cl. SMU also offers the Unipay credit card to build loyalty and facilitate customer purchases at Unimarc, Alvi, Mayorista 10, and Super10 stores, and soon to be available for use on Unimarc.cl.

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.

At the beginning of 2023, SMU continued to implement new payment options in order to make life easier for its customers through digitalization, by adding the Mercado Pago digital wallet for purchases via QR code at Unimarc, Alvi, Mayorista 10, and Super10 stores.

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. Through SMU's 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.

2.5.4 PROPERTIES AND FACILITIES

As of December 31, 2023, SMU properties and facilities included 390 stores in Chile: 292 Unimarc stores; 57 Mayorista 10 stores; seven Super10 stores; and 34 Alvi stores. It also has 30 stores in Peru: 24 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 one store it owns in Chile and four in Peru. The lease agreements are long-term and generally classified as financial leases according to International Financial Reporting Standards (IFRS). In addition, some stores have been acquired directly through financial 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 that are described below.

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
2023-2025 STRATEGIC PLAN

SMU’s strategic plan for 2023-2025, which was approved and announced in November 2022, is based on 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. The plan follows the same structure and priority areas as the previous plan, for 2020-2022, enabling the Company to continue building on its strengths: a multiformat strategy focused on food; deep insight into the needs of its customers; and broad geographic coverage.

SMU’s 2023-2025 Strategic Plan



2.6.1.1
OMNICHANNEL GROWTH

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 Robotic Order

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Fulfillment Center to improve the customer experience through more complete and accurate orders.

During 2023, the Company made significant progress on its organic growth plan, opening a total of 14 stores in its different formats, including Unimarc (nine), Alvi (two), Super10 (two), and Maxiahorro (one). In 2024, the Company expects to open even more new stores.

2.6.1.2 CUSTOMER EXPERIENCE

Customer Experience initiatives are 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 product assortments, and understanding their needs and preferences in changing scenarios.

One of the key milestones in 2023 was the relaunch of Unimarc's loyalty program, under the name *Club Unimarc*, with a focus on delivering immediate benefits and new partnerships offering discounts on a range of services.

The Company also continued to develop its private label program, in order to satisfy another essential part of the customer experience: finding an assortment of high-quality products at attractive prices. In 2023, SMU launched new specialty brands, reaching a total of 20, as well as nearly 200 new products. The Company also made progress towards its goal of having certified recyclable packaging for 50% of its private label assortment by 2025, reaching 19% in 2023, compared to 11% in 2022.

2.6.1.3**EFFICIENCY & PRODUCTIVITY**

Operating efficiency is a strategic focus that has been progressively strengthened in each one of SMU's three-year plans. 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 2023, the Company continued to implement the Unimarc operating model: at year-end, the model had been implemented in over 150 stores, with more centralized logistics and efficient replenishment improving product availability. Likewise, the implementation of self-service modules helped to improve the checkout experience.

Technology plays an important role in logistics processes, and in 2023, the Company expanded coverage of two key tools. New product categories were added to Luminate, a demand-planning tool that uses artificial intelligence to make highly accurate forecasts, facilitating automatic replenishment and boosting sales through greater product availability, while also avoiding food waste and reducing shrinkage. In addition, the voice picking system was implemented in new distribution centers, enhancing efficiency in order preparation.

The efficiency and productivity focus area also includes energy efficiency initiatives that seek to optimize the management and costs of its energy consumption. In 2023, the Company implemented an Energy Management System under ISO 50001 in 100% of facilities operated by SMU Chile. In addition, electric vehicles were incorporated into the supply chain for deliveries from distribution centers to stores, reaching 2% of the shipments for the year.

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.

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.

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 once again in 2023. Reducing food waste is a very significant way to cut greenhouse gas emissions. Through Consume Soon and food donations and transformation, in 2023 SMU prevented 6,900 metric tons of food from being disposed of in landfills. The figure includes 641 metric tons of food donated to more than 170,000 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. The program includes an assortment of over 900 local products, and Unimarc has worked to increase the visibility of these products by creating new, dedicated selling spaces in 110 stores in 2023.

2.6.2**INVESTMENT PLANS**

In 2023, SMU invested a total of CLP 95 billion in new openings, remodeling, purchases of land for future development, 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 2023, the Board of Directors approved the 2024 investment plan for approximately CLP 120 billion. About 60% of that amount will go toward strategic omnichannel growth projects, including new openings, remodeling, potential purchases of land, 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 primarily 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.

**2.6.2.1
INNOVATION**

As part of its strategy and investment plan, SMU seeks new opportunities to improve the customer experience and optimize operations through innovation. In 2023, investment in innovation totaled approximately CLP 1.3 billion and included initiatives such as the final investments in Latin America’s first robotic e-commerce order fulfillment center, as well as pilot programs such as digital treasury, digital shelf management, and integrated production solution.

In order to develop and pilot new ideas that could generate value, internally SMU promotes a program called **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 “Digital+ Platform”, which generates suggested shopping lists for customers using SMU’s digital shopping channels, taking into consideration the customer’s previous in-person purchases, making the online shopping process faster and easier. This initiative is aligned with the Company’s purpose of making life easier for its customers.



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 2023, 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 53.7 million as of December 31, 2023.

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 20.0 million as of December 31, 2023. According to the Chilean Central Bank, the country experienced a fall in GDP of 6.2% in 2020, followed by growth of 11.3% in 2021, 2.1% in 2022, and 0.2% in 2023. In real terms, salaries in Chile increased 1.1% in 2020 and dropped 0.3% in 2021 and 1.7% in 2022, then increased 3.6% in 2023, while the unemployment rate was 10.3% in 2020, 7.2% in 2021, 8.0% in 2022, and 8.5% in 2023, according to INE.

The consumer price index (CPI) in Chile rose 3.0% in 2020, 7.2% in 2021, 12.8% in 2022, and 3.9% in 2023. The food price index (FPI) in Chile rose 7.6% in 2020, 5.5% in 2021, 24.7% in 2022, and 5.2% in 2023, according to INE.

According to the National Institute of Statistics and Informatics (INEI), Peru had a population of approximately 33.7 million as of December 31, 2023. The country's GDP fell by 11.1% in 2020, then grew 13.3% in 2021 and 2.7% in 2022, and then fell 0.1% in 2023, according to the Central Reserve Bank of Peru.

2.7.2 THE FOOD RETAIL INDUSTRY IN CHILE

According to INE, as of December 31, 2023, Chile's food retail industry was comprised of 1,340 stores, including hypermarkets, supermarkets and other retail food stores with a minimum of three checkouts. INE estimates that the sector generated CLP 16.1 trillion as of December 2023.

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 the following years. In 2021, there was also an impact from 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 the high inflation and falling GDP, consumer preferences re-adjusted toward money-saving products and sales channels. This trend intensified in 2023, as consumers' income levels were affected by the complex economic conditions, leading them to buy smaller quantities and substitute products for cheaper alternatives. At SMU, these trends were evidenced by the lower average ticket; however, the number of customers and transactions increased.

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 390 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, 2023. SMU is the third largest in terms of revenue, with 390 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 10 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 17.3% in 2023.

2.7.3

THE 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\$5.7 billion in 2023; SMU holds approximately 1.4% market share.

Compared to other Latin American economies, the penetration of modern grocery in Peru was very low in 2023. Traditional trade involving markets, fairs and neighborhood mom-and-pop stores play an important role in this industry. In 2023, modern retail recovered, following the lower performance in 2022, in line with the moderation in inflation beginning in the second half of the year. However, the purchasing power of consumers in the B-C-D segment, who purchase in lower-cost formats such as those operated by SMU Peru, remained under pressure, as evidenced in consumer behavior, with more purchases of basic goods and 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 2023, 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.

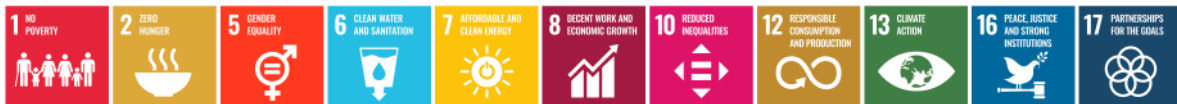
3.

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 ("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, the Company has a Corporate Environmental Management Policy, aiming to prevent, control and mitigate the environmental impacts its operations may cause.

SMU’s Sustainability Policy defines eight priority areas for sustainability management have been identified, forming the basis for the Company’s Corporate Sustainability Model: (1) Governance; (2) Promoting a culture of integrity and ethical management; (3) We are a company of people; (4) Customer centric; (5) Responsible supply; (6) Committed to society; (7) We care about the environment; (8) Financial performance. Management approaches have been defined for each of these priority areas, reflecting where the sustainable management emphases will be within the organization.

SMU also 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. For further information, please see section 4.2.3.5 Sustainability Committee.

As part of its commitment to sustainably managing its business, SMU has joined a number of global and local sustainability initiatives, as described in section 4.1 Governance Structure. The commitment to these initiatives challenges SMU to continue making progress as an increasingly sustainable company, which is reflected in the projects it implements and promotes.









As described throughout this integrated report, the Company has achieved significant progress in initiatives related to diversity and inclusion, responsible supply, due diligence in human resources, and climate change, by focusing on sustainable packaging, water footprint, reducing food waste, and energy efficiency. Likewise, the Company has defined quantitative goals in order to measure its progress in the coming years




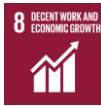

SMU’s Corporate Sustainability Policy defines the guidelines and criteria used in its sustainability management, considering a broad model that covers all areas of the Company

SUSTAINABILITY MODEL




Progress and Commitments in Sustainable Management

Priority Area	Progress in 2023	Sustainable Development Goals (SDGs)
GOVERNANCE		
Best practices in corporate governance	<ul style="list-style-type: none"> Standardization of risk management methodology across the Company 	 <p>Contributes to goals:</p> <ul style="list-style-type: none"> 16.4 16.10 16.5
CULTURE OF INTEGRITY AND ETHICAL MANAGEMENT		
Ethical management	<ul style="list-style-type: none"> Expansion of human rights due diligence process to Alvi, M10, S10, and Peru. 	 
Free competition	<ul style="list-style-type: none"> Independent evaluation of SMU's Privacy Protection Model: 65% improvement compared to 2021. 	<p>Contributes to goals:</p> <ul style="list-style-type: none"> 5.1 5.2 16.5 16.10
Consumer protection		
Privacy protection	<ul style="list-style-type: none"> Training in prevention of workplace and sexual harassment: 88% of employees. 	
WE ARE A COMPANY OF PEOPLE		
Inclusion & Diversity	<ul style="list-style-type: none"> Certification of Chilean Standard N°3262 on Gender Equality and Work-Life Balance in the Logistics Operation (Santiago) and moving forward on a self-evaluation for Alvi. 	  
Personnel development	<ul style="list-style-type: none"> Increase in participation of women in the logistics operation through the Female Logistics Operators program. 	 
Labor relations		
Managing people	<ul style="list-style-type: none"> Certification of the Lo Aguirre DC as a workspace that promotes the prevention of drug and alcohol use. 	<p>Contributes to goals:</p> <ul style="list-style-type: none"> 1.2 5.1 5.5 8.5 8.8 10.2 16.7


Priority Area	Progress in 2023	Sustainable Development Goals (SDGs)
CUSTOMER CENTRIC		
<p>Improved shopping experience</p> <p>Responsible consumption</p> <p>Private label</p>	<ul style="list-style-type: none"> • Relaunch of the loyalty program under the name Club Unimarc. • Promotional campaigns that help optimize customers' budgets. • New platform to measure NPS, with online and on time information, and new ways for customers to provide feedback. • Private label development: 196 product launches, and 19% of the assortment has recyclable packaging (11% in 2022). 	<div data-bbox="1110 541 1333 646">   </div> <p>Contributes to goals:</p> <ul style="list-style-type: none"> • 2.1 • 12.5
RESPONSIBLE SOURCING		
<p>Risk management in supply chain</p> <p>Development of local suppliers</p>	<ul style="list-style-type: none"> • Mentoring program for 27 100% Nuestro suppliers (in partnership with Simón de Cirene) • Obtained Mi Compromiso PYME Seal, from E&Y and Unión Emprendedora. • Talks and workshops for small suppliers of fruits and vegetables (in partnership with INDAP). • 110 new exclusive spaces to promote the sale of products from the 100% Nuestro program 	<div data-bbox="1081 1104 1403 1209">    </div> <p>Contributes to goals:</p> <ul style="list-style-type: none"> • 2.3 • 8.3 • 17.17

Priority Area	Progress in 2023	Sustainable Development Goals (SDGs)
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COMMITMENT TO SOCIETY

<p>Regional development</p> <p>Good neighbor</p> <p>CSR and contributing to society</p>	<ul style="list-style-type: none"> • Implementation of <i>Sanamente</i> (“Healthily”) project to promote nutritional awareness. • Execution of Unidos Campaign 2023, supporting two non-profits. • Execution of Teletón Campaign 2023, contributing CLP\$1.4 billion. • Community Engagement Fund “Your Idea, Our Neighborhood” benefited three social organizations. • Fondo Descúbreme 2023: customer donations financed 10 social projects for the development of people with cognitive disabilities (269 direct beneficiaries) 	 <p>Contributes to goals:</p> <ul style="list-style-type: none"> • 2.1 • 10.2 • 17.17
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WE CARE ABOUT THE ENVIRONMENT

<p>Caring for the environment</p> <p>Waste management</p>	<ul style="list-style-type: none"> • Tons of food waste avoided increased 11.3% vs. 2022. • Consumption of energy from renewable sources reached 12.1% in 2023 (3.1% in 2022). • Beginning of the water recirculation project at Lo Aguirre DC. • Expansion of the Energy Management System under ISO 50,001. • Electric trucks used for 2% of deliveries from DCs to stores. 	 <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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Priority Area	Progress in 2023	Sustainable Development Goals (SDGs)
FINANCIAL PERFORMANCE		
Profitable growth	<ul style="list-style-type: none"> • Credit rating upgraded to AA-. • Placement of the AP series bonds for UF 1,500,000, maturing in 2033, enabling the Company to flatten out its maturity profile. • SMU's share profitability was 49.88% in 2023 	

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 primarily 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 Company carried out a thorough materiality process in accordance with the guidelines of the Global Reporting Initiative (GRI), evaluating both primary and secondary sources of information and including the participation of stakeholders. In 2023, the Company updated the materiality process. Both processes included the support of an external consultant. For further information, please see Section 13.2 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, meetings, quarterly earnings calls, and shareholders' meetings.
Industry and business associations	External Affairs	Promote collaboration in order to propose improvements in regulatory matters and share best practices in sustainability and governance.	Active participation through representatives on boards, committees, and/or working groups.
Regulatory and industry authorities	External Affairs	Contribute to the policy design process, participate in public-private partnerships, and participate in managing contingencies that affect the country.	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 loans	Contact with the Financial Planning department, including e-mails, phone calls, and 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, apps, 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.	Contact with the Community Relations department. 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; communication campaigns through e-mails and company news bulletins; internal surveys; performance evaluation; and online training platform.
Media	External Communications	Provide transparent information in order to meet the community's information needs and share Company initiatives with the public.	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, sustainability, ethics and governance, people management, consumers, environment, responsible supply, and public health, among others. In addition, the Company monitors new legislation that could potentially impact the industry.

Professional Associations and Business Institutions

Organization	Type	Description	Participation
Supermarkets Association of Chile (ASACH)	Professional Association	Professional association made up of the main supermarkets in the country	Board of Directors; Legal, Labor, Sustainability, and Health and Safety Committees
Santiago Chamber of Commerce	Professional Association	Professional association made up of businesses from multiple industries	Board of Directors; Sustainability, Corporate Affairs, Compliance, and People Committees
SOFOFA	Professional Association	Professional federation made up of companies and professional and regional associations, linked to the Chilean industrial sector	Board of Directors; CX Customers, People, and SME Development working groups; Labor Inclusion Commission; Ecolabel Clean Production Agreement
National Chamber of Commerce, Services, and Tourism (CNC)	Professional Association	Professional federation made up of Chilean commerce, services and tourism businesses	Seminars and presentations about topics of interest, such as labor, consumers, and security

Organization	Type	Description	Participation
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
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	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
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
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	Committees (Ethics and Governance, Responsible Sourcing, Circular Economy) and Clean Production Agreement for Transition to a Circular Economy.

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Organization	Type	Description	Participation
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
Lima Chamber of Commerce	Professional Association	Business association made up of over 15,000 members belonging to diverse sectors of Peru	Membership
Chilean Peruvian Chamber of Commerce	Professional Association	Not-for-profit organization that as worked to promote economic and cultural integration between Chile and Peru since 1980.	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

During 2023, the Company paid a total of CLP 176 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.

Policy Influence

Category	Currency	2023	2022	2021	2020
Lobbying, interest representation or similar	CLP	0	0	0	0
Local, regional or national political campaigns / organizations / candidates	CLP	0	0	0	0
Trade associations or tax-exempt groups (e.g., think tanks)	CLP	176,240,568	139,067,089	125,872,121	121,818,337
Other (e.g., spending related to ballot measures or referendums)	CLP	0	0	0	0
Total contributions and other spending	CLP	176,240,568	139,067,089	125,872,121	121,818,337
Data coverage	% of Revenue	100%	100%	100%	100%

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The following describes the three largest contributions to trade associations from the preceding table. It would be impossible to isolate amounts further or attribute them to a particular interest or cause because SMU participates with the purpose of contributing its vision and knowledge on all matters relevant to the food retail industry and the country.

Largest Contributions

Name of the organization	Description	Total paid in 2023 (CLP)
Supermarkets Association of Chile (ASACH)	<p>This professional association, comprised of the country’s major supermarkets, supports industry development and provides technical collaboration that supports sustainable development and quality of life in Chile.</p> <p>Main issues addressed in 2023:</p> <ul style="list-style-type: none"> • Customers: The SERNAC <i>Te Protege</i> Bill, which would grant Chile’s national consumer advocacy agency additional authority, and other consumer-related issues • Security: The Private Security Bill, best practices in crime prevention and effective criminal prosecution. ASACH worked with national and regional governments on the matter. • Labor: Regulations with industry impact—e.g., the laws on the 40-hour workweek and work-life balance—training and job profiles • Food safety and quality assurance: Regulatory matters and health authority alerts • Waste recovery: The change in the REP Law’s definition of industrial consumer, proposed amendments to the law on single-use plastics, and food waste prevention • Supplier payment: Bill that would modify the law on timely payment 	62,462,622
SOFOFA	<p>This industry association—comprised of companies, business associations and other associations with ties to the Chilean industrial sector—influences public policy on matters related to a more inclusive Chile, sustainable business opportunities and regional development supporting decentralization and a more diversified economy.</p> <p>Main issues addressed in 2023:</p>	57,973,361

Name of the organization	Description	Total paid in 2023 (CLP)
	<ul style="list-style-type: none"> Customers: The SERNAC <i>Te Protege</i> Bill, CX measurement tool to enhance customer experience and awareness of the work done by the companies 	
<p>Acción Empresas</p>	<p>This non-profit organization brings together large companies from various sectors seeking to manage their businesses sustainably.</p> <p>The organization focuses on circular economy, global warming, responsible sourcing, ethics and governance, people and work, and sustainable territories.</p>	<p>8,766,483</p>

3.3 VALUE CREATION

In 2023, the economic value generated by SMU amounted to **Th\$2,871,207,511**, an increase of **Th\$33,293,846** with respect to 2022.

Of this total economic value generated, SMU distributed **Th\$2,829,475,013** among its stakeholders. The difference between the value generated and the value distributed amounted to **Th\$41,732,498**, which is the value retained by the Company.

ECONOMIC VALUE GENERATED IN 2023

Th\$2,871,207,511

ECONOMIC
VALUE
DISTRIBUTED (1)

Th\$2,829,475,013

TH\$2,421,486,720
OPERATING EXPENSES (1)

TH\$279,113,653
REMUNERATIONS AND SOCIAL
SECURITY(2)

TH\$115,943,103
PAYMENTS TO SUPPLIERS OF
CAPITAL(3)

TH\$12,931,537
TAX EXPENSE

ECONOMIC
VALUE
RETAINED

Th\$41,732,498

Notes

(1) Cost of goods sold + distribution costs + selling and administrative expenses - personnel expenses.

(2) Personnel expenses.


(3) Financial expenses + dividends paid.

4

4

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, identifying potential impacts for the business in order to safeguard the sustainability of its operations over time and, consequently, the creation of value for its shareholders and other stakeholders.

TOPICS	PROGRESS IN 2023	SDG
Best practices in corporate governance	Standardization of risk management methodology across the Company.	 Contributes to goals: 16.4 16.5 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.

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 AND
SUSTAINABILITY 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

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. In 2023, the Board of Directors hired an external advisor, whose objectives were (i) Support the Board in its self-assessment process, contributing a methodology and an external perspective; (ii) Work with the Board to interpret and implement the conclusions of the assessment; and (iii) Support the Board to generate concrete initiatives focused on improvements, in order to better take on their strategic challenges.

With respect to shareholders’ meetings, the Board of Directors possesses the tools to implement mechanisms for shareholders to participate and vote remotely, should it be necessary, considering the circumstances and needs at each point in time. Following each shareholders’ meeting, SMU makes shareholder resolutions publicly available through essential facts that are sent to the Financial Markets Commission (CMF) and published on the Company’s website. In 2023, conditions made it possible for participation in the Company’s Annual General Meeting to be 100% in-person.

BOARD OF DIRECTORS



PILAR DAÑOBEITÍA E.
CHAIRWOMAN OF THE BOARD
TAX ID: 8.668.195-1



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



ALEJANDRO ÁLVAREZ A.
DIRECTOR
TAX ID: 6.385.995-8



ABEL BOUCHON S.
DIRECTOR
TAX ID: 9.004.895-3



FERNANDO DEL SOLAR C.
DIRECTOR
TAX ID: 6.060.616-1



ANDRÉS OLIVOS B.
DIRECTOR
TAX ID: 7.013.115-3



RODRIGO PÉREZ M.
DIRECTOR
TAX ID: 6.525.287-2



TINA ROSENFELD K.
DIRECTOR
TAX ID: 14.644.931-K



RAÚL SOTOMAYOR V.
DIRECTOR
TAX ID: 7.601.869-9

4.2 BOARD OF DIRECTORS

The nine members of SMU S.A.'s Board of Directors were individually elected to a three-year term at the annual shareholders' meeting on April 20, 2021. As of December 31, 2023, the average tenure of SMU's Board members was 8.3 years.

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, 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 of SOFOFA for the 2020-2024 period.

SMU ownership: 0.23%. No changes in 2023.

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 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, as Vice Chairwoman. She has been a member of the board of directors of Copesa, a media holding company, since 2019. In 2011 she founded the design firm Corp Imagen y Diseño S.A. (Corplmagen), 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 does not hold shares in SMU directly. However, she and her family control 45.76% of SMU S.A.'s shares. This percentage decreased 4.82% during 2023.

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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 Universidad Andrés Bello, among others.

SMU ownership: 0.04%. No changes in 2023.

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 2023.

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.

SMU ownership: 0.01%. No changes in 2023.

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 chairman of the board of Laboratorios Saval S.A.; chairman of the board of Unicard S.A., serves

on the board of Inversiones HH S.A.; and is a member of Consejo Inmobiliario de Independencia AGF, among others.

SMU ownership: 0%. No changes in 2023.

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 2023.

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 2023.

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 Dañobeitía	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 12.31.2023	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	2	2
Over 70 years	0	1	1
Tenure			
Under 3 years	0	0	0
3 to 6 years	2	1	3
Over 6 and under 9 years	0	1	1
9 to 12 years	0	4	4
Over 12 years	1	0	1
Has a disability	0	0	0

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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 12.31.2023									
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 ² 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	NO	NO	NO	NO	NO	NO	NO	NO	NO

² Excludes payments arising solely from (i) investments in the company's securities; ii) payments under non-discretionary charitable contribution matching programs; and (iii) remunerations received for performance of duties as a Board member of SMU S.A.

	Pilar Dañobeitía	Francisca Saieh	Alejandro Álvarez	Abel Bouchon	Fernando Del Solar	Andrés Olivos	Rodrigo Pérez	Tina Rosenfeld	Raúl Sotomayor
that is an advisor or consultant to SMU or a member of SMU's senior management?									
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	1	0

4.2.1.1

BOARD MEMBER REMUNERATIONS

The SMU S.A. board member monthly remuneration structure is as follows: UF 165 per director, UF 275 for the Vice Chairperson and UF 440 for the Chairperson. These are fixed monthly fees paid regardless of the number of board sessions held.

Directors' Committee members receive an additional UF 110 monthly, regardless of the number of Directors' Committee sessions held. The Directors' Committee Chairperson receives UF 150.

Directors on the SMU board committees—Investment, Human Resources, Audit and Risk, Sustainability, Strategy or Compliance—receive UF 55 per month, while chairpersons receive UF 75. These fees are paid only for the months in which the respective committee meets at least once. Thus, if a committee does not meet in a given month, the monthly remuneration does not apply.

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

Board Remunerations 2023 and 2022

Name	Position	2023 (CLP million)	2022 (CLP million)
Pilar Dañobeitia Estades	Chairwoman	263,122	216,097
Francisca Saieh Guzmán	Vice Chairwoman	136,177	112,238
Alejandro Álvarez Aravena	Director	115,145	98,982
Abel Bouchon Silva	Director	93,314	77,274
Fernando Del Solar Concha	Director	89,327	72,575
Andrés Olivos Bambach	Director	120,773	103,802
Rodrigo Pérez Mackenna	Director	146,079	117,896
Tina Rosenfeld Kreisselmeyer	Director	157,475	131,788
Raúl Sotomayor Valenzuela	Director	Declined remuneration	Declined remuneration

4.2.2

BOARD OPERATIONS

Per Company bylaws, the SMU Board of Directors holds ordinary sessions at least monthly. The Chairwoman may convene extraordinary sessions of her own accord or upon request by one or more directors, provided she validates the need. If an absolute majority of directors request an extraordinary session, it 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 ordinary sessions, which average five hours. At the beginning of each year, the Board schedules meeting notifications for all the directors, determines what background information the directors may need for each session and agrees on the various business, regulatory or other matters to be addressed at 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 board committees. At the beginning of each year, the board committees also agree on the matters to be discussed at each committee session.

The Chief Executive Officer, Chief Financial Officer, Chief Legal and External Affairs Officer, and Head of Legal Affairs attend all board sessions but are excused when the Board needs to discuss matters like compensation and incentives without their presence.

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

The SMU Board of Directors meets three times a year with the external audit firm to discuss matters like (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 relevant regulatory agencies, (iv) the results of the annual audit program, (v) any potential conflicts of interest for the audit firm or its personnel as a result of providing other services to SMU or other group companies or due to other situations, and (vi) trends in technological risk. The external auditors have ready access to the Board and meet with them whenever necessary.

The Board of Directors meets annually with the Comptroller to familiarize itself with the Annual Internal Audit plan.

SMU has the following board committees: (i) **Directors' Committee**, (ii) **Audit and Risk Committee**, (iii) **Compliance Committee**, (iv) **Sustainability Committee**, (v) **Human Resources Committee**, (vi) **Investment Committee**, and (vii) **Strategy Committee**. Additional information is available in section 4.2.3 below.

To ensure its ability to function properly, the Board has an information system that provides secure, remote access at any time or from any place. System information includes (i) the agenda for each session; (ii) the documents to be presented at the session, or additional background documents. These are uploaded at least three days in advance of the respective

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session; (iii) the monthly report on business unit performance and results; (iv) the official minutes from each session, which are available for consultation prior to the next session; and (v) all the minutes and documents shown at each board session over the last three years.

Board members can also securely and remotely access information from the Company's Whistleblower Channel at any time through their personal system access profile. For more information on the SMU Whistleblower Channel, see 5.1.2 Whistleblower Channel.

The Board of Directors has contingency plans to ensure its ability to function in crises. These involve systems that provide expedited, remote and online access so that directors can hold board sessions and communicate with management. The Company also has contingency plans for operational continuity, and the Audit and Risk Committee receives status reports on these plans.

The Policy on Hiring Specialized Advisory Services authorizes the Board of Directors to hire accounting, financial, tax, legal and other specialists when it considers such a decision to be in the Company's interest and to its benefit. Though a single director may propose advisory services, and the Board decides whether to hire a service, two or more directors may come together to veto a particular advisor. Hiring decisions must be based strictly on the merits and professional prestige of the advisors, and the fees shall not exceed current market values for similar services.

4.2.2.1

ANNUAL BOARD AGENDA

The Board's annual plan involves reviewing different matters to monitor SMU's corporate interests adequately. These include corporate strategy, business results, financial position, risk management, environmental, social and governance aspects, changes to the regulatory framework, and the internal control environment, among others. 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 matters reviewed and approved by the various SMU committees.

At least once a year, the Board visits SMU facilities to learn about their conditions and operations, the main duties and concerns of those working there, and the facility leaders' recommendations for improving operations.

Business Management and Strategy

SMU's Board of Directors constantly monitors business unit performance through monthly reports and presentations by the responsible executives at board and board committee sessions. It also reviews, approves and monitors the progress and results of management's strategic and investment plans. In its oversight and decision-making capacity, the Board scrutinizes the economic, social and environmental impact of the Company's various initiatives.

The Board of Directors and the specialized board committees described in section 4.2.3 monitor these topics. The board committees all report to the Board of Directors on the issues addressed at each committee session.

Risk Management

The SMU Audit and Risk Committee monitors the risk management process and the status of internal controls. The committee meets regularly with those in charge of risk management to review (i) the proper functioning of the risk management process, (ii) the details of the SMU risk matrix and standard management methodology, and (iii) the recommendations and improvements necessary to enhance risk management. The Audit and Risk Committee also reviews and monitors the management of regulatory risks related to crime prevention as well as compliance with customer protection and personal data protection standards. It promptly reports to the Board about committee sessions. For more information, see 4.2.3.2 Audit and Risk Committee.

The same committee receives timely risk management reports from the SMU Management Risk Committee, chaired by the Chief Executive Officer, which holds ordinary sessions monthly and extraordinary sessions whenever necessary. SMU's Comptroller is a permanent member of the Management Risk Committee, reporting directly to the Audit and Risk Committee on the effectiveness of risk management.

The Internal Control Division's Risk Management Area submits a monthly status report on the main risks facing the Company, the results of the monitoring indicators and the corresponding explanations to the Board of Directors.

Internal Audit

The Audit and Risk Committee meets with the Comptroller monthly to review controls and mitigation actions through internal audit plans. It promptly reports to the Board on all these matters and about each committee session, submitting certain topics related to the Comptroller's duties (e.g., the annual audit plan and its status) for board approval. The Audit and Risk Committee is also responsible for ensuring the Comptroller's independence from management.

External Audit

The Board of Directors meets with the external auditors three times a year to analyze: the external audit program and its results; any differences detected in the course of the audit between accounting practices, administrative systems and internal auditing; any weaknesses or irregular situations that, due to their nature, must be reported to the relevant regulatory agencies; and any potential conflicts of interest for the audit firm or its personnel as a result of providing other services to SMU or other group companies or due to other situations. The external auditors have ready access to the Board and meet with them whenever necessary.

Compliance Programs

The Audit and Risk Committee meets quarterly with the Compliance Officer, who oversees compliance programs—free competition, crime prevention, customer protection standards and personal data protection—to review Whistleblower Channel performance and monitor compliance programs. See section 4.2.3.2 for additional information. The Board of Directors meets with the Compliance Officer at least every six months to approve the annual compliance program and training plans and analyze program progress, including prevention, correction, response, and oversight efforts.

The Board also meets at least twice yearly with the Free Competition Compliance Officer to review the program and annual work plan—including prevention, correction, response, and oversight efforts—as well as the corporate training and communications plan.

4.2.2.2

BOARD ELECTIONS

Under SMU's bylaws, the Board of Directors serves a three-year term, at the end of which new elections must be held, though shareholders may re-elect board members indefinitely.

In the single-round election at the Annual General Meeting, 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. However, when the number of nominees is equal to the number of seats (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, a Board of individuals of different ages, genders and educational and professional backgrounds is in the Company's best interest, as 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 assess the challenges and opportunities before the Company critically and strategically; and some knowledge and/or experience in financial matters, retail and mass consumption, risk management, business administration, legal and/or technology and digital issues. Furthermore, candidates must be willing to understand and commit to the highest ethical standards.

SMU publishes information about each candidate's experience and educational background as far in advance of the elections as possible. However, the law allows for the nomination of candidates directly at the shareholders' meeting, in which case publishing the information in advance is not feasible.

4.2.2.3

BOARD MEMBER INDUCTIONS

Under the SMU Policy on New Director Inductions, newly elected board members participate in an induction process to familiarize themselves with and understand the organization. In addition to receiving a dossier of documents with important information, they meet with the Chairwoman and Vice Chairwoman of the Board, the directors who serve on committees, the Chief Executive Officer and members of senior management.

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

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New directors meet with board members 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; among other topics

4.2.2.4

CONTINUOUS IMPROVEMENT

The Board of Directors has a training policy, in-person programs, and a specially developed online training academy to keep board members updated on the various topics needed to perform their duties. Training topics are established annually based on identified needs and may include best practices in corporate governance; risk management; free competition, relevant rulings, sanctions or pronouncements; the Economic Crimes Law; consumer protection; and national and international progress on inclusion, diversity and sustainability matters.

In 2022, the Board began working with a third-party advisor to launch an annual evaluation process to improve its operations and performance, identify training topics to strengthen, and/or update its knowledge. In 2023, the Board of Directors hired an external advisor to (i) support the Board's self-evaluation process by providing a methodology and an external perspective, (ii) collaborate on interpreting and acting on the conclusions, (iii) support the Board in formulating concrete initiatives to better address their strategic challenges.

4.2.2.5

2023 BOARD OF DIRECTORS REPORT

In 2023, the Board held 12 ordinary and 12 extraordinary sessions, reviewing the matters included in its annual planning and other issues that arose throughout the year. The Chief Executive Officer participated in all sessions.

The 2023 on-site visit took the Board to Company facilities in the VI region, where it visited the following locations in Rancagua: Unimarc Rancagua Kennedy, Mayorista 10 Av. Brasil, Super 10, Alvi Rancagua, Unimarc San Juan de Machalí, Mayorista 10 Rengo. The next day, the Board visited Santa Cruz and San Fernando locations: Mayorista 10 Santa Cruz, Unimarc San Fernando I and Mayorista 10 San Fernando. The Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Commercial Officer, Chief Planning and Strategy Officer, Chief Legal and External Affairs Officer, Chief Real Estate Officer and the managers in charge of the Unimarc, Wholesale 10, Super 10 formats accompanied the Board on these visits.

The team assessed store status, performance and operations as well as the most important sales, people and customer indicators. They also reviewed value propositions, concerns, and improvements related to facilities and operations.

In 2023, a director training program comprised eight courses covering free competition, consumer protection, personal data protection, crime prevention, human rights at the Company, as well as duties related to securities transactions and information management. All directors completed 100% of the courses.

Additionally, in June 2023, the Internal Control Manager presented to the Board on the Corporate Risk Assessment Process, reflecting on the timeline of milestones from 2019 to 2023 that led to SMU's current risk management scenario. The Board of Directors requested improvements to the current model, mainly: (i) the inclusion of all risks to provide an overall vision of the Company's risk status by the individual responsible, (ii) the use of an automated tool to manage the risks identified and analyzed, and (iii) the fortification of risk culture throughout the Company.

In 2023, the Board of Directors made no disbursements for advisory services. KPMG Auditores Consultores SPA provided limited verification of five ESG contents at no charge. The service was a non-financial audit, not an advisory service. SMU shareholders appointed the external audit firm at the Annual General Meeting on April 20, 2023.

Board Member Attendance 2023

Name	Ordinary Sessions	Extraordinary Sessions	Total
Pilar Dañobeitía Estades	11	11	22
Francisca Saieh Guzmán	12	12	24
Alejandro Álvarez Aravena	12	12	24
Abel Bouchon Silva	12	9	21
Fernando Del Solar Concha	12	12	24
Andrés Olivos Bambach	11	12	23
Rodrigo Pérez Mackenna	12	11	23
Tina Rosenfeld Kreisselmeyer	12	11	23
Raúl Sotomayor Valenzuela	11	11	22

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 board 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. Per the Policy on Hiring Specialized Advisory Services, each committee is authorized to hire specialists in the areas it considers to be in the Company’s interest and to its benefit. Though a single director may propose advisory services, and the committee decides whether to hire a service, two or more directors may come together to veto a particular advisor. Hiring decisions must 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 must approve advisory service expenses.

Under Law No. 18,046, shareholders set the budget for operating expenses for the Directors’ Committee and its advisors at the Annual General Meeting. The Directors’ Committee may use its budget, which must be at least equal to the sum of annual committee member remunerations, to hire professional advisors to aid in performing its duties.

4.2.3.1**DIRECTORS' COMMITTEE**

Formed in accordance with the provisions of Article 50 bis of Chilean Law No. 18,046, the SMU S.A. 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, related-party transactions, remuneration policies, and compensation plans for senior management and other employees.

The committee holds ordinary and extraordinary sessions and reports on each at the following Board of Directors session. Ordinary committee sessions do not require a special citation as they occur monthly at dates and times scheduled in advance. The Chairperson or the Company's Chief Executive Officer may call an extraordinary session of his/her own accord or at the request of one or more committee member(s). 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, Accounting Manager, Chief Legal and External Affairs Officer, Head of Investor Relations, Comptroller, Deputy Manager of Audit and 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 session on April 26, 2021.

Directors' Committee: Members and Remunerations 2023 and 2022

Name	Position	2023 (CLP million)	2022 (CLP million)
Rodrigo Pérez Mackenna *	Chairman	57,690	39,824
Alejandro Álvarez Aravena	Director	46,058	39,593
Tina Rosenfeld Kreisselmeyer *	Director	46,016	39,552

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

For information on the Directors' Committee activities in 2023, see 4.3 Directors' Committee Annual Report.

4.2.3.2

AUDIT AND RISK COMMITTEE

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 the Comptroller and those responsible for risk management. It ensures the proper functioning of the risk management process by reviewing controls and mitigation actions through internal audit plans. The committee examines risk matrices, primary sources of risk, methodologies for detecting new risks, and the impact and probability of occurrence of the most relevant risks. The Audit and Risk Committee promptly reports to the Board on these matters.

The Audit and Risk Committee plays an important role in verifying the integrity of corporate information and financial statements by properly monitoring those processes and promptly reporting to the Directors' Committee and the Board. It also ensures the Comptroller's independence from management.

The Audit and Risk 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 addressed in 2023: (i) the 2023 Internal Audit Plan, (ii) quarterly reports on the SMU Whistleblower Channel, (iii) risk management as it concerns the 2023-2025 Strategy, (iv) the SMU purchasing process, (v) the Alvi investigation, (vi) consulting on the risk management model update, (vii) introduction of the new KPMG partner, (viii) the GTD incident (cyber attack), (ix) progress on risk assessment, and (x) amendments to the Market Information Manual.

Audit and Risk Committee members were appointed at the ordinary board session on April 26, 2021.

Audit and Risk Committee: Members and Remunerations 2023 and 2022

Name	Position	2023 (CLP million)	2022 (CLP million)
Pilar Dañobeitia Estades	Chairwoman	28,805	19,786
Andrés Olivos Bambach	Director	23,009	19,770
Tina Rosenfeld Kreisselmeyer *	Director	23,008	19,776

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

In 2023, 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 in the amount and/or scope of previously approved investment projects, reviews the annual investment budget, and approves it before submitting it for board approval. The committee subsequently evaluates and analyzes the projects in the annual budget and presents proposals to the Board of Directors. Post-implementation, the committee monitors projects to understand and evaluate their impact. The investment committee authorizes store openings, remodeling and conversion, logistic network development and automation, e-commerce investments, productivity improvements and regulatory projects.

Committee sessions may be ordinary or extraordinary; ordinary sessions take place monthly. The Committee Chairperson, the Company's Chief Executive Officer or Chief Financial Officer may call an extraordinary session of his/her own accord or at the request of one or more committee member(s). Such sessions do not require prior validation by the Chief Executive Officer or Chief Financial Officer. The investment committee meets to review investment projects observant of the Company's established parameters. The decisions made at each session are taken to that month's Board session for final approval.

In 2023, the committee reviewed and approved 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 session 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 to vote.

Investment Committee: Members and Remunerations 2023 and 2022

Name	Position	2023 (CLP million)	2022 (CLP million)
Abel Bouchon Silva	Chairman	24,291	18,146
Pilar Dañobeitia Estades	Director	19,235	18,218
Andrés Olivos Bambach	Director	19,230	18,205
Rodrigo Pérez Mackenna *	Director	19,254	18,335

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

In 2023, the Investment Committee did not incur any advisory service expenses.

4.2.3.4

HUMAN RESOURCES COMMITTEE

The Human Resources Committee assists management in personnel-related matters, such as employee policy 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 its members determine. 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.

Like the Sustainability Committee, the Human Resources Committee analyzes organizational, social or cultural barriers that could inhibit the natural diversity that would otherwise exist. Both committees promptly report to the Board on these issues, submitting matters for approval.

In 2023, the Committee reviewed matters related to salaries, incentives, diversity and inclusion programs, labor reform, and potential future legislation that could impact the business.

Human Resources Committee members were appointed at the ordinary board session on April 26, 2021.

Human Resources Committee: Members and Remunerations 2023 and 2022

Name	Position	2023 (CLP million)	2022 (CLP million)
Fernando Del Solar Concha	Chairman	14,471	6,671
Pilar Dañobeitia Estados	Director	11,549	6,668
Francisca Saieh Guzmán	Director	13,333	6,670

In 2023, 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 social, environmental and climate change 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. The Committee Chairperson, the Company's Chief Executive Officer or Chief People and Sustainability Officer may call an extraordinary session of his/her own accord or at the request of one or more committee member(s). Such sessions do not require prior validation by the Chief Executive Officer or Chief People and Sustainability Officer. The Sustainability Committee reports to the Board of Directors after each session.

In 2023, the Committee primarily addressed the following issues: (i) Monitoring the 2023 Sustainability Work Plan, including the progress on each project under the "Creating Shared Value" and "Caring for the Environment" strategic initiatives as part of the "Committed and Sustainable Organization" pillar; (ii) Preparation of the 2023 Integrated Report, reviewing its status and materiality process results, under GRI (Global Reporting Initiative) guidelines; (iii) Extended Producer Responsibility Law (REP Law) implementation; (iv) Regulatory framework on sustainability; and (v) Annual review of the CSA (Corporate Sustainability Assessment) questionnaire results for the Dow Jones Sustainability Index. This year, the committee also monitored a Sustainability Scorecard with indicators for the most important ESG initiatives.

Sustainability Committee members were appointed at the ordinary board session 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 to vote.

Sustainability Committee: Members and Remunerations 2023 and 2022

Name	Position	2023 (CLP million)	2022 (CLP million)
Tina Rosenfeld Kreisselmeyer*	Chairwoman	9,920	6,610
Pilar Dañobeitia Estados	Director	7,745	6,613
Fernando Del Solar Concha	Director	5,765	6,600
Francisca Saieh Guzmán	Director	7,745	6,614

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

In 2023, 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 appointment and removal of the SMU Free Competition Compliance Officer; (ii) to ensure that the 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. It reports on all its sessions and submits matters to the Board of Directors for approval. Ordinary sessions take place every three months and do not require a special citation. The Committee Chairperson may convene extraordinary sessions of his/her own accord or at the request of the Free Competition Compliance Officer or one or more committee member(s). These sessions do not require prior validation by other committee members.

In 2023, the Compliance Committee: (i) reviewed the 2023 Free Competition Compliance Program, its progress and monitoring, (ii) analyzed the results of the program's biannual monitoring, (iii) verified the status of compliance with the TDLC ruling on the chicken market collusion case. This included the court-ordered audits and the compliance report to the National Economic Prosecutor's Office, (iv) reviewed and monitored the update to the Free Competition Risk Matrix, (v) followed up on the class action lawsuit derived from the chicken market collusion case and agreement with SERNAC and Conadecus, (vi) checked and monitored the DLP alert system, (vii) evaluated the 2024 Free Competition Compliance Program and (viii) examined the 2023 and proposed 2024 budgets.

Compliance Committee members were appointed at the ordinary board session on April 26, 2021.

Compliance Committee: Members and Remunerations 2023 and 2022

Name	Position	2023 (CLP million)	2022 (CLP million)
Pilar Dañobeitia Estades	Chairwoman	11,675	6,520
Andrés Olivos Bambach	Director	9,505	6,515
Tina Rosenfeld Kreisselmeyer*	Director	9,505	6,520

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

In 2023, 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, which include e-commerce, private-labels and financial services. The committee is also an opportunity to review, analyze and make suggestions regarding the Company's three-year strategic plan, major real estate projects or the purchase or sale of important assets.

Committee sessions may be ordinary or extraordinary. Ordinary sessions take place weekly and do not require a special citation. SMU's Chief Executive Officer or the Chairperson of the Board may convene extraordinary sessions.

In 2023, the Strategy Committee supported management on (i) real estate projects, (ii) private labels development (iii) e-commerce, (iv) partnerships and (v) operational efficiency issues.

Strategy Committee members were appointed at the ordinary board session on May 25, 2020. The Company's Chief Executive Officer and an external advisor serve alongside the two directors on the committee. The Board agreed to renew the external advisor's contract for three years beginning May 1, 2023.

Strategy Committee: Members and Remunerations 2023 and 2022

Name	Position	2023 (CLP million)	2022 (CLP million)
Pilar Dañobeitia Estades	Chairwoman	-	-
Francisca Saieh Guzmán	Director	-	-

In 2023, the Strategy Committee incurred advisory service expenses of UF 6,400.

4.3 DIRECTORS' COMMITTEE ANNUAL REPORT

Santiago, March 25, 2024

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

Ref.: 2023 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 2023 annual performance of the Directors' Committee (the "Committee") at SMU S.A. (the "Company").

COMPOSITION OF THE DIRECTORS' COMMITTEE

At the Annual General 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 (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 Annual General 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, 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.

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DIRECTORS' COMMITTEE ACTIVITIES

The SMU S.A. Directors' Committee met 26 times in 2023 and, using its authority and in fulfillment of its legal duties, it reviewed:

- i. Proposals and proposed to the Board an external firm to audit the Company's financial statements. The recommendation would be submitted for shareholder approval at the Annual General Meeting;
- ii. Proposals and proposed to the Board private risk rating agencies. The recommendation would be submitted for shareholder approval at the Annual General Meeting;
- iii. Conclusions from the 2022 external audit of SMU S.A. and its subsidiaries;
- iv. The 2022 internal control letter from KPMG;
- v. The quarterly financial statements (FECU) submitted for Board consideration prior to presentation to the Financial Market Commission (CMF) and the market in general;
- vi. Reports on the internal audit of financial statements;
- vii. A summary of senior executives' and board members' conflicts of interest in the second half of 2022 and the quarterly report on the management thereof for 2023;
- viii. The remuneration systems and compensation plans for the Company's management, executives, and other employees, including:
 - a. The short-term incentive for 2022, its indicators and results, and the long-term incentive for 2021-2023;
 - b. The proposed short-term incentive plan for 2024;
- ix. Several presentations related to the Unicard subsidiary's business. These gave rise to the proposals listed in item iv of the Directors' Committee Recommendations and Requests section herein;
- x. Current related-party transactions;
- xi. Comparative proposals for hiring advisory services on compensation and incentives;
- xii. The proposed update to the donations policy, and specifically the *Unidos* campaign;
- xiii. The proposal to hire KPMG for limited verification of ESG data;
- xiv. The proposed update to the list of competitors, customers and suppliers per Article 18 of the Securities Market Law (No. 18,045);
- xv. The Company's customary transactions policy and a presentation on related regulations in consultation with the CMF;
- xvi. Proposed changes to the Conflict-of-Interest Policy;
- xvii. A presentation on the external auditor selection process for the next year;
- xviii. The proposed 2024 Directors' Committee agenda; and
- xix. The related-party agreements outlined in the next section, recommending board approval thereof.

RELATED-PARTY TRANSACTIONS AND OTHER CONTRACTS

In regard to transactions with related persons or parties, I report that, per Section XVI of the Law on Corporations, the Directors' Committee reviewed the following 2023 transactions and reported to the SMU Board of Directors. Before recommending board approval, the committee verifies that the related-party transaction brought to its attention contributes to the corporate interest and aligns with prevailing market conditions—price and terms—at the time of approval. To that end, the committee requests other alternatives, similar market references and the reasons for recommending the selected alternative be presented at the session where the related-party transaction is reviewed:

- i. Lease of dining space at headquarters from a company where Director Abel Bouchon holds ownership;*
- ii. Appointment of Mr. Álvaro Saieh, SMU S.A.'s controlling shareholder, as the Strategy Committee's External Advisor;*
- iii. Purchase of land in Zapallar from Terranova. SMU Director Alejandro Álvarez also serves on the board of Terranova's parent company;*
- iv. An SMU-Copesa agreement for exclusive Club Unimarc benefits. SMU S.A.'s controlling shareholder, Mr. Álvaro Saieh Bendeck is also related to the latter.*
- v. Collection Services Agreement between Rendic Hermanos S.A. and Unicard S.A., companies related to controlling shareholder Mr. Álvaro Saieh Bendeck.*
- vi. Line of credit and subsequent renewals and capital increases to Unicard, a company related to controlling shareholder, Mr. Álvaro Saieh Bendeck.*

In conclusion, I report to the Board of Directors that, in 2023, the Directors' Committee thoroughly addressed the issues listed in Article 50 bis of the Law on Corporations (No. 18,046) while analyzing and contributing to the optimal performance of the Company's management bodies.

DIRECTORS' COMMITTEE RECOMMENDATIONS AND REQUESTS

In the performance of its duties during 2023, the Directors' Committee conducted the following activities and agreed to make the following recommendations and requests:

- i. Propose the independent auditors to be suggested at the SMU Annual General Meeting in the following order of priority: 1st: KPMG 2nd: PWC;
- ii. Propose that the Board continue using the same credit rating agencies (Feller-Rate and ICR) and that these agencies also be recommended at the SMU Annual General Meeting;
- iii. Recommend that the Board of Directors approve (a) payment of the short-term incentive for 2022 as presented, (b) implementation of a quarterly incentive for the digital product team as presented, (c) the 2021-2023 long-term incentive, and (d) the proposed 2024 short-term incentive as presented.
- iv. Regarding the Unicard business, the Directors' Committee agreed to (i) propose that the Board approve a short-term, six-month, unsecured line of credit for Unicard in the amount of CLP 4.9 billion at the same interest rate as Banco Estado lends to SMU, plus a spread of 0.38% per month, (ii) recommend that the Board approve the proposed fee of 0.00286 UF + VAT for each Unicard collection transaction that occurs at SMU checkouts, (iii) request a new valuation of Unicard from the external advisor. The committee requested a proposal of fees and timeline, (iv) approve the fee proposal submitted by the external advisor, (v) propose that the Board approve the extension of Unicard's short-term, unsecured line of credit in the amount of CLP 5.7 billion until the end of December 2023 at the same interest rate as Banco Estado lends to SMU, plus a spread of 0.38% per month, (vi) request that management discuss with the other Unicard shareholders—Omega and Sams—their willingness to participate in a capital increase and the potential sale of their minority interest in Unicard, (vii) propose that the Board approve the external advisor's valuation of Unicard for the capital increase and move forward with the Unicard capital increase of CLP 4.9 billion, secured debt capitalization in the amount of CLP 15 billion and an earn-out for Unicard's minority shareholders. The latter would consist of paying interested parties the differential between the valuation used for the capital increase and the external advisor's valuation, which included a strategic partner, if Unicard is sold within 12 months of the purchase of their shares;
- v. Present the financial statements as of December 31, 2022, March 31, 2023, June 30, 2023 and September 30, 2023 for board approval;
- vi. Recommend that the Board hire WTW to advise on compensation and incentives, bearing in mind the Free Competition Compliance Officer's mitigation recommendations. WTW received the highest score of the firms evaluated.
- vii. Propose board approval of the *Unidos* campaign and donation policy updates as presented;
- viii. Propose that the Board authorize modification of the Conflict-of-Interest Policy;
- vii. Propose that the Board approve the limited verification offered by KPMG, noting that it would be a non-financial audit, not an advisory service;
- viii. Propose to the Board a list of competitors, customers and suppliers under Article 18 of the Securities Market Law (No. 18,045);

- ix. Propose that the Board request a tendering process to select the independent auditors for the next period. The big four would submit bids specifying the partner and team responsible (and their experience), the hours involved, the cost and any other relevant considerations for review before year-end;
- x. Propose to the Board that the Sustainability Committee handle follow-up on the Donations Policy issues except for matters assigned by law to the Directors' Committee;
- xi. Approve the proposed 2024 Directors' Committee calendar as presented.

The Directors' Committee also verified related-party transactions, ensuring they contribute to the corporate interest and align with prevailing market conditions—price and terms—relative to comparable alternatives. It recommended board approval of the related-party transactions listed above in the Related-Party Transactions and Other Contracts section.

EXPENDITURES

At the SMU S.A. Annual General Meeting on April 20, 2023, shareholders approved a Directors' Committee operating budget and the expenditures related to committee member remunerations. In 2023, the committee used the UF 450 budget to hire an external advisor and paid UF 200 for the external financial advisory services commissioned and conducted in late 2022.

The advisory services were not provided by the Company's independent auditor, 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, 2023, 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	02-01-2022	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%

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%

* Incluye participaciones directas e indirectas. Sin cambios durante el último año.

4.4.2

REMUNERATIONS AND COMPENSATION

SMU S.A.'s compensation system for senior executives, including the Chief Executive Officer, ties incentives to corporate objectives and results. Senior executives receive a fixed monthly salary and additional bonuses based on two variable systems:

- Short-term system: This annual bonus is tied to the achievement of objectives. The Board sets and approves the targets, communicating them to each executive at the beginning of every assessment period.
- Long-term system: One portion of this bonus is tied to retention and the other to three-year, board-approved objectives (2021-2023) based on financial targets like EBITDA, ROE and share price performance vs. the IPSA.

Components of Variable Compensation for Senior Executives

	Short-Term Incentive (Annual)	Long-Term Incentive (Three-year)
Indicator Categories	Financial	Financial
	Customers	Share price performance
	Strategic plan projects	
	Performance management	

Both variable compensation systems may contain other indicator categories. For example, financial indicators may include sales KPIs, EBITDA, or total margin, while strategic plan indicators involve the completion and progress of certain projects. The following are among the strategic projects considered in the 2023 short-term incentive.

Examples of Strategic Projects Considered in the 2023 Short-Term Incentive

Position	Incentive Type	KPI
Chief Executive Officer, senior executives, management	Monetary	Fulfillment of organic growth plan (new store openings)
Chief Executive Officer, senior executives, management	Monetary	Progress on private-label program
Chief Executive Officer, senior executives, management	Monetary	Migration of qualifying stores to the free customer rate, ensuring the energy supplied comes from renewable sources
Chief Executive Officer, senior executives, management	Monetary	Management of energy consumption through a monitoring platform to reduce consumption and costs
Chief Executive Officer, senior executives, management	Monetary	Human rights due diligence: Conduct process for formats not covered in 2022
Chief Executive Officer, senior executives, management	Monetary	Electromobility: Electric trucks for distribution center-store deliveries
Chief Executive Officer, senior executives, management	Monetary	Recyclable packaging for private-label products
Chief Executive Officer, senior executives, management	Monetary	Reducing food waste: Increase in the amount (as a percentage of total waste) of donated and recovered products

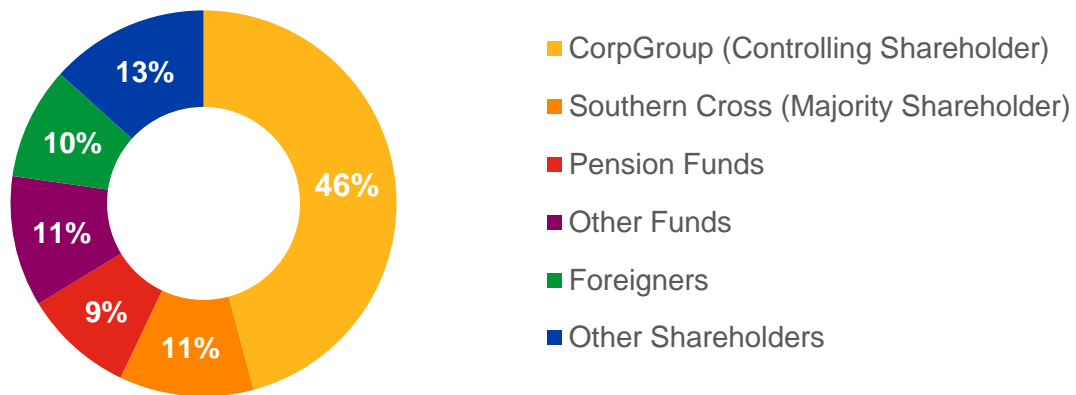
In the years ended December 31, 2023 and 2022, compensation for the 13 senior executives and managers totaled ThCh\$5,431,093 (Fixed salaries: ThCh\$3,503,075; Variable compensation: ThCh\$1,928,018 billion) and ThCh\$9,864,904 (Fixed salaries: ThCh\$3,030,096; Variable compensation: ThCh\$6,834,808), respectively.

In addition, SMU offers supplementary 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, 2023, SMU has 5,772,576,856 single-series shares outstanding and 185 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

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During 2023, the controlling shareholder reduced their ownership position from 50.6% to 45.8%, keeping control of the Company. Additionally, the pension funds increased their ownership from approximately 5% to 9%.

On April 21, 2022, at the Extraordinary Shareholders' Meeting of SMU S.A., shareholders approved a share repurchase program, in accordance with the provisions of articles 27 A to 27 C of the Corporations Act. 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. The duration of the share repurchase program will be five years from the date of the Meeting. The Company repurchased 9,371,159 shares in 2022. There were no changes during 2023.

4.5.1 CONTROLLING SHAREHOLDER

As of December 31, 2023, the Saieh Guzmán family, comprising Mr. Álvaro Saieh Bendeck, together with his spouse and children (herein, the "Saieh Guzmán Family" or the "Controlling Group"), control 45.76% 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 40.55% 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 above, which are direct shareholders in SMU S.A. The members of the Controlling Group have a joint action agreement that has not been formalized

Identification of Controlling Group

Shareholder	Tax ID	Percentage of Ownership
Álvaro José Saieh Bendeck	5.911.895-1	0.02%
Jorge Andrés Saieh Guzmán	8.311.093-7	13.51%
María Catalina Saieh Guzmán	15.385.612-5	13.51%
María Francisca Saieh Guzmán	13.829.073-5	13.51%
Total Controlling Group		40.55%

4.5.2

OTHER MAJORITY SHAREHOLDERS³

SMU has been informed that as of December 31, 2023, 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)

4.5.3

DIVIDEND POLICY

As of December 31, 2023, SMU's dividend policy is as follows: 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 of up to 75% of net profits for each year will be considered for distribution to the shareholders, the Company will pay net income for the first, second, and third quarter, in addition to the final dividend, as approved by the shareholders at each year's Annual General Shareholders' Meeting.

³ 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.

4.5.4 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.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
No.12	Final	04-28-2023	4.06695	23,438,669,409	2022
No.13	Interim	06-05-2023	2.89043	16,658,142,643	2023
No.14	Interim	09-07-2023	2.44451	14,088,213,958	2023
No.15	Interim	12-05-2023	1.46218	8,426,844,106	2023

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 2023 is provided below:

Share Transactions

Quarter	Average Price (Ch\$)	Trading Volume (No. of Shares)	Trading Volume (Ch\$)	Stock Market Presence (% at quarter end)
I	132.4	412,688,353	54,647,530,504	97.22
II	141.5	376,678,430	53,301,500,489	98.33
III	155.6	665,108,368	103,506,332,589	99.44
IV	161.8	409,453,146	66,252,998,406	100.00
Year 2023	149.0	1,863,928,297	277,708,361,988	100.00

4.5.6

OTHER SECURITIES

In addition to the shares that trade on the Santiago Stock Exchange and the Electronic Stock Exchange of Chile, as of December 31, 2023, SMU has the following fixed income securities outstanding:

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, 2023 and 2022 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.

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- 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, 2023 and 2022 are detailed as follows:

- 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, 2023 and 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 September 14, 2023, the Company placed bonds of UF 1,500,000 with a debit to line No. 964, Series BCSMU-AP, which will bear interest on a semi-annual basis at an annual fixed rate of 4.50%, and semi-annual principal repayments from March 01, 2024 through September 01, 2033.

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, 2023, 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 proper risk management fundamental to the sustainable development of its business and to achieving 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 risk as well as those 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, enhance the effectiveness of its initiatives and mitigate the risks that could potentially 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.

The SMU Board of Directors is primarily responsible for ensuring that risk management functions properly. It does so through its Audit and Risk Committee. For more information, see 4.2.3.2 Audit and Risk Committee.

The Audit and Risk Committee oversees risk management through the Management Risk Committee, which meets monthly to monitor the risk management model and the status of internal controls. It reports to the Audit and Risk Committee at least quarterly.

The Management Risk Committee aims to ensure and enhance the quality of the risk management process, design effectiveness, implementation, and results. It works with each SMU department to identify and/or update the main risks at least annually, then analyzes and evaluates their probability and potential impact. Where necessary, the committee establishes mitigation measures to address each risk.

The Internal Control Department provides support through methodological guidance based on the model the responsible parties have established and approved. The model applies best practices in detecting, quantifying, monitoring and communicating risks.

Per the Risk Management Policy, the Internal Audit team reports directly to the Board of Directors and periodically and independently evaluates the risk management model, proposing changes, as necessary. Risk identification and assessment fully align with audits of higher-risk processes and activities since the team regularly audits the processes and situations it perceives as risky. It also audits the effectiveness of control mechanisms and risks associated with SMU's 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 a critical topic in the SMU training program, which addresses issues related to SMU's main business risks, e.g., economic crime, free competition, consumer protection, data protection and information security. The training program also reinforces knowledge of and compliance with SMU policies and procedures.

4.6.2

SMU'S RISK MANAGEMENT MODEL

SMU has a three lines of defense model, proposed by the Institute of Internal Auditors to enhance understanding of risk management and control. Each of the three lines has a different role within the organization's overall risk governance framework:

- First line of defense: These individuals face and manage risk daily (e.g., operating areas). They determine and apply the necessary control measures.
- Second line of defense: This line monitors and ensures the proper design and function of the risk management controls and processes the first line of defense has implemented (e.g., Quality Area).
- Third line of defense: This line, the Internal Audit Area, provides independent assurance of the effectiveness of risk management and controls.
- External audit: The external auditors assess the internal control environment, identifying potential deficiencies and weaknesses in order to design the audit plan.
- Oversight bodies: The authorities, like the Labor Directorate and the Financial Market Commission, supervise and oversee SMU.

When each line effectively fulfills its assigned role, the organization's likelihood of achieving its overall objectives rises.

SMU’s Risk Management Model



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 company goals. Best practices from other management standards are also taken into consideration. Moreover, SMU is constantly monitoring 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 accordingly.

For each situation, SMU selects the most appropriate risk assessment techniques—e.g., meetings with key personnel, surveys, materialized events, context and/or expert opinion. The specialist areas determine risk relevance using standardized criteria that account for the opinions and experiences of those involved in the model, as well as other information. They assess the need for mitigation measures based on the potential consequences of materialization—financial, legal and environmental impacts on people and their quality of life, human rights, health and safety—probability of occurrence, the impact of existing control measures and risk level—low, medium or high. Finally, the process results are consolidated and shared with other areas.

Per the Risk Management Policy and to assess its need for mitigation measures, SMU has identified its risk appetite—the amount and type of risk it is willing to accept in order to achieve its goals. In light of its purpose, vision, values and strategy, the Company identified three levels of risk: “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 SMU’s 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. This situation must always be analyzed and approved by the committees that oversee the risk management model.

Continuous Improvement

In 2023, with support from an external consultant, SMU undertook a standardization project to align under a single risk management methodology and identify high-level risks in all areas of the Company.

All senior management and the supervisory committees (Management Risk Committee and the Board’s Audit and Risk Committee) received training on risk management methodology as part of the project.

In 2024, SMU plans to implement management software to streamline and better develop the risk process under this more mature model. The goal is to improve data availability for decision-making and iteration in the different stages of the model.

4.6.3

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 98.9% and 99.3% of its consolidated income for 2023 and 2022, 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 2020, taking office in October 2020. Beginning in September 2023, a review of the crime prevention model started considering Law No. 21.585, the effective date of which has been deferred to September 1, 2024 and has an impact on Law No. 20.393.

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.

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.

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, 2023, SMU had a total of 23,550 employees, of which 96.93% were located in Chile and 3.07% in Peru. Approximately 74.1% of the employees are represented by more than 133 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.

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 loss given default (LGD) according to the debt aging tranches. The following tables include the last rate indicated:

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Tranche	Portfolio: Aging	Customer Credit			
		High risk		Low risk	
		PD	LGD	PD	LGD
0	Non-past due	0.21%	32.20%	0.05%	7.26%
1	1 to 30 days	0.13%	32.20%	0.22%	7.26%
2	31 to 60 days	3.10%	32.20%	2.21%	7.26%
3	61 to 90 days	41.81%	32.20%	14.13%	7.26%
4	91 to 120 days	71.94%	32.20%	24.20%	7.26%
5	121 to 150 days	79.54%	32.20%	28.84%	7.26%
6	151 to 180 days	79.54%	32.20%	38.36%	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	0.59%	100.00%	0.30%	100.00%
1	1 to 30 days	0.59%	100.00%	0.30%	100.00%
2	31 to 60 days	6.61%	100.00%	5.37%	100.00%
3	61 to 90 days	16.54%	100.00%	11.38%	100.00%
4	91 to 120 days	28.85%	100.00%	23.13%	100.00%
5	121 to 150 days	49.07%	100.00%	44.80%	100.00%
6	151 to 180 days	74.60%	100.00%	53.47%	100.00%
7	181 to 210 days	82.90%	100.00%	63.83%	100.00%
8	211 to 240 days	94.74%	100.00%	67.64%	100.00%
9	241 to 270 days	98.67%	100.00%	77.02%	100.00%
10	Over 270 days	100.00%	100.00%	100.00%	100.00%

Tranche	Portfolio: Aging	Other debtors	
		PD	LGD
0	Non-past due	0.71%	100.00%
1	1 to 30 days	0.71%	100.00%
2	31 to 60 days	13.95%	100.00%
3	61 to 90 days	28.93%	100.00%
4	91 to 120 days	40.67%	100.00%
5	121 to 150 days	52.96%	100.00%
6	151 to 180 days	64.44%	100.00%
7	181 to 210 days	72.09%	100.00%
8	211 to 240 days	85.58%	100.00%
9	241 to 270 days	94.57%	100.00%
10	Over 270 days	100.00%	100.00%

Tranche	Portfolio: Aging	Real estate			
		High risk		Low risk	
		PD	LGD	PD	LGD
0	Non-past due	8.96%	100.00%	0.75%	100.00%
1	1 to 30 days	8.96%	100.00%	0.75%	100.00%
2	31 to 60 days	25.88%	100.00%	1.63%	100.00%
3	61 to 90 days	62.95%	100.00%	1.63%	100.00%
4	91 to 120 days	83.21%	100.00%	2.17%	100.00%
5	121 to 150 days	100.00%	100.00%	2.60%	100.00%
6	151 to 180 days	100.00%	100.00%	6.07%	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	7.15%	32.20%
1	1 to 30 days	10.54%	32.20%
2	31 to 60 days	16.67%	32.20%
3	61 to 90 days	25.27%	32.20%
4	91 to 120 days	58.61%	32.20%
5	121 to 150 days	67.99%	32.20%
6	151 to 180 days	80.10%	32.20%
7	181 to 210 days	81.29%	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\$17,868,889 as of December 31, 2023, are detailed as follows:

	Regular portfolio	Portfolio with renegotiated terms	Total gross portfolio
	ThCh\$	ThCh\$	ThCh\$
Performing	10.21%	30.57%	11.88%
Less than 30 days	44.61%	51.35%	45.95%
Between 31 and 60 days	46.76%	57.07%	49.31%
Between 61 and 90 days	50.68%	61.09%	53.33%
Between 91 and 120 days	77.84%	77.59%	77.77%
Between 121 and 150 days	83.15%	83.14%	83.15%
Between 151 and 180 days	87.80%	87.80%	87.80%
Total	<u>15.76%</u>	<u>48.34%</u>	<u>24.06%</u>

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.

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As of December 31, 2023, the detail of bank borrowings, including accrued interests, bonds and promissory notes payable, and liabilities under finance lease agreements is as follows:

	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	16,505,901	3,040,329	2,000,000	-	-	-	-	21,546,230
Obligations with the Public	23,591,733	69,250,878	140,891,128	9,806,795	46,399,976	46,570,567	129,034,004	465,545,081
Obligations for rights of use with purchase option (*)	959,350	2,497,714	3,404,365	3,358,921	3,104,959	3,271,902	29,930,700	46,527,911
Obligations for rights of use (*)	13,777,169	40,582,107	53,497,484	55,815,323	50,614,478	43,412,753	288,552,954	546,252,268
Total	54,834,153	115,371,028	199,792,977	68,981,039	100,119,413	93,255,222	447,517,658	1,079,871,490
Accrued interest (**)	3,930,541	-	-	-	-	-	-	3,930,541

(*) 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, 2023, 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	15,511,798	6,034,432	21,546,230
Obligations with the Public	465,545,081	-	465,545,081
Obligations for rights of use with purchase option	46,527,911	-	46,527,911
Obligations for rights of use	546,252,268	-	546,252,268
Total	1,073,837,058	6,034,432	1,079,871,490

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	473	-
+ 1%	518	46
-1%	427	(46)

(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, 2023, for each increase of one Chilean peso in the value of U.S. dollar the effect is a foreign currency translation loss of ThCh\$726

(v) Inflation risk

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

As of December 31, 2023, the Company has bank borrowings of UF 13,915,285 and liabilities under finance lease agreements of UF 14,491,074.

For each increase of one Chilean peso in the value of UF the net effect is a loss from index adjusted units of ThCh\$13,915.

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

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)	22,352,210,000	22,352,210	2.07%	-
Unidades de fomento (UF)	28,406,358	1,045,051,749	96.78%	13,915
US dollars (USD)	2,048,764	1,797,012	0.17%	726
Thousands of Euros (EUR)	36,439	35,348	0.00%	36
Peruvian Soles (PEN)	44,789,820	10,635,171	0.98%	-
Total		1,079,871,490	100.00%	

4.6.4 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 or risk appetite, among other factors.

Emerging Risks

Emerging Risk	Description of Risk	Potential Business Impacts	Mitigation Actions
<p>Environment:</p> <p>Biodiversity loss and ecosystem collapse</p>	<p>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.</p>	<p>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.</p> <p>Furthermore, suppliers may face increases in their production costs, which could be passed on to the Company and affect its profitability.</p> <p>Similarly, a lower availability in the product universe would make it more difficult to optimize promotional activity, which is central SMU's commercial strategy.</p>	<p>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.</p>

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Emerging Risk	Description of Risk	Potential Business Impacts	Mitigation Actions
Technology: Adverse results of technological advances	<p>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 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>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.</p> <p>Technological innovation is accelerating, increasing the risk that existing technologies will become obsolete and/or that SMU will become less competitive in relation to others who implement the latest advances, thus affecting revenues and profitability.</p> <p>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>SMU's Strategic Plan includes evaluating and implementing new technological tools; its investment plans involve innovation.</p> <p>Management and compliance models have been modified to reflect best practices, and the Company has undergone external certification processes and audits to measure effectiveness and identify opportunities for improvement.</p>
Geopolitics: Conflict between states	<p>Bilateral or multilateral belligerent conflict between states with global consequences: biological, chemical, cyber, and/or physical attacks, military interventions, proxy wars, etc.</p>	<p>The materialization of this scenario could lead to an increase in the costs of purchasing goods and materials for real estate development projects, due to the interruption of operations in producing regions or logistical difficulties both domestically and with imports. Commercial powers may block or impose conditions in negotiations with suppliers from the rival power. Another possible effect is the occurrence of migratory movements that affect the demand for goods and the availability of stock.</p>	<p>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.</p>

4.6.5 CLIMATE CHANGE

Caring for the environment is a pillar of SMU's Corporate Sustainability Model. Consequently, the Company's 2023-2025 Strategic Plan includes 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 management of risks, including climate risks, at SMU is overseen by the Management Risk Committee and the Board's Audit and Risk Committee.

The Sustainability Committee, comprising directors and executives, is tasked with monitoring Strategic Plan projects, initiatives, and KPIs related to the environment, specifically climate change. At each board meeting, the committee provides a summary report.

In addition, the Sustainability department monitors climate issues as they relate to company projects and reports at Sustainability Committee meetings.

**4.6.5.1
TRANSITION RISKS AND PHYSICAL RISKS**

The TCFD framework⁴ 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

⁴ <https://assets.bbhub.io/company/sites/60/2020/10/TCFD-2017-Final-Report-Spanish-Translation.pdf>

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Type of Risk	Description	Possible Impacts
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 • 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
Chronic	<ul style="list-style-type: none"> • Changes in precipitation regimes • Extreme variability in climate patterns 	<ul style="list-style-type: none"> • Increase in operating costs (e.g., merchandise refrigeration) • 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

4.6.5.2 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

4.6.5.3

ACTIONS TO ADDRESS CLIMATE CHANGE-RELATED RISKS AND OPPORTUNITIES

SMU is firmly committed to environmental protection and management and understands the urgency of implementing climate change projects, including both mitigation and adaptation measures.

The Company's environmental project portfolio addresses the main business issues associated with climate change. The projects are consistent with the risks and opportunities detected and prepare SMU to anticipate the adverse effects of climate change. They include:

- **Water Footprint Quantification and Reduction:** The current drought—triggered by climate change—has prompted SMU to address water scarcity, encouraging reuse as an adaptation method. For more information, see 10.4 Water Footprint Management.
- **Reducing Food Waste:** SMU's Reducing Food Waste Program addresses an industry-relevant sustainability issue by reducing emissions from the overproduction of food that will not be consumed. It reduces waste at the source, preventing emissions from waste transportation and GHG emissions at final disposal. For more information, see 10.1.1 Reducing Food Waste.
- **Recyclable Packaging:** The Company understands its important role in encouraging and facilitating the recycling of the packaging on its private-label products. Consequently, it made progress on certifying its packaging as recyclable, covering 19% of its private-label assortment in 2023. For more information, see 10.1.2 Committed to Recycling.
- **Energy Management System:** In 2023, as part of its Energy Program, SMU implemented an Energy Management System based on ISO 50.001:2018 in 100% of facilities operated by SMU Chile⁵. For more information, see 10.3 Energy Efficiency.
- **Electromobility:** SMU aims to replace conventional engines with clean-energy alternatives and minimize the impact of logistics emissions, specifically from transport vehicles. Its goal is to use electric trucks for 10% of Chile's shipments from distribution centers to stores deliveries by 2025. For more information, see 10.3 Energy Efficiency.

⁵ Includes facilities that were operational at the beginning of 2023.

4.6.5.4 METRICS AND TARGETS

The Company has set ESG indicators—including metrics associated with climate change—that are essential to managing climate change risks and opportunities.

Per TCFD Guidance on Metrics, Targets and Transition Plans, SMU monitors its carbon footprint, electricity consumption and waste recycling.

The SMU Strategic Plan sets a quantitative goal of reducing the Company’s year-on-year scope 1 and 2 GHG emissions per square meter. As part of its commitment to the World Business Council for Sustainable Development’s five sustainability factors, last year SMU committed to moving toward carbon neutrality by 2050. It also set the goal of contracting electricity from renewable sources for stores that account for 40% of SMU Chile’s electricity consumption by 2025.



Climate Change Metrics

Metric	Unit of measurement	2023 result	For more information
Carbon Footprint			
Scope 1	MTCO ₂ e	250,140	10.2 Carbon Footprint
Scope 2		59,839	
Scope 3		80,731	
Electricity consumption from renewable sources	MWh	30,691	10.3 Energy Efficiency 10.5 Environmental Indicators
Waste recycled as a percentage of total waste	%	20.5%	10.1.2 Committed to Recycling 10.5 Environmental Indicators

5.

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.

TOPICS	PROGRESS IN 2023	SDG
Ethical Management	Expansion of human rights due diligence process to Alvi, M10, S10, and Peru.	 
Free competition	Independent evaluation of SMU's Privacy Protection Model: 65% improvement compared to 2021.	Contributes to goals: 5.1 5.2 16.5 16.10
Consumer protection	Training in prevention of workplace and sexual harassment: 88% of employees.	
Privacy protection		



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 and absolute compliance with the most stringent national and international regulatory standards. The SMU Code of Ethics and Business Conduct establishes the principles and guidelines that guide employees and all those with whom the Company interacts, including the Board of Directors, management, employees, and third parties like contractors, consultants and other suppliers.

SMU's efforts to support corporate ethics in its organizational culture include policies, procedures, training, lectures, workshops and publicity materials. Its efforts on human rights due diligence in recent years also stand out.

5.1 ETHICAL MANAGEMENT

SMU's **Ethics and Business Conduct Committee**—comprised of corporate managers and the Ethics and Compliance Manager—ensures compliance with the Code of Ethics and Business Conduct through dissemination and training. The committee's main duties include reviewing and periodically updating the Code of Ethics and Business Conduct and designing its dissemination plan; ensuring that appropriate, confidential channels exist for reports and inquiries; reviewing and analyzing reports and inquiries to recommend corrective measures; evaluating controversies that constitute or may constitute a Code of Ethics and Business Conduct violation; and reviewing and analyzing the results of the controls associated with SMU's compliance programs. The Ethics and Business Conduct Committee reports quarterly to the Board of Directors through the **Audit and Risk Committee**.

As part of the contract they sign upon joining SMU, employees and directors commit to upholding, throughout their employment relationships with the Company, the Code of Ethics and Business Conduct, the Crime Prevention Model and regulations on free competition, conflicts of interest, data privacy protection, consumer protection and human rights. SMU expressly includes the same commitment in its service agreements with suppliers and contractors and reminds them regularly through communiques, meetings, regulatory courses, operations training talks, speakers and other methods.

Values and Business Ethics Barometer

In recent years, SMU has applied the Fundación Generación Empresarial (FGE) Values and Business Ethics Barometer, a survey designed to measure companies' and organizations' ethical and compliance culture. As a diagnostic instrument for the implicit and explicit perception of the Company's ethical behavior, the employee survey complements corporate integrity management.

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SMU placed in the top 25% of the 170 participating companies for best practice accreditation and values barometer measurement, earning the Company recognition for its commitment to integrity for the fourth straight year. The Company's ongoing work with best practices stood out among its efforts to raise ethical standards.

TRAINING AND ASSESSMENT

Ethics management requires training and education as well as assessment of best practices and compliance. Consequently, SMU trains employees annually on risk situations, raising awareness and fostering a prevention culture. The training plan uses ethical dilemmas, lectures and courses to reinforce compliance with regulations, procedures and the Code of Ethics and Business Conduct.

In 2023, SMU conducted over 230,000 hours of training on compliance and ethics issues.

2023 Compliance and Ethics Training

Training topic	Hours	People
Compliance	94,148	4,089
Human Rights at the Company	8,286	4,143
Customer Management and Consumer Protection	49,032	4,079
Free Competition	8,450	4,312
Engagement Model	6,208	3,104
Risk Prevention	49,128	4,090
Information Security	8,276	4,138
Sustainability	8,228	4,114
Total	231,756	4,367

SMU has determined that those whose duties involve higher risk in compliance and conduct matters must receive regular training on these subjects. This target group—comprised of more than 4,000 employees with a heavy concentration of those in leadership roles—boasted a 97% training completion rate in 2023.

Furthermore, the Company's performance evaluation systems consider Code of Ethics and Business Conduct guidelines. Performance evaluation criteria are based on corporate values: closeness, excellence, respect, collaboration and agility. The respect dimension, for example, includes competencies directly related to ethics, measuring whether the employee "Works honestly, fulfills his or her commitments and assumes responsibility for his or her own mistakes and those around them, learning from them and taking measures to prevent recurrence" and whether he or she "Ensures the sustainability of the business, promotes the Company's values, guarantees compliance with ethical standards to protect the reputation and ensure the success of the business, and questions situations where he or she sees fit."

5.1.2

WHISTLEBLOWER CHANNEL

For years, SMU has made available to its customers, suppliers, advisors, employees, shareholders, neighbors, community, and the general public in Chile and Peru a Whistleblower Channel operated by an independent third party. Anyone who has questions about ethical issues or other matters, is a victim of or becomes aware of a potential violation of the law or regulations, the Code of Ethics and Business Conduct and/or internal policies or procedures can easily file a report in a confidential, transparent manner without fear of retaliation. Whistleblowers can make reports anonymously, monitor their complaints and communicate directly through the system, if necessary.

The Company promotes use of the Whistleblower Channel through employment and supplier contracts, operations talks, training sessions and communications campaigns.

The Whistleblower Channel is accessible through the SMU website. In 2023, 80 queries and 1,279 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:

2023 Complaints and Queries by Type of Stakeholder

Stakeholder Group	Number of Complaints or Queries (Total: 1,359)	Main Issues
Customers ⁶	402	Merchandise, service
Employees	899	Different issues related to harassment, discrimination, regulatory violations
Suppliers	22	Procedure violations and/or Code of Ethics and Business Conduct
Neighbors	14	Changes to unloading schedules, machinery settings (noise-related)
Other	22	
Total	1,359	

⁶ Complaints received from customers are sent to the Customer Service Area for timely resolution. SMU keeps a record 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	2023	2022 ⁷
Workplace harassment and mistreatment	382	198
Sexual harassment	37	31
Security breaches, fraud, falsifying or altering information and/or records	33	-
Bribery	1	-
Conflicts of interest	-	1
Questions	80	81
Corruption among private entities	2	-
Lack of equal opportunity or discrimination	61	16
Free competition	1	1
Other complaints	39	30
Other crimes under Law No. 20,393	1	1
Other human resources issues	306	143
Customer complaints	348	411
Retaliation	13	3
Theft/misappropriation	23	10
Workplace safety and environmental protection	31	18
Use of insider or confidential information	1	-
Total	1,359	944

SMU resolves complaints 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, safety measures or other tools.

The Company takes preliminary measures to protect whistleblowers, like changing their workplace. After investigation, 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 or talks. In

⁷ Some complaints received in 2022 have been reclassified to another type since the 2022 Integrated Report.

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addition to any internal sanctions, SMU cooperates with judicial and non-judicial mechanisms when appropriate.

2023 Internal Sanctions by Issue

Issue	Written warning	Verbal warning	Termination	Fine	Other
Workplace harassment and mistreatment	75	15	20	11	3
Sexual harassment	6	-	11	3	-
Security breaches, fraud, falsifying or altering information and/or records	6	1	7	3	-
Conflicts of interest	-	-	-	-	-
Lack of equal opportunity or discrimination	4	4	4	1	-
Anti-competitive behavior	-	1	-	-	-
Other complaints	3	-	1	-	-
Other crimes under Law No. 20,393	1	-	-	-	-
Other human resources issues	27	8	7	4	1
Customer complaints	4	20	6	-	-
Retaliation	2	1	-	-	-
Theft/misappropriation	4	2	3	-	-
Workplace safety and environmental protection	1	-	1	-	2
Use of insider or confidential information	1	-	-	-	-
Total	134	52	60	22	6

5.1.3

HUMAN RIGHTS COMMITMENT AND MANAGEMENT

SMU establishes its commitment to human rights in its Human Rights Policy Statement, 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 also established complaint and sanction mechanisms to mitigate and repair the impact in the event of a violation.

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

As established in its *Declaration of Human Rights, a Culture of Integrity*, SMU commits to respecting human rights and ensuring proper, comprehensive management of the related risks and impact. It began the human rights due diligence process in 2022.

The process takes a preventative approach to identify current and potential risks that could negatively impact people, society and the environment in order to prevent, mitigate and/or repair, should those risks materialize. SMU partnered with external advisors to conduct the process based on international standards and norms, including the United Nations Guiding Principles on Business and Human Rights, the OECD Due Diligence Guidance for Responsible Business Conduct and the ILO.

In 2023, SMU improved its score on the Business and Human Rights Diagnostic by 27% compared to 2022, moving up the ranking five spots to 4th place⁸

The due diligence process included the following: a) assessing the impact of the Company's operations on human rights; b) integrating analysis and findings; c) taking the necessary actions to prevent and mitigate impact; d) following up; and e) effectively communicating how SMU addresses negative consequences.

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In 2022, SMU conducted the due diligence process at headquarters, Unimarc and the Logistics Division. In 2023, it expanded the process to the remainder of the operations in Chile, including the Alvi, M10 and S10 formats.

In Peru, SMU made progress on identifying risks with a potential human rights impact, which they will assess as part of the risk management methodology review.

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 (including equal pay)
- 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 2023 due diligence process began with analyzing the industry and geographic context to identify critical human rights factors. The analysis considered:

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

The due diligence process revealed 51 risks with potential human rights impacts. Those 51 risks fall into 12 categories: operations and development; employees; diversity, inclusion and non-discrimination; occupational health and safety; suppliers/contractors; security guard services; customer relations; community; conditions in subleased spaces; data privacy; access to whistleblower channels; and human rights communication at SMU.

Assessment

Under SMU's risk management methodology, the Company identifies risks that have a potential human rights impact. Then, the teams responsible for managing the risks prioritize them and identify controls. The following teams assessed their respective risks: Organizational Development, Labor Relations, Quality, Sustainability, Commercial, Real Estate Development, Risk Prevention, Operations and Logistics.

They classified each of the 51 risks detected in the previous stage as high (9), medium (24) or low risk (18).

Mitigation and remediation

Should a risk materialize despite the controls and action plans, SMU is committed to taking the necessary remediation measures. To gather information about such risk events, the Whistleblower Complaints and Queries Channel includes a complaint mechanism that anyone potentially affected can access 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 has ceased. For more information, see 5.1.2 Whistleblower Channel.

Monitoring activities that control human rights impact

Human Rights due diligence is ongoing; the risks identified and their respective controls are monitored annually. At SMU, Unimarc and the Logistics Division, the due diligence process began in 2022, and activities to control potential human rights impacts were monitored for the first time in 2023. Monitoring involved:

- Meeting with those responsible for the risks to review controls and identify potential new controls or mitigation measures
- Reviewing the evidence supporting the existence of and compliance with control measures
- Presenting the results to those responsible for each risk

Action plans for the different formats are currently being drafted for implementation in 2024.

5.1.4 DONATIONS⁸

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

The SMU Corporate Donations Policy sets guidelines and criteria for making donations to third parties, thereby ensuring they are handled properly and in accordance with internal and external regulations. The Donations Management Procedure determines how requests are channeled and resolved, and the SMU Donations Committee is responsible for approving—partially or fully—or rejecting third-party donation requests. The Chief Executive Officer, Chief Financial Officer, Chief Legal and External Affairs Officer, Compliance Manager and Chief Human Resources and Sustainability Officer serve on the committee. Meetings are held on an *ad hoc* basis when requests are awaiting approval. The Chief Executive Officer and at least three other committee members must participate to convene.

SMU donations may be in the form of gift cards that can be used for purchases in its stores, products or cash. In 2023, donations totaled CLP 159 million⁹ and supported causes related to cognitive and physical disabilities and zero hunger.

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 2023, social sponsorships totaled CLP 907 million.

⁸ Note that this section does not include food donations made under the Reducing Food Waste Program. These donations are of a different nature and not reviewed by the Donations Committee. However, the beneficiary organizations that receive the donations are reviewed in advance to verify that they do not have a history of corruption.

⁹ Total donated in the 2023 calendar year. Includes amounts approved in 2022 and donated in 2023. Excludes amounts approved in 2023 that will be donated in 2024.

5.2 COMPLIANCE

SMU is subject to laws and regulations that govern a wide range of matters and impact several business areas. Thus, compliance has become a strategic part of its operations. The Compliance Division promotes and leads compliance efforts through training activities, work teams that study new regulations, and implementation and periodic review of internal policies, procedures and other initiatives.

5.2.1 CRIME PREVENTION

In order to prevent corruption and other crimes, SMU has developed crime prevention models for operations in Chile and Peru based on the corporate risk management system.

In Chile, the model includes a Crime Prevention Officer who reports to the Board of Directors. Prevention, detection, response, oversight, training and monitoring activities aim to prevent the crimes listed in Law No. 20,393 on the Criminal Liability of Legal Entities. The third-party-certified model has been updated as the legislator expands the crime catalog, which now includes money laundering, bribery, terrorism finance, computer and environmental crimes. In 2023, SMU began updating the crime prevention model to align with the new regulations in Law No. 21,595.¹⁰

In Peru, the Crime Prevention Model aims to comply with Law No. 30,424 on Administrative Liability of Legal Entities and reaffirm the Company's regulatory compliance culture.

The crime prevention models are binding for internal and external personnel, directors, senior executives, suppliers and service providers that interact with the Company. Conduct that violates the model's regulations is sanctioned.

The SMU Conflict-of-Interest Statement Policy is a prevention and management measure that identifies potential conflicts of interest and/or situations or conduct that could be contrary to the Company's ethical values. The policy sets general and specific action guidelines for resolving any conflicts of interest involving employees, directors or third parties and their relationship with the Company. Potential conflicts of interest are presented to the Ethics and Business Conduct Committee, which, in turn, reports substantiated cases to the Directors' Committee and the Audit and Risk Committee, if applicable.

¹⁰ Law No. 21,595 has a deferred effective date. The Company must have a new Crime Prevention Model in place for economic and environmental crime by September 1, 2024.

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. In 2023, a due diligence process supplemented the statements with publicly available information.

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.

Under the principle of due diligence, SMU acquaints itself with third parties that are interested in or currently have a commercial relationship with the Company to determine whether they have committed or been in any way connected with any of the crimes listed in Law No. 20,393.

To date, SMU has not been sanctioned for crimes under 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. While Chile's Law on Lobbying (No. 20,730) applies only to meetings requested by lobbyists or special interest groups (active subjects), the more stringent SMU policy applies to any meeting, hearing or working group requested by the Company as an active subject or by authorities (passive subjects).

The Public Affairs Department authorizes requests for hearings or meetings and logs all such instances. The Chief Executive Officer reports to the Board of Directors on the most noteworthy items concerning relations with authorities, and the Compliance Area monitors compliance with regulations and policies, which the Comptroller 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; 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 Chile's National Economic Prosecutor's Office (FNE).

The SMU Free Competition Program complies with the Chilean Antitrust Court's Sentence No. 167/2019, which requires a Compliance Committee comprised of three directors and a Free Competition Compliance Officer who reports to the Board. SMU submits timely compliance reports to the National Economic Prosecutor's Office (FNE). In addition to other training, an external antitrust lawyer or economist specializing in free competition provides annual Free Competition Training. (For more information, see 5.1.1 Training and Assessment).

SMU did not receive any sanctions for free competition violations in 2023.

The Company reached a compensation agreement in the class action lawsuits brought by Conadecus and SERNAC. The agreement settled the lawsuits associated with the Supreme Court's final ruling on April 8, 2020, which was reported as an essential fact on the same date. SMU will pay the agreed-upon 3,438 Annual Tax Units to Chile's Social Security Institute, which will homogeneously compensate, as a single group of consumer beneficiaries, all registered pensioners receiving the Basic Solidarity Disability Pension. In 2023, SMU recorded a total loss of CLP 3.248 billion for this item.

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 training, a dedicated Customer Service Area, as well as policies and procedures—particularly the Corporate Consumer Protection Policy.

SMU constantly strives to foster the best business 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 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 Program 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 stores and digital platforms in a clear, complete, true and timely manner.
2. Fulfill commitments to customers.
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.

SMU's Consumer Protection Model is certified by an independent third party.

On privacy protection, SMU informs its customers about the use of their personal data through the respective loyalty program privacy policies for *Club Unimarc*, *Club 10* 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.

In its marketing, customer service and loyalty activities, SMU collects and stores the personal data that its customers provide. The Company shares information under certain circumstances, such as with suppliers that assist in operations or in response to legal requirements. Such sharing is always in accordance with SMU privacy policies. It is also worth mentioning that, per its privacy policies, the Company does not use the personal data of customers who have requested cancellation or blocking the use of such data. For more information on data protection at SMU, please see 5.2.4 Data Privacy.

In 2023, authorities levied the following fines for consumer rights violations related to customer safety in connection with in-store accidents, theft or 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

	2023
Number of fines	13
Amount of fines (CLP million)	20.6

5.2.4 DATA PRIVACY

SMU is committed to protecting the personal data of its employees, customers, suppliers and, in general, any individual who interacts with the Company. In 2023, the Company continued to work on the data privacy compliance model, respecting 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. The SMU subsidiary that handles and protects customer data consolidates it in a storage repository. Under strict security standards, it transforms data into internal work codes.

Any handling of personal data must be lawful, i.e., supported by a legal hypothesis that authorizes handling personal data. 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's ISO 31,000-based data protection program involves risk management and addresses handling customer, employee and supplier data. Given the importance of data protection for SMU and its customers, the Company reinforces security standards through training and internal communications campaigns. In 2023, 4,079 employees received data privacy protection training, and 4,138 received training on information security.

SMU continuously reviews processes and procedures as it strives to implement best practices in information security. The Information Security Policy and internal regulations on protecting information assets govern proper use and align with international best practices, like ISO 27,000 and NIST. A 2023 maturity level audit yielded a 65% improvement relative to the Company's score two years earlier.

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. SMU did not receive any sanctions for data privacy violations or customer complaints regarding data loss in 2023.

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 employees 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, employee obligations and prohibitions, procedures for reporting violations of fundamental rights, workplace harassment, 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 2023.

Employee Rights Sanctions

	2023
Number of sanctions*	345
Amount of fines (CLP million)	852

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

In 2023, SMU was the subject of 46¹¹ job protection proceedings; importantly, it was not found to be at fault in any of them.

The Company uses training, talks and other actions to discourage the associated conduct and prevent employee rights 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. It also sanctions confirmed harassment cases, per the Code of Ethics and Business Conduct and the Gender Equality and Conciliation Management System (SIGIGC) framework, which describes the mechanisms and responsibilities for preventing, detecting, reporting, investigating, and sanctioning workplace and 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 (2023)	20,830	88%

Workplace and Sexual Harassment Reports

	2023
Reports of workplace harassment (Law No. 20,607 or equivalent)*	382
Reports of sexual harassment (Law No. 20,005 or equivalent)*	37

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

¹¹ Number of job protection lawsuits filed in 2023.

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Each report is duly investigated and sanctioned when a violation is substantiated. One hundred percent of the 419 workplace and sexual harassment complaints received in 2023 were investigated, resulting in 144 sanctions.

Internal sanctions for workplace and sexual harassment (2023)

Issue	Written warning	Verbal warning	Fine	Termination	Other
Workplace harassment and mistreatment	75	15	11	20	3
Sexual harassment	6	-	3	11	-

5.2.6

ENVIRONMENTAL PROTECTION

One of the SMU Corporate Sustainability Model's eight priority areas, SMU protects 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 2023, 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.

SMU did not receive any sanctions for environmental violations in 2023.

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. Regulations also include requirements to obtain approval for construction permits for Company facilities from the respective municipality.

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.

In recent years, consumer protections have been strengthened through Law No. 21,081, which modifies the Law on Protection of Consumer Rights, and Law No. 21,398 (the “Pro-Consumer Law”); defining measures to incentivize the protection of consumer rights; increasing the fines on suppliers found to have violated consumer rights; granting SERNAC new oversight authority; and creating a new voluntary mediation procedure for suppliers and consumers, among other changes.

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.

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 and the Company’s internal regulations, as well as all other measures required by the authorities, including the implementation of new protocols when necessary. 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.



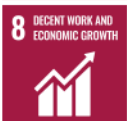


Personal Data Privacy Protection regulations, designed to ensure proper handling of personal data, are also important to SMU subsidiary operations in Peru. Businesses must register with the Personal Data Bank, obtain prior informed consent from the owners of personal data, and comply with other rules. 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

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.

TOPICS	PROGRESS IN 2023	SDG
Inclusion & Diversity	Certification of Chilean Standard N°3262 on Gender Equality and Work-Life Balance in the Logistics Operation (Santiago) and moving forward on a self-evaluation for Alvi.	 
Personnel Development		 
Labor Relations	Increase in participation of women in the logistics operation through the Female Logistics Operators program.	
Managing People	Certification of the Lo Aguirre DC as a workspace that promotes the prevention of drug and alcohol use.	
		Contributes to goals: 1.2 8.8 5.1 10.2 5.5 16.7 8.5



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 strengthen these values in daily life and work, emphasizing their connection to its business and alignment with its purpose and strategy. The Company reinforces its values through performance management, engagement and training processes.

6.1.1 ENGAGEMENT

In November 2023, SMU once again conducted a brief pulse survey on engagement, measuring a subset of questions from the 2022 survey to monitor and understand trends and the impact of the organization's action plans.

This year's satisfaction indicator of 71.6% for Chile and Peru remains in the good range, i.e., above 70%. Questions about whether the employee would recommend the company and knowledge of benefits scored highest. On the other hand, questions about collaboration and development opportunities revealed areas for improvement. As in previous years, supervisors presented the results to their teams so they could work together on improvement plans.

Engagement Survey Results (*)

	2023 Pulse Survey	2022
Response rate (%)	93%	96%
SMU Engagement Survey	71.6%	73.8%
2023 Engagement Survey Target	70.0%	70.0%

* The Engagement Survey was available online to all employees who have worked for SMU for at least one month

Engagement Survey Results by Gender

	2023 Pulse Survey	2022
Women	70.8%	73.3%
Men	72.9%	74.9%

Engagement Survey Results by Age Group

	2023 Pulse Survey	2022
18 to 25 years	73.2%	74.7%
26 to 36 years	68.0%	70.8%
37 to 49 years	71.5%	74.5%
50 and over	74.2%	76.1%

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 evaluating performance are key factors for development and, thus, the Company's sustainability.

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

To promote diversity of skills, knowledge, experience and perspectives at the organization, SMU promotes hiring and development programs for young people, people with disabilities, senior citizens and women.

To retain this set 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.

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

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 in conjunction with the Recruitment and Selection Area's position-specific evaluation.

Internal Mobility

	2023	2022
Vacancies filled internally (%) (*)	54%	42%

*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.

New Hires by Gender

	2023	2022
Women	4,031	5,787
Men	3,806	4,443
Total New Hires	7,838	10,230

New Hires by Age Group

	2023	2022
Under 30 years	5,290	7,082
30 to 50 years	2,141	2,577
Over 50 years	407	571

New Hires by Position

	2023	2022
Senior Management	-	-
Middle Management	11	21
Junior Management	78	80
Operator	2,750	4,372
Sales Force	4,387	5,133
Administrative	62	77
Other Professionals	207	292
Other Technicians	343	255

6.2.2 TRAINING

At SMU and its subsidiaries, 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 through skill-building and development programs that broaden and reinforce knowledge and technical skills, in addition to other training activities. The policy ensures high coverage and a simple, practical training experience that aligns with 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 employee development without discrimination or bias on the basis of gender, age, disability or nationality. The procedure guarantees gender equity and weighs certain conditions when deciding who has access to training.

In 2023, 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 30 days on the job. For entry-level positions, the model includes on-the-job training by work-center leaders. In 2023, the coverage rate for new hires was 90%.

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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 2023, thirteen training processes covered over 600 employees.

Operations Update for Store Leaders, Specialties and Entry-level Positions: This program builds a shared knowledge base for all in-store and distribution center roles. In 2023, a plan to reinforce practices and processes on-site with the active participation of leaders and entry-level employees trained 6,883 employees.

Regulations Program: This program builds knowledge and commitment to issues critical to business operations, e.g., competition, consumers, human resources, prevention and culture.

Training

	2023	2022
Total training time	2,565,457	2,328,127
Number of employees trained	22,549	20,518
Percent of headcount trained	96%	84%

Average Training Time by Position and Gender (Hours)

	2023		2022	
	Women	Men	Women	Men
Senior Management	64	49	145	84
Middle Management	62	65	99	119
Junior Management	160	174	238	256
Operator	86	95	56	61
Sales Force	88	120	75	75
Administrative	122	97	139	49
Other Professionals	80	80	143	140
Other Technicians	213	203	245	221
Total	103	120	90	103

Average Training Time by Age Range (Hours)

	2023	2022
Under 30 years	57	88
30 to 50 years	241	105
Over 50 years	91	80
Total	109	95

Training Hours by Topic

	2023	2022
Skills needed for current role	2,169,119	1,239,142
Development for future roles	141,532	187,206
Courses on regulation	254,806	901,779

Investment in Training

	2023	2022
Total training time (hours)	2,565,457	2,328,127
Average training time per employee (hours)	109	95
Amount spent on training (Millions of CLP)	2,282	2,302
Amount spent on training (% of revenue)	0.1%	0.1%
Amount spent on training per employee (CLP)	96,916	94,144

Training hours were up an average of 10% relative to 2022, reflecting substantial changes to several processes and operations positions as well as several projects whose implementation required training support. Consequently, the training focus was on position-specific operations topics.

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 personal development. This complementary section enables supervisors and their teams to align the year’s efforts and work toward clear, measurable objectives. For entry-level positions, the goals are specified in action plans based on the identified opportunities.

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

Given the broad coverage, data from the finished process facilitates comparative achievement-level analysis. SMU can offer outstanding performers access to development programs and create action plans for those who need additional support to improve performance for the next work cycle.

Performance Evaluation: Target Group Coverage (*)

	2023	2022
Employees evaluated	98.1%	98.0%

*Percentage of target workforce group evaluated. The annual performance evaluation cycle finishes in the first quarter of the following year. Thus, the 2023 figure is preliminary.

6.2.4

TALENT ATTRACTION AND DEVELOPMENT PROGRAMS

Performance evaluation is a crucial part of the ongoing cycle of employee development as it identifies opportunities for continuous improvement in operations and is closely related to the Company’s development and recognition programs. SMU also has programs focused on attracting talent to meet current and future business needs.

SMU ranked among the top 100 companies for attracting and retaining talent in the 2023 Merco Talento study, which provides insight into the external perception of the Company’s value proposition. In 2023, the Company offered several performance-evaluation-based initiatives as part of the Differentiated Leadership Development Program. Each aims to prepare outstanding performers to take on the next level of responsibility at the organization.

Develop Your Career: Offered in conjunction with the renowned AIEP Professional Institute, this program focuses on operational and leadership positions at SMU subsidiaries. In 2023, 735 outstanding performers participated in this training program, preparing them to take on new responsibilities and career challenges. As an example of the program’s positive impact, 32.7% of graduates in the last three years have grown professionally and now hold a different position at the Company. The Develop Your Career Program also saves on recruitment costs by promoting internal hiring.

Managing Development: SMU offered this continuous development program for people in professional positions for the third time in 2023. More than 200 employees with outstanding performance in the Performance Cycle process participated, choosing among several learning, self-awareness and mentoring opportunities from the curriculum of core courses and electives to suit their needs. Importantly, 33.5% of program participants since 2021 have experienced internal mobility. Another major benefit is that 88.9% of key positions at SMU have an established succession or coverage plan, reducing the risk of losing essential knowledge or skills when key personnel leave the Company.

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Digital Acceleration Program: SMU worked with Pontificia Universidad Católica de Chile's Executive Training School on another important initiative, the Digital Acceleration and Transformation certificate course. The first version of the course, which focused primarily on executives and employees with outstanding performance, graduated 135 participants.

Leadership Pool: The fourth version of the Leadership Pool Program was one of several programs aiming to ensure talent availability through ongoing hiring and training of people displaying potential in key positions. In 2023, a total of 152 people joined SMU's different formats through the program.

Several variations also took place this year. Fifteen people participated in the Administrator Trainee Program for future store leaders, while the Young Graduates Program offered thirteen promising professionals opportunities in store operations, logistics, and other operations support positions.

Developer Trainees: Fourteen young professionals participated in this technology-focused development program.

Logistics Operators: This theoretical and practical logistics training plan promotes the incorporation of women in logistics operations. Twenty-three female participants joined operations at the Lo Aguirre Distribution Center in 2023.

Internship and Professional Experience Reports Program: This program monitors promising students who need to complete an internship or professional experience report as a university graduation requirement. It supports students in their experience and recruits those who want to participate in the SMU development programs.

6.2.5 COMPENSATION STRUCTURE

Compensation management helps attract and retain talent and is, thus, crucial to SMU's human resource management strategy. Fiercely committed to equity and compensation equality, SMU has used the GGS (global grading system) compensation management system for over ten years.

The GGS is based on the principles of internal equity and external competitiveness. It is applied impartially and without distinction to determine the salary for each position and prevents the inclusion of components that could cause distortions and/or arbitrary discrimination based on gender, age, nationality or other aspects.

The SMU Remunerations and Compensation Policy dictates that each GGS level be assigned a total compensation bracket (fixed and variable remunerations plus quantifiable benefits). Based on the GGS assessment, every SMU position must also be assigned a salary bracket, ensuring that compensation is fair and based on employee performance and contribution to the organization.

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 may submit a written complaint describing the unequal remuneration, attaching the background information s/he deems necessary (e.g., knowledge and skills evaluations, technical skills, experience) to substantiate the claim. This procedure enables all SMU employees to promote pay equity.

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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 that men and women receive by type of position. It also examines 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.
- SMU ensures equal access for men and women to variable incentives.
- The Company verifies that positions occupied mostly by men do not have a greater number of factors associated with benefits than those occupied mostly by women. It checks 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 compensation 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
 - Poor → 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
 - Poor → 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
 - Poor → Less than the previous year

Pay equity (*)

	Pay Equity (Mean)	Pay Equity (Median)
Senior management	94%	90%
Middle management	79%	90%
Junior management	92%	88%
Operator	100%	100%
Sales force	114%	111%
Administrative	105%	100%
Other professionals	85%	85%
Other technicians	90%	94%

*Pay equity is measured as the mean/median gross hourly salaries (including fixed and variable components) of all female employees in a group of positions divided by the gross hourly salary (including fixed and variable components) of all male employees in the same group of positions.

In addition, in 2023, SMU used the UN Global Compact Living Wage Analysis Tool to analyze its maturity and progress and establish a work and analysis methodology to identify any gaps.

Incentives

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

The organization's strategic objectives align 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 toward 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 corporate principles of diversity and inclusion are reaffirmed in the Code of Ethics and Business Conduct; Internal Rules of Order, Hygiene and Safety; and Diversity and Inclusion Policy. To maximize impact, the Company also promotes diversity and inclusion among its employees and their families, customers, suppliers and the surrounding community.

The SMU Diversity and Inclusion Model frames operations within the principle of non-discrimination. The respect-based policy focuses on four types of diversity: gender, immigrants, generations and disability.

The model includes two communications and cultural change programs. The #QueNoSeaTema Program provides practical tools and guidelines, while the Myth Busting Program focuses on uncovering unconscious bias regarding different stakeholders.

SMU’s Diversity and Inclusion Model



6.3.1 GENDER

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. The Diversity and Inclusion Model includes several related initiatives, and the Company participates in rankings and assessments to measure its performance, identify gaps and develop action plans.

SMU's figures for female participation in leadership positions reflect its commitment to and management of gender equity and equality. At the Board level, three of SMU's nine directors (33.3%) are women, two of whom serve as Chairperson and Vice Chairperson. Women hold 31% of senior management and management positions and 36% of leadership positions, bringing the 2023 overall percentage of leadership positions held by women to 35%. Women also comprise a large percentage (65%) of SMU's workforce.

The following 2023 gender equality initiatives stand out:

- WoomUp's Leadership Mentoring Program, which focuses on female leadership and strategic career design, attracted 31 SMU employees.
- SMU published the Zero Discrimination Guide and updated the Parents Guides to provide information on the benefits SMU offers to all employees expecting a child.
- The Shared Responsibility and Work-Life Balance; Violence and Violence Prevention; and Inclusive Language guides were updated. The revised Guide to Self-diagnosing Violence helps users identify and self-evaluate situations employees may experience.

Chilean Regulation NCh 3,262 (2021)

In 2023, SMU continued progress on its Gender Equality and Work-Life Balance Management System at its different formats, aiming to expand certifications under Chilean Regulation NCh 3,262 (2021).

- **SMU S.A.:** Updated procedures to align with the new requirements. After becoming Chile's first food retailer to earn this certification, SMU successfully re-certified in 2023.
- **Servicios Logísticos Santiago:** First-time certification reaffirmed the Company's commitment to integrating women into operations historically led by men as well as to diversity and inclusion.
- **Alvi:** Applied the readiness diagnostic to make progress toward certification in 2024.

Management System for Gender Equality and Work, Family and Personal Life Balance

- 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.



SMU, WORKING FOR GENDER EQUALITY
PROCESS OF CERTIFICATION UNDER CHILEAN REGULATION ON GENDER EQUITY AND WORK-LIFE BALANCE

Gender equality: 2024-2025 Goals

SMU has set a series of specific goals to further advance gender equality:

- Make progress on a Gender Equality and Work-Life Balance Management System under **Chilean Regulation NCh 3,262 (2021)** in the remaining formats. Earn the required recertifications until 100% of the operations in Chile have certified management systems.
- Promote the incorporation of women in traditionally male-dominated jobs—e.g., through the training program for female logistics operators—increasing participation by an average of 10% between 2024 and 2025.
- Include more women in STEM fields—information technology, systems, innovation, digital transformation and e-commerce—increasing female participation by an average of 5% between 2024 and 2025.

The Board of Directors has committed to and provided guidelines for these goals. It hears periodic progress reports, along with management.

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 female employees.
- **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 2023, it was on the people and work committee, addressing issues including shared responsibility and quality of life.

- **Global Compact:** In late 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.

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 hire people of different nationalities and create discrimination-free working environments with equal treatment.

Under the #QueNoSeaTema campaign, SMU updated the Welcome Guide for Immigrants in 2023. The Welcome Guide is part of the corporate induction program that aims to improve retention. It helps immigrants joining the Company, identifies internal and social support channels, provides information on immigration-related public services and offers recommendations for successfully joining work teams. Importantly, the guide earned recognition and awards from the Intercultural Companies Network as an Outstanding Labor Practice.

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

As of December 2023, SMU Chile and Peru employ 622 immigrants, comprising 2.6% of the workforce.

Immigrants at SMU as of 12.31.2023

	SMU Chile		SMU Peru	
	Number	%	Number	%
Locals	22,208	97.3%	720	99.6%
Foreigners	619	2.7%	3	0.4%

6.3.3 GENERATIONS

SMU is convinced that work teams benefit from intergenerationality and the contribution of the experience of people at different life stages. In 2023, the Company participated in several related activities and initiatives, including:

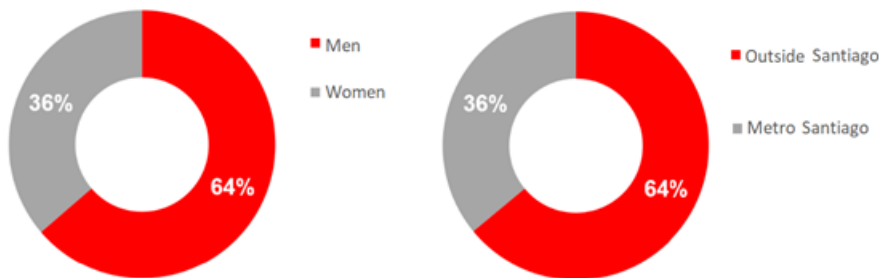
- **The Companies with Experience Network's 1st Collective Learning Day** is a Pontificia Universidad Católica SeniorLab initiative that promotes multi-sector initiatives to address the challenges of aging.
- **The Companies with Experience Network's 2nd Networking Event**
- SMU training program: **Programmer Trainees** in conjunction with the Generation Foundation and AIEP
- **New SMU Leadership Pool**
- **Connecting Your Talent Career Fair:** Brings companies and the student community together to offer the best alternatives for joining the labor market.
- **Trabajando Pro!** A community of companies that offer jobs without bias as part of their commitment to the inclusion of people over 50.

**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. The Company seeks to foster true inclusiveness in the workplace and provide work that helps people with disabilities support themselves.

As of December 2023, SMU employs 326 people with disabilities, most of whom live outside Metropolitan Santiago.

Employees with Disabilities by Gender and Region of Chile (2023)



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, 18 SMU employees have become certified Workplace Inclusion Managers through the *Chile Valora* National Job Skills Certification System since 2022.

Caregivers Program

The Caregivers Program addresses the complex problems facing people caring for dependent family members who require constant care due to an illness or disability. The program facilitates balance between work and the shared responsibility of caring for the family member. It includes a team of social workers who provide the support employees need in accessing social benefits, supporting health care management, conducting home visits and drafting reports. In 2023, 434 employees participated in the program; 86% were women. Of those requiring care, 56% were children and adolescents, and 44% were adults.

In its second year, the caregivers’ support network continues meeting virtually to discuss support issues and share useful tools for the caregivers. The following issues have been explored in-depth: self-care for caregivers, managing emotions and mindfulness, and the changes introduced by Chile’s Law on ASD (No. 21,545).

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 is an active member of SOFOFA's Inclusive Companies Network (REIN), participating in different activities, like 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

The Company held its fifth annual Contractor's Day to support inclusion at SMU contractors. The event drew 134 participants from 103 contractors and focused on how to detect and handle domestic violence through the Gender Equality and Work-Life Balance System.

This year, SMU surveyed its contractors for the fourth time to understand their realities and how they address workplace inclusion. One hundred seventy companies participated, with the following results:

- 20% of the companies report having a policy or formal commitment on D&I issues, while 49% are considering beginning the process.
- 20% of companies report having a designated individual responsible for D&I issues at their organization.
- 22% (38 companies) indicate they employ people with disabilities.

Collaborative work with foundations and organizations

SMU works with foundations and organizations to enhance its contribution to a more diverse and inclusive society. More information on these efforts, which are closely connected to the Company's Diversity and Inclusion Model, is available in Section 9.2.

6.3.6**2023 AWARDS AND RECOGNITION**

- **Fundación Chile Unido and *El Mercurio* Seal of Distinction:** For the second year, SMU earned this recognition honoring organizations with outstanding scores for work-family balance measures and benefits.
- **Gender Equality and Work-Life Balance Management System Certification** under Chilean Regulation NCh 3,262 for the Logistics Division and re-certification for headquarters.
- **Iguala Work-Life Balance Seal:** Chile's National Service for Women and Gender Equality recognized SMU as a company that takes action to support gender equality and work-life balance.
- **IMAD (Women in Senior Management) Ranking:** At 14th out of 131 companies, SMU ranked among outstanding companies, earning the food retail industry's highest score.
- **Inclusiveness Seal** from the Special Olympics Foundation Chile, recognizing Unimarc's sponsorship of the Chilean delegation to Special Olympics World Games Berlin 2023
- **Impulsa Best Gender Diversity Indicators Award** from Fundación ChileMujeres, PwC and LT Pulso.
- **UN Women's Female Business Empowerment Tool:** SMU retained its position in the Leader category with an 84% score that reflects several gender equality policies and practices.

6.4 BENEFITS AND WELLBEING

To positively impact employee quality of life, SMU works on a 360° Value Proposition that identifies what employees experience and feel in their relationship with the Company and the work environment. More than three years ago, SMU developed a wellbeing program that fosters pride, engagement and belonging while focusing on concern, care and respect for everyone. The program also aims to be a factor in attracting and retaining talent.

Several program initiatives facilitate work-life-family balance, promote company values on sustainability and caring for the environment and aim to make the company a real agent of inclusion and diversity.

Additionally, the Company has agreements with third parties to meet employee needs and support family budgets by granting them access to services at preferential prices or conditions. Employees select from a wide array of options.

6.4.1**WORK-LIFE-FAMILY BALANCE**

The Gender Equality and Work-Life Balance System creates conditions that foster shared responsibility and balance across the different dimensions of employees' lives.

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 alternatives for work schedules (part-time and full-time) and hours (start and end times). 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's Caregivers Program grants leave to employees caring for dependent family members who require constant care due to an illness or disability. This enables employees to accompany their family member to medical appointments and other care instances during the workday.

In terms of work-life balance, in April 2023, a change in Chile's labor legislation shortened the workday to improve the quality of life of workers and their families. The law provides for a gradual reduction of the legal workweek from 45 to 40 hours over a five-year period beginning in April 2024, when it goes down to 44 hours.

SMU decided to accelerate the change, cutting the workweek directly to 40 hours at stores that are 100% compliant with the operating model that is part of the Company's strategic plan. The change promotes a better quality of life for employees and their families.

Workforce by Schedule and Gender

	Full-Time				Part-Time			
	2023		2022		2023		2022	
	Number	%	Number	%	Number	%	Number	%
Women	10,880	46%	11,314	46%	4,459	19%	4,603	19%
Men	6,506	28%	7,014	29%	1,705	7%	1,524	6%
Total	17,386	74%	18,328	75%	6,164	26%	6,127	25%

Employees Working Remotely (*)

	2023		2022	
	Number	%	Number	%
Women	585	2%	649	3%
Men	696	3%	793	3%
Total	1,281	5%	1,442	6%

* 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 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. 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, which can be taken at the father's discretion within the first month of birth.

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 two years of age
- Daycare benefits

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 those legally required. The additional days may be used 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 promote 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.

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At SMU Peru, some benefits are mandated by law:

- **Maternity leave:** This paid leave is available to any female employee expecting a child. It begins on the date determined by the treating physician (prenatal) and ends 98 calendar days later (includes postnatal period). Leave is extended to 128 days for a multiple birth.
- **Breastfeeding schedule:** This benefit begins when the employee returns to work after maternity leave. Breastfeeding mothers are entitled to one hour daily to nurse the baby at home until the baby is one year old. For a multiple birth, they are entitled to an additional hour daily.
- **Paternity leave:** This ten-calendar-day paid leave is available to employees who become fathers and begins the day the baby is born. Leave is extended to 20 calendar days for a multiple birth and to 30 calendar days if the newborn has a congenital disease, terminal illness or severe disability or the mother has serious health complications.

Maternity and Paternity Leave (Chile)

	2023			2022		
	Women	Men (Paternity leave 5 days)	Men (Parental leave 6 weeks)	Women	Men (Paternity leave 5 days)	Men (Parental leave 6 weeks)
People eligible to take parental leave	569	165	165	648	186	186
People who took parental leave	569	129	N/A	648	186	-
Percent of people who took parental leave	100%	78.2%	N/A	100%	100%	0%

Maternity and Paternity Leave (Peru)

	2023		2022	
	Women	Men (Paternity leave 10 days)	Women	Men (Paternity leave 10 days)
People eligible to take parental leave	16	16	11	12
People who took parental leave	16	16	11	12
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)	
	2023	2022	2023	2022	2023	2022
Senior Management	N/A	N/A	N/A	N/A	N/A	N/A
Middle Management	168	92	7	6	N/A	N/A
Junior Management	133	102	6	6	N/A	N/A
Operator	140	109	5	5	N/A	N/A
Sales Force	139	112	5	4	N/A	N/A
Administrative	134	117	6	6	N/A	N/A
Other Professionals	141	109	8	9	N/A	N/A
Other Technicians	140	113	5	5	N/A	N/A

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

	Women		Men (Paternity leave 10 days)	
	2023	2022	2023	2022
Senior Management	N/A	N/A	N/A	N/A
Middle Management	95	N/A	N/A	10
Junior Management	89	N/A	10	N/A
Operator	N/A	N/A	10	10
Sales Force	61	65	10	10
Administrative	33	44	10	4
Other Professionals	42	N/A	10	10
Other Technicians	46	94	7	N/A

6.4.2

WELLBEING PROGRAM

In 2023, SMU continued its Wellbeing Program, promoting healthy habits and self-care while sharing important disease-prevention information. The program provides information on where and how people should receive care, AUGE coverage and emerging problems. The three focus areas were preventative physical health, healthy habits and mental health and self-care. Talks, discussions and special employee discounts encouraged physical activity and addressed cancer prevention, dealing with anxiety, emotional health, life as a couple, conserving muscle mass and healthy eating.

6.4.3

DOMESTIC VIOLENCE PREVENTION PROGRAM

SMU and its subsidiaries have developed a Domestic Violence Prevention Program, which includes talks in conjunction with Chile's National Women's Service (SernamEG) and UN Women Chile.

An additional self-diagnostic raises awareness of the issue and provides tools to determine whether an individual or someone in their close circle is in a potentially violent situation. In the same spirit, the Company's social workers received training on tools for providing support in cases of domestic violence.

6.4.4

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 monetary 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 organization-specific bonuses and benefits.

Main Benefits SMU Chile

Benefit ¹²	Description
Insurance	Supplementary health insurance, dental insurance, catastrophic insurance, life insurance and discounts at pharmacies and dental centers
Monetary 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 a 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 discounts on products and services
Social worker team	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 Risky Work (SCTR)
Legally Mandated Life Insurance	Given its line of business, SMU is not legally required to offer SCTR. However, this additional benefit covers workplace accidents, occupational illness, disability and accidental death.
Monetary benefits	Christmas bonus (voucher for purchases)

¹² 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 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, maintaining ongoing relationships based on respect, quality and trust, along with unwavering respect for its commitment to human rights. SMU 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's open-door policy for union organizations actively promotes transparent communication, respect and trust. SMU creates harmonious, healthy work environments that translate into higher employee engagement and collaboration.

In 2023, SMU Chile had over 15,000 unionized employees in more than 130 unions, with a total unionization rate of about 67% of the workforce. Forty-nine collective bargaining processes impacted over 5,000 workers and resulted in agreements with an average term of 35.5 months, where the legal maximum is 36 months. No strikes were recorded. SMU Peru does not have union organizations. The consolidated unionization rate is 65%.

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 harmony in its workplaces while respecting the autonomy of the organizations and current labor regulations.

6.5.2 SUPPLIERS AND CONTRACTORS

The Code of Ethics and Business Conduct, Responsible Sourcing Policy Statement and Indirect Suppliers' Manual govern SMU's supplier and contractor management. The policies 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. Other important issues include keeping workplaces free of all forms of discrimination and harassment and promoting internal whistleblower channels that are accessible to contractors' employees. Finally, SMU encourages indirect suppliers to promote internally diverse work teams, guarantee equal opportunity among their workers, eradicate discriminatory acts or omissions, and prevent acts or actions that could endanger the life or health of contractors working at our facilities.

Importantly, SMU Special Regulations for Contractors ensure compliance with the provisions of Law No. 16,744 on Occupational Health and Safety Management in Workplaces. The Special Regulations document includes the SMU Risk Prevention Policy, accident prevention measures required for facility 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 lives 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 2023, the Company worked with 216 contractors with a monthly average of 7,478 employees. The service areas are broken down as follows: security (36%), housekeeping (28%), maintenance (9%), temporary service providers (9%), transportation (7%), bakery (6%), e-commerce (3%) and others (2%).

As of December 31, 2023, a total of 28 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 draft a plan to correct these situations.

6.6 WORKPLACE SAFETY

SMU minimizes the risk of accidents and other harmful events by providing a safe and healthy work environment. The Company's Occupational Health and Safety Policy addresses overall prevention, setting guidelines for an Occupational Health and Safety Management System that enhances the physical and psychological wellbeing of employees, contractors and suppliers. The system aims to create a risk prevention culture that contributes to service quality and productivity while ensuring operational continuity.

The CERCA cultural seal provides the SMU occupational safety framework in a values environment that fosters preventative leadership and encourages employees to take leading roles in prevention.

SMU's Occupational Health and Safety Policy establishes the following commitments:

- Provide safe, healthy working conditions for all employees in compliance with current occupational health and safety legislation and the Company's internal regulations. This commitment also involves publicizing, training, implementing and following up on the Safety Program for Machinery, Equipment and Power Tools.
- Document and communicate the policy through the Occupational Health and Safety Management System. The policy represents the corporate commitment and provides guidelines for the system's proper implementation and application.
- Identify hazards and assess risks to establish preventive controls in the organization's processes through action plans, work programs, procedures and instructions.
- Continuously assess the Occupational Health and Safety Management System to improve its effectiveness in prevention.
- Promote and preserve employee consultation and participation mechanisms, directly or through their representatives, on occupational health and safety issues.
- Set Occupational Health and Safety Management System goals and targets to create a framework for implementation and performance evaluation through which to monitor compliance.

These commitments give rise to the Work Center Risk Prevention Management Program, safe work procedures, inspections and training.

6.6.1 OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

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

In Chile, the Instituto de Seguridad del Trabajo (IST), which has vast experience and specialized teams serving the entire country, supports the occupational health and risk prevention service, working with SMU and its employees to promote a safety-based work culture.

SMU has insurance covering employees in Chile and Peru in the event of workplace accidents or occupational illnesses.

The Company constantly reiterates and promotes the importance of controlling risk. Its risk management involves preventative efforts like periodic technical visits to all facilities to monitor health and safety factors. SMU aims to detect, eliminate or minimize occupational hazards, protect the physical wellbeing of employees and customers and safeguard material assets.

SMU logs these visits and their findings on its digital platform, along with operating contingencies like robberies, inspections, accidents, fire threats, emergency drills, and on-site training.

Contractors and other indirect suppliers must abide by SMU's Indirect Supplier Manual, which obliges them to:

- i) Provide their employees with a safe work environment that includes the health conditions required by authorities and each activity's specific hazards or risks.
- ii) Take adequate measures to prevent workplace accidents and/or occupational illnesses by providing protective and safety gear to guarantee minimum workplace safety conditions.
- iii) Receive safety and health training on identifying the risks associated with the job and workplace as well as the practices necessary to minimize them.

Furthermore, contractors in Peru must have a workplace accident and occupational illness insurance policy, while those in Chile must join a workplace insurance provider or state workplace insurance system.

2023 Occupational Health and Safety Management System coverage

	Chile		Peru	
	No.	%	No.	%
SMU employees covered	22,827	100%	723	100%
Contractor employees covered	7,478	100%	109	100%
Total coverage for SMU and contractor employees	30,305	100%	832	100%

6.6.1.1 HAZARD IDENTIFICATION AND RISK ASSESSMENT

The process of preparing, updating and reviewing the hazard identification and risk assessment (HIRA) matrix examines each operating task to detect potential risks. The Risk Prevention and Operations (stores and logistics centers) departments are responsible for designing and continuously updating the matrix to include the most effective and efficient preventive controls for the inherent risks.

Based on this assessment and analysis, the system prioritizes risks, identifying the most significant and classifying them in light of their potential impact and probability of occurrence. Once risks are identified, specific action plans are established. The prioritization and integration of these plans support proactive risk management, and their quantitative objectives enable the evaluation of effectiveness over time.

Risks are reviewed annually or whenever a workplace accident occurs, an employee identifies a new risk, or processes undergo major modifications.

In addition to the annual review, SMU constantly monitors statistical indicators and compliance rates for health and safety conditions. It uses the data to measure progress toward the Company’s targets for mitigating 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. SMU’s Code of Ethics and Business Conduct establishes that every employee is responsible for contributing to a safe and healthy workplace at all times. They 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. Likewise, employees have the right and obligation to refuse to perform activities incompatible with their position, tasks for which they are not trained or when some condition makes performing their duties unsafe.

Upon identifying a risk situation, employees must notify their supervisor, joint committee or Risk Prevention so that the situation can be controlled or corrected. Employees receive information on these processes upon joining the Company through an occupational health and safety induction and Internal Regulations on Order, Hygiene and Safety.

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

Understanding and strengthening disaster risk management is crucial to effectively managing disaster risk and improving emergency preparedness. Beyond responding effectively in disaster situations, this also includes contributing to recovery, rehabilitation and reconstruction.

The Risk Prevention Area has comprehensively analyzed disaster risks, identifying and assessing legal and technical aspects of disaster risk management in the workplace. Moreover, Occupational Health and Management System procedures involve actions to prevent and mitigate emergencies so employees can efficiently respond to and control each situation. For example, each work center conducts drills at least annually. Each employee receives specific training, and SMU inspects emergency response equipment like fire extinguishers, sprinkler systems and panic buttons.

The Company concerns itself with the safety and mental health of its employees. It offers emotional support and adaptive leadership programs, in-person and telephone guidance, and mutual caring workshops in critical locations. SMU Chile works with the Institute of Occupational Health (IST) on these matters. SMU Peru addresses them through the annual OSH Program, training on psychosocial risk factors and stress management, and virtual communications that share guidelines and encourage healthy habits for preserving mental health.

Internal Control

As part of its preventive approach, SMU's Occupational Health and Safety System involves facility inspections by the Risk Prevention Area and internal audits by the Internal Control Area.

The periodic safety inspections of each work center use technology to identify substandard safety conditions, enabling SMU to make improvements, monitor control measures and close each file.

Internal Audit of the Occupational Health and Safety Management System

	Chile		Peru	
	No.	%	No.	%
SMU employees covered by the system who have undergone internal audits	6,868	30	590	82
Contractor employees covered by the system who have undergone internal audits	4,245	57	75	69
Total coverage for SMU and contractor employees	11,113	37	665	80

Independent Verification

The Company's activities and tasks are constantly supervised using formal tools like hazard identification, checklists and technical-legal data collection. The Institute of Occupational Health (IST) conducts the inspections in Chile under Law No. 16,744. In Peru, they are carried out under the Occupational Health and Safety Law (No. 29,783). In both countries, the inspections provide an objective, outside perspective of how tasks are carried out and the degree of technical and legal compliance with national regulations.

Incident Investigation

SMU's comprehensive accident investigation procedure activates immediately following any incident to determine the underlying causes. It aims to implement the pertinent control measures, communicate them to those responsible for promptly correcting the situation, and thus prevent recurrence.

Accident investigation involves meticulously gathering information, including a statement from the injured employee and/or witness(es), analysis of videos and photographs, work procedures, training assessments, regulatory compliance and any other supporting evidence that facilitates exhaustive analysis of the facts. Two autonomous and independent formal investigation processes take place. The Joint Committee on Health and Safety conducts one, and the Company conducts another. The Risk Prevention Department advises on both.

Investigations of the most significant workplace accidents apply the Causal Tree Method, an approach that identifies the direct factors that triggered the accident as well as possible organizational causes, which are often the root of the problem. The in-depth analysis facilitates more effective preventive measures and contributes to continuously improving occupational safety.

Post-accident control measures require active follow-up, which is performed with support from the joint committee (in Chile) or the safety committee (in Peru), the Risk Prevention team and the person in charge of the facility.

6.6.1.2 TRAINING

Occupational health and safety training is essential to SMU’s preventive approach as it raises awareness and reduces incidents. Training topics are based on each position’s needs. In 2023, they included:

2023 Occupational health and safety training topics

Chile	Peru
<ul style="list-style-type: none"> • Fire extinguisher use and management • Emergencies and evacuation • Use of critical machinery • Joint committees • Prevention measures for working at a height • Psychosocial risks and stress management • Manual load management • Musculoskeletal disorders • UV radiation • First aid • Use of personal protective equipment 	<ul style="list-style-type: none"> • 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 • Emergency brigades • Use of critical equipment • Prevention measures for working at a height • Manual load management • First aid • Use of personal protective equipment • Training on preventive health topics

6.6.1.3 HEALTH PROMOTION

Occupational health services

Per legal provisions, SMU Chile and its contractors work with workplace insurance providers. These companies—overseen by the Superintendency of Social Security to ensure quality and compliance with coverage—provide preventative, medical and financial assistance for workplace accidents and occupational illness. To prevent workplace accidents and occupational illness, they visit facilities to identify hazards and assess risk. SMU employees can access the workplace insurance companies through their web pages, which feature course information, technical data sheets, preventive safety information, opening hours, and service locations.

In Peru, companies are legally required to employ an occupational physician whose primary duty 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 general induction process facilitates employee access to medical services with training on reporting processes, prepathological conditions, accidents and similar situations.

Medical and health care services

Beyond occupational health services, SMU promotes employee health and wellbeing through its Wellbeing Program, which promotes healthy habits and self-care through three priority areas: prevention in physical health, mental health and self-care and healthy habits. The Company also offers a range of health-related benefits. For more information, see 6.4 Benefits and Wellbeing.

Mental health

Protecting occupational health and safety at SMU involves managing psychosocial and mental health factors through assessments, emotional support tools and training. These initiatives build communication, relationship and leadership skills that create spaces for emotional decompression and introduce mutual caring skills. In 2023, a total of 224 SMU Chile work centers with approximately 10,000 employees received satisfactory evaluations. In Peru, all locations monitored psychosocial risk factors, and 497 employees participated.

Personal data protection

SMU's data protection model includes protecting personal health data, the confidentiality of which is protected in Chile and Peru. Allowing data from occupational health services to influence the treatment of an employee would constitute an illegal use of information, on the one hand, and illegal discrimination, on the other. Employees who believe their health data has been misused should report it through SMU's Whistleblower Channel.

6.6.1.4 EMPLOYEE PARTICIPATION

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 committee is comprised of three company representatives and three employee representatives elected by secret ballot. Both committees advise and instruct on the correct use of protective gear (personal, equipment, machinery, etc.); monitor compliance with prevention, hygiene and safety measures; investigate work accidents in order to learn lessons and avoid recurrence; assess risk conditions and monitor improvements; and promote courses on occupational health and safety. Committee members in both countries are trained to fulfill these responsibilities.

While committee initiatives focus on site inspections, safety talks, and accident investigations, they also promote psychosocial and ergonomic best practices. Joint committee (CPHS) efforts have improved production processes and infrastructure in order to prevent accidents and mitigate risks.

In 2023, the IST began the CPHS Accreditation System Certification. The ten work centers that participated in the pilot plan successfully earned certification.

Health and Safety Management System Summary

CHILE	Chile	Peru
Health and safety hazard and risk assessments to identify potential dangers in the workplace	YES	YES
Prioritization and integration of action plans with quantitative targets to address these risks	YES	YES
Integration of emergency preparedness and response actions	YES	YES
Evaluation of progress on reducing/preventing health issues/risks relative to objectives	YES	YES

6.6.2 INCIDENT INDICATORS

In 2023, incident indicators improved relative to the previous year, primarily thanks to more effective control of the risks inherent to the business. However, social variables external to the business negatively impacted workplace safety.

By monitoring occupational safety indicators, SMU can evaluate behavioral patterns, identify risk factors, measure initiative impact and cut workplace accident rates, thereby benefiting employees and overall operations.

The Company draws on ongoing analysis of accident indicators, the risk matrix and the creation or updating of work programs to plan current and future measures to eliminate or minimize occupational risks associated with the work performed. In 2023, SMU took the following preventive control measures:

- Eliminated/mitigated hazardous conditions, e.g., slippery floors, uneven surfaces, defective equipment, etc.
- On-site preventive communication campaigns on occupational health and safety
- Promptly shared information about the risks associated with work activities
- Preventative safety inspections and observations
- Preventive and corrective workspace evaluations (physical conditions and cleanliness)
- Furnished, disposed of, as needed, and replaced personal protection equipment, tools and elements (e.g., safety shoes, helmets, gloves and safety harnesses).
- Strengthened communication channels and information-sharing technology
- Offered emotional support programs

SMU monitors the most common injuries, identifying specific risks for each work unit. The most frequent accidents in Chile are blows, cuts, muscle aches, and falls from the ground level or heights. Meanwhile, blows and falls from ground level are the most common in Peru.

Employee Safety

CHILE		2023	Goal 2023	2022
Number of fatalities	Men	0	0	0
	Women	0	0	0
	Total	0	0	0
Accident rate (number of accidents in the year/average workforce) *100	Men	3.5		4.5
	Women	3.6	4.0	4.1
	Total	3.5		4.2
Lost days rate (Days lost in the year/average workforce) *100	Men	51.7		67.0
	Women	60.9	62.1	68.3
	Total	57.8		67.9
Average days lost due to accidents (Days lost in the year/ number of accidents)	Total	16.4	15.4	16.0
Lost time injury frequency rate (Accidents in the year/million hours worked)	Total	22.4	26.5	28.0
Severity rate (Total days lost in the year/million hours worked)	Total	365.9	408.3	448.0
Rate of days of absence per 200,000 hours worked (Total days lost in the year/ hours worked) *200,000	Total	73.2	81.7	89.6

*The difference between this figure and that reported in the 2022 Integrated Report is attributable to reclassifications by the workplace insurance provider or authorities.

PERU		2023	Goal 2023	2022
Number of fatalities	Men	0	0	0
	Women	0	0	0
	Total	0	0	0
Accident rate (number of accidents per year/average workforce) *100	Men	0.5		0.8
	Women	0.6		0.3
	Total	0.6	2.0	0.6
Lost days rate (Days lost in the year/average workforce) *100	Men	2.0		5.3
	Women	1.5		0.7
	Total	1.8		3.3
Average days lost due to accidents (Days lost in the year/ number of accidents)	Total	3.3	3.5	5.8
Lost time injury frequency rate (Accidents in the year/million hours worked)	Total	2.2		2.3
Severity rate (Total days lost in the year/million hours worked)	Total	7.3		13.2
Rate of days of absence per 200,000 hours worked (Total days lost in the year/ hours worked) *200,000	Total	1.5		2.6

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CHILE AND PERU		2023	Goal 2023	2022
Number of Fatalities	Men	0	0	0
	Women	0	0	0
	Total	0	0	0
Accidents rate <i>(number of accidents per rate/average workforce) *100</i>	Men	3.3		4.3
	Women	3.5	4.1	4.0
	Total	3.4		4.1
Lost days rate <i>(Days lost in the year/average workforce) *100</i>	Men	49.3		64.1
	Women	59.7	62.8	67.0
	Total	56.1		66.0
Average days lost due to accidents <i>(Days lost per year/ number of accidents)</i>	Total	16.3	15.2	16.0
	Total	21.4	25.6	26.8
Lost time injury frequency rate <i>(Accidents in the year/million hours worked)</i>	Total	21.4	25.6	26.8
Severity rate <i>(Total days lost in the year/million hours worked)</i>	Total	349.1	390.5	428.1
Rate of days of absence per 200,000 hours worked <i>(Total days lost in the year/ hours worked) *200,000</i>	Total	69.8	78.1	85.6

Contractor Safety

Contractors	2023	2022
Number of Fatalities	1	1 *
Accident Rate <i>(Number of accidents in the year/average workforce) *100</i>	5.4	7.3
Lost days Rate <i>(Days lost in the year/average workforce) *100</i>	45.8	59.8
Lost time injury frequency rate <i>(Accidents in the year/million hours worked)</i>	30.6	36.2
Severity Rate <i>(Total days lost in the year/million hours worked)</i>	259.8	296.6

*Rectifies the occurrence of a fatality in the year 2022.

Occupational Health

Chile		2023	2022
Employees with occupational illnesses <i>(Number of people)</i>	Men	2	0
	Women	3	5
Employees with occupational illnesses <i>(n/ million hours worked)</i>	Total	0.14	0.14
Employees with occupational illnesses <i>((n/average workforce) x 100)</i>	Total	0.02	0.02

Peru		2023	2022
Employees with occupational illnesses <i>(Number of people)</i>	Men	0	0
	Women	0	0
Employees with occupational illnesses <i>(n/ million hours worked)</i>	Total	0	0
Employees with occupational illnesses <i>((n/average workforce) x 100)</i>	Total	0	0

Chile and Peru		2023	2022
Employees with occupational illnesses <i>(Number of people)</i>	Men	2	0
	Women	3	5
Employees with occupational illnesses <i>(n/ million hours worked)</i>	Total	0.13	0.13
Employees with occupational illnesses <i>((n/average workforce) x 100)</i>	Total	0.02	0.02

6.7 OUR PEOPLE: INDICATORS

Headcount by Country and Functional Role 12.31.2023

	Food Retail Chile	Food Retail Peru	Total
Senior Management	12	1	13
Middle Management	206	20	226
Junior Management	752	41	793
Operator	10,720	25	10,745
Sales Force	6,821	476	7,297
Administrative	731	32	763
Other Professionals	737	59	796
Other Technicians	2,848	69	2,917
Total Headcount	22,827	723	23,550

Headcount by Functional Role and Gender

Functional Role	2023			2022		
	Women	Men	Total	Women	Men	Total
Senior Management	4	9	13	4	9	13
Middle Management	70	156	226	83	176	259
Junior Management	285	508	793	255	497	752
Operator	6,872	3,873	10,745	7,124	4,218	11,342
Sales Force	5,556	1,741	7,297	5,814	1,535	7,349
Administrative	515	248	763	645	404	1,049
Other Professionals	361	435	796	386	487	873
Other Technicians	1,676	1,241	2,917	1,606	1,212	2,818
Total Headcount	15,339	8,211	23,550	15,917	8,538	24,455

Headcount by Nationality, Functional Role and Gender as of 12.31.2023

Nationality	Senior Mgmt.	Middle Mgmt.	Junior Mgmt.	Operator	Sales Force	Administrative	Other Professionals	Other Technicians	Total
Chilean	11	194	739	10,392	6,665	716	701	2,790	22,208
Women	3	57	261	6,662	5,212	496	314	1,610	14,615
Men	8	137	478	3,730	1,453	220	387	1,180	7,593
Peruvian	1	21	42	151	541	38	62	90	946
Women	-	9	16	81	262	15	33	48	464
Men	1	12	26	70	279	23	29	42	482
Argentinian	-	3	1	5	4	1	-	1	14
Women	-	1	-	2	2	1	-	-	5
Men	-	2	1	3	2	-	-	1	9
Bolivian	-	-	-	76	41	1	-	7	125
Women	-	-	-	62	41	1	-	6	110
Men	-	-	-	14	-	-	-	1	15
Brazilian	-	-	-	1	-	-	-	-	1
Women	-	-	-	-	-	-	-	-	-
Men	-	-	-	1	-	-	-	-	1
Chinese	-	-	-	-	-	-	1	-	1
Women	-	-	-	-	-	-	1	-	1
Men	-	-	-	-	-	-	-	-	-
Colombian	-	3	4	49	20	-	2	4	82
Women	-	1	3	34	18	-	1	2	59
Men	-	2	1	15	2	-	1	2	23

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Nationality	Senior Mgmt.	Middle Mgmt.	Junior Mgmt.	Operator	Sales Force	Administrative	Other Professionals	Other Technicians	Total
Dominica	-	-	-	1	-	-	-	-	1
Women	-	-	-	1	-	-	-	-	1
Men	-	-	-	-	-	-	-	-	-
Dominican Repub.	-	-	-	6	2	1	-	-	9
Women	-	-	-	5	2	-	-	-	7
Men	-	-	-	1	-	1	-	-	2
Ecuadorian	-	-	1	14	4	1	-	1	21
Women	-	-	-	7	3	1	-	1	12
Men	-	-	1	7	1	-	-	-	9
Spanish	-	1	-	-	-	-	-	-	1
Women	-	-	-	-	-	-	-	-	-
Men	-	1	-	-	-	-	-	-	1
American	-	2	-	-	-	-	-	-	2
Women	-	2	-	-	-	-	-	-	2
Men	-	-	-	-	-	-	-	-	-
French	-	1	-	-	-	-	-	-	1
Women	-	-	-	-	-	-	-	-	-
Men	-	1	-	-	-	-	-	-	1
Haitian	-	-	-	19	2	-	-	-	21
Women	-	-	-	4	2	-	-	-	6
Men	-	-	-	15	-	-	-	-	15

Nationality	Senior Mgmt.	Middle Mgmt.	Junior Mgmt.	Operator	Sales Force	Administrative	Other Professionals	Other Technicians	Total
Italian	-	-	-	-	-	-	1	-	1
Women	-	-	-	-	-	-	-	-	-
Men	-	-	-	-	-	-	1	-	1
Mexican	-	-	-	1	-	-	-	-	2
Women	-	-	-	1	-	-	-	-	1
Men	-	-	-	-	-	-	-	-	-
Nicaraguan	-	-	-	1	-	-	-	-	1
Women	-	-	-	-	-	-	-	-	-
Men	-	-	-	1	-	-	-	-	1
North Korean	-	-	1	-	-	-	-	-	1
Women	-	-	1	-	-	-	-	-	1
Men	-	-	-	-	-	-	-	-	-
Pakistani	-	-	-	-	-	-	1	-	1
Women	-	-	-	-	-	-	-	-	-
Men	-	-	-	-	-	-	1	-	1
Paraguayan	-	-	-	1	1	-	-	-	2
Women	-	-	-	1	1	-	-	-	2
Men	-	-	-	-	-	-	-	-	-
Romanian	-	-	-	-	-	-	1	-	1
Women	-	-	-	-	-	-	1	-	1
Men	-	-	-	-	-	-	-	-	-
Russian	-	1	-	-	-	-	-	-	1
Women	-	-	-	-	-	-	-	-	-
Men	-	1	-	-	-	-	-	-	1

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Nationality	Senior Mgmt.	Middle Mgmt.	Junior Mgmt.	Operator	Sales Force	Administrative	Other Professionals	Other Technicians	Total
Uruguayan	-	-	-	3	-	-	-	-	3
Women	-	-	-	-	-	-	-	-	-
Men	-	-	-	3	-	-	-	-	3
Venezuelan	1	-	5	25	17	6	27	24	105
Women	1	-	4	11	13	2	11	9	51
Men	-	-	1	14	4	4	16	15	54

Headcount by Age, Functional Role and Gender

2023						
	Under 30 years	30 to 40 years	41 to 50 years	51 to 60 years	61 to 70 years	Over 70 years
Senior Management	-	-	7	5	1	-
Women	-	-	3	1	-	-
Men	-	-	4	4	1	-
Middle Management	-	51	121	46	8	-
Women	-	19	40	9	2	-
Men	-	32	81	37	6	-
Junior Management	19	302	334	121	17	-
Women	8	113	116	44	4	-
Men	11	189	218	77	13	-
Operator	2,222	2,808	2,458	2,286	862	109
Women	997	1,893	1,836	1,601	500	45
Men	1,225	915	622	685	362	64
Sales Force	2,882	1,842	1,289	935	322	18
Women	1,746	1,525	1,157	842	276	10
Men	1,136	317	141	93	46	8
Administrative	121	316	221	79	22	4
Women	61	208	167	59	18	2
Men	60	108	54	20	4	2
Other Professionals	162	422	159	40	13	-
Women	85	186	71	16	3	-
Men	77	236	88	24	10	-
Other Technicians	248	1,052	1,011	507	94	5
Women	113	596	646	290	30	1
Men	135	456	365	217	64	4
Total	5,654	6,793	5,609	4,019	1,339	136
Women	3,010	4,540	4,036	2,862	833	58
Men	2,644	2,253	1,573	1,157	506	78

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2022						
	Under 30 years	30 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

Headcount by Tenure, Functional Role and Gender

2023					
	Under 3 years	3 to 6 years	6 to 9 years	9 to 12 years	Over 12 years
Senior Management	2	5	1	1	4
Women	1	2	1	-	-
Men	1	3	-	1	4
Middle Management	59	70	26	22	49
Women	16	21	12	7	14
Men	43	49	14	15	35
Junior Management	196	148	65	73	311
Women	74	35	28	25	123
Men	122	113	37	48	188
Operator	3,071	1,421	1,668	1,811	2,774
Women	1,682	818	1,136	1,350	1,886
Men	1,389	603	532	461	888
Sales Force	3,644	911	942	827	973
Women	2,322	754	843	750	887
Men	1,322	157	99	77	86
Administrative	126	105	113	130	289
Women	92	56	57	75	235
Men	34	49	56	55	54
Other Professionals	475	161	54	33	73
Women	208	74	27	19	33
Men	267	87	27	14	40
Other Technicians	532	331	285	459	1,310
Women	234	158	136	289	859
Men	298	173	149	170	451
Total	8,105	3,152	3,154	3,356	5,783
Women	4,629	1,918	2,240	2,515	4,037
Men	3,476	1,234	914	841	1,746

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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

Headcount by Type of Contract and Gender¹³

	Indefinite				Fixed Term			
	2023		2022		2023		2022	
	Number	%	Number	%	Number	%	Number	%
Women	14,387	61%	14,936	61%	952	4%	981	4%
Men	7,428	32%	7,728	32%	783	3%	810	3%
Total	21,815	93%	22,664	93%	1,735	7%	1,791	7%

Employee Turnover by Age Range and Gender

	2023			2022		
	Total	Women	Men	Total	Women	Men
Under 30 years	80%	70%	92%	117%	111%	124%
31 to 50 years	21%	19%	27%	20%	19%	24%
Over 50 years	13%	12%	16%	13%	12%	13%
Total	35%	28%	47%	44%	38%	55%
Voluntary Turnover	18%	16%	22%	33%	28%	41%
Non-Voluntary Turnover	17%	12%	25%	11%	9%	15%

“STEM” (Science – Technology – Engineering – Mathematics) Roles by Gender

	2023		2022	
	% Women	% Men	% Women	% Men
Total	46.1	53.9	46.3	53.7

¹³ SMU does not have employees with contracts associated with specific projects or service fees.

Managers and Executives in Revenue-Generating Areas

2023				
	Women		Men	
	Number	%	Number	%
Operations	8	16.3	41	83.7
Commercial	6	31.6	13	68.4
Customers & Marketing	4	66.7	2	33.3
E-Commerce	1	25.0	3	75.0
Total	19	24.4	59	75.6

2022				
	Women		Men	
	Number	%	Number	%
Operations	8	14.3	48	85.7
Commercial	4	33.3	8	66.7
Customers & Marketing	3	75.0	1	25.0
E-Commerce	1	16.7	5	83.3
Total	16	20.5	62	79.5

People with Disabilities


	Women	Men	Total
Senior Management	-	-	-
Middle Management	1	-	1
Junior Management	-	1	1
Operator	55	158	213
Sales Force	43	38	81
Administrative	9	5	14
Other Professionals	5	3	8
Other Technicians	5	3	8
Total Headcount	118	208	326



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 take steps to maintain transparent communication, ensure the quality and safety of its merchandise, and protect its customers’ personal information.

TOPICS	PROGRESS IN 2023	SDG
Improved shopping experience	Relaunch of the loyalty program under the name Club Unimarc.	 <p>Contributes to goals: 2.1 12.5</p>
Responsible consumption	Promotional campaigns that help optimize customers’ budgets.	
Private Label	<p>New platform to measure NPS, with online and on time information, and new ways for customers to provide feedback.</p> <p>Private label development: 196 product launches, and 19% of the assortment has recyclable packaging (11% in 2022).</p>	



The SMU business model puts the customer at the center of each decision and project, as reflected by its strategic plans and Corporate Sustainability Model. The Company's multiformat strategy makes it possible to offer different value propositions that cover the needs and preferences of different customer segments.

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 2023.

The SMU commitment to the customer also involves a culture of consumer rights protection, including a Corporate Consumer Protection Compliance Policy, among other policies, procedures, and practices. For more information, see Section 5.2.4 Data Privacy.

7.1 THE CUSTOMER EXPERIENCE

The shopping experience is a cornerstone of SMU operations. As such, the Company always strives to understand customer needs and preferences in order to improve each format's value proposition. Though the complex macroeconomic scenario continued to impact consumption and customer behavior in 2023, SMU remained focused on delivering solutions to maximize savings. The Company leveraged its deep customer knowledge to understand consumer trends, design innovative promotions and launch new private-label products. Another important initiative was the relaunch of the Unimarc format's loyalty program under the name *Club Unimarc*.



Club
UNIMARC

In October 2023, Unimarc relaunched its loyalty club, renaming it Club Unimarc, with a focus on immediate benefits for all its members, without the need to wait or accumulate points to get access to discounts and promotions. The program also added partnerships that offer discounts on airline tickets and restaurants, among others.



7.1.1 FOCUS ON SAVINGS

Pricing is a crucial component of the shopping experience. Given the economic context in 2023, savings was a main driver of consumer purchasing decisions. SMU sought to help customers optimize household budgets through various initiatives and campaigns. It extended the length of some promotions, added new ones and expanded the promotion mix to address customers' most pressing and basic consumption needs.

SMU also harnessed its multi-format strategy to implement related campaigns at Unimarc and Mayorista 10, including one innovative campaign called Wholesale Prices at Unimarc.



Another highly valued campaign was the partnership that offered discounts when using BancoEstado payment methods. The timing, around Chile's National Holidays in September, gave customers access to more discretionary categories, where inflation had weighed on consumption.

Another initiative, Consume Soon, helps customers save while also contributing to food waste reduction. The program offers steep discounts—between 30% and 50%—on products in optimal condition that are approaching their sell-by date. In 2023, it kept over 6,000 tons of products from being discarded.

7.1.2 ENHANCING PRODUCT ASSORTMENT

Each SMU format seeks to meet customer needs by continuously reviewing and adjusting its product assortment based on the in-depth knowledge of customer preferences it gleans from loyalty programs, studies and surveys. Adding new products and brands to the private-label assortment is one of the main strategic initiatives as it aims to make life easier for customers.

SMU takes a multidisciplinary approach to identifying new trends and shifts in consumer preferences. The Commercial team goes to international trade fairs to discover and assess new product offerings. It also hires several market intelligence services to provide valuable information about consumer trends and new products. The Company's partnership with Daymon, a consulting firm specializing in private labels, contributes knowledge of global trends and access to its international supplier network. The Customer and Marketing team uses loyalty programs, studies, and surveys to understand customer trends better. Each SMU format combines information from these different sources to determine the product assortment that best meets the needs of its respective customer segment.

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Adding a new product to the assortment requires approval from the Product Inclusion Committee—comprised of participants from the different formats and the Commercial team—and, subsequently, from the Quality Department.

SMU added five new brands in 2023, including Los Peumos (dairy), MyWay (lifestyle) and Santo Gusto (products for hotels, restaurants and casinos), closing the year with 20 specialized brands and approximately 200 new products. The new brands and products in the private-label program have been well-received by customers, who perceive the price-quality ratio to be good. This was especially important given that the economic context has motivated customers to look for money-saving products. Private-label products are marketed across all SMU formats. At Unimarc, 60% of customers buy private-label products; at the Wholesale 10 and Super10 formats, the figure increases to 70%.

Private Label at SMU



7.1.3

HEALTH AND NUTRITION

Since the Company focuses on food sales, which comprise approximately 98% of revenue, the health and nutrition of products are critical to its value proposition.

Studies conducted by SMU show a clear trend toward a more balanced lifestyle among certain consumer groups who prefer products that contribute to better health and wellbeing. However, customers interpret those two concepts differently. To some, healthy eating means opting for sugar-free foods, while others choose all-natural foods with no additives or sweeteners, even if they contain some sugar. Others prefer reduced-fat, organic, plant-based or other types of products. Still others look for Free From products, even though they do not have food allergies, because they are adopting a lifestyle that is more conscious of their impact along the value chain. Consequently, SMU's product assortment must satisfy an array of health and nutrition preferences. It has developed a specialized private-label brand with a broad selection of products with these attributes.

Each SMU 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 products that suit their dietary restrictions or lifestyle. Unimarc strives to make the experience of meeting their needs more pleasant.

At Mayorista 10, which aims 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, showcasing natural, healthy options, Free From (sugar, lactose, gluten, etc.), 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 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. Additionally, the larger formats serving hotel, restaurant, cafeteria and food service customers have added new products to satisfy the different food trends.

The 2023-2025 Strategic Plan reflects the Company's concern for health and nutrition. In addition to the Customer Experience pillar's loyalty and private-label initiatives, the Company seeks to expand the 360° methodology implemented for the fruit and vegetable categories to other fresh product categories. The methodology focuses on quality, display, suppliers, supply model, packaging and customer perception to boost these categories, which are critical for customers and are part of an assortment that meets health and nutrition needs.

The Company also supports a balanced diet by offering recipes for home-cooked meals on the Unimarc.cl website. The recipes generally involve simple ingredients and instructions, making them an easy solution that customers value.

7.1.4 CUSTOMER SATISFACTION

As in previous years, SMU measured NPS (Net Promoter Score) throughout 2023. Above all, the measurement aims to keep a finger on the pulse of the in-store customer experience. The NPS 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 attributes that contribute to recommendations and improve areas that are negatively affecting the probability of receiving one.

In 2023, a change in the platform for measuring and reporting this important KPI brought two major advances. First, operations-focused online and on-time reporting now enables format managers and store administrators to monitor their customers' opinions in real-time. In addition to the NPS score, they can review satisfaction with other elements of the purchase, comments regarding the assortment or any problems encountered during the shopping experience. Second, the new platform facilitates closing the cycle by contacting the customer to gather additional information about their opinion, solve problems and/or address any shortcomings in the experience they relayed on the NPS survey. The Company began designing the processes and flows for this follow-up in late 2023 for implementation in 2024.

The new platform makes it easier for SMU to reach more customers and elicit more responses from loyal customers, so theirs comprise a greater percentage of total responses. Prompt, direct handling of customer needs also improves evaluations of the experience at our formats, which surpassed SMU's 2022 NPS and the target set for 2023 (60.5%).

Net Promoter Score

	2023	2022
NPS SMU (*)	62.6%	57.9%





















*Operations in Chile.

Raising awareness and visibility of how customers evaluate their shopping experience is essential to deepening commitment to the customer within the organization. To that end, NPS has been a variable in calculating employee performance incentives since 2019. By linking NPS results to incentives, the Company seeks to place customer experience at the heart of employee decisions.

7.1.5 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				
E-mail				

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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. In addition, in 2023 the Company added the option to provide feedback through QR codes located throughout its Unimarc and Alvi stores, giving customers a new way of sharing their needs and opinions directly from the point of sale.

7.1.3.1 COMPLAINT MANAGEMENT

The Customer Service area uses a formal, pre-defined 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 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 2022, the average response time for SERNAC complaints was five days in 2023.

SERNAC Complaint Management

SERNAC Complaints 2023	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 2022	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.

7.1.6

PRIZES AND RECOGNITION

In 2023, SMU received two **Effie Awards** recognizing the creativity and results of its advertising campaigns from the previous year: Unimarc's campaign for Chile's national holidays, entitled "*San Asaíto*," received the Gold Effie in the "Seasonal Marketing" category, and the year-end campaign entitled "*Supersticiones*" received the Bronze Effie in the "Promotions" 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, risk-based process for selecting and monitoring suppliers as well as validating in-store operating processes.

Each year, the Company establishes a Quality Assurance Plan. In 2023, as it did in 2022 under this plan, the Company used a risk-based approach, focusing 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 over time. In 2023, the number of complaints was 11% lower than in 2022. Out of total health inspector visits to facilities, 7% resulted in the citation of a health code violation (better than 8% in 2022), but none of the violations was related to food safety.

The Quality Assurance Area has an annual, risk-based plan for training and reinforcing best operating practices under current procedures and regulations. In addition, the Company provided internal seminars to the commercial and quality teams regarding compliance for organic products, toys, school supplies, and fish and aquaculture products, in addition to updates on new regulations entering into force in 2024. Among other activities, the plan involved training focused on more than 10 safety and quality issues, and as a result, adherence to quality processes has improved by 1.6%.

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, taking into consideration a careful selection of products using a risk-based methodology. The program involves periodic sampling of products, equipment and utensils to ensure compliance with internal processes.

In 2023, samples were taken at 177 establishments, 31% more than the previous year, and 100% of samples taken had results that were within acceptable levels according to legal 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 2023, based on the risk matrix, the Company decided to sample 24 product formulations. 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 Article 107 of the Food Sanitation Regulations from Food Labeling Law No. 20,606. In order to ensure the authenticity of claims, and consistent with its risk-based approach, the Company decided to verify the content of products claiming to have special attributes or to be free of particular substances by requiring suppliers to provide evidence of these claims in the product inclusion process, thereby protecting consumers.

In addition, the Quality Assurance Area works constantly to prepare the Company to meet new regulatory requirements, such as collaborating with the commercial area in 2023 on the implementation of new regulations applicable to alcoholic beverages (Law No. 21,363), requiring warning labels and nutritional information. The new law goes into force in the second half of 2024.

In 2023, the Company received four health code violations for failure to comply with the labeling law, all 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, thereby orienting the focus of additional samples and providing preventive alerts for 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.

8

RESPONSIBLE SOURCING

SMU encourages responsible sourcing throughout the supply chain, promoting respect, trust, transparency, fair treatment, and fluid relationships with more than 3,000 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.

TOPICS	PROGRESS IN 2023	SDG
Risk Management in supply chain	Mentoring program for 27 100% Nuestro suppliers (in partnership with Simón de Cirene)	 
Development of local suppliers	<p>Obtained Mi Compromiso PYME Seal, from E&Y and Unión Emprendedora.</p> <p>Talks and workshops for small suppliers of fruits and vegetables (in partnership with INDAP).</p> <p>110 new exclusive spaces to promote the sale of products from the 100% Nuestro program.</p>	 <p>Contributes to goals: 2.3 8.3 17.17</p>



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 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 3,279 suppliers in 2023, 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.

SMU continuously seeks to improve supplier management through different initiatives, such as the implementation of the SAP Ariba tool, which is used in the negotiation of purchases from indirect suppliers, including assets, IT, operating materials, and services, 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.

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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 in 2022 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 and with a sales volume in excess of a certain threshold. There were 19 suppliers in this group in 2023. 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; and have documentation that supports the supplier's financial solvency. In 2022, the Company identified six critical indirect suppliers, representing 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. For example, SMU works with an external evaluation company that performs a documentary evaluation for certain indirect suppliers. All national suppliers must pass the Compliance Tracker anticorruption filter to join as new supplier. SMU also considers sector-specific ESG impacts of suppliers (e.g., ensuring that contractors have their labor certifications up to date). If, for example, a supplier does not meet the minimum ESG requirements applicable to them within a certain timeframe, suppliers could be excluded from the contract.

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 ¹⁴			Evaluated in last three years ¹⁵	
	No. Suppliers	% Purchases in 2023 ¹⁶	% of New Suppliers Added ¹⁷	No. Suppliers	% Purchases in 2023
Domestic Suppliers	679	36%	68%	1,931	84%
International Suppliers	69	3%	4%	112	4%
Total	748	39%	72%	2,043	88%

¹⁴ Includes suppliers with purchases in 2023 who were evaluated during the preceding year.

¹⁵ Includes suppliers with purchases in 2023 who were evaluated at least once between 2021-2023.

¹⁶ 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.

¹⁷ Includes the amount of purchases from new suppliers evaluated under sustainability criteria as a percentage of total purchase from new suppliers in 2023.

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 can also undertake on-site, second party in order to ensure compliance with quality standards required by the regulation in force and the Company's internal requirements. Likewise, SMU can require its suppliers to carry out on-site evaluations by an accredited independent auditing body in order to verify compliance with legal and quality standards, when the Company has identified deficiencies through its own personnel or has been informed of deficiencies by third parties, or when there is another justified reason for requiring such evaluation.

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.

Contractors

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 2023, SMU worked with 216 contractor companies, of which 96.8% complied with 100% of their monthly certifications. With respect to the remaining 3.2%, the non-compliance was related to delays associated with new certification requirements, following the incorporation of a new supplier in charge of certification in the second half of 2023. The Company generated action plans to work with the companies, in order to remedy the situation. However, one contractor company was not able to satisfy the requirements, resulting in the termination of the contractual relationship.

8.1.1.3

SIGNIFICANT SUPPLIER SCREENING AND EVALUATION

Evaluations of significant suppliers—defined as critical direct and indirect suppliers, as well as suppliers that have been identified as having high ESG risk for failing to meet a particular standard—are detailed below.

Significant suppliers

	2023
Total number of Tier-1 suppliers ¹⁸	3,279
Total number of significant suppliers in Tier-1	32
Total number of significant suppliers in non-Tier-1	0
Total number of significant suppliers (Tier-1 and non-Tier-1)	32

Significant supplier assessment

	2023	Target 2023
Total number of significant suppliers assessed via desk assessments/on-site assessments	29	
% of significant suppliers assessed	91%	
Number of significant suppliers assessed with substantial actual/potential negative impacts	7	
% of significant suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan	100%	100%
Number of significant suppliers with substantial actual/potential negative impacts that were terminated	1	

¹⁸ Tier-1 suppliers are suppliers that sell products or services directly to the Company. Non-Tier-1 suppliers are suppliers that sell products or services to SMU's Tier-1 suppliers.

Corrective action plans

SMU supports its suppliers with the implementation of corrective action plans. In 2022, the Company identified seven contractor company suppliers as having high ESG risk, as they had failed to have their contractor labor certification up to date. SMU worked with all seven of these suppliers via corrective action plans to help get their labor certification up to date.

Corrective action plans for significant suppliers

	2023	Target 2023
Total number of suppliers supported in corrective action plan implementation	7	100%
% of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation	100%	

8.1.1.4

SUPPLIER DEVELOPMENT

SMU aims to support its suppliers in developing capabilities in order to improve their environmental, social, and governance performance and practices. During 2023, the Company provided training to contractor company suppliers on topics such as prevention of economic crimes (corruption), risk prevention, and domestic violence prevention. Some 270 suppliers participated in the training, including four significant suppliers (12.5% of significant suppliers). In addition, as part of its focus on developing small and medium-sized suppliers, the Company provided training on topics such as agricultural best practices and sustainability in business, as described in section 8.2.2.1.

8.1.2

SUSTAINABLE AGRICULTURAL PRACTICES

In recent years, SMU has worked to gather information about the certifications held by its direct suppliers, in order to have a better understanding of sustainability in its supply chain over time. Suppliers have provided information about the certifications set forth in the tables below, and the Company has continued to request information from the rest of its suppliers.

Certifications of agricultural products

Crops	Certification	Coverage (% certified products / total purchases of products in the category)
Cacao	Rainforest Alliance incl. UTZ; Carbon Neutral Company; ZNU-Standard Sustainable Management; ZNU-Standard; Driving Sustainable Change	3%

Certifications of animal products

Animal products	Certification	Coverage (% certified products / total purchases of products in the category)
Aquaculture	Aquaculture Stewardship Council (ASC); Friends of the Sea (FOS); Non GMO; Safe Quality Food; Carrefour Corporate Program; SalmonChile (SIGES); Scottish Salmon Producers' Organization Code of Good Practice; Bio Suisse; BioGro New Zealand; Soil Association; China GAP; ASC Chain of Custody; Best Aquaculture Practices (BAP); Global G.A.P	37%
Cattle (excl. dairy)	NAMI Animal Handling Guidelines	13%
Swine	Global Animal Partnership (G.A.P.); Certified Humane; Animal Welfare Approved; National Pork Board; APIQ (Australia); AAWCS (Australia)	84%
Poultry	Global Animal Partnership (G.A.P.); Certified Humane; Animal Welfare Approved; Freedom food; RSPCA Assured National Chicken Council; National Turkey Federation; United Egg Producers; AAWCS (Australia); European Chicken Commitment standards; Label Rouge; Red Tractor (UK)	84%
Cage-free eggs	Certified Humane	4%

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, 92% 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 the metropolitan area.

8.2.2

THE *100% NUESTRO* PROGRAM

The *100% Nuestro* Program, led by Unimarc, is an innovative initiative within the retail industry. The program was created in 2012 to contribute to society by developing local suppliers throughout Chile. The first region to participate in the program was Aysén.

The shared-value initiative aims to enrich the Unimarc assortment with attractive, regional products that contribute to the customer shopping experience. It also helps small, local producers (MSMEs) by providing scalability for local suppliers from every region of Chile. By the end of 2023, the *100% Nuestro* Program had 179 active suppliers, of which 23.5% were from the Metropolitan Region, and 76.5% were from outside Santiago.

Fruit and vegetables account for 34% of *100% Nuestro* sales

This program provides new suppliers, who otherwise might not have access to large retailers, an opportunity to sell their products at a supermarket with national coverage for the first time. Program benefits include specialized executives whose KPIs include socioeconomic and environmental factors in addition to sales. Participating companies also benefit from preferential conditions, access to mass sales channels, training programs, specialized mentoring, prominent placement on shelves and advertising through traditional and social media.

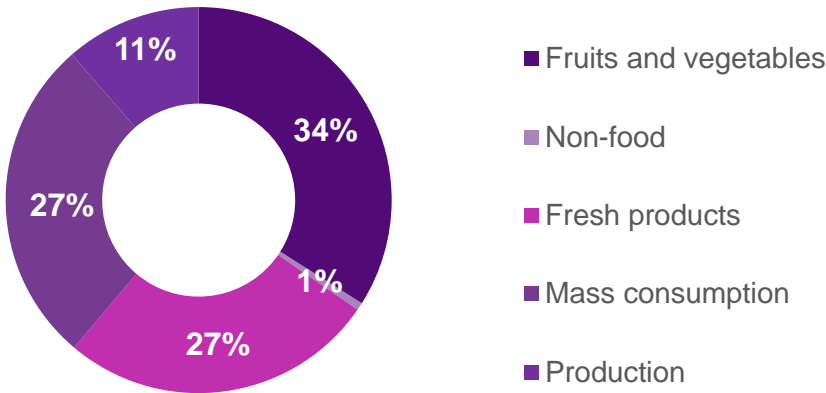
The program now includes products in all Unimarc's main categories, offering an assortment that contributes to a differentiating and sustainable value proposition

100% Nuestro Suppliers by Business Line

Business	No. Suppliers	% Suppliers
Fruit and vegetables	52	29.1%
Non-food	4	2.2%
Fresh foods	36	20.1%
Mass consumption products	67	37.4%
Production	20	11.2%
Total	179	100.0%

Out of all purchases from *100% Nuestro* suppliers, the largest share comes from fruit and vegetables, followed by mass consumption products, e.g., natural products, long-life juices and nectars, cocktails and snacks.

100% Nuestro Unimarc Purchases in 2023



The *100% Nuestro* Program identifies and captures opportunities to incorporate micro, small and medium-sized companies into Unimarc's assortment, thus offering customers the opportunity to buy locally produced goods. It also trains and develops current suppliers, enhancing their growth and market performance. The Company evaluates the suppliers'

social, environmental and economic sustainability practices based on indicators like women-led companies, inclusion of people with disabilities and/or senior citizens, products made from recycled products and/or food recovery. As an example, 39.7% of *100% Nuestro* MSMEs are women-led companies.



100% Nuestro Program

100% Nuestro products are sold in all Unimarc stores. During 2023, to give more visibility to these products, which are produced by local, regional suppliers from throughout Chile, the Company implemented dedicated selling space on the shelves at 44% of Unimarc stores, in order to encourage customers to purchase products that have a positive impact on local small businesses. Unimarc has committed to including this dedicated shelf space in all new store openings.

In addition, the Company updated the program's branding in 2023 with a new look and feel designed to attract interest and drive sales



Customer and Supplier Evaluation of *100% Nuestro*

SMU surveys and studies *100% Nuestro* customers and suppliers to learn about program effectiveness and its contributions to different entrepreneurs. It also identifies opportunities for improvement. The Program Awareness Survey given to customers in March 2023 resulted in a 73.9% NPS, with product quality, the inclusion of regional products and support for the local economy scoring the highest. When customers identified program visibility as an opportunity for improvement, SMU began working on a new brand image and designating exclusive spaces on shelves.

On the other hand, suppliers value SMU's support, dedication, and interest in growing their businesses. The suppliers specifically note their growth and improved market position thanks to exposure in Unimarc stores and the close relationships they enjoy with their points of contact at SMU.

8.2.2.1

Supplier Development

Partnership with INDAP

The *100% Nuestro* Program began as an opportunity to incorporate small fruit and vegetable producers in Chile's XI Region through a strategic public-private partnership with INDAP. The program met the need for fresh, local produce from suppliers for whom access to mass sales channels would have otherwise been impossible, creating shared value and mutual benefit among customers, suppliers, and food retailers.

The partnership with INDAP is ongoing through the Fruit and Vegetable Production Supply Program, which supports small grower development, optimizes their production processes, incorporates small growers into sales channels and helps them access special conditions. As of December 31, 2023, 30 MSMEs participate in the program.

As part of efforts to support agricultural development, *100% Nuestro* growers who also participate in the Fruit and Vegetable Production Supply Program receive annual training on best agricultural practices. SMU contributes to small grower development and continuous improvement through audit programs that also safeguard quality and food safety for consumers. The audits assess physical infrastructure, equipment and utensils, personal hygiene, storage, cleanliness and sanitation, comprehensive pest management, traceability, quality and safety assurance. INDAP works with suppliers to create work plans and address any weaknesses.

***Mi Compromiso* SME Seal**

SMU was among the companies invited to earn the *Mi Compromiso* SME Seal, an initiative by an NGO called Unión Emprendedora and Ernst & Young (EY).

The seal supports the growth of Chile's small and medium-sized companies by promoting buying local and/or developing domestic MSMEs. Participating companies undergo an EY diagnostic of their current situation and identify the opportunity they will address to support MSME growth. Then, each company creates a work plan with concrete objectives and goals, the fulfillment of which EY reviews annually.

More than ten years of experience promoting local MSMEs through the *100% Nuestro* Program earned SMU a spot in the program. The Company underwent the diagnostic and established an action plan, which it began implementing in November 2023.

Supplier Training

As part of the focus on supplier development, providing knowledge and tools to *100% Nuestro* suppliers is critical to positively impacting their business and achieving organic growth. In 2023, the Company's commitment led to several training activities, including lectures, workshops and mentoring.

100% Nuestro Supplier Training Programs in 2023

Initiative	Training topics	No. of suppliers attending
Under the INDAP partnership agreement, the program offered three talks and two workshops on agricultural best practices.	<ul style="list-style-type: none"> • Agricultural product safety • Comprehensive pest management • Energy efficiency • Water management • Personal hygiene • Personal protective equipment 	35 growers
Series of Corporate Sustainability Talks in conjunction with the Acción Empresas Sustainability Academy	<ul style="list-style-type: none"> • Business ethics • Human rights and business • Environmental management • Collaborative future • SME development in Chile • REP Law 	33 entrepreneurs
Mentoring program in partnership with Corporación Simón de Cirene	<ul style="list-style-type: none"> • Diagnostic • Goal setting and action plans • Monitoring • Tools like Canvas, SWOT, meetings with experts and advisory services 	27 entrepreneurs

8.2.2.2

Accolades

In 2023, the *100% Nuestro* Program received the following awards and recognition:

- **Eikon Awards for Excellence in Institutional Communication:** Awarded by Ediciones GAF with academic support from the Pontificia Universidad Católica School of Communications, SMU earned first place (gold) in the Supplier Sustainability category for its PR campaign celebrating ten years of the *100% Nuestro* Program.
- **CONECTA Awards Promoting the 2030 Agenda:** The program earned recognition from the UN Global Compact in the Partnerships category.

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. For large suppliers, 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 2023 and 2022, the Company did not pay interest for late payment of invoices.

By law, agreements setting payment terms for large 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, 2023, SMU has 15 contracts registered.¹⁹

¹⁹ 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 2023

	Up to 30 calendar days*	31-60 calendar days	Over 60 calendar days	Total
No. Invoices (Domestic Suppliers)	444,101	2,097,730	747,531	3,289,362
SMU Chile	404,968	2,042,950	741,245	3,189,163
SMU Peru	39,133	54,780	6,286	100,199
No. Invoices (International Suppliers)	675	1,265	564	2,504
SMU Chile	644	1,223	528	2,395
SMU Peru	31	42	36	109
Amount of Invoices (Domestic Suppliers) (CLP millions; amounts include VAT)	540,824	1,756,592	576,177	2,873,593
SMU Chile	517,882	1,711,642	569,121	2,798,644
SMU Peru	22,942	44,950	7,056	74,949
Amount of Invoices (International Suppliers) (CLP millions; amounts include VAT)	39,044	82,804	22,816	144,663
SMU Chile	38,977	82,702	22,287	143,966
SMU Peru	66	102	529	697
No. Domestic Suppliers	2,513	1,164	421	2,975
SMU Chile	2,243	888	368	2,376
SMU Peru	270	276	53	599
No. International Suppliers	89	97	108	164
SMU Chile	85	94	106	155
SMU Peru	4	3	2	9

Supplier Payments 2022

	Up to 30 calendar days*	31-60 calendar days	Over 60 calendar days	Total
No. Invoices (Domestic Suppliers)	465,626	2,240,599	838,020	3,544,245
SMU Chile	430,056	2,187,882	830,401	3,448,339
SMU Peru	35,570	52,717	7,619	95,906
No. Invoices (International Suppliers)	461	1,215	1,040	2,716
SMU Chile	444	1,184	1,010	2,638
SMU Peru	17	31	30	78
Amount of Invoices (Domestic Suppliers) (CLP millions; amounts include VAT)	628,488	1,717,589	596,395	2,942,472
SMU Chile	606,204	1,672,671	585,774	2,864,649
SMU Peru	22,284	44,918	10,621	77,823
Amount of Invoices (International Suppliers) (CLP millions; amounts include VAT)	26,729	99,290	45,908	171,926
SMU Chile	26,705	99,252	45,683	171,640
SMU Peru	24	38	224	286
No. Domestic Suppliers	2,841	1,192	478	3,279
SMU Chile	2,594	914	429	2,705
SMU Peru	247	278	49	574
No. International Suppliers	78	108	130	179
SMU Chile	75	106	128	172
SMU Peru	3	2	2	7

* In compliance with legal requirements in Chile, all small suppliers are paid within a maximum of 30 days.

Purchases from Suppliers²⁰

	No. of Suppliers		Proportion of Purchases (%)		Amount of Purchases (CLP Bn, excl. VAT)	
	2023	2022	2023	2022	2023	2022
Domestic Suppliers	2,647	2,804	94%	93%	2,407	2,385
International Suppliers	155	169	6%	7%	145	170
Total	2,802	2,877	100%	100%	2,552	2,555

Purchases from Domestic Suppliers




	No. of Suppliers		Proportion of Purchases (%)		Amount of Purchases (CLP Bn, excl. VAT)	
	2023	2022	2023	2022	2023	2022
Suppliers from Santiago	1,801	1,965	80%	81%	1,932	1,928
Suppliers from Other Regions	846	839	20%	19%	474	457
Total	2,647	2,804	100%	100%	2,407	2,385

²⁰ 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

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.

TOPICS	PROGRESS IN 2023	SDG
Regional development	Implementation of Sanamente (“Healthily”) project to promote nutritional awareness.	 
Good neighbor	Execution of Unidos Campaign 2023, supporting two non-profits.	
CSR and contributing to society	Execution of Teletón Campaign 2023, contributing CLP\$1.4 billion.	
	Community Engagement Fund “Your Idea, Our Neighborhood” benefited three social organizations.	Contributes to goals: 2.1 10.2 17.17
	Fondo Descúbreme 2023: customer donations financed 10 social projects for the development of people with cognitive disabilities (269 direct beneficiaries)	



9.1 COMMUNITY RELATIONS

Sustainable business management involves knowing and connecting with the community. These practices enable SMU to better understand the surrounding communities' needs, concerns and expectations and foster mutually beneficial relationships. Given its regional origins, a local commitment to the more than 160 municipalities where it operates is part of SMU's DNA.

As stated in the Company's Code of Ethics and Business Conduct, Corporate Sustainability Policy and Good Neighbor Policy Statement, SMU strives to be a good neighbor. Its efforts are rooted in strengthening community engagement, generating quality employment, developing opportunities for local suppliers and supporting local organizations.

9.1.1 GOOD NEIGHBOR PROGRAM

In recent years, SMU has enhanced its community management through the Good Neighbor Program, which fosters trust-based relationships and collaboration with residents in the areas where the Company operates.

SMU has a methodology for identifying key figures in the community and classifying the immediate surroundings in order to develop specific community relations plans for operational stores.

At SMU, community management is an ongoing task that is part of store supervisors' agendas and regular duties. For new project development and store remodels, the Company conducts 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.



sană mente



9.1.2

SANAMENTE PROGRAM

As a food retailer, SMU has the opportunity to positively impact its communities by promoting responsible consumption and healthy eating. Given Chile's high childhood obesity rates, where 58.3% of the school community is overnourished²¹, SMU's *Sanamente* project launched in 2023 to encourage mindful, varied eating in fifth-grade students. In its first year, the program reached three schools in the Santiago municipalities of Lo Espejo, La Pintana and Renca.

The multi-faceted project involved 114 students and 70 teachers and parents. Adapted to each group, the contents and working methods included workshops and games related to diet, food groups, portion size and critical nutrients.

A specialist led a cooking class at each school where students followed a recipe using natural ingredients. Additionally, the project's Mindful, Varied Eating Guide includes recommended menus, recipes and practical family nutrition tips.

²¹Source: Chile's National School and Scholarship Assistance Council (JUNAEB). Nutritional Map, 2021. https://www.junaeb.cl/wp-content/uploads/2022/10/INFORME-MAPA-NUTRICIONAL-2021_FINAL.pdf

**9.1.3
COMMUNITY OUTREACH FUND**

In 2023, the Alvi format created a competitive funding grant to foster community ties by supporting neighborhood initiatives aligned with the SMU objectives and values. The Your Idea, Our Neighborhood fund gives non-profit community organizations access to funding for projects that benefit, serve and/or guide neighborhood development and growth.

Projects applying for funding must aim to develop the surrounding community in one of the following areas: (1) health and wellness; (2) diversity and inclusion; (3) environmental protection; (4) innovation and development.

Your Idea, Our Neighborhood Community Outreach Fund Projects

Organization	Project
<i>Villa El Pague</i> Neighborhood Council	Purchased instruments and offered music classes for children and young people. The focus was on developing skills for social integration and personal development.
<i>Conjunto El Corregidor</i> Neighborhood Council	Purchased Bingo supplies as an opportunity to bring the community together
Fundación Yo Elijo Vivir Contigo	Psychological and therapeutic support workshops for senior citizens

9.2 COLLABORATION WITH NON-PROFIT ORGANIZATIONS

Since collaboration is part of CERCA culture, SMU operates with the conviction that it achieves better results by complementing its efforts and expertise with institutional partnerships that reach more people and stakeholders. The Company has long-standing agreements and strong ties with several nationally renowned organizations.

Through these partnerships with specialized organizations, the Company supports and undertakes initiatives closely tied to diversity and inclusion as well as the zero-hunger target. SMU's collaboration may involve volunteering, social sponsorship, collecting customer checkout donations and/or merchandise, gift card or monetary donations.

9.2.1 DIVERSITY AND INCLUSION INITIATIVES

Teletón

Since 2011, Unimarc has been the official supermarket of Teletón—an institution that provides comprehensive rehabilitation services to children and young people with physical disabilities, raises awareness and advocates for the rights of individuals with disabilities.

In 2023, Unimarc and all SMU Chile supported Teletón through customer and employee fundraising campaigns that supplement the Company's corporate donation. In one fundraising campaign, the Teletón Gift Card, SMU donated 10% of each sale to Teletón.





As in previous years, employees demonstrated their remarkable commitment through multiple fundraisers and donated CLP 537 million.

The corporate donation, Teletón Gift Card campaign and employee donations amounted to a total Teletón donation of CLP 1.4 billion.

Magallanes Rehabilitation Event

For the last 14 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 Chile's Magallanes Region, where Teletón has no centers. In 2023, SMU donated CLP 63 million in addition to the CLP 10,810,220 in customer checkout donations raised at the region's Unimarc stores.

Coyhaique Rehabilita

SMU supports the Coyhaique Rehabilita Rehabilitation Center in the Aysén Region. The center's mission is to rehabilitate children and adults with disabilities, and it serves over 400 people from the surrounding towns. The region's Unimarc stores collected CLP 6,546,460 in customer checkout donations in 2023.

Special Olympics

The Special Olympics is an NGO that promotes the social inclusion of people with intellectual disabilities through sports, health, education and leadership programs. Chile participated in the 2023 Special Olympics with a close-knit, historic 60-person team comprised of an equal number of men and women. SMU donated CLP 20 million to support the athletes.

SERNAMEG Women Entrepreneurs Fair

SMU began partnering with the Women and Work area of Chile's National Service for Women and Gender Equity (SERNAMEG) to organize fairs for women entrepreneurs in 2022. In 2023, it hosted five fairs at headquarters and the Lo Aguirre distribution center. The events help women earn money and, thus, contribute to their financial independence. The fairs lend visibility to the products sold by the 43 participating women, promoting their entrepreneurial ventures' growth, viability and sustainability.

Fundación Las Rosas

In 2023, SMU continued collaborating with Fundación Las Rosas, Chile's largest organization working with senior citizens at 28 centers nationwide. Fifty-five SMU volunteers spent time with residents and employees at the La Florida retirement home at two events celebrating Chile's National Holidays and Christmas.

Unidos Campaign

Since 2020, SMU's *Unidos* campaign has aimed to bring customers, the community and the Company together in a three-part network to support several social organizations. SMU donates the equivalent of 10% of gift card sales during the *Unidos* campaign to organizations that align with the Company's Diversity and Inclusion Model. In 2023, it donated CLP 25,069,666 to Fundación Las Rosas and the Cruz del Sur Lions Club rehabilitation centers in Punta Arenas. Through Fundación Las Rosas, the campaign funded meals for 1,377 people.



Fondo Descúbreme

Having partnered with Fundación Descúbreme since 2012, SMU created Fondo Descúbreme, a competitive funding grant funded by customer checkout donations across all SMU Chile formats. The *Descúbreme* fund focuses on the inclusion of people with cognitive disabilities. To date, it has funded over 190 projects, directly benefiting more than 4,000 people. In 2023, checkout donations totaled CLP 154,816,530.

2023 Fondo Descúbreme Projects

Region	Institution	No. Beneficiaries	Project
Metropolitan	Universidad de los Andes	59	Dialectdown: A platform that promotes social participation through reading
Arica and Parinacota	Agrupación SCD Asperger y TGD	21	Security camera installation training and micro-enterprise workshops for young people with autism spectrum disorders
O'Higgins	Fundación Ave Fénix	30	A Window into the Future for children with Autism Spectrum Disorders (ASD)
La Araucanía	Tulio Mora Alarcón Special Education School (F- 839)	22	Tulio Mora Alarcón Laundry Service: A place for students with disabilities to learn and develop
Ñuble	Center for Student Projects, Domingo Ortiz de Rozas High School	20	Artificial Intelligence, a tool for socio-educational inclusion
Metropolitan	Pather Nostrum (NGO)	29	Workshop on digital literacy and self-determination for people with disabilities
Biobío	Chile España Special Education School (E-1197) Parents' Association	21	Adaptive technology at my school: A cognitive accessibility breakthrough for students with disabilities
Biobío	Los Girasoles Special Education School	20	Dye-sublimation printing and stationery-making workshops
Coquimbo	Fortezza Corporation for the Rehabilitation and Education of the Disabled	27	Connection for rehabilitation
Valparaíso	Corporación Suma 1	205	Inclusive Natural Cosmetics

9.2.2

INITIATIVES THAT PROVIDE FOOD TO AT-RISK POPULATIONS

Corporación Nuestra Casa – Chef por Chile

SMU has collaborated with Corporación Nuestra Casa and Chef por Chile since 2021, participating in several initiatives that provide food to at-risk people. The Company donates products to these two organizations, which prepare meals and deliver them to soup kitchens and social groups in different communities. They delivered 5,000 meals this year.

Emergency Donations

In 2023, Chile experienced wildfires and several severe weather events, primarily in the country's central-southern zone. As part of its social commitment, SMU worked with Desafío Levantemos Chile to donate food baskets to affected families. The total value of the donated products was CLP 85,729,779.


Food Donations

Food donations are part of SMU's commitment to zero hunger and reducing food waste. They help at-risk people while protecting the environment and reducing emissions from the overproduction of food that will not be consumed. In 2023, SMU partnered with over 300 social organizations, making product donations available for pick-up and providing food to more than 173,000 beneficiaries. For more information, see 10.1.1 Reducing Food Waste.

10.

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.

TOPICS	PROGRESS IN 2023	SDG
Caring for the environment	Tons of food waste avoided increased 11.3% vs. 2022.	 <p>Contributes to goals: 6.3 12.3 7.2 12.5 7.3 13.2 12.2 13.3</p>
Waste management	Consumption of energy from renewable sources reached 12.1% in 2023 (3.1% in 2022).	
	Beginning of the water recirculation project at Lo Aguirre DC.	
	Expansion of the Energy Management System under ISO 50,001.	
	Electric trucks used for 2% of deliveries from distribution centers to stores.	



Caring for the environment is essential to SMU's sustainable development. The corporate guidelines on environmental protection are available in the Corporate Environmental Management Policy and the Corporate Sustainability Policy's Environmental Care and Protection Policy Statement. The company's commitment to climate action has led to many recent initiatives on energy efficiency, waste management, and quantifying and reducing greenhouse gas (GHG) emissions.

In 2023, SMU made progress on relevant projects, including implementing an Energy Management System in 100% of facilities operated by SMU Chile. The Company also expanded the use of electromobility in its logistics chain, using electric trucks for 2% of distribution center-store deliveries and setting a goal of increasing that figure to 10% by 2025.

In addition, to ensure proper handling of environmental matters and to create a culture of environmental protection, SMU offered waste management and recovery training in 2023.

10.1 WASTE MANAGEMENT

SMU is firmly committed to responsible waste management and uses key criteria to minimize the environmental impact of its operations. The Company is constantly exploring innovative solutions to reuse and recover more waste, improve product distribution and sales processes and reduce food waste.

10.1.1 REDUCING FOOD WASTE

As a food retailer, SMU can significantly impact climate action and reduce food waste—a challenge the Company addresses through its various areas. It begins by offering the right assortment for customers' preferences and planning procurement to align purchased volumes with demand, thus eliminating waste at the source and reducing emissions from the overproduction of food that will not be consumed.

6,069.2 TONS

OF FOOD RECOVERED AND
SOLD UNDER THE CONSUME
SOON PROGRAM

PRÓXIMO A VENCER
PRONTO
CONSUMO



DONATIONS TO
PEOPLE

641.4Tons

of food and other
products donated for
human consumption

BENEFICIARIES

334 Non-profits
173,445 Beneficiaries



DONATIONS TO
ANIMALS

95Tons

of food and other
products donated for
animal consumption

BENEFICIARIES

9 Organizations

VALORIZATION



94.6Tons

of food used as raw
material to make
new products.

REDUCING FOOD WASTE

6,900 TONS

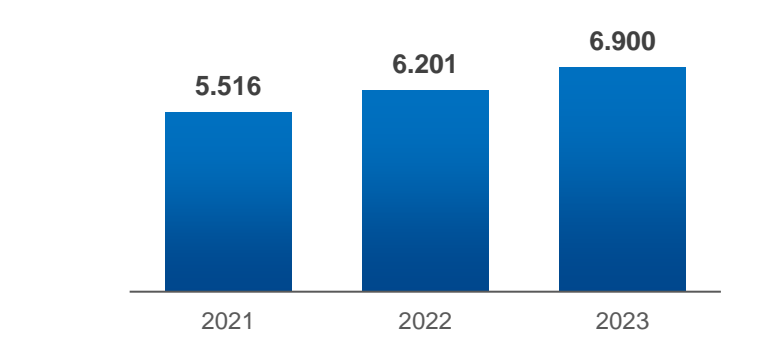
The next step is Consume Soon, an initiative to reduce food waste by offering steep discounts of up to 50% on products that are still in optimal condition but approaching their sell-by date. This shared-value initiative involving SMU, its customers and the environment prevented 6,069.2 metric tons of food from becoming waste in 2023.

When products have not been sold, as a next step they can be designated for donation, and social organizations can pick them up and distribute them to people in need. Products unfit for human consumption go to zoos, animal shelters or rescue organizations. Finally, some categories of products cannot be sold or donated but can be recovered as raw materials for manufacturing new products.

In recent years, SMU has furthered its commitment to reducing food waste. By 2022, it had expanded the food donation program to 100% of stores and distribution centers in Chile. In 2023, it added new initiatives like composting and began the donation process in Peru.

SMU Chile initiatives prevented 6,900.2 metric tons of food from becoming waste, 11.3% more than in 2022, reducing emissions by 4,325.6 MTCO_{2e}.

Tons of food waste avoided through SMU Chile's Reducing Food Waste Program



Considering only products that were donated or recovered, in 2023, SMU Chile donated or recovered 831 metric tons of food products, the equivalent of 7.3% of the total food waste and up from 6.5% in 2022.

Donated or Recovered Products (Metric tons)

	2023	2022	2021
Total potential food product waste	11,313.9	12,233.22	12,033.69
Total products donated or recovered	831.0	795.6	114.2
Products donated to people	641.4	660.0	85.9
Products donated for animal consumption	95.0	38.8	0.0
Products recovered	94.6	96.8	28.2
Total food product waste for disposal	10,482.9	11,437.62	11,919.49
% of potential food product waste donated or recovered	7.3%	6.5%	0.9%
Coverage (% of revenue):	98%	98%	98%

*Data for operations in Chile.

10.1.2 COMMITTED TO RECYCLING

To reduce the environmental impact of the waste generated at its stores and distribution centers, SMU is constantly looking for ways to avoid disposing of materials that can be reused or recycled. It encourages its customers to do the same.

SMU primarily recycles packaging, e.g., flexible plastics and cardboard used to transport and store products, paper waste, and the oil and grease from food production. In 2023, the Company began recycling old employee uniforms and launched a pilot program for composting cafeteria waste at the Lo Aguirre Distribution Center.

The distribution centers also recover wood waste from the use and wear and tear on pallets through an external supplier that picks up the wood waste and recovers it for energy.

SMU Chile has worked to comply with REP Law (No. 20,920), which establishes a framework for waste management, extended producer responsibility and recycling promotion. It has paid particular attention to compliance with Supreme Decree No. 12/2021, which sets the recycling targets for packaging introduced into the market. The Company takes responsibility for the traceability of its containers and packaging and for filing the legally mandated reports. It has been reporting all the information required to track the tons of containers and packaging produced for the ReSimple Management System since the targets came into effect in September 2023. The efforts and management system compliance results will be verified in 2024.

First-Year REP Law Container and Packaging Targets²²

Household Packaging	Target	Non-Household Packaging	Target
Cardboard for liquids	5%	Metal	23%
Metal	6%	Paper and cardboard	48%
Paper and cardboard	5%	Plastic	13%
Plastic	3%	Metal	23%
Glass	11%		

Promoting recyclable packaging

SMU has made progress on certifying the recyclability of the packaging of its private-label products because the Company recognizes its important role in promoting and facilitating their recycling. Products with certified-recyclable packaging have an Ecolabel seal to help customers identify and select products with more sustainable packaging. In-store publicity campaigns also inform customers and encourage them to favor certified products.

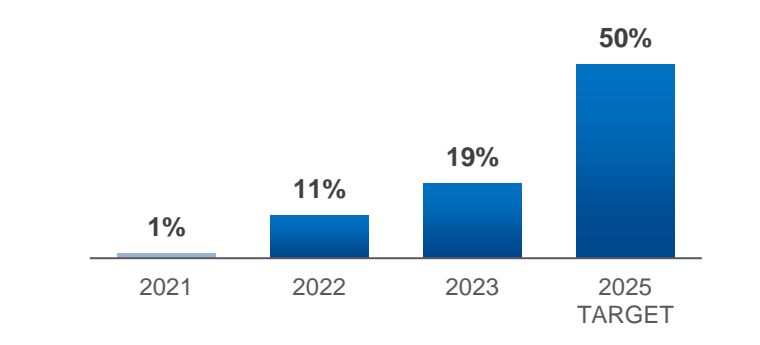
SMU's efforts are part of its participation in the Clean Production Agreement (CPA) for Ecolabeling II, led by SOFOFA and Chile's Climate Change Agency. Through the agreement, companies can technically accredit that the components and materials in a product's packaging can be recycled in Chile. In 2023, SMU earned the Blue Star Certificate for meeting the targets and actions in the first part of the Ecolabel Clean Production Agreement.



The 2023-2025 Strategic Plan aims to earn the Ecolabel seal for 50% of SMU's private-label assortment. The Company reached 19% in 2023, up from the previous year's 11%.

²² The targets consider the volume of each type of material that the management system collects and recycles as a percentage of the total volume of each type of container or packaging material that the companies belonging to the respective management system have introduced into the market.

Ecolabel-certified private-label products (%)



Promoting reusable packaging

As part of efforts to reduce waste, SMU actively encourages packaging reuse by ensuring that all supermarket stores have returnable beverage bottles available to customers and by facilitating their return. The Company also launched a publicity campaign urging customers to reduce single-use container waste by favoring returnable bottles.

To encourage the use of returnable containers for other products, SMU sells cleaning products at EcoCarga stations. In 2023, customers at five Unimarc locations refilled containers with laundry detergent, dishwashing liquid and fabric softener at EcoCarga stations.



In total, the machines dispensed 36,453 liters of product, eliminating the need for 9,678 containers and keeping the equivalent of 1,549 kilos of plastic container waste from disposal.

Eliminating single-use plastics

In recent years, SMU replaced the plastic single-use packaging for ready-to-eat food in compliance with Law No. 21,368 on Single-Use Plastics. The wooden cutlery and paper straws ready-to-eat food customers now receive upon request biodegrade more quickly and are recyclable through processes like composting.

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.

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, wood, organics and household-like waste. These companies treat and properly dispose of waste at duly authorized establishments.

In 2023, total waste generated by the Company's facilities was down by more than 1,800 metric tons relative to the previous year, with the largest reduction in household-like waste for disposal. The drop reflects progress on recycling processes and donations that reduce product waste. For more information, see 10.5 Environmental Indicators - Waste.

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, slicing cold cuts, meat counter services and baking bread. The LIBs—mainly oily water and organic matter—are regulated by Public Works Ministry Supreme Decree No. 609/98. Properly managing LIBs also ensures compliance with Law No. 20,393 on the crime of water pollution.

SMU has the following practices and controls in place at each facility to ensure regulatory compliance and improve LIB quality:

- On-site visits and training for the areas involved.
- Internal audits: In 2023, 21.4% of operational stores were audited.
- Analysis of LIB self-monitoring at the 31 facilities where Superintendency of Health Services programs are in place.
- Audits by sanitation companies with laboratory analysis.

10.1.3.3 HAZARDOUS WASTE

Given the nature of its operations, SMU does not produce large quantities of hazardous waste. Annual hazardous waste volumes are not static but instead reflect specific phenomena, such as replacing incandescent lighting with LED technology, replacing batteries in distribution center machinery, or hazardous substance leaks (bleach, aerosols and cleaning products).

External companies specializing in removal, transportation and proper final disposal handle all of SMU's hazardous waste.

Tons of Hazardous Waste

Hazard	2023	2022	2021
Corrosive	20.61	5.96	9.95
Infectious	0.01	0	0
Flammable	15.27	22.06	0.20
Toxic	5.87	8.35	6.66
Total	41.76	36.37	16.81

*Data for operations in Chile.

10.2 CARBON FOOTPRINT

As part of its commitment to the environment, climate action, and climate change, 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 driving reduction initiatives. In addition to the impact-reduction projects already underway, the 2023-2025 Strategic Plan features new initiatives and a quantitative carbon reduction target of 8% relative to 2021 by 2025. Similarly, as part of its commitment to the World Business Council for Sustainable Development’s five sustainability factors, in 2022, SMU committed to moving toward carbon neutrality by 2050.

To that end, SMU has replaced conventional lighting with LED technology in almost all stores, put in coolers with doors, began using electric vehicles for logistics and e-commerce deliveries, and implemented an energy management system (EMS).

10.2.1 FOOTPRINT MEASUREMENT

SMU began quantifying its carbon footprint in 2018, expanding measurement coverage annually until reaching 100% of stores and distribution centers in Chile. This year, the quantification includes headquarters and Scope 3 emissions from corporate air and ground travel.

In 2023, GHG emissions generated and quantified totaled 390,698 MTCO₂e, 16.7% below the previous year. Scope 1 emissions, which have the greatest impact, come primarily from refrigerant gas charging. An emissions breakdown is available in 10.5 Environmental Indicators.

SMU has obtained independent verification for its carbon footprint and earned the Environment Ministry's *Huella Chile* seal 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 Paris Agreement-aligned indicators.

The 2023 carbon footprint reduction initiatives included expanding the use of electromobility in the supply chain, the Reducing Food Waste Program and replacing lighting in stores and distribution centers with LED technology.



In 2023, SMU earned the *Huella Chile* reduction seal for the 2022 replacement of incandescent bulbs with LED technology at Unimarc stores. The project cut emissions by 225 MTCO₂e, the equivalent of 0.37% of that year's scope 2 emissions.

Emissions Reduction Target

Scopes	Target timeline	Baseline emissions and % reduction target
Scope 1 and 2 combined	Baseline year: 2021 Target year: 2025	Emissions in the baseline year: 0.213 MTCO ₂ e/m ² Percentage of total baseline-year emissions: 92%

10.3 ENERGY EFFICIENCY

Proper management of energy consumption is crucial to reducing the Company's environmental impact and optimizing operational efficiency. Consequently, SMU has multidisciplinary teams working on company-wide efforts to improve operating processes and energy efficiency.

The 2023-2025 Strategic Plan includes several energy efficiency initiatives:

Consumption Management

In 2023, SMU continued using the digital monitoring platform it implemented in 2021 to monitor and track electricity, water and gas consumption at all its facilities in Chile. The technology detects irregularities, e.g., low power factors or abnormal consumption and charges. This data supports decision-making to improve energy performance and efficient use of resources. In 2023, the initiative impacted results in 99 priority locations, producing a reported benefit of CLP 343 million.

Sustainable Store

Sustainable Store projects involve using instruments to constantly monitor and control the main energy systems and manage store energy consumption. The primary goal is to improve energy performance by optimizing store operating conditions.

The installation of monitoring equipment in 2022 marked the first step in the Sustainable Store pilot program. In 2023, refrigeration, climate control and lighting systems monitoring began at the four stores piloting the program: Los Militares, Camino Nos, Larapinta and Espacio Morandé. SMU calculated the savings and found that the project had cut consumption by an average of 8 to 11% in 2023.

Renewable Energy Supply

In 2023, SMU Chile increased the proportion of its total energy consumption generated from renewable sources to 12.1%, a significant increase from the 3.1% recorded in 2022. The initiative also puts SMU Chile on track to achieve its goal of 40% of electricity coming from renewable sources by 2025.

ISO 50,001 Energy Management System

As part of its Energy Program, SMU Chile implemented an ISO 50,001:2018-certified Energy Management System for 382 stores—all Unimarc, Alvi, Mayorista 10, Super 10 locations—and the Lo Aguirre distribution center. An external management system audit also supported progress toward ISO 50,001 certification.

In 2024, the Company plans to expand the management system to the new facilities in Chile and work to ensure certification of 100% of SMU Chile's energy consumption.

Electromobility

Several clean energy alternatives are being developed to replace conventional engines and minimize the impact of logistics emissions, specifically from transport vehicles. The Company's strategic plan sets the target of using electric trucks for 10% of distribution center-store deliveries by 2025. In 2023, SMU added three electric trucks to its fleet, bringing the figure to 2%. It plans to add another eight trucks in 2024. Furthermore, 30% of online orders were delivered in electric vehicles in 2023.

These initiatives are part of quantitative targets:

Target	Description
Renewable Energy	Sign contracts for electricity from renewable sources at facilities that represent 40% of SMU Chile's electricity consumption.
Energy Consumption	By 2025, reduce energy consumption per square meter by 8% relative to 2020 figures.

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.

To adapt to the water scarcity scenario, SMU has begun a project to quantify and reduce its water footprint by focusing on reusing water. The project, which involves recirculation of water from the cooling system at the Lo Aguirre Distribution Center, will reduce annual consumption by 15 million liters, improving water efficiency and circularity.

In 2022, SMU began measuring the Lo Aguirre Distribution Center's water footprint to understand the DC's impact on water resources, evaluate and design water circularity projects and improve efficiency. Project implementation began in 2023, and SMU expects the center to have a smaller water footprint in 2024.

10.5 ENVIRONMENTAL INDICATORS

Waste (*) (Metric Tons)

	2023	2022	2021
Recycled waste:			
<i>Paper and cardboard (packaging)</i>	15,726.77	15,052.26	14,655.71
<i>Paper and cardboard (non-packaging)</i>	4.07	0	0
<i>Plastic</i>	684.87	656.87	629.40
<i>Oil</i>	356.69	555.22	562.06
<i>Textile</i>	10.03	0	0
<i>Compost</i>	1.99	0	0
<i>Transformed Organic Waste</i>	94.64	96.77	21.48
Total waste recycled²³	16,879.06	16,361.12	15,868.65
Recovery for energy (mt)	83.42	79.32	93.11
Total waste recovered	16,962.48	16,440.44	15,961.76
Household-like waste	65,272.66	67,570.89	72,293.65
Hazardous waste	41.76	36.37	16.81
Coverage	98%	98%	98%

*Data for operations in Chile.

Packaging (*) (Metric Tons)

Material	2023	2022	2021
Paper/cardboard/wood/molded pulp	12,987	12,380	9,470
Cardboard for liquids	213	166	114
Metal	2,552	2,479	1,322
Glass	384	428	330
Plastic	3,999	4,396	3,664
Other complex materials	23	67	69
Coverage (% of cost of goods sold)	12.8%	12.1%	8.2%

* Includes packaging for private-label products sold in Chile.

²³ Recyclable waste figures for 2022 and 2021 have been adjusted to reflect the addition of organic waste transformation.

GHG Emissions by Scope (*)

Direct GHG (Scope 1)	Unit of measurement	2023	2022	2021
Total direct GHG emissions (Scope 1)	MTCO ₂ e	250,140	319,935	184,612
Coverage (% of denominator)	Percentage of operational surface area (m ²)	96%	96%	95%
Indirect GHGs (Scope 2)	Unit of measurement	2023	2022	2021
Location-based	MTCO ₂ e	59,839	72,543	91,715
Coverage (% of denominator)	Percentage of operational surface area (m ²)	96%	96%	95%
Indirect GHGs (Scope 3)	Unit of measurement	2023	2022	2021
Total indirect GHG emissions (Scope 3)	MTCO ₂ e	80,731	76,289	77,012
Total Emissions (Scope 1, 2 and 3)	Unit of measurement	2023	2022	2021
	MTCO ₂ e	390,710	468,767	353,339

*Data for operations in Chile.

Types of Emissions SMU Quantifies

ISO 14064- 1	WRI/WBCSD GHG Protocol	Source
Direct Emissions	Scope 1	<ul style="list-style-type: none"> • Fixed 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 • Corporate travel

Quantification of GHG Emissions by Category (MTCO₂e) (*)

Indirect emissions category (Scope 3)	2023 Emissions	2022 Emissions	2021 Emissions	Emission calculation methodology
1. Purchased goods and services	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>
2. Capital goods	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>
3. Fuel- and energy-related activities (not included in scope 1 or 2)	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>
4. Upstream transport and distribution	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>
5. Waste generated in operations	35,611	31,927	34,077	Includes hazardous and non-hazardous waste generation
6. Business travel	561	<i>Not measured</i>	<i>Not measured</i>	Business travel is included from 2023 onwards
7. Employee commuting	25	<i>Not measured</i>	<i>Not measured</i>	Employee commuting, only for SMU, is included from 2023 onwards
8. Upstream leased assets	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>
9. Downstream transportation and distribution	44,534	44,362	42,934	Includes transportation of hazardous and non-hazardous waste, motorcycle courier services, transportation between DCs and stores and e-commerce deliveries.
10. Processing of sold products	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>
11. Use of sold products	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>
12. End-of-life treatment of sold products	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>
13. Downstream leased assets	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>
14. Franchises	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>
15. Investments	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>
Others upstream	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>
Others downstream	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>	<i>Not measured</i>

*Data for operations in Chile.

Energy Consumption (*)

	2023	2022	2021
Natural gas (MWh)	35,611	30,511	32,834
Electricity (MWh)	253,784	241,725	244,727
Total Energy Consumption (MWh)	289,395	272,236	277,561

*2021 and 2022 data for operations in Chile. The natural gas consumption reported in the 2022 Integrated Report has been rectified. Natural gas figures for 2023 reflect operations in Chile; electricity figures are for operations in Chile and Peru.

Electricity Consumption (*)

Type of energy	2023 ³	2023	2022 ⁴	2022
	MWh	% Consumption	MWh	% Consumption
Renewable sources	30,691	12.1%	7,380	3.1%
Non-renewable sources	223,093	87.9%	234,345	96.9%
Coverage	100%		97%	

*2022 data reflects operations in Chile. Data for 2023 reflects operations in Chile and Peru.

Energy Cost (*)

	2023	2022	2021
Energy cost (CLP billion)	29.573	25.953	26.152

*2021 and 2022 data reflects operations in Chile. Natural gas figures for 2023 reflect operations in Chile; electricity figures are for operations in Chile and Peru.

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Water Consumption

Total water consumption	Unit of measurement	2023	2022	2021
A. Withdrawal: Total from the municipal water supply	Million cubic meters	1.16	1.13	1.2
B. Withdrawal: Fresh water (lakes, rivers, etc.)	Million cubic meters	0	0	0
C. Withdrawal: Groundwater	Million cubic meters	0	0	0
D. Discharge: Water returned to its source at a higher or similar quality to that withdrawn (only for A and B)	Million cubic meters	0	0	0
E. TOTAL FRESH WATER CONSUMPTION (A+B+C-D)	Million cubic meters	1.16	1.13	1.2
Total water consumption in water-stressed areas	Megaliters	150	601	541
Total water consumption in areas not experiencing water stress	Megaliters	991	533	682
Coverage (% of denominator)	Percentage of: Operational square meters	100%	98%	98%

*2021 and 2022 data reflects operations in Chile. Data for 2023 reflects operations in Chile and Peru.

2023 Environmental Accolades

Initiative	Recognition
Clean Production Agreement (CPA) for Ecolabeling I	In 2023, SMU earned the Sustainability and Climate Change Agency's (ASCC) Blue Star certificate for meeting the targets and objectives of the Ecolabeling CPA, #ElijoReciclar seal.
Clean Production Agreement for the Transition to a Circular Economy	Intermediate recognition for meeting targets for <i>Acción Empresas's</i> Clean Production Agreement, which provides tools for quantification and moving toward a more circular economy
Energy Excellence Seal	SMU earned the Gold-category Energy Excellence Seal, the highest distinction awarded by Chile's Energy Ministry and Energy Sustainability Agency.
Giro Limpio Program	In 2023, SMU earned <i>Giro Limpio</i> certification in the load generator category. The program implements efficiency measures for cargo storage, transportation and distribution.
Huella Chile Certification	The Environment Ministry's <i>Huella Chile</i> program recognizes companies that have quantified their greenhouse gas emissions.



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.

TOPICS	PROGRESS IN 2023	SDG
Profitable growth	Credit rating upgraded to AA-. Placement of the AP series bonds for UF 1,500,000, maturing in 2033, enabling the Company to flatten out its maturity profile. SMU's share profitability was 49.88% in 2023.	



11.1 MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE 2023 FINANCIAL STATEMENTS

11.1.1

EXECUTIVE SUMMARY: SMU S.A.’S CONSOLIDATED RESULTS.

SMU’s revenue for the full year 2023 (FY23) amounted to CLP 2,862,383 million, an increase of 1.3% with respect to CLP 2,826,314 million for the full year 2022 (FY22). With respect to the fourth quarter of 2023 (4Q23), revenue totaled CLP 738,847 million, 3.5% lower than CLP 765,986 million for the fourth quarter of 2022 (4Q22).

Revenue performance reflects economic conditions and the higher income elasticity the consumers have shown, buying fewer quantities, and substituting for cheaper products. In this sense, during 2023, although the Company’s average ticket has been lower, it is worth noting that the number of customers has increased in every format, and customers are visiting the stores more often. Therefore, once consumption levels start recovering, the Company is well positioned to capture higher sales.

In addition, the 2022 comparison base is very challenging, due to the high levels of demand for basic products during the period. Revenue in Chile grew by 9.9% in 4Q22 with respect to the same period of the previous year, including an increase of 23.4% in the cash & carry segment.

Gross profit for FY23 reached CLP 877,900 million, an increase of 5.1% with respect to 2022. In 4Q23, gross profit totaled CLP 227,417 million, a decrease of 2.0% with respect to 4Q22. Gross margin reached 30.7% in 2023, an expansion of 110 basis points (bps) with respect to the 29.6% recorded in 2022, reflecting improvements in commercial efficiency. Likewise, gross margin for 4Q23 reached 30.8%, compared to 30.3% for 4Q22, an increase of 50 bps.

Operating expenses²⁴ increased by 8.3% in 2023, driven by accumulated annual inflation and the higher minimum wage. However, in 4Q23 operating expenses decreased by 0.3%, reflecting the productivity and operating efficiency initiatives that are part of the Company’s strategic plan, helping to mitigate the increases mentioned above.

SMU’s **EBITDA**²⁵ was affected by lower revenue growth and the consequent lower operating leverage, reaching CLP 262,480 million in 2023 (1.4% lower than in 2022) and CLP 69,709 million in 4Q23 (5.5% lower than in 4Q22). However, it is worth mentioning the Company has been able to maintain an EBITDA margin over 9% (9.2% in FY23 and 9.4% in 4Q23), despite the complex macro scenario.

SMU’s **non-operating results** improved by CLP 24,636 million in FY23 with respect to FY22 (improvement of CLP 17,454 million in 4Q23 vs. 4Q22), primarily explained by several non-

²⁴ Operating expenses = distribution costs + administrative expenses – depreciation - amortization

²⁵ EBITDA = Gross profit – distribution costs – administrative expenses + depreciation + amortization

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recurring effects, as well as the lower inflation in 2023, which generated a positive effect on losses on indexed assets and liabilities.

Pre-tax income improved by CLP 11,654 million (13.2%) in FY23 with respect to FY22, and CLP 11,753 million (45.7%) in 4Q23 vs. 4Q22.

Net income for the fourth quarter of 2023 totaled CLP 36,042 million, an increase of 15.4% with respect to 4Q22. For the year 2023, net income totaled CLP 87,274 million, a decrease of CLP 44,785 million (33.9%) with respect to the CLP 132,059 million reported for FY22, primarily explained by the negative variation of CLP 55,904 million in tax expenses, due to the high level of inflation that affected deferred taxes in 2022.

With respect to the Company's financial position, in August 2023, the credit rating agencies **ICR and Feller-Rate upgraded SMU's credit rating** from A+ (positive outlook) to AA- (stable outlook). Additionally, in September 2023, the Company successfully placed bonds for a total amount of UF 1.5 million, at an annual interest rate of 4.44%, representing a spread of 179 basis points over benchmark. Demand for the transaction was nearly double the placement amount.

The Company's **cash generation** is also worth highlighting. Cash from operating activities increased CLP 15,715 million in 2023, which, in addition to the opening cash balance, enabled the Company to finance CAPEX of CLP 94,601 million and net debt amortization of CLP 39,541 million, ending the fourth quarter with CLP 105,218 million in cash and cash equivalents and maintaining a significant cash surplus.

The Company's **cash position** will be further strengthened in the first quarter of 2024, due to the agreement with the insurance companies reached in November 2023 for the payment of the claim for the losses arising from acts of vandalism that took place beginning in October 2019, within a maximum of 60 days. The total amount is CLP 53,291 million and, as of December 31, 2023, SMU had received CLP 1,476 million. The remaining amount of CLP 51,815 was received in January 2024, generating more financial flexibility for the Company.

11.1.2

ANALYSIS OF THE INCOME STATEMENT

SMU's consolidated results for the periods of three and 12 months ended December 31, 2023 and 2022 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)	4Q23	4Q22	% Var.
Revenue	738,847	765,986	(3.5%)
Cost of Sales	(511,430)	(533,981)	(4.2%)
Gross Profit	227,417	232,005	(2.0%)
<i>Gross Margin (%)</i>	30.8%	30.3%	
Distribution Costs	(10,814)	(10,459)	3.4%
Contribution Margin	216,603	221,547	(2.2%)
<i>Contribution Margin (%)</i>	29.3%	28.9%	
Administrative Expenses (Excluding Depreciation)	(146,894)	(147,766)	(0.6%)
EBITDA	69,709	73,780	(5.5%)
<i>EBITDA Margin (%)</i>	9.4%	9.6%	
Depreciation and Amortization	(26,089)	(24,459)	6.7%
Operating Income	43,620	49,321	(11.6%)
Other Gains (Losses)	13,415	(1,428)	n.a.
Financial Income	1,739	3,202	(45.7%)
Financial Expenses	(13,656)	(13,684)	(0.2%)
Share of Profit (Loss) of Associates	(116)	(180)	(35.4%)
Foreign Exchange Differences	15	115	(86.8%)
Income (Loss) for Indexed Assets and Liabilities	(7,529)	(11,611)	(35.2%)
Non-Operating Income	(6,133)	(23,586)	(74.0%)
Net Income (Loss) Before Taxes	37,487	25,734	45.7%
Income Tax Expenses	(1,445)	5,489	n.a.
Net Income (Loss) from Continued Operations	36,042	31,223	15.4%
Net Income (Loss) from Discontinued Operations	0	0	n.a.
Net Income (Loss) of the Period	36,042	31,223	15.4%
Net Income attributable to owners of the Parent	36,553	31,251	17.0%
Net Income attributable to non-controlling interests	(511)	(28)	1,720.6%
Net Income (Loss) of the Period	36,042	31,223	15.4%

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Table 1.2: Annual Consolidated Income Statements

(CLP Million)	2023	2022	% Var.
Revenue	2,862,383	2,826,314	1.3%
Cost of Sales	(1,984,483)	(1,991,019)	(0.3%)
Gross Profit	877,900	835,295	5.1%
<i>Gross Margin (%)</i>	30.7%	29.6%	
Distribution Costs	(41,557)	(38,912)	6.8%
Contribution Margin	836,343	796,383	5.0%
<i>Contribution Margin (%)</i>	29.2%	28.2%	
Administrative Expenses (Excluding Depreciation)	(573,863)	(530,051)	8.3%
EBITDA	262,480	266,332	(1.4%)
<i>EBITDA Margin (%)</i>	9.2%	9.4%	
Depreciation and Amortization	(100,697)	(91,568)	10.0%
Operating Income	161,782	174,764	(7.4%)
Other Gains (Losses)	5,014	15,426	(67.5%)
Financial Income	8,825	11,600	(23.9%)
Financial Expenses	(53,331)	(53,084)	0.5%
Share of Profit (Loss) of Associates	(73)	(554)	(86.8%)
Foreign Exchange Differences	(516)	(185)	178.9%
Income (Loss) for Indexed Assets and Liabilities	(21,495)	(59,416)	(63.8%)
Non-Operating Income	(61,577)	(86,213)	(28.6%)
Net Income (Loss) Before Taxes	100,206	88,552	13.2%
Income Tax Expenses	(12,932)	42,973	n.a.
Net Income (Loss) from Continued Operations	87,274	131,524	(33.6%)
Net Income (Loss) from Discontinued Operations	0	535	n.a.
Net Income (Loss) of the Period	87,274	132,059	(33.9%)
Net Income attributable to owners of the Parent	88,784	132,088	(32.8%)
Net Income attributable to non-controlling interests	(1,510)	(28)	5,283.4%
Net Income (Loss) of the Period	87,274	132,059	(33.9%)

*n.a. = not applicable. Indicates a comparison in percentage terms between a positive number in one period and another number in a negative period.

11.1.2.1 RESULTS OF OPERATIONS

Revenue

Revenue for the full year 2023 amounted to CLP 2,862,283 million, an increase of 1.3% with respect to CLP 2,826,314 million for the full year 2022. With respect to 4Q23, revenue totaled CLP 738,847 million, 3.5% lower than the CLP 765,986 million recorded in the fourth quarter of 2022.

Table 2.1: Quarterly Revenue (CLP BN)

Revenue (CLP BN)	4Q23	4Q22	% Variation
Unimarc	494	512	-3.5%
Cash & Carry	222	231	-3.7%
Others (*)	5.0	4.2	17.2%
Food Retail Chile	722	747	-3.4%
Food Retail Perú	17	19	-9.1%
CONSOLIDATED	739	766	-3.5%

Table 2.2: Annual Revenue (CLP BN)

Revenue (CLP BN)	2023	2022	% Variation
Unimarc	1,912	1,899	0.7%
Cash & Carry	871	856	1.7%
Others (*)	17.5	9.0	93.9%
Food Retail Chile	2,802	2,765	1.3%
Food Retail Perú	60	61	-1.4%
Consolidated	2,862	2,826	1.3%

(*) "Others" includes all revenue other than that generated by the Company's operating formats presented in the table. Additionally, in 2023 and 4Q23, it includes revenue from the financial services business. (See Note Regarding Presentation and Comparison of Information, section 11.1.8)

Food Retail Chile revenue increased 1.3% in FY23 with respect to FY22 and decreased 3.4% in 4Q23 with respect to 4Q22. By format, revenue for Unimarc – the traditional supermarket – grew 0.7% in the full year 2023 over 2022 and decreased 3.5% in 4Q23 with respect to 4Q22. For the cash & carry segment, which includes the low-cost formats Alvi, Mayorista 10, and Super 10, revenue grew 1.7% in FY23 over FY22 and decreased 3.7% in 4Q23 with respect to 4Q22.

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Revenue performance reflects economic conditions and the higher income elasticity the consumers have shown, buying fewer quantities, and substituting for cheaper products. In this sense, during 2023, although the Company's average ticket has been lower, it is worth noting that the number of customers has increased in every format, and customers are visiting the stores more often. Therefore, once the consumption levels start recovering, the Company is well positioned to capture higher sales.

In addition, the 2022 comparison base is very challenging, due to the high levels of demand for basic products during the period. Revenue in Chile grew by 9.9% in 4Q22 with respect to the same period of the previous year, including an increase of 23.4% in the cash & carry segment.

Online sales, through both SMU's own platforms and strategic partnerships with last milers, accounted for 3.3% of revenue at stores with online operations in 4Q23²⁶. Growth in recent quarters reflects the higher penetration of Unimarc.cl, with an increased number of transactions, due to attractive promotions and operating improvements, including the micro-fulfillment center, which helps to ensure more complete and accurate orders.

Revenue for Food Retail Peru increased 0.2% in 2023 with respect to 2022, measured in local currency (-1.4% measured in Chilean pesos). For 4Q23, revenue decreased by 10.1% (-9.1% measured in Chilean pesos), reflecting the complex economic scenario that affects consumption. However, the new stores that have been opened as part of the Company's organic growth plan are performing better than expected.

Table 3: Same Store Sales Growth (SSS) (%)

SSS (Δ %)	4Q23	4Q22	2023	2022
Unimarc	-4.9%	3.6%	-0.7%	9.1%
Cash & Carry	-4.8%	20.9%	1.4%	23.5%
Food Retail Chile	-4.8%	8.3%	-0.1%	13.1%
Food Retail Peru	-8.8%	-2.4%	-3.2%	-1.1%
CONSOLIDATED	-4.9%	8.4%	-0.2%	13.2%

Same-store sales (SSS) decreased by 0.2% in the full year 2023, and by 4.9% in the fourth quarter, consistent with the trend in revenue and reflecting the high comparison base in 2022, when SSS increased by 13.2% in total and by 23.5% in the cash & carry segment. By format, the cash & carry segment grew by 1.4% in FY23 and decreased by 4.8% in 4Q23, whereas Unimarc reported a decrease of 0.7% in FY23 and a decrease of 4.9% in 4Q23.

For Food Retail Peru, SSS (measured in soles) decreased by 3.2% in 2023, and 8.8% in 2023. However, it is worth mentioning that the Maxiahorro stores that have opened in the

²⁶ Considers Unimarc format.

north of the country, which is the geographic focus area for future growth, had an increase of 4.8% in SSS for the fourth quarter.

Table 4: Sales per Square Meters (Thous. CLP/M²) (*)

SALES PER SQM (CLP Thousand/SQM)	4Q23			2023		
	4Q23	4Q22	Δ %	2023	2022	Δ %
Food Retail Chile	493.6	522.7	-5.6%	484.4	487.7	-0.7%
Food Retail Peru	278.9	303.0	-8.0%	250.5	261.7	-4.3%
CONSOLIDATED	484.9	513.8	-5.6%	475.0	478.7	-0.8%

(*) Sales per square meter for Food Retail Peru and Consolidated for 4Q22 and 2022 have been modified with respect to the figures that were originally published in order to correct a calculation error

Sales per square meter reached CLP 474,977 for 2023, 0.8% lower than 2022, and CLP 484,930 for 4Q23, a 5.6% decrease with respect to 4Q22. Food Retail Chile decreased by 0.7% in 2023 and by 5.6% in 4Q23, while Food Retail Peru (measured in Chilean pesos) saw a decrease of 4.3% in 2023, and 8.0% in 4Q23. The variation in sales per square meter, in both Chile and Peru, reflects the performance in revenue, and the higher sales area, due to the opening of new stores during the period that have not yet reached maturity in terms of sales.

Table 5: Number of Stores and Sales Area (Thous. Square Meters)

SSS (Δ %)	NO. STORES		SALES AREA	
	4Q23	4Q22	4Q23	4Q22
Unimarc	292	285	355	348
Cash & Carry	98	95	127	122
Food Retail Chile	390	380	482	470
Food Retail Peru	30	29	20	20
CONSOLIDATED	420	409	502	489

Table 6: Store Openings and Closures

OPENINGS AND CLOSURES	4Q22		1Q23		2Q23		3Q23		4Q23	
	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.
Unimarc	1	1	1	0	2	1	2	0	4	1
Cash & Carry	0	0	0	0	0	1	1	0	3	0

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Food Retail Chile	1	1	1	0	2	2	3	0	7	1
Food Retail Peru	1	0	0	0	1	0	0	0	0	0

As of December 31, 2023, SMU's operations included 390 stores in Chile, distributed from Arica to Punta Arenas, ten more than the 380 stores at the end of 4Q22, and a total of 482,043 square meters. In Peru, the Company had 30 stores, an increase of one store compared to the 29 stores in 4Q22, with 20,037 square meters, for a **total of 420 stores and 502,079 square meters** between the two countries.

During 2023, the Company made significant progress on its organic growth plan, opening a total of 14 new stores, including nine Unimarc stores (in the Los Lagos Region, Santiago Metropolitan Region and the O'Higgins Region); two Alvi stores (Santiago Metropolitan Region); and two Super10 stores (Santiago Metropolitan Region); as well as a new Maxiahorro store in Peru. Six of these openings were Montserrat project stores. During the year, the Company also closed three locations: two Unimarc stores, one of which will be rebuilt as part of a real estate project in the same location, and the one that was closed due to performance, and a Mayorista 10 store that was damaged by a fire. Consequently, the Company achieved 11 net openings in 2023.

Distribution Costs and Administrative Expenses

Operating expenses (distribution costs plus administrative expenses, excluding depreciation and amortization) totaled CLP 615,420 million for the full year 2023, an increase of 8.2% with respect to CLP 568,962 million for 2022. As a percentage of revenue, operating expenses amounted to 21.5% in 2023, an increase of 140 bps compared to 20.1% registered in 2022. With respect to the fourth quarter of 2023, operating expenses totaled CLP 157,707 million (21.3% of revenue), a decrease of 0.3% with respect to CLP 158,225 million (20.7% of revenue) for 4Q22, reflecting the operating efficiency and productivity initiatives that the Company has implemented as part of its strategic plan.

Distribution costs for the full year 2023 reached CLP 41,557 million, an increase of 6.8% with respect to CLP 38,912 million for 2022. Distribution costs as a percentage of revenue amounted to 1.5% in 2023 and 1.4% in 2022. With respect to 4Q23, distribution costs totaled CLP 10,814 million (1.5% of revenue), an increase of 3.4% compared to CLP 10,459 million (1.4% of revenue) in 4Q22. 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 573,863 million (20.0% of revenue) in 2023, an increase of 8.3% with respect to the CLP 530,051 million (18.8% of revenue) reported in 2022. With respect to the fourth quarter of 2023, administrative expenses amounted to CLP 146,894 million (19.9% of revenue), a decrease of 0.6% compared to CLP 147,766 million (19.3% of revenue) for 4Q22.

The main variations in administrative expenses during the full year 2023 are described below:

- a. Increase of CLP 17,020 million (+6.5% YoY) in personnel expenses, primarily due to the higher average minimum wage (15.6%), and inflation adjustments (+10.2%) and new store openings, partially offset by a lower average headcount.
- b. Increase of CLP 9,388 million (+9.2% YoY) in services, primarily explained by higher rates on electricity, security services, and cleaning services, associated with inflation and higher minimum wage.
- c. Increase of CLP 4,659 million (+26.9% YoY) in external services, primarily due to implementation of strategic projects.
- d. Increase of CLP 4,072 million (+27.1% YoY) in advertising expenses, due to increased promotional activity on e-commerce and in-store sales.
- e. Increase of CLP 3,688 million (+15.2% YoY) in credit card commissions, due to the increase in the use of electronic forms of payment, higher rates charged under the four-party model, and higher sales.
- f. Increase of CLP 2,429 million (+11.4% YoY) in IT services, primarily due to the implementation of new technological tools and the impact of inflation.
- g. Increase of CLP 1,872 million (12.9% YoY) in insurance, due to the increase in policy costs.
- h. Increase of CLP 1,857 million (+10.6% YoY) in maintenance.

The main variations in administrative expenses during the fourth quarter of 2023 are described below:

- a. Decrease of CLP 7,078 million (-9.3% YoY) in personnel expenses, reflecting the optimization plan implemented in August 2023, and lower provisions for performance incentive bonuses.
- b. Increase of CLP 3,026 million (+11.7% YoY) in services, primarily explained by higher rates on electricity, security services, and cleaning services, associated with inflation and higher minimum wage.
- c. Increase of CLP 910 million (+16.2% YoY) in external services, primarily due to consulting services associated with strategic projects.
- d. Increase of CLP 521 million (+13.1% YoY) in maintenance.

Table 7: Average Headcount

AVERAGE HEADCOUNT	4Q23	4Q22	Δ %	2023	2022	Δ %
Stores Chile	20,604	21,278	-3.2%	20,977	21,802	-3.8%
Headquarters Chile	2,027	2,160	-6.2%	2,152	2,078	3.5%
Food Retail Chile	22,631	23,439	-3.4%	23,128	23,881	-3.2%
Stores Peru	549	557	-1.4%	551	538	2.5%
Headquarters Peru	168	163	3.1%	167	162	3.1%
Food Retail Peru	717	720	-0.4%	719	700	2.7%
TOTAL	23,348	24,158	-3.4%	23,847	24,580	-3.0%

Gross Margin, Contribution Margin and EBITDA

Gross profit for the full year 2023 totaled CLP 877,900 million, an increase of 5.1% with respect to CLP 835,295 million generated in 2022. With respect to the fourth quarter, gross profit amounted to CLP 227,417 million, a decrease of 2.0% compared to CLP 232,005 million in 4Q22. In percentage terms, gross margin amounted to 30.7% in 2023, an expansion of 110 bps over the 29.6% of 2022, reflecting the improved commercial efficiency. Gross margin for 4Q23 reached 30.8%, an increase of 50 bps compared to the 30.2% reported for 4Q22.

Contribution margin for the full year 2023 totaled CLP 836,343 million (29.2% of revenue), an increase of 5.0% with respect to CLP 796,383 million (28.2% of revenue) for 2022. With respect to the fourth quarter of 2023, contribution margin amounted to CLP 216,603 million (29.3% of revenue), an increase of 2.2% with respect to CLP 221,547 million (28.9% of revenue) in 4Q22.

EBITDA for the full year 2023 totaled CLP 262,480 million, a decrease of 1.4% with respect to the CLP 266,332 million in the full year of 2022. EBITDA margin reached 9.2% in 2023, 20 bps lower than the 9.4% reported for 2022. With respect to the fourth quarter of 2023, EBITDA amounted to CLP 69,709 million (EBITDA margin 9.4%), a decrease of 5.5% compared to CLP 73,780 million (EBITDA margin 9.6%) for 4Q22.

EBITDA adjusted for store rental expenses (EBITDA including all rental expenses, including those not included in administrative expenses under IFRS 16) for the full year 2023 totaled CLP 176,370 million, 6.3% lower than CLP 188,296 million reported in 2022, due to higher rental payments, related to inflation and new store openings. EBITDA adjusted for store rental expenses for the fourth quarter of 2023 totaled CLP 47,768 million (CLP 52,816 million in 4Q22).

Operating income for the full year 2023 totaled CLP 161,782 million, a 7.4% decrease compared to CLP 174,764 million reported in 2022. Operating income for 4Q23 reached CLP 43,620 million, an 11.6% decrease with respect to CLP 49,321 million in 4Q22. The reasons for the decrease were higher depreciation and amortization—reflecting the Company’s higher investment levels in recent years as part of its strategic plans—and the lower EBITDA.

11.1.2.2

NON-OPERATING INCOME²⁷ AND INCOME TAX EXPENSE

The consolidated **non-operating loss** for SMU totaled CLP -61,577 million in the full year 2023, an improvement of CLP 24,636 million with respect to CLP -86,213 million reported in 2022. The variation is primarily explained by the lower inflation levels in 2023 compared to 2022, which generated an improvement of CLP 37,921 million in the loss on indexed assets and liabilities.

This effect was partially offset by four non-recurring effects registered on the other gains (losses) during 2022 and 2023, creating a net negative impact of CLP 16,674 million:

- i. The sale of OK Market in 2022 (CLP 18,034 million gain);
- ii. The organizational restructuring plan that took place in August 2023 (CLP 8,186 million loss), due to the implementation of strategic initiatives increased productivity, mitigating higher levels of operating expenses and generating savings beginning in September 2023;
- iii. A compensation agreement reached with Conadecus and SERNAC in 4Q23, thereby finalizing the class action lawsuits (CLP 3,248 million loss); and
- iv. The increase in the account receivable for the insurance claim for losses arising from acts of vandalism that took place beginning on October 18, 2019. In 4Q23, SMU reached an agreement with the insurance companies for the payment of an amount that was higher than the provision that had originally been recorded, using a conservative estimate, giving rise to a gain, net of the associated expenses, of CLP 12,794 million.

Additionally, financial income decreased CLP 2,776 million in FY23, primarily due to lower rates on time deposits with respect to 2022, as well as the consolidation of the financial services business resulting from the increased ownership interest. In the fourth quarter of 2023, the non-operating loss totaled CLP -6,133 million, an improvement of CLP 17,454 million with respect to CLP -23,586 million recorded in 4Q22. Just as in FY23, the variation in 4Q23 is explained by non-recurring effects (positive effect of CLP 9,546 million) and lower losses on indexed taxes and liabilities, due to lower inflation levels (positive effect of CLP 4,082 million), partially offset by lower financial income (CLP 1,463 million).

The **income tax expense** for the full year 2023 amounted to CLP -12,932 million, a negative variation of CLP 55,904 million with respect to the income tax benefit of CLP 42,973 million

²⁷ 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)

recorded in 2022. The income tax expense for 4Q23 totaled CLP -1,445 million, a decrease of CLP 6,934 million compared to the benefit of CLP 5,489 million for 4Q22. In both periods, the difference is explained mostly by the lower inflation adjustments to the tax loss carryforward and other tax items, due to lower inflation in 2023 vs. 2022, and by the higher pre-tax income.

11.1.2.3

RESULTS OF DISCONTINUED OPERATIONS: OK MARKET

On February 28, 2022, the convenience business OK Market was sold, and consequently, the results of this business are presented consolidated in a single line, "Net income from discontinued operations", in the financial statements of SMU as of December 31, 2023 (see Note Regarding Presentation and Comparison of Information, page 24). SMU's results in 2022 include two months where OK Market operated as part of the SMU Group, generating CLP 535 million of net income, whereas in 2023, 4Q22 and 4Q23, this business was no longer part of the Company's operations.

11.1.2.4

NET INCOME

Net income for the full year 2023 amounted to CLP 87,274 million, a decrease of CLP 44,785 million (33.9%) compared to CLP 132,059 million reported for the full year 2022. The variation is mostly explained by higher inflation in 2022 with respect to 2023, affecting the income tax expense (negative variation of CLP 55,904 million), as explained above, as well as the decrease in operating income, partially offset by improvements in the non-operating income.

Net income for the fourth quarter of 2023 reached CLP 36,042 million, an increase of CLP 4,819 million (15,4%) compared to CLP 31,223 million in 4Q22, explained by the improvements in non-operating income.

It is difficult to compare net income for both the full year and the fourth quarter 2023 to the same periods of 2022 because of the significant impact of inflation adjustments to the tax loss carryforward and other tax items. However, when comparing pre-tax income this effect is removed. Pre-tax income improved CLP 11,654 million (13.2%) in 2023 with respect to 2022, and CLP 11,753 million (45.7%) in 4Q23 vs. 4Q22.

11.1.3 ANALYSIS OF STATEMENTS OF FINANCIAL POSITION

Table 8.1: Statement of Financial Position as of December 31, 2023 and 2022 – Assets

(CLP Million)	Dec. 2023	Dec. 2022	Δ \$	Δ %
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	105,218	124,531	(19,313)	(15.5%)
Other Current Financial Assets	3,685	6,734	(3,049)	(45.3%)
Other Current Non-Financial Assets	26,940	35,737	(8,797)	(24.6%)
Trade Accounts Receivable and Other Receivables, Net	141,894	81,633	60,261	73.8%
Accounts Receivable from Related Companies	506	401	105	26.2%
Inventories	218,438	245,353	(26,915)	(11.0%)
Current Tax Assets	4,428	2,844	1,584	55.7%
Total Current Assets	501,111	497,235	3,876	0.8%
NON-CURRENT ASSETS				
Other Non-Current Financial Assets	392	396	(4)	(1.0%)
Other Non-Current Non-Financial Assets	2,561	3,921	(1,361)	(34.7%)
Non-Current Accounts Receivable	2,184	41,358	(39,174)	(94.7%)
Investments Accounted for Using the Equity Method	3,104	3,253	(148)	(4.6%)
Intangible Assets Other Than Goodwill	66,832	67,473	(641)	(1.0%)
Goodwill	473,848	472,939	909	0.2%
Property, Plant, and Equipment, Net	867,478	762,790	104,688	13.7%
Deferred Tax Assets	466,662	479,271	(12,609)	(2.6%)
Total Non-Current Assets	1,883,062	1,831,402	51,660	2.8%
TOTAL ASSETS	2,384,173	2,328,637	55,536	2.4%

Table 8.2: Statement of Financial Position as of December 31, 2023 and 2022 – Liabilities

(CLP Million)	Dec. 2023	Dec. 2022	Δ \$	Δ %
LIABILITIES				
CURRENT LIABILITIES				
Other Current Financial Liabilities	170,205	164,346	5,859	3.6%
Trade and Other Current Payables	428,082	446,798	(18,716)	(4.2%)
Accounts Payable to Related Companies	619	1,017	(399)	(39.2%)
Other Current Provisions	3,998	3,033	965	31.8%
Current Tax Liabilities	1,183	257	926	360.2%
Current Provisions for Employee Benefits	37,530	26,223	11,307	43.1%
Other Current Non-Financial Liabilities	9,226	10,765	(1,539)	(14.3%)
Total Current Liabilities	650,842	652,438	(1,596)	(0.2%)
NON-CURRENT LIABILITIES				
Other Non-Current Financial Liabilities	909,666	876,600	33,066	3.8%
Non-Current Payables	10,210	0	10,210	-
Non-Current Provisions for Employee Benefits	406	12,267	(11,862)	(96.7%)
Total Non-Current Liabilities	920,282	888,868	31,415	3.5%
TOTAL LIABILITIES	1,571,125	1,541,305	29,819	1.9%

Table 8.3: Statement of Financial Position as of December 31, 2023 and 2022 – Equity

(CLP Million)	Dec. 2023	Dec. 2022	Δ \$	Δ %
EQUITY				
Issued Capital	523,742	523,742	-	0.0%
Reacquired Own Equity	(833)	(833)	-	0.0%
Retained Earnings	140,754	114,582	26,172	22.8%
Other Reserves	149,386	145,428	3,957	2.7%
Equity Attributable to the Owners of the Parent Company	813,048	782,919	30,130	3.8%
Non-Controlling Interest	-	4,412	(4,412)	(100.0%)
Total Equity	813,048	787,331	25,717	3.3%
TOTAL LIABILITIES AND EQUITY	2,384,173	2,328,637	55,536	2.4%

Assets

As of December 31, 2023, SMU's **total assets** increased by CLP 55,536 million (2.4%) with respect to December 31, 2022, totaling CLP 2,384,173 million.

Current assets as of December 31, 2023, increased by CLP 3,876 million (0.8%) with respect to December 31, 2022, totaling CLP 501,111 million. The primary variations during the period were:

- a. Increase of CLP 60,261 million in current trade accounts receivable and other receivables, net, primarily explained by the transfer from non-current to current of the payment of the insurance claim from losses arising from acts of vandalism that took place on October 18, 2019 (CLP 39,610 million), and the CLP 13,681 million increase in the amount of this account receivable, resulting from the agreement reached with the insurance companies an amount exceeding the amount that had originally been provisioned, applying a conservative estimate.
- b. Decrease of CLP 26,915 million in inventory, due to assortment optimizations and improvements in demand planning.
- c. Decrease of CLP 19,313 million in cash and cash equivalents, primarily explained by the reasons described in section 3. Cash Flow Statements.
- d. Decrease of CLP 8,797 million in other current non-financial assets, primarily due to a decrease of CLP 5,710 million in prepaid insurance and lower VAT fiscal credit (CLP 2,151 million).
- e. Decrease of CLP 3,049 million in other current financial assets, due to lower time deposits at the end of the period.

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Non-current assets as of December 31, 2023, increased by CLP 51,660 million (2.8%) with respect to December 31, 2022, totaling CLP 1,883,062 million. The primary variations during the period were:

- a. Increase of CLP 104,688 million in property, plant, and equipment, primarily due to additions during the period (CLP 208,509 million), partially offset by depreciation for the period (CLP 93,735 million) and sales and disposals of assets (CLP 11,471 million). The additions during the period include capex projects, such as fitting out new stores, purchases of land for future development, and new rental contracts, recognized as rights of use.
- b. Decrease of CLP 39,174 million in non-current trade accounts receivable and other receivables, due to the transfer from non-current to current of the insurance claim, as explained above.
- c. Decrease of CLP 12,609 million in deferred tax assets, primarily due to the decrease of CLP 20,097 million in deferred tax assets, partially offset by the decrease of CLP 7,487 million in deferred tax liabilities.

Liabilities

As of December 31, 2023, the Company's **total liabilities** increased by CLP 29,819 million (1.9%) with respect to December 31, 2022, totaling CLP 1,571,125 million.

Current liabilities as of December 31, 2023, decreased by CLP 1,596 million (0.2%) with respect to December 2022, totaling CLP 650,842 million.

The primary variations during the period are detailed as follows:

- a. Decrease of CLP 18,716 million in current trade accounts payable and other payables, primarily due to the cut-off date for payments.
- b. Increase of CLP 11,307 million in current provisions for employee benefits, primarily due to the increase of CLP 10,840 million in provisions for performance incentive bonuses, reflecting the transfer from non-current to current of the long-term incentive, as well as the addition of incentives for the current period, partially offset by the consumption of the provision for performance incentives for the 2022 period.
- c. Increase of CLP 5,859 million in other current financial liabilities, explained by the transfer from non-current to current of upcoming maturities, as well as inflation adjustments, almost entirely offset by the payment of financial liabilities during the period. During 2023, the Company paid CLP 153,255 million in maturities, including financial debt (banks and bonds) for 94,141 million, and liabilities for rights of use (with and without purchase option) for CLP 59,114 million.
- d. Decrease of CLP 1,539 million in other current non-financial liabilities, primarily due to a decrease in VAT fiscal debit (CLP 1,664 million).

As of December 31, 2023, **non-current liabilities** increased by CLP 31,415 million (3.5%) with respect to December 2022, amounting to CLP 920,282 million. The primary variations during the period were:

- a. Increase of CLP 33,066 million in other non-current financial liabilities, explained by (i) the placement of the Series AP bonds in September (UF 1.5 million); (ii) the addition of new lease contracts during the period; and (iii) the increase in the UF, partially offset by the transfer from non-current to current of upcoming maturities.
- b. Decrease of CLP 11,862 million in provisions for employee benefits, primarily explained by the transfer from non-current to current of the long-term incentive.
- c. Increase of CLP 10,210 million in non-current trade accounts payable and other payables, due to the transfer from current to non-current of this account resulting from a long-term payment agreement.

Equity

Shareholders' equity increased by CLP 25,717 million (3.3%), primarily explained by the increase of CLP 26,172 million in retained earnings, considering CLP 88,784 million for the profit for the period, partially offset by the payment of dividends for CLP 62,612 million.

11.1.4

ANALYSIS OF STATEMENTS OF CASH FLOWS

Table 9: Statement of Cash Flows for the Years Ended December 31, 2023 and 2022

(CLP Million)	Dec. 2023	Dec. 2022	Δ \$
Net Cash Flows From (Used in) Operating Activities	286,301	270,586	15,715
Net Cash Flows From (Used in) Investing Activities	(90,174)	(11,881)	(78,293)
Net Cash Flows From (Used in) Financing Activities	(215,440)	(247,967)	32,527
Net Increase (Decrease) in Cash and Cash Equivalents Before Effect of Exchange Rates	(19,313)	10,737	(30,051)
Net Increase (Decrease) in Cash and Cash Equivalents	(19,313)	10,737	(30,051)
Cash and Cash Equivalents at Beginning of Period	124,531	113,794	10,737
Cash and Cash Equivalents at End of Period	105,218	124,531	(19,313)

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During 2023, cash provided by **operating activities** totaled CLP 286,301 million, an increase of CLP 15,715 million compared to CLP 270,586 million for 2022. The higher generation of cash flow is explained by the increase in sale of goods and rendering of services (CLP 77,543 million), partially offset by the increase of payments to suppliers (CLP 37,835 million) and payments to employees (CLP 32,336 million). Other operating payments decreased by CLP 14,235 million, primarily related to lower VAT payments due to increased purchases of goods and services.

Cash used in **investing activities** for 2023 totaled a net outflow of CLP -90,174 million, a difference of CLP -78,293 million compared to the net inflow of CLP 11,881 million for the 2022. The difference is mainly due to the proceeds from the sale of OK Market in 2022, which amounted to CLP 49,100 million, also a higher level of CAPEX in 2023. **CAPEX** includes purchases of property, plant and equipment and purchases of intangible assets, which amounted to CLP 94,601 million in 2023 and CLP 56,876 million in 2022.

Cash used in **financing activities** for 2023 totaled a net outflow of CLP -215,440 million, a positive variation of CLP 32,527 million, mainly explained by (i) repayment of loans for CLP 94,141 million; (ii) payments of dividends for CLP 62,612 million; (iii) payment of financial leases for CLP 59,114 million; and (iv) interest payments for CLP 54,174 million; partially offset by proceeds from long-term loans for CLP 54,601 million, from the placement of the Series AP bonds. In the full year 2022, cash from financing activities totaled a net outflow of CLP -247,967 million, explained by (i) payment of dividends for CLP 97,364 million; (ii) repayment of loans for CLP 78,401 million; (iii) payment of financial leases for CLP 51,429 million; and (iv) payment of interest for CLP 51,429 million; partially offset by proceeds from long-term loans for CLP 31,820 million, from the placement of the Series AO bonds.

11.1.5 FINANCIAL INDICATORS

Table 10: Financial Indicators

			Dec. 2023	Dec. 2022
LIQUIDITY				
Liquidity Ratio	Times	Current assets/current liabilities	0.77	0.76
Acid Ratio	Times	(Current assets - inventories)/current liabilities	0.43	0.39
LEVERAGE				
Total Liabilities / Total Assets	Times	Total Liabilities / Total Assets	0.66	0.66
Total Liabilities / Equity	Times	Total Liabilities / Equity	1.93	1.96
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	0.53	0.54
Current Liabilities / Total Liabilities	%	Total current liabilities/Total liabilities	41.43	42.33
Net Financial Liabilities / EBITDA	Times	Other current financial liabilities + other non-current financial liabilities - cash and cash equivalents)/EBITDA for the last 12 months	3.71	3.44

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			Dec. 2023	Dec. 2022
WORKING CAPITAL				
Days of Inventory	Days	Average inventory for the period / Daily cost of goods sold for the period	42.07	43.14
Accounts Receivable Days	Days	Average current trade and other accounts receivable for the period / (Daily revenue for the period * 1.19)	11.81	9.38
Accounts Payable Days	Days	Average current trade and other accounts payable for the period / (Daily cost of goods sold for the period * 1.19)	66.68	66.14
EFFICIENCY				
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)	5.90	6.42
Gross Margin (Last 12 months)	%		30.67	29.55
EBITDA (Last 12 months)	CLP millions		262,480	266,332
EBITDA Margin (Last 12 months)	%		9.17	9.42

			Dec. 2023	Dec. 2022
PROFITABILITY				
Return on Assets	%	Net income last 12 months / Total assets	3.66	5.67
Return on Assets (excluding goodwill)	%	Net income last 12 months / (Total assets - goodwill)	4.57	7.12
Return on Equity	%	Net income last 12 months / Shareholders' Equity	10.73	16.77
Return on Invested Capital (including goodwill)	%	Operating income last 12 months / (Accounts receivable + inventories + intangible assets + goodwill + property, plant and equipment)	9.15	10.72
Return on Invested Capital (excluding goodwill)	%	Operating income last 12 months / (Accounts receivable + inventories + intangible assets + property, plant and equipment)	12.50	15.10
EBITDA ADJUSTED FOR STORE RENTAL EXPENSES				
EBITDA Adjusted for Store Rental Expenses (Last 12 months)	CLP millions	EBITDA including store rental expenses not included in administrative expenses under IFRS	176,370	188,296
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)	14.37	17.52
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	2.43	2.26

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With respect to **liquidity** indicators, there are no significant variations between December 2023 and December 2022.

With respect to **indebtedness** indicators, there are no significant variations between December 2023 and December 2022.

With respect to **working capital** indicators, the main differences are in inventory turnover, due to the decrease in inventory, for the reasons explained in section 2 of this document, and in accounts receivable turnover, due to the increase in current accounts receivable, for the reasons explained in section 2 of this document.

With respect to **efficiency** indicators, the lower net interest coverage is primarily explained by lower financial income, causing an increase in net financial expenses, as described in section 1 of this document.

With respect to **profitability** indicators, the lower profitability is due to the lower net income and lower operating income, for the reasons described in section 1 of this document. Additionally, there are increases in the asset and equity accounts, for the reasons described in section 2 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, 2023.

11.1.7

RELEVANT EVENTS DURING THE PERIOD

1. On March 27, 2023, 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 20, 2023, 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:
 - i. Approve annual report and financial statements for the 2022 period.
 - ii. Approve the report of independent auditors.
 - iii. Approve remunerations of Board of Directors and other corporate committees for the 2023 period. Inform Board of Directors expenses incurred during 2022 period.
 - iv. Inform activities and expenses of Directors' Committee for the 2022 period and determine remunerations and budget for the 2023 period.

- v. Inform operations referred to under Title XVI of Law No. 18,046 (related-party operations).
 - vi. Designate independent audit firm for the 2023 period.
 - vii. Designate credit rating agencies for the 2023 period.
 - viii. Dividend payment and distribution of net income for the 2022 period.
 - ix. Designate newspaper in which legally required notifications will be published.
 - x. 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 4.06695 per share, to be charged to net income for 2022, which is in addition to the interim dividends of CLP 6.47041 per share, CLP 2.82270 per share, and CLP 3.81874 per share, paid on June 6, September 6, and December 7, 2022, respectively, for a total amount of CLP 99,065,586,952 (75% of net income). The remaining balance to be paid amounts to CLP 23,438,669,409, or CLP 4.06695 per share. If approved, such dividend would be paid on April 28, 2023 to shareholders of record as of the fifth business day prior to such date.
2. On March 30, 2023, the rating agency ICR improved the outlook on SMU's credit rating from A+ (stable outlook) to A+ (positive outlook).
3. On April 20, 2023, 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 2022 period.
 - b) Approve the report of independent auditors.
 - c) Approve remunerations of Board of Directors and other corporate committees for the 2023 period. In addition, shareholders were informed of the Board of Directors expenses incurred during the 2022 period.
 - d) Approve remunerations of the Directors' Committee for the 2023 period and inform activities and expenses of such committee during 2022.
 - 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 for the 2023 period.
 - 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 4.06695 per share, to be charged to net income for 2022, which is in addition to the interim dividends of CLP 6.47041 per share, CLP 2.82270 per share, and CLP 3.81874 per share, paid on June 6, September 6, and December 7, 2022, respectively, for a total amount of CLP 99,065,586,952 (75% of net income). The remaining balance to be paid amounts to CLP 23,438,669,409, or CLP 4.06695 per share. Such dividend was paid beginning on April 28, 2023 to shareholders of record as of the fifth business day prior to such date.

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4. On April 27, 2023, the rating agency Feller-Rate ICR improved the outlook on SMU's credit rating from A+ (stable outlook) to A+ (positive outlook).
5. On May 15, 2023, the Company filed an essential fact, informing that the Board of Directors had agreed to distribute to shareholders an interim dividend in the amount of CLP 16,658,142,643, equivalent to CLP 2.89043 per share. This interim dividend corresponds to 75% of net income for the first quarter of 2023. The payment of this dividend was started on June 5, 2023, to the shareholders of record on the fifth business day prior to such date.
6. On August 16, 2023, the Company filed an essential fact, informing that the board of Directors had agreed to distribute to shareholders an interim dividend in the amount of CLP 14,088,213,958, equivalent to CLP 2.44452 per share. This interim dividend corresponds to 75% of net income for the second quarter of 2023. The payment of this dividend was started on September 7, 2023, to the shareholders of record on the fifth business day prior to such date.
7. On August 18, 2023, the Company reported the implementation of an organizational restructuring plan, which was carried out on August 16 and 17 and whose goal was to improve productivity while mitigating higher operating expenses and contributing to a better shopping experience for customers. This plan had a cost of approximately CLP 8,200 million, which is reflected in the financial statements of the third quarter of 2023.
8. On August 31, 2023, the credit rating agencies ICR and Feller-Rate, upgraded the Company's credit rating from A+ (positive outlook) to AA- (stable outlook).
9. On September 14, 2023, the Company filed an essential fact, informing the placement of dematerialized bearer bonds in the local Chilean market under Series AP (ticker BCSMU-AP), charged to the bond line that is registered with the Securities Registry of the CMF under number 964 ("Series AP Bonds"). The series was placed at an annual interest rate of 4.44%, with an annual coupon rate of 4.5%, and a maturity date of September 1, 2033. The placement of the Series AP Bonds was for a total amount of UF 1.5 million. The Company intends to use the total amount of the net proceeds from the placement to refinance existing financial liabilities.
10. On November 13, 2023, the Company filed an essential fact, informing that the Board of Directors has agreed to distribute to shareholders an interim dividend in the amount of CLP 8,426,844,106, equivalent to CLP 2.44452 per share. This interim dividend corresponds to 75% of net income for the third quarter of 2023. The payment of this dividend was started December 5, 2023, to the shareholders of record on the fifth business day prior to such date.
11. On November 27, 2023, the Company informed that it had reached a compensation agreement with Conadecus and SERNAC in order to settle the collective action lawsuits filed by these entities for a total amount of 3,438 Annual Tax Units (approximately CLP 2,600 million). With this agreement, SMU has finalized the class action lawsuits related to the Supreme Court's sentence handed down on April 8, 2020. The settlement amount will

be provided to the Social Security Institute and was recognized in the fourth quarter 2023 financial statements.

12. On November 27, 2023, the Company announced through an essential fact that it had reached an agreement with the insurance companies for the payment of the insurance claim for losses arising from acts of vandalism that took place beginning on October 18, 2019. The Company recognized an account receivable in the quarters in which the events took place, for the total amount of CLP 39,610 million. However, the total amount agreed was approximately CLP 52 billion, and consequently, a positive pre-tax impact of approximately CLP 13 billion was recognized in the fourth quarter of 2023. In terms of cash, the payment was received in January 2024.
13. On December 28, 2023, SMU provided an update on the progress of its organic growth plan, highlighting 13 new store openings in Chile during the year, including the opening of six stores that were part of the Montserrat project during the fourth quarter. The Company successfully executed its organic growth plans for the year, even surpassing its expectation of opening 12 stores in Chile. In total, the openings of the year included: nine Unimarc stores, two Super10 stores and two Alvi stores, as well as a Maxiahorro store in Peru.

11.1.8

NOTE REGARDING PRESENTATION AND COMPARISON OF INFORMATION

Sale of OK Market

On February 28, 2022, SMU completed the sale of its OK Market convenience stores to FEMSA Comercio S.A. de C.V., which operates OXXO convenience stores in Chile. In accordance with the provisions of IFRS 5, in SMU's Consolidated Financial Statements as of December 31, 2023, the OK Market business is presented as available for sale.

Consequently, in the Company's statements of comprehensive income, when comparing the two periods presented, in 2022, the amounts corresponding to the OK Market business for the first two months of 2022 are presented under a single line, "Profit (loss) from discontinued operations", whereas in 2023, 4Q22, and 4Q23, there is no profit or loss associated with this business.

The statements of cash flows and financial position do not reflect the OK Market business in either period.

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 aforementioned 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 financial statements as of December 31, 2023, in the income statement, the revenue, costs and expenses of these companies for the dates between January 1 and December 31, 2023, are consolidated on a line-by-line basis. However, for the three and twelve months ended December 31, 2022, the results of these companies are consolidated in a single line under "Share of Profit (Loss) of Associates." Therefore, the two periods are not entirely comparable. The same is true of the statement of cash flow, which includes cash movements for these companies only in the 2023 period.

In the statement of financial position, however, the information is comparable, as the information is presented as of December 2023 and December 31, 2022. As of both dates, all assets and liabilities are consolidated on a line-by-line basis.

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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	834,970,314
Investment as a percentage of the parent company's total individual assets	35.3263%
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 2023.
Contractual relationship with the parent	Management services

* 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
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 2023.
Contractual relationship with the parent	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
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 2023.
Contractual relationship with the parent	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	Inversiones 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
Telephone number	22 818 8000
Authorized Capital (ThCh\$)	502,211,248
Paid-in capital (ThCh\$)	421,031,248
Investment as a percentage of the parent company's total individual assets	16.6235%
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 2023.
Contractual relationship with the parent	Management services

* 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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	1,200
Investment as a percentage of the parent company's total individual assets	0.6072%
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 Montalva Jerez
Chief executive officer	Luisa Astorino Morales* ³²
Ownership interest	SMU S.A. 99.916667% - No changes during the year 2023.
Contractual relationship with the parent	Management and technology services

* Holds position of director, chief executive officer, or senior manager of SMU S.A.

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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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	36,718,348
Investment as a percentage of the parent company's total individual assets	0.09753%
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	Arturo Silva Ortiz*, Marcelo Gálvez Saldías* and Andrés Winter Salgado
Chief executive officer	Marcelo Gálvez*
Ownership interest	SMU S.A. 99.99999997%. Increase of 52.96% during 2023, due to capital increases.
Contractual relationship with the parent	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

12.1.2 ASSOCIATES

UNIRED S.A.	
Company name	Unired S.A.
Type of company	Corporation
Chilean I.D.	76.063.653-3
Address	Cerro el plomo 5680, piso 9, comuna de Las Condes.
Telephone number	None
Paid-in capital (ThCh\$)	5,986,838
Investment as a percentage of the parent company's total individual assets	0.2696%
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	Andrés Winter Salgado, Horacio Salamanca Uboldi, Marcelo Gálvez Saldías, Cecilia Vergara Fisher and Arturo Silva Ortiz*
Chief executive officer	Marcela Sáez Villouta
Ownership interest	Inversiones SMU Limitada 48.99992% - No changes during the year 2023.
Contractual Relationship with the Parent	Management and real estate services

12.1.3 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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	195,443,250
Investment as a percentage of the parent company's total individual assets	4.5514%
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 2023.
Contractual relationship with the parent	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.

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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	642,085,432
Investment as a percentage of the parent company's total individual assets	47.9274%
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* ³⁴
Chief executive officer	Jorge Sáez Correa
Ownership interest	Inversiones SMU Limitada 99.99989% - No changes during the year 2023.
Contractual relationship with the parent	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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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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	119,996
Investment as a percentage of the parent company's total individual assets	0.6419%
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	Nicolas Delsol
Ownership interest	Supermercados Chile S.A. 99.999998% - No changes during the year 2023.
Contractual relationship with the parent	Management and technology services

* Holds position of director, chief executive officer, or senior manager of SMU S.A.

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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	69,725,327
Investment as a percentage of the parent company's total individual assets	3.2098%
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	Francisco Gaete Bascuñán
Ownership interest	Supermercados Chile S.A. 99.99872% - No changes during the year 2023.
Contractual relationship with the parent	Management and technology services

* Holds position of director, chief executive officer, or senior manager of SMU S.A.

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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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	466,150
Investment as a percentage of the parent company's total individual assets	0.3240%
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 2023.
Contractual relationship with the parent	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

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
Telephone number	22 818 8000
Capital suscrito y pagado (M\$)	1,000
Paid-in capital (ThCh\$)	(0.5384%)
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 2023.
Contractual relationship with the parent	Technology services

* Holds position of director, chief executive officer, or senior manager of SMU S.A.

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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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	1,000
Investment as a percentage of the parent company's total individual assets	(0.0561%)
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 2023.
Contractual relationship with the parent	Management and technology services

* Holds position of director, chief executive officer, or senior manager of SMU S.A.

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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	1,000
Investment as a percentage of the parent company's total individual assets	0.0962%
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 2023.
Contractual Relationship with the Parent	Management services

INTEGRATED REPORT 2023

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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	1,001,000
Investment as a percentage of the parent company's total individual assets	0.2825%
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* and Arturo Silva Ortiz*
Chief executive officer	Marcelo Fuentes Guglielmetti*
Ownership interest	Rendic Hermanos S.A. 99.9999%. – No changes during the year 2023.
Contractual relationship with the parent	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.

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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	315,553
Investment as a percentage of the parent company's total individual assets	0.0765%
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	Francisco Gaete Bascuñán
Ownership interest	Alvi Supermercados Mayoristas S.A. 99.8677% - No changes during the year 2023.
Contractual relationship with the parent	There are no contracts or actions that have a significant impact on the operations and results of the parent company.

INTEGRATED REPORT 2023

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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	262,944
Investment as a percentage of the parent company's total individual assets	0.0007%
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 2023.
Contractual relationship with the parent	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.

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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	3,401,127
Investment as a percentage of the parent company's total individual assets	0.0556%
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* y Arturo Silva Ortiz*
Chief executive officer	Marcelo Fuentes Guglielmetti*
Ownership interest	Alvi Supermercados Mayoristas S.A. 99.59%. – No changes during the year 2023
Contractual relationship with the parent	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.

INTEGRATED REPORT 2023

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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	147,623
Investment as a percentage of the parent company's total individual assets	0.2206%
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 2023.
Contractual relationship with the parent	Management services

* Holds position of director, chief executive officer, or senior manager of SMU S.A.

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
Authorized capital (ThCh\$)	501,765,661
Paid-in capital (ThCh\$)	425,585,662
Investment as a percentage of the parent company's total individual assets	10.1036%
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	Inversiones Omega Limitada 99.999999%. - No changes during the year 2023.
Contractual relationship with the parent	Management services

* Holds position of director, chief executive officer, or senior manager of SMU S.A.

INTEGRATED REPORT 2023

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
Telephone number	22 818 8000
Authorized capital (ThCh\$)	285,333,336
Paid-in capital (ThCh\$)	231,233,337
Investment as a percentage of the parent company's total individual assets	2.3943%
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. 99.999999% - No changes during the year 2023.
Contractual relationship with the parent	Management services

* Holds position of director, chief executive officer, or senior manager of SMU S.A.

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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	17,671
Investment as a percentage of the parent company's total individual assets	0.0884%
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 2023.
Contractual relationship with the parent	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.

INTEGRATED REPORT 2023

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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	1,000
Investment as a percentage of the parent company's total individual assets	0.0010%
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 2023.
Contractual relationship with the parent	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.

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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	1,000
Investment as a percentage of the parent company's total individual assets	0.0030%
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 2023.
Contractual relationship with the parent	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.

INTEGRATED REPORT 2023

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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	1,000
Investment as a percentage of the parent company's total individual assets	0.0028%
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 2023.
Contractual relationship with the parent	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.

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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	1,000
Investment as a percentage of the parent company's total individual assets	0.0013%
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 2023.
Contractual relationship with the parent	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.

INTEGRATED REPORT 2023

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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	1,000
Investment as a percentage of the parent company's total individual assets	0.0004%
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 2023.
Contractual relationship with the parent	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 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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	18,303
Investment as a percentage of the parent company's total individual assets	0.3690
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 2023.
Contractual relationship with the parent	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.

INTEGRATED REPORT 2023

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	0.3425%
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 2023.
Contractual relationship with the parent	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 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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	700,858
Investment as a percentage of the parent company's total individual assets	0.0508%
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 2023.
Contractual relationship with the parent	Management services

* Holds position of director, chief executive officer, or senior manager of SMU S.A.

INTEGRATED REPORT 2023

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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	2,936
Investment as a percentage of the parent company's total individual assets	0.0501%
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 2023.
Contractual relationship with the parent	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 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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	1,426,231
Investment as a percentage of the parent company's total individual assets	0.1186%
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
Administrador	Supermercados 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 2023.
Contractual relationship with the parent	Management services

* Holds position of director, chief executive officer, or senior manager of SMU S.A.

INTEGRATED REPORT 2023

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
Telephone number	22 818 8000
Paid-in capital (ThCh\$)	70,936
Investment as a percentage of the parent company's total individual assets	0.1115%
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 2023.
Contractual relationship with the parent	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.

UNICARD S.A.	
Company name	Unicard S.A.
Type of company	Special Corporation
Chilean I.D.	76.086.272-K
Address	Cerro El Plomo 5680, piso 9, Las Condes, Santiago
Telephone number	None
Paid-in capital (ThCh\$)	72,500,000
Investment as a percentage of the parent company's total individual assets	0.0243%
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	Andrés Olivos Bambach, Horacio Salamanca Uboldi, Marcelo Galvez Saldías, Arturo Silva Ortiz* y Andrés Winter Salgado
Chief executive officer	Inguer Pérez-Borroto
Ownership interest	SMU S.A. 42.63% directly; Inversiones RF 57.37% indirectly. No changes during the year 2023.
Contractual relationship with the parent	Management, real estate, and technology services

* Holds position of director, chief executive officer, or senior manager of SMU S.A.

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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	Cerro El Plomo 5680, piso 9, Las Condes, Santiago
Telephone number	None
Paid-in capital (ThCh\$)	10,531,314
Investment as a percentage of the parent company's total individual assets	0.1442%
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% directly; Inversiones RF 57,37% indirectly. No changes during the year 2023.
Contractual relationship with the parent	Management services

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	Cerro El Plomo 5680, piso 9, Las Condes, Santiago
Telephone number	None
Paid-in capital (ThCh\$)	1,727,500
Investment as a percentage of the parent company's total individual assets	(0.0243%)
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
Legal representative	Raúl Leal Rozas
Ownership interest	SMU 42.63% directly; Inversiones RF 57.37% indirectly. No changes during the year 2023.
Contractual relationship with the parent	Management and real estate services

INTEGRATED REPORT 2023

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, Perú.
Telephone number	+51-1-7006700
Paid-in capital (ThPEN)	221,473
Investment as a percentage of the parent company's total individual assets	0.9387%
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 Dañoibeitía 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 2023.
Contractual relationship with the parent	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, Perú.
Telephone number	+51-1-7006700
Paid-in capital (ThPEN)	135,510
Investment as a percentage of the parent company's total individual assets	0.0007%
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. 99.419164%.
Contractual relationship with the parent	Technology services

* Holds position of director, chief executive officer, or senior manager of SMU S.A.

INTEGRATED REPORT 2023

INVERSIONES PACUCHA S.A.	
Company name	Inversiones Pacucha S.A.
Type of company	Corporation
Peruvian ID	20537302306
Address	Avenida El Polo 670 interior 801, Centro Empresarial El Polo II, distrito de Santiago de Surco, provincia y departamento de Lima, Perú.
Telephone number	+51-1-7006700
Paid-in capital (ThPEN)	1
Investment as a percentage of the parent company's total individual assets	(0.0121%)
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 2023.
Contractual relationship with the parent	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 2023

SMU S.A.

76.012.676-4

42.63%

UNIMARC CORREDORES
DE SEGUROS LTDA.
76.454.856-6

42.63%

ADMINISTRADORA DE
TECNOLOGÍAS Y SERVICIOS
UNICARD LTDA.
76.891.181-9

42.627%

UNICARD S.A.
76.086.272-K

99.9999997%

INVERSIONES RF S.A.
76.208.0961-0

57.37%

UNIMARC CORREDORES
DE SEGUROS LTDA.
76.454.856-6

57.37%

ADMINISTRADORA DE
TARJETAS UNICARD LTDA.
76.891.181-9

57.373%

UNICARD S.A.
76.086.272-K

99.999998%

SUPER 10 S.A.
76.012.833-3

99.99872%

ALVI SUPERMERCADOS
MAYORISTAS S.A.
96.618.540-6

99.99999%

TELEMERCADOS
EUROPA S.A.
87.711.200-4

99.9%

PACUCHA S.A.
EXTRANJERO
20537302305

99.9999995%

SMU PERU S.A.C
EXTRANJERO
20514675156

99.59%

RED APOYO S.A.
76.948.390-K

99.98%

SERVI 2000 S.A.
95.781.670-1

99.8677%

ALVI SERVICIOS
LOGÍSTICOS LTDA.

99.419164%

MAYORSA S.A.
EXTRANJERO
20514675156

99.46%

ABU GOSCH Y CIA. LTDA.
85.641.200-8

99.9%

SERV. LOG. SANTIAGO S.A.
76.051.947-2

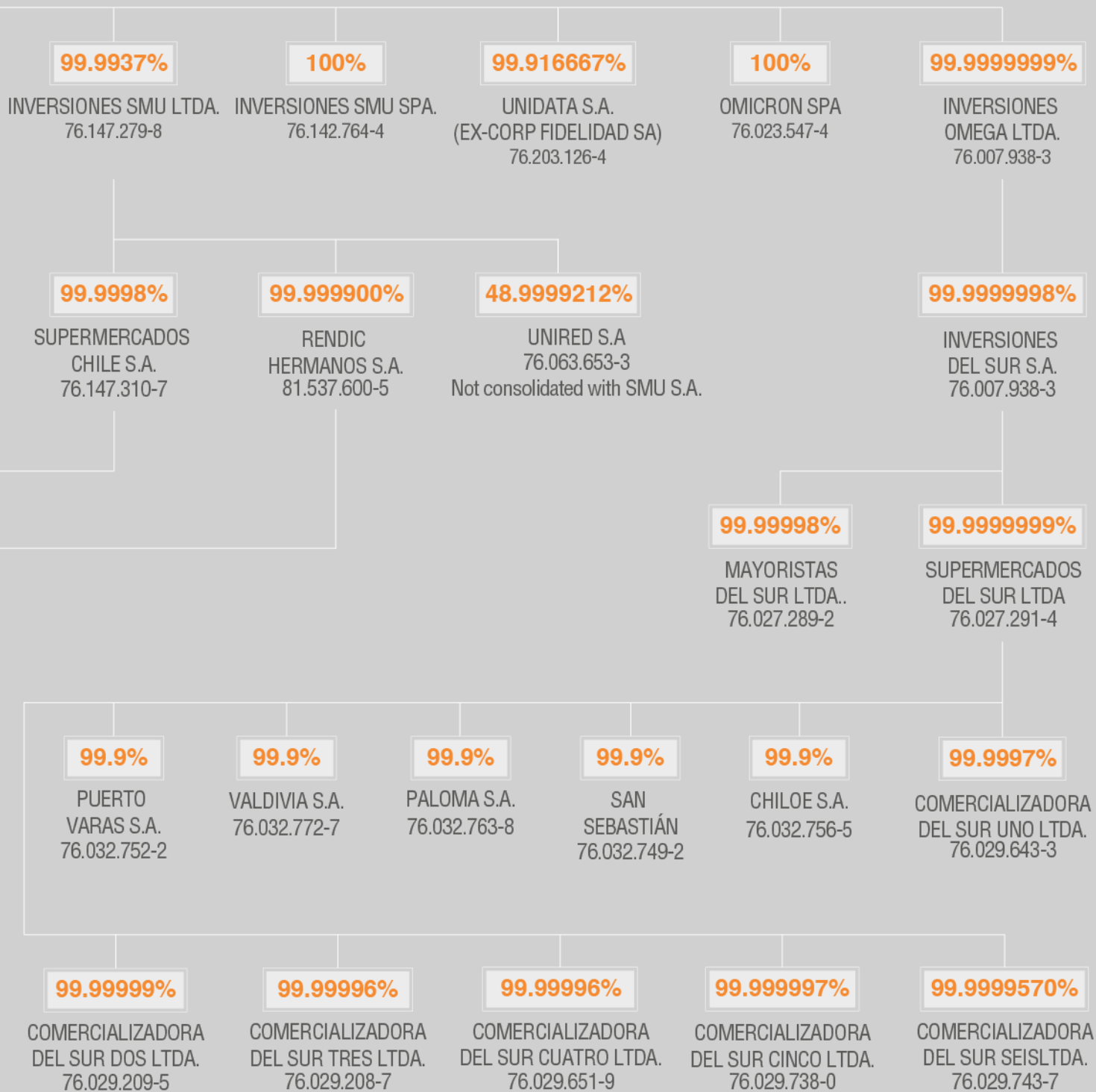
SERV. LOG. SANTIAGO S.A.
76.051.937-5

99%

ESCUELA DE
CAPACITACIÓN LTDA.
76.033.021-3

99.9999%

INMOBILIARIA SMU S.A.
76.206.961-0



12.2

INDEPENDENT CERTIFICATIONS

Copies of the following independent certifications are included below:

- KPMG Independent Assurance Report
- ISO 50001 Certification of Energy Management System
- Certification of Occupational Safety Indicators
- Certification of Consumer Rights Protection Compliance Plan



Independent Assurance Report

We have been engaged by the Management of SMU S.A. (hereinafter the "Company"), to report and provide an independent limited assurance conclusion as to whether the assessment of the ESG Contents in SMU S.A.'s 2023 Integrated Annual Report is in compliance with the GRI Sustainability Reporting Standard, in all material respects, under ISAE 3000 (hereinafter the "Report") for the year ended December 31, 2023.

The ESG Contents in the 2023 Integrated Annual Report covered by this limited assurance engagement are the following:

Contents subject to assurance	Assurance Standard
302-1 Energy consumption within the organization	GRI
303-5 Water consumption	GRI
306-3 Waste generated	GRI
403-9 Work-related injuries	GRI
405-2 Ratio of basic salary and remuneration of women to men	GRI

Responsibilities of SMU S.A.

The Company confirms that the party responsible for the identification and presentation of the ESG Contents in SMU S.A.'s 2023 Integrated Annual Report and the measurer or assessor of the information in such Annual Report is the Management of SMU S.A.

Our engagement has been performed on the basis that the Company acknowledges and understands that the Management of SMU S.A. is responsible for:

- (a) The presentation of the ESG Contents in the 2023 Integrated Annual Report included in the engagement comply with the Global Reporting Initiative (GRI) Sustainability Reporting Standard.
- (b) The preparation and fair presentation of the assertion that the ESG Contents in the 2023 Integrated Annual Report included in the engagement comply with the Global Reporting Initiative (GRI) Sustainability Reporting Standard.
- (c) The design, implementation and maintenance of internal control that determine that it is necessary to enable compliance with the GRI standard and that it is free from non-compliance, whether caused by fraud or error.
- (d) The prevention and detection of fraud, and to identify and ensure that the Company complies with the laws and regulations applicable to its activities.



- (e) To ensure that any changes in the relevant information on Assurance Engagement include all significant business units.
- (f) This responsibility also includes informing us of any changes in the Company's operations from January 1, 2023 through the date of issuance of our conclusion.

Responsibility of the Assurance Professional

Our responsibility is to issue an independent limited assurance report as to whether the ESG Contents in the 2023 Integrated Annual Report included in the Assurance Engagement comply with the Global Reporting Initiative (GRI) Sustainability Reporting Standard, in all material respects, under ISAE 3000.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct and implemented quality control procedures that are applicable to the individual engagement in accordance with the requirements of the International Standard for Quality Control 1: "Quality Control for Firms Performing Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements (ISQC 1)" and we planned and performed our engagement to obtain an independent limited assurance conclusion. Based on that indicated in the preceding paragraphs, we confirm that we have performed this engagement for SMU S.A. independently and free of conflicts of interest.

The scope of an independent limited assurance engagement is substantially less than that of a reasonable assurance engagement, and accordingly, the assurance provided is also lower.

The procedures we performed are based on our professional judgment and included inquiries, process observation, documentation analysis, analytical procedures and sampling review tests, which are described below:

- We interviewed key personnel from the Management of SMU S.A. in order to evaluate the preparation process, definition of its contents and the information systems used in the Assurance Engagement.
- We verified the data included in the Assurance Engagement from the supporting documentation provided by Management. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate SMU S.A.'s estimates.
- We analyzed the processes of gathering and internal control of the quantitative data reflected in the Assurance Engagement.
- We verified the reliability of the information using analytical procedures and review tests based on sampling and recalculations.
- We reviewed the wording and revised the composition of the 2023 Integrated Annual Report containing the Assurance Engagement.



The procedures performed on a limited assurance engagement vary in nature and timing and are less extensive than those performed for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Purpose of our report

In accordance with the terms of our engagement, this assurance report has been prepared for SMU S.A. for the purpose of assisting the Management of SMU S.A. in determining whether the ESG Contents in the 2023 Integrated Annual Report included in the Assurance Engagement and, subject of the limited assurance, are prepared and presented in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standard, in all material respects, under ISAE 3000.

Restrictions on use of the report

SMU S.A. confirms that the users of its 2023 Integrated Annual Report and our assurance reports regarding the ESG Contents in the 2023 Integrated Annual Report are the Company's Management, Board of Directors, employees and suppliers, the local communities of the locations where the Company performs its activities, the investors and regulators of SMU S.A., and the guild organizations to which the Company is affiliated, as support for their decision-making processes.

Any third party other than the "Users" indicated in the preceding paragraph, who obtains access to our report or a copy thereof and determines to rely on it, or any part thereof, does so at its own risk. To the fullest extent permitted by law, we do not accept or assume responsibility or liability to parties other than "Users" for our work, for this limited assurance report, or for the conclusions we have reached.

This report is provided to SMU S.A. on the basis that it may not be copied or referred to, in whole or in part, without our prior written consent. Furthermore, this report may only be disclosed, in its entirety and not in part, for the internal purposes of SMU S.A. and to third parties in order to show that the contents reported have been verified by an independent third party.



Our conclusions

Our conclusion has been established based on and subject to the matters described in this report.

We believe that the evidence we have obtained is sufficient and appropriate to support the conclusion expressed below.

Based on the procedures performed and evidence obtained, described above, nothing has come to our attention that would indicate to us that the ESG Contents in the 2023 Integrated Annual Report listed above, for the year ended December 31, 2023, are not prepared and presented fairly, in all material respects, in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standard and under ISAE 3000, including the reliability of the data, the adequacy of the information presented and the absence of significant departures and omissions.

The above translation of the practitioner's report is provided as a free translation from the Spanish language original, which is the official and binding version. Such translation has been made solely for the convenience of non-Spanish readers.

Very truly yours,

KPMG Ltda.

Signed in the Spanish version

Karin Eggers G.
Head of ESG Services, KPMG Chile
Co-Lead ESG, South American Cluster

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	FY 2023
SMU S.A. y Filiales	0	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	FY 2023
Employees	n/million hours worked	34,0	29,7	26,5	19,1	22,6	28,0	22,4
Data coverage (as % of employees, operations or revenues)	percentage of: (employees)	100%	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	FY 2023
Employees	n/million hours worked	0,37	0,19	0,15	0,12	0,00	0,14	0,14
Data coverage (as % of contractors, operations or revenues)	percentage of: (employees)	100%	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 132 hours per employee.

Raúl Rojas Romero
Gerente de Prevención



Viña del Mar, March 25th 2024

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 1º 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:

AAB6F3AE6448492...
Patricio Eguiguren M.
Presidente Ejecutivo

DocuSigned by:

94C358C7C262483...
Sra. Johanna Scotti B.
Abogado Jefe

MC Compliance S.A.

13.

METHODOLOGY



13.1 ABOUT THIS REPORT

SMU's fifth integrated report covers the period between January 1 and December 31, 2023, considering all of its operations, in both Chile and Peru.

This report 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, this report was prepared with reference to the 2016 Global Reporting Initiative (GRI) standards.

The data and information contained herein has been prepared by the areas specializing in each subject matter. The contents of this report were validated by specialist areas, senior management, and the Board of Directors of SMU.

For further information about the contents of SMU's integrated report, please contact the Investor Relations department: investor_relations@smu.cl.

13.2 MATERIAL TOPICS

Material topics⁶² 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. SMU carries out a double materiality process in order to identify material topics and report on them in its integrated report.

SMU's materiality process includes a review of primary and secondary sources of information, and the use of international standards, such as the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-Related Financial Disclosures (TCFD). The use of these guidelines enables the Company to identify the impacts on its business, as well as on its stakeholders.

⁶² Definition according to GRI 2021.

13.2.1 IDENTIFICATION OF MATERIAL TOPICS

13.2.1.1 Materiality Process

SMU's last materiality process was carried out in 2022 and included an extensive review of primary and secondary information, including stakeholder participation, enabling the Company to identify positive and negative impacts, both potential and actual, on its business and its stakeholders. The stages of the process are described below:

Stage 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, in order to identify strategies, models and key actions in sustainability.
- 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.

Stage 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, differentiating between negative and positive impacts and taking into consideration the guidelines of the SASB Industry Standard for Food Retailers and Distributors and the recommendations of the OECD in its Due Diligence Guidance for Responsible Business Conduct.

SMU initially identified more than 80 actual and potential impacts and defined a materiality threshold in order to prioritize the most significant impacts.

Stage 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.

- **Step 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.
- **Step 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.
- **Step 3.** Results were presented to the external expert, Margarita Ducci, Executive Director of Global Compact Chile.

Stage 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.

It is important to note that the results of the materiality analysis were also incorporated in the Company’s risk management processes, performing an analysis to see whether the material topics that were identified and validated were covered by the different types of risks the Company had previously identified and was managing, in order to detect potential gaps.

13.2.1.2

Materiality Update

SMU reviews its materiality every year. For this integrated report, the Company carried out an update of the materiality process, based on the analysis from the previous year and focusing on the review of secondary information in order to identify new material topics that arose during the last year. In order to do so, the Company benchmarked other companies from the food retail industry and international standards, performing a quantitative analysis of material topics identified in other sustainability and annual reports from 2022.

This exercise allowed the Company to confirm the consistency of its own list of material topics compared to major sustainability themes across the industry and also to identify three new topics to consider: sustainable consumption, reducing food waste, and human rights. These topics had not been separately listed as material topics by SMU, but they were contained within other material topics in 2022.

INTEGRATED REPORT 2023

The materiality exercise and its results were presented to the Sustainability Committee, with the participation of directors and executives, sharing the material topics that had been identified. Subsequently, these results were presented to the full Board of Directors for final validation.

The result was a list of 14 material topics, which are grouped into five areas:

- I. Economic Performance and Management of Ethics
- II. Customer Management
- III. People Management
- IV. Responsible Sourcing and Community
- V. Environmental Management

Material Topics Identified

Material Topic	Impacts
ECONOMIC PERFORMANCE AND ETHICAL MANAGEMENT	
Organic and omnichannel growth	<ul style="list-style-type: none"> • Impact on local job creation, opportunities for local entrepreneurship, access to services, others.
Ethics and compliance	<ul style="list-style-type: none"> • Ethical management and regulatory compliance, anticorruption and free competition policies.
Privacy protection and data management	<ul style="list-style-type: none"> • Use of personal data belonging to employees, customers, and suppliers.
Human rights	<ul style="list-style-type: none"> • Respect for human rights throughout the value chain.
CUSTOMER MANAGEMENT	
Customer experience	<ul style="list-style-type: none"> • Savings initiatives to be offered. • Adaptation to new customer needs. • Product availability. • Infrastructure and accessibility.
Food health and safety	<ul style="list-style-type: none"> • Product quality and safety. • Product information and labeling.
Sustainable consumption	<ul style="list-style-type: none"> • Promotion of sustainable consumption. • Certifications and ecolabeling.
PEOPLE MANAGEMENT	
Labor conditions	<ul style="list-style-type: none"> • Talent development. • Quality of life. • Compensation. • Free association between unions and SMU employees.
Diversity, inclusion, and non-discrimination	<ul style="list-style-type: none"> • Salary equity • Inclusive employment opportunities across the organization. • Prevention of harassment and mistreatment in the workplace.
RESPONSIBLE SOURCING AND COMMUNITY	

Responsible sourcing	<ul style="list-style-type: none"> • Supply chain resilience in the face of new Sustainability requirements • Environmental and social impacts on the supply chain
Supplier and community management	<ul style="list-style-type: none"> • Quality of life of communities neighboring SMU's operations
ENVIRONMENTAL MANAGEMENT	
Waste management	<ul style="list-style-type: none"> • Waste from food retail operations
Climate change and emissions management	<ul style="list-style-type: none"> • Generation of greenhouse gases in the value chain. • Energy efficiency.
Food waste	<ul style="list-style-type: none"> • Generation of greenhouse gases and waste. • Social contribution to communities from food waste reduction initiatives.

13.4 GRI INDEX

DECLARATION OF USE	SMU S.A has presented the information listed in this GRI index, for the period between January 1 and December 31, 2023, 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
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⁶³The consolidated financial statements of SMU S.A. and subsidiaries are available on the Company's website (https://assets.ctfassets.net/63tonbtz0lh/25OQzIHdla7dPtCSwDjj7/1488febe59f75371f6709f36a9c1b5e2/Financial_Statements_2023-12.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	232,994 Ton CO2e
FB-FR-110b.2	Percentage of refrigerants consumed with zero ozone-depleting potential	1.99%
FB-FR-110b.3	Average refrigerant emissions rate	3,099.107%

Energy management		
SASB code	Accounting metric	Answer
FB-FR-130a.1	(1) Operational energy consumed, (2) percentage grid electricity, (3) percentage renewable	(1) 1,041,822 GJ (2) 87.7% (3) 10.6%

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) 11,313.9 tons (2) 7.3% (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, and 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.	SMU had no data breaches in 2023.
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 2023.
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, 4. Whether the recall was voluntary or involuntary, 5. Corrective actions, 6. Any other significant outcomes (e.g., legal proceeding).	<ul style="list-style-type: none"> (1) There were eight food-safety-related recalls, of which three were required by the health authorities and the rest were done preventively by the Company. (2) Approximately 83,000 units recalled. (3) 25% of recalls correspond to private label products. (4) There were no recalls related to possible illness or death.

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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 2023, sales of products without warning labels were approximately CLP 894,767 million or 32% 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

ingredients, and any efforts to mitigate the related future risks.

certifications, the supplier must submit to third-party quality audits
 4) In 2023, 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 noncompliance with industry or regulatory labeling and/or marketing codes	During 2023, there were four incidents of noncompliance with regulatory labeling, all of which were caused by suppliers, which is why we worked with them to prevent such incidents in the future.
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) nonGMO	The Company is in the process of gathering this information.

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Labor practices		
SASB code	Accounting metric	Answer
FB-FR-310a.1	(1) Average hourly wage and (2) percentage of in-store and distribution center employees earning minimum wage, by region	(1) Average minimum wage, employees from stores and distribution centers, SMU Chile: CLP 5,131
		Average minimum wage, employees from stores and distribution centers, SMU Peru: PEN 1,760
FB-FR-310a.1		(2) % of employees with minimum wage, SMU Chile: 0%
		% of employees with minimum wage, SMU Perú: 0%
		Salaries at SMU Chile include the base wage (which must be at least equivalent to the minimum wage set by each country), as well as other payments, including allowances for transportation and meals. Therefore, no employee receives only the minimum wage. The Company's salary scales are updated semi-annually, according to inflation. Inflation adjustments to salaries are made in June and December of each year.
FB-FR-310a.2	Percentage of active workforce covered under collective bargaining agreements	65%
FB-FR-310a.3	(1) Number of work stoppages and (2) total days idle	The Company had no work stoppages in 2023 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 1,223 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 2023, the Company was not found to be at fault in any job protection claims. However, it incurred monetary

losses of CLP 54.8 million for the payment of out-of-court settlements for 13 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 2023, sales of products certified by third parties under environmentally or socially sustainable sourcing standards totaled CLP 160,427 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 standards and its progress toward those targets; (2) Any requirements for suppliers related to animal	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 evaluates current and potential suppliers based on criteria specific to the nature of the product or service. These criteria may include

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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,

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, in 2022 and 2023, SMU conducted its first human rights due diligence process, covering its operations in Chile. The process includes 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. 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.

Activity metric			
SASB code	Accounting metric		Answer
FB-FR-000.A	Number of (1) retail locations and (2) distribution centers	(1) 420 (2) 10	
FB-FR-000.B	Total area of (1) retail space and (2) distribution centers	(1) 502,000 m2 (2) 160,000 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

